

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	26 MARCH 2018
SUBJECT:	Anglesey Further Education Trust Annual Report and Accounts 2016/17
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/DEWI R. WILLIAMS
REPORT AUTHOR:	Claire Klimaszewski (01248) 751865 clkfi@ynysmon.gov.uk /Dafydd V.
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LOCAL MEMBERS:	

A - Recommendation/s and reason/s

- To approve the Annual Report and Accounts for the Anglesey Further Education Trust for the year 2016/17 and note an update on the David Hughes Estate Smallholdings (Appendices A and B).

B - What other options did you consider and why did you reject them and/or opt for this option?

N/A

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?

	Who did you consult?	What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	
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:	
<ul style="list-style-type: none"> • Appendix A - Anglesey Further Education Trust Annual Report and Accounts 2016/17 	
FF - Background papers (please contact the author of the Report for any further information):	
<p>Anglesey Further Education Trust Annual Report and Accounts 2014/15 and 2015/16, the Executive, 29 January 2018.</p> <p>http://democracy.anglesey.gov.uk/documents/g3120/Public%20reports%20pack%2029th-Jan-2018%2010.00%20The%20Executive.pdf?T=10&LLL=0</p>	

Anglesey Further Education Trust

1. Purpose

- 1.1 The key purpose of this report is to request the Executive's approval of the final Annual Report and Accounts for the financial year 2016/17 and to receive an update on the David Hughes (Smallholdings) Estate.

2. Background

- 2.1 The Executive received a report on the Anglesey Further Education Trust at the meeting on 29 January 2018. This report summarised the elements of the Trust and presented the final accounts of the trust for the financial years 2014/15 and 2015/16. A summary of the draft financial position for 2016/17 was also provided. The final financial position of the trust is outlined below. To recap, 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, 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 Fund 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

2.1.3 **Anglesey Education Trust Fund 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.

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, and support costs. The detailed information relating to income, expenditure and assets of the trust is presented in the Annual Report and Accounts for 2016/17 and is summarised below. The Executive is asked to approve the Final Annual Report and Accounts 2016/17.

- 3.2** In January 2018, the Executive was informed that the draft Annual Report and Accounts for 2016/17 showed a provisional net deficit of £343,342. The independent examination of the Report and Accounts for 2016/17 has been concluded and the final provision net deficit was £343,341. The difference is due to a rounding error. There is a net deficit due to the investment in refurbishing the smallholdings and the purchase of Hendre Farm which will benefit the Trust going forward.
- 3.3** The Statement of Financial Activities (SOFA) for 2016/17, on page 6 of the accounts shows that the trust earned £138,637 in income for the year 2016/17. Additional information on the types of income is included in note 2, page 9, of the Annual Report and Accounts. The significant proportion of income (£100,456) is generated by rents collected from the David Hughes (Smallholdings) Estate. The trust spent £65,905 on operational costs, £53,184 of this was in relation to the David Hughes Estate on costs such as repairs and maintenance. Support costs of £11,721 were incurred during the year. Most of this relates to internal costs which are charged to the Trust for services provided i.e. property administrative costs £8,250 and accounting and support costs £2,621. During the year, the Trust awarded its first grant in several years, with an educational grant of £1,000 provided to a former student of Ysgol Bodedern, in support of professional training. Notes 3 to 5 on page 10 of the Annual Accounts provides more information about these operational costs. The SOFA also shows a net gain in investments of £30,130 which is made up of a number of realised and unrealised gains and losses.
- 3.4** The SOFA includes an exceptional item of £446,203 for impairment. Expenditure on the properties will increase their market value, however, for the purposes of the accounts the properties are valued on an existing use value basis and, as a result, any capital expenditure will not directly increase the carrying value on the balance sheet. Capital expenditure of £710,545 was incurred in the year (shown as additions in Note 7b) and the carrying value is then impaired to reflect the valuation based on the valuation method.
- 3.5** The Balance Sheet at 31 March 2017 on page 7 of the Accounts, highlights that the Trust had £2,677,374 in Total Fixed Assets. The significant element of this, £2,416,550, is the fair value of the David Hughes Estate. The remaining £260,824 is the value of investments listed on the stock exchange at 31 March 2017. These investments are managed by Investment Fund Managers, Blackrock. Total current assets were £170,680. This is a significant reduction on the previous year's current assets of £834,763. This is due to the substantial investment in the repair and refurbishment of the David Hughes Estate and the purchase of Hendre Farm following which the cash has reduced from £792,324 in 2015/16 to £103,298 at 31 March 2017. Short-term liabilities i.e. creditors amounted to £12,175, which is a reduction from the prior year. The creditors figure for 2015/16 was unusually high due to high value repairs invoices outstanding at the end of the year. The Balance Sheet shows that the Total Net Assets, i.e. the value of the Trust at 31 March 2017 was £2,835,927. This compares to £3,179,220 on 31 March 2016. This reduction, as mentioned above, is due to the capital expenditure in the year and the purchase of Hendre Farm. Longer-term, however, this expenditure and the purchase of Hendre Farm will increase the value and income earning capability of the Trust.

