

REGISTERED COMPANY NUMBER: 03674953 (England and Wales)  
REGISTERED CHARITY NUMBER: 1088934

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 2017  
FOR**

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

FRIDAY



A27 \*A6LCY9QG\* 15/12/2017 #2  
COMPANIES HOUSE

Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

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FOR THE YEAR ENDED 31 MARCH 2017**

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## **NEW SANDFIELDS ABERAFAN AND AFAN - COMMUNITY REGENERATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of 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) (effective 1 January 2015).

#### **OBJECTIVES AND ACTIVITIES**

##### **Charity Objectives**

The objects of New Sandfields Aberafan and Afan - Community Regeneration (NSA Afan) as stated in the governing documents are:-

- The promotion for the public benefit of urban or rural regeneration in areas of social and economic deprivation in Wales, and in particular, the electoral wards within the electoral constituency known as Aberafan, and also Bettws within the County Borough of Bridgend and the surrounding area.
- The advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience.
- To relieve sickness and to preserve and protect good health.
- The relief of poverty.
- To provide recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances, have need of such facilities.
- The maintenance, improvement or provision of public amenities.
- The promotion of public safety and the prevention of crime.

##### **Mission statement**

Supporting regeneration to enable a better quality of life for communities.

##### **Vision statement**

Helping communities work together.

##### **Values**

Public service, leadership, selflessness, integrity, objectivity, honesty, accountability and stewardship.

##### **Activities**

The organisation has been a victim of deceptive fraud and theft committed by its former Finance Officer which was identified in 2015/16. The organisation set about ensuring that all the evidence required to secure a conviction and compensation was available. Furthermore, as a result of a whistle blowing letter sent in December 2016, the organisation has had to set about defending itself against what it suspected were spurious allegations regarding financial management and questions around matters of allegations regarding lack of good governance. As a result of this, both the Welsh Government, a significant funder of the organisation's activities and the Charity Commission are investigating the organisation's activities and governance.

The organisation regards itself as being a victim of fraud and theft and rejected the allegations that it was able to discern from the Welsh Government statements. Despite repeated requests to the Welsh Government, the organisation was denied the right to have sight of the whistle blowing allegations. It had to be content with defending itself against issues raised from its files which had been sequestered by the Welsh Government Internal audit team.

During the year, the organisation continued to work towards developing work related training initiatives. To that end, it set about seeking collaboration with Work Based Training Agency (WBTA) in Port Talbot. It had retained 6 staff from the former WEFO funded STRIDES employment training project which had completed its work at the end of March 2015.

The organisation also continued to roll out the Communities for Work programme (CfW) and transferred experienced staff from the STRIDES project into the CfW project. It continued to deliver the scheme in the same premises as the STRIDES project at St Helier's Drive, Sandfields and set about continuing to deliver the Communities First programme (CF) in Sandfields and Aberavon with a team of 12 staff around the themes of Prosperous Communities, Education and Health.

The organisation set a contingent objective to continue to facilitate community engagement with room hire and community groups using its premises. Its 14 premises were to be subject to evaluation in terms of delivery by its remaining 6 staff and 6 volunteers. Due to the withdrawal of previously successful RCDF Welsh Government funding (£700,000 capital funding award had been successful in round 2 of the funding), two of the organisation's premises unfortunately became surplus to requirements. One was to be sold and one was to be a surrendered 50 year lease to the Local Authority.

## **NEW SANDFIELDS ABERAFAN AND AFAN - COMMUNITY REGENERATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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#### **OBJECTIVES AND ACTIVITIES**

##### **Public benefit**

The charity's director trustees can confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission. The charitable objectives outlined above and the activities of the charity demonstrate public benefit.

##### **Volunteers**

Volunteers make a significant contribution to the income generating activities of the charity. We are deeply grateful for their hard work and dedication. Volunteering takes many forms and we are grateful to everyone who gives their time to support New Sandfields Aberafan and Afan - Community Regeneration.

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Charitable activities**

The organisation achieved all the targets and objectives set by the funders for the Communities First programme and CfW WEFO project. Unfortunately on the 1 February 2017 both teams involving 16 staff were transferred to the Local Authority by amicable arrangement.

As a consequence of funding being withdrawn by the Welsh Government, the organisation no longer had the capacity nor the funding to achieve its objectives of combining with WBTA nor complete its full commitment to CF and CfW.

