

Charity Registration No. 1027848

Company Registration No. 2861787 (England and Wales)

PENRHYS PARTNERSHIP TRUST

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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# **PENRHYS PARTNERSHIP TRUST**

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# **PENRHYS PARTNERSHIP TRUST**

## **TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)**

### ***FOR THE YEAR ENDED 31 MARCH 2017***

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The trustees present their report and accounts for the year ended 31 March 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's [governing document], the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

#### **Objectives and activities**

Our charity's purposes as set out in the objects contained in the company's Memorandum and Articles of Association are:-

- to consolidate the viability of Y Ffynnon and Cartref premises, both socially and economically through the generating of additional income.
- to encourage and support an integrated programme of development at Canolfan Rhys Arts and Education Centre and Penrhys Training and Education Centre, with the aim of providing people with opportunities for personal development and extramural experiences.
- to work alongside partners and agencies in addressing major opportunities and constraints on Penrhys.
- to enable the experience and understanding gained by Partnership members to be shared by the wider community.
- to work alongside the Rhondda Cynon Taf County Borough Council for the benefit of Penrhys residents.
- to support initiatives to make Penrhys a safer place to live.
- to work alongside Penrhys Community Action Group in developing a sustainable community for future generations.
- to create a professional flexible working environment in meeting the needs of the community of Penrhys.

The charity has the general aim of contributing to provide for the inhabitants of Penrhys in Rhondda Cynon Taf and the wider South Wales area.

The main objectives for the year continue to be to enable Penrhys to become a community to which people wish to belong through the development of a community infrastructure, which caters for the needs of the community, both socially and economically.

#### **Achievements and performance**

Penrhys Housing Estate, developed in 1966 and officially opened in 1968 was one of the largest public housing sectors in Wales. However, it was soon clear that poor management, a bad reputation and dilapidated environments were soon to emerge. The area is a physical expression of social exclusion with many negative aspects of community life with third generation unemployment, health problems, teenage pregnancies, low educational achievement, and an increase in criminality, alcohol use, drugs and debt problems.

The process of community development began during the 1990's with the work of John and Norah Morgans and the development of Llanfair, which was opened in February 1992. A series of community projects were developed with the support of local volunteers, education workers and students.

# **PENRHYS PARTNERSHIP TRUST**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017**

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During this time, John and Norah Morgans set up the Penrhys Partnership which is a registered charitable trust (number 1027848) and a company limited by guarantee. It is an amalgam of the public, private and voluntary sectors, working together to improve the social, economic and environmental prospects in Penrhys. Since 1992, the partnership has created a basic social infrastructure for the community and provides a variety of opportunities within the community and Rhondda Valleys.

In 1993, Y Ffynnon, the village centre was developed. The refurbishment of two derelict maisonettes created a housing complex, seven residential units, a post office, grocery store, fish shop/take away and other office spaces.

Penrhys Partnership has been at the forefront of community development over the last 25 years by providing a range of programmes and priorities to address the imbalance in a socially excluded society. Community empowerment is the key in addressing the balance of deprivation and inequality with all our projects open to residents throughout Rhondda Cynon Taf. Every single project the partnership carries out must clearly demonstrate how it contributes to the social, economic and physical cohesion. Short term projects do not allow for meaningful intervention. Penrhys Partnership continues to work with and support Llanfair Uniting Church who are key partners in providing much needed facilities and programmes.

The main objectives continue to be to enable Penrhys to become a community to which people wish to belong through the development of a community infrastructure, which caters for the needs of the community, both socially and economically.

### **Penrhys Partnership Community Hub**

The aim of the Multi Community Hub is to concentrate on 'breaking the cycle' of long term poverty experienced by many individuals and families. This is achieved by early intervention through a life cycle programme. The programme will be accessible from parents and toddlers right through to adulthood and potential employment. Ad hoc projects will not work as many people 'drop out of the system' and there are too many interventions by different agencies dependent of policies elsewhere. The Community Hub is specific and carried out in one place in Penrhys Partnership. It is a 'multi-community hub'. The community has a strong stake in the programmes and should not be 'passive' recipients of strategic priorities.

Penrhys Partnership provide an infrastructure and access to:

- Access to the only shop and post office in the village
- Access to a take away
- Education and training centre
- Career mentoring/skills programme
- Digital inclusion
- Coding club
- Community hub/employment routes/drop in centre
- Dragon Savers
- Citizen's advice
- Arts/therapy
- Youth development
- Themed learning
- Healthy eating/fruit & veg
- Recycling
- Providing services 48 weeks per year

# **PENRHYS PARTNERSHIP TRUST**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

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Penrhys is one of the most deprived areas in Wales.