4. Report of the Rural Estates Manager on the David Hughes (Smallholdings) Estate

- 4.1** The David Hughes (Smallholdings) Estate required significant investment to bring a number of properties up to the required legal standards and to improve the longevity of the Estate. This will enhance the Trust's ability to raise rental income in the future and will increase the life of the smallholding buildings. The table below shows expenditure on major repairs, refurbishments and purchases, spent on the Estate between 2013/14 and 2017/18.

Financial year	£	Property	Works completed
2013/14	72,427 35,386	Canol y Rhos Cott Llanrhuddlan	Extensive repairs Repairs
Total 2013/14	107,813		
Total 2014/15	0	No major works	
2015/16	46,160	Cott Llanrhuddlad	New agricultural building
Total 2015/16	46,160		
2016/17 & estimated 2017/18	132,039	Plas Bach Cerrigceinwen	Refurbishment Works Carried Out
	80,000	Prysiorwerth Cerrigceinwen	Refurbishment Works Carried Out
	178,581	Maen Hir Farmhouse Llanerchymedd	Refurbishment Works Carried Out
	42,150	Tyddyn Gyrfwr	Supply & erect steel framed building
	78,465	Tremoelgoch Llanfachraeth	Refurbishment Works carried out
	264,342	Hendre Mona	Purchase of Hendre Mona Farm
Total 2016/17 & Estimated 2017/18	775,577		
Total	929,550		

- 4.2** All of the above works were essential due to a period of low investment in the Estate. The works brought the buildings up to the required standard. The most substantial investment was in Maen Hir with £178,581 spent on the farm to bring the derelict house back into occupation, this has made the farm a more sustainable farm unit of over 250 acres.
- 4.3** In order to optimise the income earning potential of the Estate, some of the smallholdings have been re-structured. In addition, the David Hughes Estate, bought Hendre Farm from the Council's Smallholdings Estate as this property is more viable as part of the David Hughes Estate. This farm was previously land locked by the David Hughes Estate. This investment in Hendre Farm increases the portfolio of the Estate and its income generation.
- 4.4** Since 2015/16, two small parcels of land were sold (each sold for £25,000) at a significant profit to the Estate. In addition, Ty Llwyd, Rhostrehwfa, Llangefni was sold on behalf of the David Hughes Estate in July 2017 for £170,150. This will help replenish cash funds used to purchase Hendre Farm, therefore, it was sold in the best interest of the David Hughes Estate.

4.5 The refurbishment works and restructuring of the Estate which have taken place will help ensure that, moving forward, the David Hughes Charity Estate will now be in a position to generate a healthy annual surplus from rental income.

4.6 No other major projects have been identified to be carried out in the short term, however, some of the other dwellings on the estate that have not had major investment could benefit from improvements works. However, the level of expenditure required would be comfortably within the annual rent generated from the estate.

5. Conclusion

5.1 An overview of the background of the Anglesey Further Education Trust has been provided. The report provides a summary of the Trust and the financial performance of the Trust for 2016/17. The Trust's total funds at 31 March 2017 was £2,835,879, with a cash at bank balance of £103,298. Substantial investment from the Trust's cash reserves has made been in the David Hughes Estate during the year with several properties refurbished and the purchase of Hendre Farm.

**CRONFA YMDDIRIEDOLAETH ADDYSG
BELLACH YNYS MÔN**

ANGLESEY FURTHER EDUCATION TRUST FUND

**ADRODDIAD BLYNYDDOL A
CHYFRIFON**

**ANNUAL REPORT AND
ACCOUNTS**

2016/2017

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

CONTENTS OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 MARCH 2017

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED
31 MARCH 2017

The trustees present their report with the financial statements of the charity for the year ended 31 March 2017. 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 Standards applicable in the UK and the Republic of Ireland (FRS102) 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

Mr Brian Hughes
A. Hughes-Jones, Dyson & Co
Capel Moreia
South Penrallt
Caernarfon
Gwynedd
LL55 1NS

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 Section 151 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 Section 151 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 Anglesey 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 during 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 £343,341, mainly due to the extensive programme of repairs to the David Hughes Estate mentioned above.

Total funds as at 31 March 2017 were £2,835,879, 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) / Section 151 Officer under delegated authority on behalf of the trust:

.....