The Annual Beach Festival in July 2016 was a continued success with the SAVE group of Volunteers being supported in the organisation of the event which attracted thousands of community members.

It did however complete its objectives for the Big Lottery in its Employment Academy work during 2016/17 despite the suspension of its remaining balance of funds for the year. The Big Lottery had followed suit with the Welsh Government in suspending funding. Children in Need youth activities in Aberavon were continued throughout the year but suffered lack of support when its funding was also suspended in December 2016. A relatively small but yet important sum of money was withheld and the youth club work suffered as a result in that it was managed by NSA Afan Communities First staff who were transferred to the Local Authority in February 2017.

The organisation set about the surrender of 5 long term leases to the Local Authority and the sale of 2 of its freehold properties with the aim of settling its creditors and paying off outstanding loans.

#### **FINANCIAL REVIEW**

##### **Income**

Income from donations and legacies was £542 (2016: £493,954) and income from charitable activities was £958,348 (2016: £1,030,831); therefore this makes total income for 2016/17 a figure of £958,890 (2016: £1,524,785).

##### **Expenditure**

The charity's expenditure on the regeneration project and general items amounted to £1,169,198 (2016: £1,657,970).

##### **Principal funding sources**

The principal sources of income are grants awarded by various funders, a significant funder being the Welsh Government, and income generation such as room hire, PV for free and NSA PC Care. As a result of the whistle blowing allegations, significant funders such as the Welsh Government, Big Lottery and Children in Need withdrew the balance of any funding requirements in January 2017.

##### **Reserves policy**

It is the policy of the organisation to maintain unrestricted and designated funds to ensure sufficient reserves to meet six months of future running costs. However, in the event of periods of difficult trading; this is no longer achievable in the course of the next 2 years at least.

Unrestricted reserves stand at £376,322 (2016: £422,273) of which £712,614 is tied up in fixed assets and £341,891 is long term borrowing secured on these assets. There are no free reserves at 31 March 2017.

The present level of reserves falls significantly short of the target, although the strategy is to continue to build reserves through unrestricted income generation. The Board is well aware that it is likely to take at least another 4/5 years before we reach the target for reserves.

In the meantime the Board has a strategy to manage both restricted and unrestricted income with prudence and controls are in place to keep expenditure to a minimum and to agreed levels only. A policy is in place for financial regulations and for levels of authority to spend within NSA Afan and its main programme managements.

## **NEW SANDFIELDS ABERAFAN AND AFAN - COMMUNITY REGENERATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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#### **FINANCIAL REVIEW**

##### **Going concern**

The organisation has a strategy where through the sale of assets that its remaining 7 premises are sustainable. This has been established via a survival report and cash flow forecast for 2017/18 by Broomfield Alexander in April/May 2017 and in the welcome and appreciated ongoing support of AP Benson insolvency experts and the Wales Cooperative Centre in the continuing development of a turnaround plan for the organisation for the next 18 months.

At the time of signing this report, NSA Afan have an offer, subject to contract, on the Con Club, Glynccorwg for £45,000 and an offer on Ty Arian which is in excess of the asking price of £230,000.

##### **Funds in deficit**

At 31 March 2017 there were two restricted funds in deficit. The Communities First programme was showing a deficit of £83,566 and the Communities for Work programme was showing a deficit of £20,652. Welsh Government suspended funding on these projects on 12 December 2016 but NSA Afan was committed to deliver its primary aims and objectives until agreement was reached for the projects to be transferred to the Local Authority on 1 February 2017. Claims for these amounts have been submitted to Welsh Government but the income has not been recognised in these financial statements due to the uncertainty surrounding the outcome of the ongoing investigation by WEFO and the Welsh Government internal audit team.

It is also noted that Big Lottery, WCVA and Children in Need suspended funding at the same time as Welsh Government and NSA Afan continued to deliver services until the end of January 2017.

#### **FUTURE PLANS**

The organisation seeks to exonerate itself in respect of dubious allegations made and challenge issues resulting from examinations of its files. It intends to build on the capacity of its 7 premises in Sandfields, Aberavon and Bettws Bridgend to deliver facilities and provide room hire and anchor tenant facilities for organisations and individuals who seek to provide work in the community meeting the community's needs.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The organisation is a charitable company limited by guarantee, incorporated on 27 November 1998. The company was established under a memorandum which established the objects and powers of the company and is governed under its Articles of Association. The company became a charity pursuant to Special Resolutions passed at its Annual General Meeting held on 27 June 2001 and written resolution dated 26 September 2001. Subsequent amendments widening the area of beneficiaries to include the electoral ward of Aberavon and thereby a name change were adopted dated 29 September 2004 and ratified with a written resolution on 9 March 2005. In the event of the company being wound up the director trustees are required to contribute an amount not exceeding £10.