- \* Overall - ranked 4 out of 1909 LSOAs in Wales, which places it among the 10% most deprived.
  - \* Income - ranked 2 out of 1909 LSOAs in Wales, which places it among the 10% most deprived.
  - \* Employment - ranked 8 out of 1909 LSOAs in Wales, which places it among the 10% most deprived.
  - \* Health - ranked 16 out of 1,909 LSOAs in Wales, which places it among the 10% most deprived.
- (Penrhys - Tylorstown 1, Rhondda Cynon Taf WIMD 2014)

The strategies employed to achieve the charity's objectives are to:

- ensure all people have access to the various facilities and programmes regardless of class, gender, race, ability or sexual orientation.
- provide quality services to the community within the organisations resources, encouraging participation in the planning and implementation of services.
- ensure that the needs of the Welsh speaking community are met as far as current resources allow.
- ensure that the community have access to equipment and training for up-to-date communication and information technology systems as far as resources allow.
- implement sound personnel, legal, administrative and financial systems.
- monitor and evaluate the Partnerships programme of activities and services.

### **Review of activities**

In 2012, Penrhys Partnership made the decision to withdraw from the Communities First programme. This was a conscious decision made by Trustees who believe each community has different needs and a 'one size fits all' approach will not work. Following 2012, even though Penrhys – (Tylorstown 1) is in the 10% most deprived area of Rhondda Cynon Taf (WIMD), there was very little input into Penrhys by Communities First and we felt it only provided an administrative seat with no community role for the area as it is too distant from the community. Furthermore, Communities First activities were organised at locations some distance from Penrhys which did not take account of the lack of mobility of residents due to lack of car ownership or limited public transport. Relationships within the community itself are a key element for any programmes success. It must be made clear that Penrhys Partnership has been in existence for 25 years to carry out services and activities to benefit Penrhys and the wider area. The partnership also recognised the need to develop social enterprises to secure its future as it receives no Government Funding to cover its core costs.

### **Social Enterprise**

The Organisation focused heavily on income generation throughout the year and invested a great deal of its funds into an Arts Therapy programme and the Big Click App Development. The two programmes provided much needed income for the organisation to continue and allow it to become less dependent on grant income and secure its long term future.

However, the two senior members of staff leading these programmes left the Organisation at short notice and the non-availability of suitable replacements meant that it had to be shelved. This quickly placed the Organisation in a serious financial position and the Trustees had to look at the financial viability of the future of Penrhys Partnership. During this difficult time, the charity made the reluctant decision to cease all activities in December 2016, make staff redundant and review its financial viability. During this time, there was a complete loss of services provided by Penrhys Partnership to the community and surrounding area. The difficulties were explained to the community at a public meeting held at Llanfair Community Church.

# **PENRHYS PARTNERSHIP TRUST**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017**

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### **Financial review**

The charity's incoming resources for the year totalled £28,036 (2016: £165,321) of which £11,964 (2016: £48,257) related to restricted funds. The total resources expended for the year totalled £117,538 (2016: £197,005) of which £22,184 (2016: £58,477) related to restricted funds. The unrestricted funds made a deficit for the year of £79,282 (2016: deficit £21,464) before transfers from restricted funds for funds spent in previous years.

### **Reserves**

The trustees have established the level of free reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to bridge the funding gaps between spending on the charity's objectives and receiving resources through those grants that provide funding.

Reserves are reviewed from time to time to ensure appropriate levels are maintained. Current total reserve levels are £293,049 (2016: £382,551). Unrestricted reserves at 31 March 2017 were £(6,174) (2016: £73,108). Free reserves, excluding restricted funds and fixed assets were £(160,309) (2016: negative £88,286).

### **Investment powers and policy**

Under the Memorandum and Articles of Association, the charity has the power to invest the monies of the company not immediately required for the furtherance of its objects.

### **Plans for future periods and Post Balance Sheet events**

The loss of facilities provided by Penrhys Partnership has made a huge impact on the community. The village shop and post office are housed within Penrhys Partnership buildings and Trustees were aware of how critical it is that these facilities remain in place, particularly the post office serving the whole village. The loss of these would jeopardise the long term existence of the village itself.