Mr R Marc Jones CPFA
Head of Function (Resources) / Section 151 Officer

Date:

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

I report to the Trustees on the accounts of the Trust for the year ended 31 March 2017, which are set out on pages 7 to 14.

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 examiner's 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 Examiner's Statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:-

- (1) accounting records were not kept in respect of the Trust as required by Section 130 of the Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Mr Brian Hughes
A Hughes-Jones, Dyson and Co.
Capel Moreia
South Penrallt
Caernarfon
Gwynedd LL55 1NS

Signature _____ Date: _____

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 MARCH 2017

	Notes	Unrestricted Funded £	Restricted Funds £	Endowment Funds £	31.3.17 Total Funds £	31.3.16 Total Funds £
Income and Endowments from:						
Investment Income	2	-	3,943	134,694	138,637	106,023
Total Income		-	3,943	134,694	138,637	106,023
Expenditure on:						
Investment Management	3	-	-	53,184	53,184	195,114
Charitable Activities	4	-	1,000	-	1,000	-
Support Costs	5	-	1,080	10,641	11,721	11,573
Total Expenditure		-	2,080	63,825	65,905	206,687
Net Gains/(Losses) on Investments			15,892	14,238	30,130	12,791
Net Income/(Expenditure)		-	17,755	85,107	102,862	(87,873)
Exceptional Item: Impairment		-	-	446,203	446,203	-
Net Income/(Expenditure) after exceptional items		-	17,755	(361,096)	(343,341)	(87,873)
Net Movement in Funds		-	17,755	(361,096)	(343,341)	(87,873)
Reconciliation of Funds						
Total funds brought forward		-	429,998	2,749,222	3,179,220	3,267,093
Total Funds carried forward		-	447,753	2,388,126	2,835,879	3,179,220

BALANCE SHEET FOR THE YEAR ENDED
31 MARCH 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	31.3.17 Total Funds £	31.3.16 Total Funds £
Investments listed or traded on a recognised Stock Exchange	7a	-	107,231	153,593	260,824	223,504
Investment Properties - the David Hughes Estate	7b	-	-	2,416,550	2,416,550	2,184,398
Total Fixed Assets		-	107,231	2,570,143	2,677,374	2,407,902
Current Assets						
Debtors	8	-	-	67,382	67,382	42,439
Cash at bank and in hand	9	-	343,077	(239,779)	103,298	792,324
Total Current Assets		-	343,077	(172,397)	170,680	834,763
Liabilities						
Creditors: amounts falling due within one year	10	-	2,555	9,620	12,175	63,445
Net Current Assets or (Liabilities)		-	340,522	(182,017)	158,505	771,318
Creditors: amounts falling due after more than one year		-	-	-	-	-
Provisions for liabilities		-	-	-	-	-
Total Net Assets or Liabilities		-	447,753	2,388,126	2,835,879	3,179,220
The Funds of the Charity	11a & 11b					
Endowment Funds		-	-	2,388,126	2,388,126	2,749,222
Restricted Income Funds		-	447,753	-	447,753	429,998
Total Charity Funds		-	447,753	2,388,126	2,835,879	3,179,220

The financial statements are signed by the Head of Function (Resources) / Section 151 Officer under delegated authority.

Signed: _____

Date: _____

MR R MARC JONES CPFA
HEAD OF FUNCTION (RESOURCES) / Section 151 OFFICER

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 MARCH 2017

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 (FRS102) (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 Llantrissant.

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

two.

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

One third of the Anglesey Further Education Trust 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 Fund 2/3 (Restricted Fund)

The remaining two thirds of the Anglesey Further Education Trust 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 31.03.17	Total 31.03.16
	£	£	£	£
Rents received	-	100,456	100,456	85,119
Water rates - recharges	-	3,968	3,968	4,791
Other income from David Hughes Estate	-	26,663	26,663	6,028
Dividends and Investment Interest	2,983	4,278	7,261	7,241
Other Interest	960	(671)	289	2,844
Total Investment Income	3,943	134,694	138,637	106,023

3. INVESTMENT MANAGEMENT COSTS

Investment Management Costs	Restricted Funds £	Endowment Funds £	Total 31.03.17 £	Total 31.03.16 £
Repairs and Maintenance of the David Hughes Estate	-	25,019	25,019	156,241
Water Charges	-	6,130	6,130	11,683
Professional Services	-	22,035	22,035	27,067
Other property expenses	-	-	-	2,680
Investment Management Fees - non-property investments	-	-	-	(2,557)
Total Investment Management Costs	-	53,184	53,184	195,114

4. CHARITABLE ACTIVITIES

Charitable Activities	Restricted Funds £	Endowment Funds £	Total 31.03.17 £	Total 31.03.16 £
25% contribution of net expenditure to David Hughes Charity for the Poor	-	-	-	-
Education grants to individuals	1,000	-	1,000	-
Total Charitable Expenditure	1,000	-	1,000	-

The Trust is applying the exemption allowed under Charity Law and the SORP to keep the names of grant recipients confidential.