On 3 September 2012 AGM, following a year of community consultation the charitable company amended its Memorandum and Articles of Association to include the Constituency of Aberavon in its area of beneficiaries and changed its name. A further resolution passed on 10 June 2015, extended the objects to Wales and in particular the constituency known as Bettws, Bridgend.

##### **Recruitment and appointment of new trustees**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Memorandum and Articles are known as director trustees and members of the Board. Under the requirements of the Memorandum and Articles of Association, the members of the Board are elected at the AGM. The Board has adopted by-laws to allow free membership of the organisation and ensure that of the 18 permitted director trustees, 9 will be residents in the constituency of Aberavon and shall comprise one from each electoral ward, 3 shall be appointed from Communities First/NSA Afan stakeholder meetings and 3 shall be from business. In addition, resulting from the merger with the Youth of Bettws charity, 2 residents from Bettws are eligible to be trustees of the charity.

Any vacancy within the Board is advertised prior to the AGM and appropriate nominations invited from the membership of the organisation or by way of introduction in the case of business nominees. The Board has appointed a paid Chief Executive Officer who shall direct all operations, business planning, business administration, human resource management, finance and marketing of the company's community regeneration mission.

## **NEW SANDFIELDS ABERAFAN AND AFAN - COMMUNITY REGENERATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Organisational structure**

NSA Afan has a board of director trustees which meets 4 times a year and is responsible for the strategic direction and policy of the charity. At the year end, the Board has 9 director trustees and there are 4 vacancies. The trustees represent a number of residents and community interest and those with business and professional backgrounds. The company secretary also sits on the Board but has not voting rights.

As referred to above, a scheme of delegation within a management structure is in place and the 'day to day' responsibility for the management and delivery of all programmes, projects and services rests with the Chief Executive Officer who also manages all development, operations, business planning, business administration, human resource management, finance and marketing of the company's community regeneration mission. This is accomplished via a management structure that comprises core management, finance and business administration linked to facilities administration in the Centres accomplished via a weekly briefing and feedback meetings. Regular briefing meetings take place between the CEO and trustees including the Chair and Vice Chair.

##### **Induction and training of new trustees**

All trustees are familiar with the running of the organisation. They meet four times a year in scheduled Board meetings and set the budget for the year and decide on the strategic direction of the company for the ensuing year. New trustees are inducted into their role by the Chief Executive. They have adopted the drafting of a turnaround plan for 2018 - 2020. The plan has been produced by the Chief Executive at the request of the Board and sets out the organisation's goals and seeks to achieve a sustainable future for the organisation.

Most trustees have participated in a "Charity Trustee Responsibilities" training event which we bought in from Bevan and Buckland. They also receive Charity Commission newsletters on the roles of trustees and related issues. All trustees were invited to quarterly Communities First meetings during the year, where they contribute to a range of subjects including the setting of targets.

Trustees are very familiar with the running of all aspects of the organisation by receiving the Chief Executive's report and the minutes of the Senior Management team on a monthly basis.

Trustees conform to all aspects of charity law and a visit in 2006/07 by the Charities Commission review team helped strengthen the charity and the role of its trustees. This is reflected in changes in the Memorandum and Articles of Association with regard to introducing rotation of trustees for example.

There are various leaflets directly presented to the trustees explaining the work of the organisation. For example "Who we are and What we do..." (revised annually) and every issue of the community regeneration magazine called "Making Waves". In addition the minutes of the Senior Management team's monthly meetings are sent to the trustees for information on work in progress.

##### **Key management remuneration**

Director trustees may be paid all reasonable travelling, hotel and other expenses incurred by them in connection with their attendance at meetings of Directors, committees or general meetings or otherwise in connection with the discharge of their duties, but shall otherwise be paid no remuneration.

The trustees periodically review and set the salaries of senior management personnel, taking into account the level of responsibility each member of staff carries, the salaries paid in similar charities and the current inflation rate.

## **NEW SANDFIELDS ABERAFAN AND AFAN - COMMUNITY REGENERATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Related parties**

In so far as it is complementary to the charity's aims, the charity is guided by the Welsh Government's Communities First programme; its policies on social enterprise; social inclusion and regeneration; lifelong learning and skills and innovation; enterprise and networking. In addition, the NPTCBC Community plan and related community strategies that may from time to time complement the charity's objects.