A series of meetings were put in place with Trustees, the community, community groups and various organisations to focus on financial viability, key objectives and to provide support for Penrhys Partnership. A decision was made to sell one of the Partnership's assets (Cartref – sold by public auction in May 2017) to ensure that all obligations were met and there was still a future for the Organisation to provide essential facilities to the community and surrounding area. Firm plans are now in place on moving forward and new Trustees have joined Penrhys Partnership to strengthen the board, post year end.

Huge thanks must be given to the long term Trustees and our professional advisors for guiding the Organisation through such a difficult critical time.

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

#### **Governing document**

Penrhys Partnership Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 13 October 1993 and amended to allow for current governance arrangements on 6 June 1999. It is registered as a charity with the Charity Commission.

#### **Appointment of trustees**

As set out in the Articles of Association the chair of the trustees is nominated by Penrhys Partnership Trust. The trustees have the power to co-opt up to two further members to fill specialist roles.

All members are circulated with invitations to nominate trustees prior to the AGM, advising them of the retiring trustees and requesting nominations for the AGM. When considering co-opting trustees, the Board has regard to the requirements for any specialist skills needed.

# **PENRHYS PARTNERSHIP TRUST**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)**

### **FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees of the Penrhys Partnership Trust are also directors of Penrhys Partnership Limited, a company limited by guarantee.

#### **Trustee induction and training**

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law; the content of the Memorandum and Articles of Association; the committee and decision making processes; the business plan; and recent financial performance of the charity.

During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

#### **Organisation**

The board of trustees, which can have up to 15 members, administers the charity. The board meets quarterly, and there are sub-committees covering development, staffing, finance and audit, which meet more regularly. A Partnership Manager is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Partnership Manager has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and development related activity.

#### **Risk management**

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the risk assessment document; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified only a few minor new risks but it has resulted in better emergency procedures and contingency plans and has given the impetus for better planning. Particular attention has focused on non financial risks arising from fire, health and safety of artists and audience, management of performing rights, and food hygiene. A key element in the management of financial risk is the setting of a reserves policy and its regular review by trustees.

#### **Key Management Personnel**

The trustees and The Centre Manager comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses, wage costs of key management personnel and related party transactions are disclosed in note 9, to the accounts.

The Centre Manager's pay and staff pay is based on market rates, aligned local authority scales. An inflationary rise is awarded upon the discretion of the Trustees following consideration of the aforementioned comparators and where funds are available. Increments and bonuses may be awarded; however, they are not automatic and are given at the discretion of the board of trustees.

# **PENRHYS PARTNERSHIP TRUST**

## **TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017**

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### **Reference and administrative details**

**Company number:**

2861787

**Charity number:**

1027848

**Principal office:**

Y Ffynnon Centre  
Penrhys  
FERNDAL  
Rhondda Cynon Taf  
CF43 3NS

**Trustees**

Geoffrey Summers (Chairman)

Anne Lord

Beverly Humphreys - appointed 30 August 2017

Miara Rabearisoa - appointed 7 September 2017

Neil Thomas - appointed 30 August 2017

Revd Philip Wall - appointed 30 August 2017

**Secretary**

Beverly Chick

**Members**

J Williams

L Nelves

S Phillips

S Ree

D Davies

K Lewis

**Key Management Personnel**

Trustees and The Centre Manager

**Independent Examiner:**

Broomfield & Alexander Limited

Ty Derw

Lime Tree Court

Cardiff Gate Business Park

Cardiff

CF23 8AB

**Bankers:**

Co-operative Bank plc

PO Box 101

1 Balloon Street

Manchester

M60 4EP

**Solicitors:**

Eversheds LLP

1 Callaghan Square

CARDIFF



# PENRHYS PARTNERSHIP TRUST

## TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

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Some of our projects:

Outdoor Activities



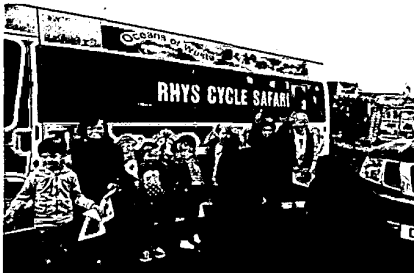
Healthy Eating



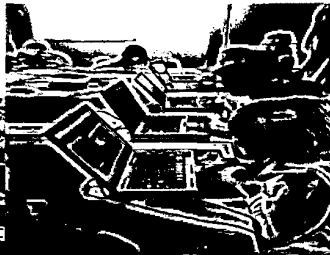
Community Clean Up Day



Recycling



Coding Club



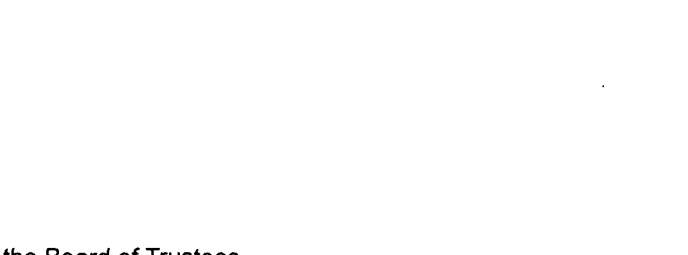
Building Robots



Big Click



Valleys Art House



The trustees report was approved by the Board of Trustees.

  
Mr G M Summers (Chairman)

Dated: 19.12.17

# **PENRHYS PARTNERSHIP TRUST**

## **STATEMENT OF TRUSTEES RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2017***

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The trustees, who are also the directors of Penrhys Partnership Trust for the purpose of company law, are responsible for preparing the Trustees Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts 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 charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

# PENRHYS PARTNERSHIP TRUST

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF PENRHYS PARTNERSHIP TRUST

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I report on the accounts of the charity for the year ended 31 March 2017, which are set out on pages 10 to 22.

#### Respective responsibilities of trustees and examiner

The charity's trustees, who are also the directors of Penrhys Partnership Trust for the purposes of company law, are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

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

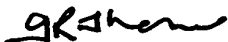
#### Basis of independent examiner's report

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 seeking 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 next statement.

#### Independent examiner's statement

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

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
  - (i) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
  - (ii) to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Ian Thomas BSc FCA DChA  
Broomfield & Alexander Limited  
Independent Examiners  
Ty Derw  
Lime Tree Court  
Cardiff Gate Business Park  
CARDIFF  
UK  
CF23 8AB

Dated: 19 December 2017

# PENRHYS PARTNERSHIP TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b><u>Income and endowments from:</u></b>					
Charitable activities	3	-	11,964	11,964	48,257
Other trading activities	4	12,558	-	12,558	25,590
Investments	5	5	-	5	26
Other income	6	3,509	-	3,509	91,448
<b>Total income</b>		<b>16,072</b>	<b>11,964</b>	<b>28,036</b>	<b>165,321</b>
<b><u>Expenditure on:</u></b>					
Charitable activities	7	95,354	22,184	117,538	197,005
<b>Net expenditure for the year/ Net movement in funds</b>		<b>(79,282)</b>	<b>(10,220)</b>	<b>(89,502)</b>	<b>(31,684)</b>
Fund balances at 1 April 2016		73,108	309,443	382,551	414,235
<b>Fund balances at 31 March 2017</b>		<b>(6,174)</b>	<b>299,223</b>	<b>293,049</b>	<b>382,551</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# PENRHYS PARTNERSHIP TRUST

## BALANCE SHEET

AS AT 31 MARCH 2017

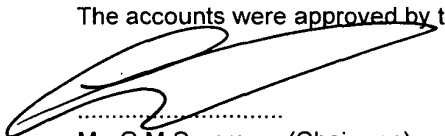
	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	11		453,358		470,837
<b>Current assets</b>					
Debtors	13	6,949		28,962	
Cash at bank and in hand		3,006		7,663	
		9,955		36,625	
<b>Creditors: amounts falling due within one year</b>	14	(170,264)		(124,911)	
Net current liabilities			(160,309)		(88,286)
<b>Total assets less current liabilities</b>			293,049		382,551
<b>Income funds</b>					
Restricted funds	15	299,223		309,443	
Unrestricted funds		(6,174)		73,108	
		293,049		382,551	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2017. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The trustees responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 19.12.17...

  
.....  
Mr G M Summers (Chairman)

Company Registration No. 2861787

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

#### Charity information

Penrhys Partnership Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Penrhys Partnership, Y Ffynnon Centre, Penrhys, Ferndale, Rhonda Cynon Taff, CF43 3NS.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The charity reported a net outflow of £79,282 for the year for unrestricted funds. The key objective and future plans for the organisation will be focusing on the financial viability and whether it now has the immediate funds to continue. As detailed in the trustees report, whilst the charity has negative unrestricted funds and free reserves at the year end, a property has been sold post year end which has allowed the charity to settle a number of its financial obligations. Therefore, the trustees are of the opinion that the charity is a going concern.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Unreleased grants received on capital expenditure are recognised as part of restricted funds rather than deferred income. The depreciation on the restricted assets is charged annually to the restricted fund.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies (Continued)

#### 1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Cost of charitable activities includes expenditure associated with grants and rental properties and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with statutory requirements.