5. SUPPORT COSTS

Support Costs	Restricted Funds £	Endowment Funds £	Total 31.03.17 £	Total 31.03.16 £
Property management administrative costs	-	8,250	8,250	8,250
Accounting and support costs	655	1,966	2,621	2,373
Independent Examiner's/Auditor's Remuneration	425	425	850	950
			-	
Total Support Costs	1,080	10,641	11,721	11,573

6. TRUSTEES' REMUNERATION AND BENEFITS

Trustees' expenses

There were no trustees' remuneration paid for the year ended 31 March 2017 or for the year ended 31 March 2016. 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. INVESTMENTS

Net Gains/(Losses)	Restricted Funds £	Endowment Funds £	Total 31.03.17 £	Total 31.03.16 £
Gains/(losses) on listed Investment Funds	15,892	21,428	37,320	(8,967)
Gains/(losses) on Investment Properties	-	(7,190)	(7,190)	21,758
Total Gains/(Losses)	15,892	14,238	30,130	12,791

7a. INVESTMENTS LISTED OR TRADED ON A RECOGNISED STOCK EXCHANGE

Investments Listed or Traded on a Recognised Stock Exchange	31.03.17 £	31.03.16 £
Market Value		
At 1 April	223,504	232,471
Additions	-	-
Disposals	-	-
Revaluations	37,320	(8,967)
Transfers	-	-
Net Book Value at 31 March	260,824	223,504

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.

7b. INVESTMENT PROPERTY

Investment Property	31.03.17 £	31.03.16 £
Market Value		
At 1 April	2,184,398	2,187,000
Additions	710,545	-
Less Disposals	14	2,602
Less Impairment	446,203	-
Revaluation Gain/(Loss)	(32,176)	-
Transfers	-	-
Net Book Value at 31 March	2,416,550	2,184,398

The David Hughes Endowment is comprised of 16 farm dwellings and 2 parcels of land, with

a total of 1,156.47acres. During the year, a small section of land was sold at Tyddyn Gyfer, which resulted in a capital receipt of £25k. The trust made a gain of nearly £25k from this sale. The charity also purchased Hendre Farm for £264k including purchase costs. This optimises the smallholding at Hendre into the future. A refurbishment programme which led to expenditure of £446k was also substantially completed during the year

The Estate was valued as at March 2017 at a total value of £2,416,550 on the existing use value basis by Barry Wyn Jones, the Isle of Anglesey County Council's Estates Internal Valuer.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Debtors: Amounts Falling due within One Year	31.03.17 £	31.03.16 £
Amounts recoverable on contract	67,382	42,439
Total Debtors	67,382	42,439

9. CASH AT BANK

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

Cash at bank	Further Education Trust 1/3 £	Further Education Trust 2/3 £	David Hughes Charitable Estate £	31.3.17 Total Funds £	31.3.16 Total Funds £
Bank Deposits	205,294	137,783	(239,779)	103,298	792,324

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors: Amounts Falling due within One Year	31.03.17 £	31.03.16 £
Other creditors	12,175	63,445
Total Creditors	12,175	63,445

There is a significant reduction in creditors at the 31 March 2017 when compared to the previous year. This is due to there being significant repairs and maintenance invoices outstanding at 31 March 2016. The repairs and refurbishment programme was substantially completed during 2016/17, which resulted in lower value creditor invoices outstanding at the end of the year.

11. MOVEMENT IN FUNDS

11a.

Movement in Funds	At 01.04.16 £	Net Movement in Funds £	At 31.03.17 £
Further Education Trust 1/3	265,778	13,603	279,381
Further Education Trust 2/3	164,221	4,152	168,373
Restricted Funds	429,999	17,755	447,754
David Hughes Charitable Estate	2,749,221	(361,096)	2,388,125
Total Funds	3,179,220	(343,341)	2,835,879

11b. 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	2,598	(540)	11,545	13,603
Further Education Trust 2/3	1,345	(1,540)	4,347	4,152
Restricted Funds	3,943	(2,080)	15,892	17,755
David Hughes Charitable Trust	134,694	(510,028)	14,238	(361,096)
Total Funds	138,637	(512,108)	30,130	(343,341)

12. 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 2015/16) was charged by the Council for the administration of the David Hughes Estate. In addition, a financial management and governance fee of £2,621 has been charged to the trust. Total finance and administration fees recharged by the Council were, therefore, £10,871. Architectural Services in relation to the repairs and refurbishment of the Estate were also provided internally, for which the trust was charged £22,035 in 2016/17 (£21,833 in 2015/16).

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.