We work in partnership with a number of organisations who have interest in or a base in Sandfields, Aberavon and the wider Neath Port Talbot and Swansea Bay area and who support residents in all aspects of the quality of their lives. For example, we have provided public support for Swansea Bay Tidal Lagoon. The charity has purchased 6 shares in the scheme totalling £4,800 as a demonstration of commitment to clean renewable energy and the potential community benefits of the scheme to residents in the Swansea Bay area. The Chief Executive is the Chair of the Active Supporters Group for Neath Port Talbot which comprises over 300 members of the 1,000 supporters across Swansea Bay.

In 2015 the organisation purchased a £5,000 Community Share Offer with Awel Ltd, a company created by Awel Aman Tawe.

The charity has a charitable company subsidiary; New Sandfields Aberafan and Afan (Community Trading) Limited which was dormant throughout this period.

##### **Risk management**

Policies are in place and procedures observed in respect of health and safety of our staff, volunteers and customers at our premises which as at 31 March 2017 are:-

<b>Property</b>	<b>Project</b>	<b>End dates</b>	<b>Period of lease (years)</b>	<b>Freehold</b>
Ty Arian	HQ Offices			Freehold
Bevin Ave	Development Centre	2030	25	
Dalton Road	Employment Academy	2064	50	
Bettws Complex 1	Youth Club/Training	2111	99	
Bettws Complex 2	Eco Lodge Accom	2111		Freehold
Bettws Life centre	Bar/Cafe & Hall	2025	20	
Michna St	Resource Centre	2064	50	
Rhodes Ave	Standby store	2037	25	
Fire Station	Employability Centre	2066	50	
Con Club	Renewable Energy			Freehold
Brynsiriol	Tourist accom	2064	50	
Wellington Place	CfW	2001	5	
Hopkin Street	Multi Use Games	2018	10	

All necessary policies for employing staff are in place and these are reviewed annually. Two or more policies are reviewed at each board meeting. Each member of staff has been issued with an employee handbook which sets out personnel policies.

The charity has introduced a stricter form of controls as a consequence of fraudulent activities identified during the previous year, which were carried out by a former employee.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
03674953 (England and Wales)

**Registered Charity number**  
1088934

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered office**

Ty Arian  
Silver Avenue  
Sandfields  
PORT TALBOT  
SA12 7RX

**Principal address**

C/o NSA Afan Employment Academy  
Dalton Road  
Sandfields  
PORT TALBOT  
SA12 6SF

**Trustees**

G S Roberts  
D J Gage  
D T Davies  
L A Lawrence  
D Edwards  
F Y Patel  
C F James  
S K Jones  
T Gare  
J M Stead  
D M Davies  
L D Milsom  
S Hanbury

Chair  
Vice-Chair  
Treasurer

- resigned 17/5/2017

- resigned 29/3/2017

- resigned 2/9/2016

- resigned 10/1/2017

- resigned 20/9/2017

- deceased

- appointed 21/9/2016

**Company Secretary**

I D Isaac

**Auditors**

Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

**Solicitors**

John Collins & Partners LLP  
Venture Court  
Waterside Business Park  
Valley Way  
Enterprise Park  
Swansea  
SA6 8QP

**Bankers**

Lloyds Bank PLC  
115 Station Road  
Port Talbot  
SA13 1NR



**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2017**

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**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of New Sandfields Aberafan and Afan - Community Regeneration for the purposes of company law) 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).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 charitable company 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 charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Watts Gregory LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the Board of Trustees on 13 December 2017 and signed on its behalf by:

  
.....  
D J Gage - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NEW SANDFIELDS ABERAFAN AND AFAN - COMMUNITY REGENERATION**

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We have audited the financial statements of New Sandfields Aberafan and Afan - Community Regeneration for the year ended 31 March 2017 on pages ten to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees Responsibilities set out on page six, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - fraud and going concern**

The prior year audit report prepared by Bevan & Buckland was qualified due to a limitation of scope in respect of an ongoing fraud investigation. The police have brought charges and the outcome is pending a court hearing. There have been no further financial consequences of the fraud identified and it remains unlikely any further amounts will be recovered.

In forming our opinion we have considered the adequacy of the disclosures made in note 1 and note 21 to the financial statements and the narrative in the Report of the Trustees concerning the charity's ability to continue as a going concern.