#### Netting off of income against expenditure

It is not the policy of the charitable company to show incoming resources net of expenditure.

#### Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

#### Liabilities policy

Liabilities are recognised in the Statement of Financial Activities as they become payable.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Tangible fixed assets costing more than £1,000 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2%
Fixtures and fittings	15%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies (Continued)

#### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease terms.



# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Charitable activities

	2017 £	2016 £
Performance related grants	11,964	48,257

### 4 Other trading activities

	2017 £	2016 £
Rental Income	12,558	10,553
Application Income	-	15,037
Other trading activities	12,558	25,590

### 5 Investments

	2017 £	2016 £
Interest receivable	5	26

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 6 Other income

	2017	2016
	£	£
Sundry Income	3,409	47,730
Project Income	-	36,783
Recording studio and outreach	100	6,935
	<u>3,509</u>	<u>91,448</u>

### 7 Charitable activities

	2017	2016
	£	£
Staff costs	39,127	98,732
Travel costs	(2)	482
Insurance	3,468	7,030
Accountancy fees	1,040	4,484
Printing, stationery & publicity	10,017	3,046
Telephone & IT	1,396	8,284
Repairs & renewals	461	3,498
Miscellaneous costs	307	1,733
Programme expenses	874	16,724
Light, heat & rates	4,572	5,329
Bad debts	13,130	-
Legal fees	734	-
	<u>75,124</u>	<u>149,342</u>
Share of support costs (see note 8)	39,914	45,163
Share of governance costs (see note 8)	2,500	2,500
	<u>117,538</u>	<u>197,005</u>
<b>Analysis by fund</b>		
Unrestricted funds	95,354	
Restricted funds	22,184	
	<u>117,538</u>	
<b>For the year ended 31 March 2016</b>		
Unrestricted funds		138,528
Restricted funds		58,477
		<u>197,005</u>

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 8 Support costs

	Support costs £	Governance costs £	2017 £	2016 £	Basis of allocation
Salary recharge	22,434	-	22,434	27,684	
Depreciation	17,480	-	17,480	17,479	
Independent examination fees	-	2,500	2,500	2,500	Governance
	<u>39,914</u>	<u>2,500</u>	<u>42,414</u>	<u>47,663</u>	
Analysed between Charitable activities	<u>39,914</u>	<u>2,500</u>	<u>42,414</u>	<u>47,663</u>	

Governance costs includes payments to the independent examiners of £2,500 (2016- £2,500) for independent examination fees.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 10 Employees

#### Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
Staff	<u>3</u>	<u>6</u>

#### Employment costs

	2017 £	2016 £
Wages and salaries	60,190	121,214
Social security costs	754	4,446
Other pension costs	<u>617</u>	<u>756</u>

Included in wages and salaries are redundancy payments. The total redundancy payments during the financial year were £16,420.

No employee received emoluments in excess of £60,000.

There were no employees whose annual remuneration was £60,000 or more.

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 11 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2016	777,163	151,464	928,627
Disposals	-	(138,556)	(138,556)
At 31 March 2017	777,163	12,908	790,071
<b>Depreciation and impairment</b>			
At 1 April 2016	312,839	144,951	457,790
Depreciation charged in the year	15,543	1,936	17,479
Eliminated in respect of disposals	-	(138,556)	(138,556)
At 31 March 2017	328,382	8,331	336,713
<b>Carrying amount</b>			
At 31 March 2017	448,781	4,577	453,358
At 31 March 2016	464,323	6,514	470,837

### 12 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	6,949	28,962
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	164,204	120,494

### 13 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	6,949	28,962

### 14 Creditors: amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	6,060	4,417
Trade creditors	12,077	18,218
Amount due to Penrhys Partnership Limited	124,701	99,511
Other creditors	8,832	265
Accruals	18,594	2,500
	170,264	124,911

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2016	Movement in funds		Balance at 31 March 2017
	£	Incoming resources £	Resources expended £	£
Arts Centre	309,443	-	(10,220)	299,223
Skillz Program Funding	-	9,964	(9,964)	-
Arts Council of Wales	-	2,000	(2,000)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Arts Centre

This funding was received to purchase the Arts Centre, depreciation is being released annually against the cost.

#### Rhondda Trust

This funding was received to cover salary costs.

#### Arts Council of Wales

This funding was received to cover salary costs for a specific project.

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 16 Restricted funds - previous year

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2015 £	Movement in funds		Balance at 31 March 2016 £
		Incoming resources £	Resources expended £	
Arts Centre	319,663	18,000	(28,220)	309,443
Interlink	2,675	-	-	-
SEWCED	-	2,500	(2,500)	-
Rhondda Trust	3,750	-	-	-
Children In Need	-	9,994	(9,994)	-
Skillz Program Funding	-	17,763	(17,763)	-
	<u>326,088</u>	<u>48,257</u>	<u>(58,477)</u>	<u>309,443</u>

#### Arts Centre

This funding was received to purchase the Arts Centre, depreciation is being released annually against the cost.

#### Interlink

This was funding to provide training.

#### SEWCED

This was funding received to cover wages and salary costs.

#### Rhondda Trust

This was funding received to cover wages and salary costs.

#### Children In Need

This was funding to cover playscheme and homework club costs.

#### Skillz Program Funding

This was funding for community programmes and staff costs.

#### 17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	154,135	299,223	453,358
Current assets/(liabilities)	(160,309)	-	(160,309)
	<u>(6,174)</u>	<u>299,223</u>	<u>293,049</u>

Restricted funds represent balances held to fund future projects where the resources have been received, and are held to fund specific activities or projects.

Where balances on restricted funds are designated as fixed assets, this is the amount within the fund set aside for the future depreciation of those assets.

# PENRHYS PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 18 Analysis of net assets between funds - previous year

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2016 are represented by:			
Tangible assets	161,394	309,443	470,837
Current assets/(liabilities)	(88,286)	-	(88,286)
	<u>73,108</u>	<u>309,443</u>	<u>382,551</u>

Restricted funds represent balances held to fund future projects where the resources have been received, and are held to fund specific activities or projects.

Where balances on restricted funds are designated as fixed assets, this is the amount within the fund set aside for the future depreciation of those assets.

### 19 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	917	3,169
Between two and five years	1,146	1,834
In over five years	-	917
	<u>2,063</u>	<u>5,920</u>

### 20 Related party transactions

#### Remuneration of key management personnel

The Centre Manager is considered to be key management personnel.

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>35,690</u>	<u>28,440</u>

The total remuneration included salary costs, employers national insurance costs, pension and redundancy costs.

# **PENRHYS PARTNERSHIP TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2017***

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### **20 Related party transactions (Continued)**

The trustees of the Penrhys Partnership Trust are also directors of Penrhys Partnership Limited, a company limited by guarantee (registration number 2699701).

Penrhys Partnership Limited recharged salary costs of £21,838 (2016: £27,684) in respect of administration services provided to the Penrhys Partnership Trust.

Pension costs of £596 (2016: £756) were charged to Penrhys Partnership Limited by Penrhys Partnership Trust.

At the end of the year, Penrhys Partnership trust owed £124,701 to Penrhys Partnership Limited (2016: £99,511).

During the year a loan was made to the charity by a trustee for £2,600 to fund a shortfall in cash flow. This is included in other creditors and has been repaid post year end.



## PENRHYS PARTNERSHIP TRUST

### CHARTERED ACCOUNTANTS' REPORT TO THE TRUSTEES ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF PENRHYS PARTNERSHIP TRUST FOR THE YEAR ENDED 31 MARCH 2017

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Penrhys Partnership Trust for the year ended 31 March 2017, which comprise the Statement of Financial Activities and the related notes from the charity's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

This report is made to the charity's trustees, as a body, in accordance with the terms of our engagement letter dated 23 October 2015. Our work has been undertaken solely to prepare for your approval the accounts of Penrhys Partnership Trust and state those matters that we have agreed to state to the charity's trustees, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Penrhys Partnership Trust and the charity's trustees as a body, for our work or for this report.

It is your duty to ensure that Penrhys Partnership Trust has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and deficit of Penrhys Partnership Trust. You consider that Penrhys Partnership Trust is exempt from the statutory audit requirement for the year, and is not required to obtain an independent examiner's report.

We have not been instructed to carry out an audit or a review of the accounts of Penrhys Partnership Trust. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

  
Broomfield & Alexander Limited

The Institute Of Chartered Accountants In England & Wales  
Accountants

  
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Waters Lane Chambers  
Waters Lane

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