The going concern assumption is supported by the realisation of assets during the year as well as the potential realisation of further assets and there has been a significant reduction in costs as a result in a change in focus of activities. However, the outcome of the Welsh Government investigation contributes to the uncertainty.

This indicates the existence of material uncertainties which may cast doubt over the charity's ability to continue as a going concern. The financial statements do not include any adjustments which could result if the charity was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Julia Mortimer (Senior Statutory Auditor)  
for and on behalf of Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

Date: 13 December 2017

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	542	-	542	493,954
<b>Charitable activities</b>	4				
Regeneration project		<u>339,952</u>	<u>618,396</u>	<u>958,348</u>	<u>1,030,831</u>
<b>Total</b>		<b>340,494</b>	<b>618,396</b>	<b>958,890</b>	<b>1,524,785</b>
 <b>EXPENDITURE ON</b>					
<b>Charitable activities</b>	5				
Regeneration project		<u>388,882</u>	<u>780,316</u>	<u>1,169,198</u>	<u>1,657,970</u>
<b>NET INCOME/(EXPENDITURE)</b>		<b>(48,388)</b>	<b>(161,920)</b>	<b>(210,308)</b>	<b>(133,185)</b>
<b>Transfers between funds</b>	19	<u>2,437</u>	<u>(2,437)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		<b>(45,951)</b>	<b>(164,357)</b>	<b>(210,308)</b>	<b>(133,185)</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>422,273</u>	<u>500,937</u>	<u>923,210</u>	<u>1,056,395</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>376,322</u></u>	<u><u>336,580</u></u>	<u><u>712,902</u></u>	<u><u>923,210</u></u>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

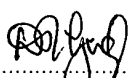
**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**BALANCE SHEET  
AT 31 MARCH 2017**

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds £
<b>FIXED ASSETS</b>					
Tangible assets	11	702,814	436,674	1,139,488	1,386,162
Investments	12	<u>9,800</u>	<u>-</u>	<u>9,800</u>	<u>9,800</u>
		712,614	436,674	1,149,288	1,395,962
<b>CURRENT ASSETS</b>					
Debtors	13	70,151	-	70,151	95,753
Cash at bank and in hand		<u>102,431</u>	<u>(100,094)</u>	<u>2,337</u>	<u>812</u>
		172,582	(100,094)	72,488	96,565
<b>CREDITORS</b>					
Amounts falling due within one year	14	(166,983)	-	(166,983)	(198,512)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>5,599</u>	<u>(100,094)</u>	<u>(94,495)</u>	<u>(101,947)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		718,213	336,580	1,054,793	1,294,015
<b>CREDITORS</b>					
Amounts falling due after more than one year	15	(341,891)	-	(341,891)	(370,805)
<b>NET ASSETS</b>		<u>376,322</u>	<u>336,580</u>	<u>712,902</u>	<u>923,210</u>
<b>FUNDS</b>	19				
Unrestricted funds				376,322	422,273
Restricted funds				<u>336,580</u>	<u>500,937</u>
<b>TOTAL FUNDS</b>				<u>712,902</u>	<u>923,210</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 13 December 2017 and were signed on its behalf by:

  
.....  
D J Gage - Trustee

The notes form part of these financial statements

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	(155,377)	491,458
Interest paid		<u>(20,165)</u>	<u>(21,663)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>(175,542)</u>	<u>469,795</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(1,218)	(515,097)
Purchase of fixed asset investments		-	(5,000)
Sale of tangible fixed assets		<u>183,879</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>		<u>182,661</u>	<u>(520,097)</u>
<b>Cash flows from financing activities:</b>			
New loans in year		<u>(28,043)</u>	<u>3,466</u>
<b>Net cash provided by (used in) financing activities</b>		<u>(28,043)</u>	<u>3,466</u>
<b>Change in cash and cash equivalents in the reporting period</b>		(20,924)	(46,836)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	2	<u>(42,615)</u>	<u>4,221</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<u><u>(63,539)</u></u>	<u><u>(42,615)</u></u>

The notes form part of these financial statements

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	(210,308)	(133,185)
<b>Adjustments for:</b>		
Depreciation charges	79,739	102,153
Profit on disposal of fixed assets	(15,726)	-
Interest paid	20,165	21,663
	-	294,810
Decrease in debtors	25,602	186,916
(Decrease)/increase in creditors	(54,849)	19,101
<b>Net cash provided by (used in) operating activities</b>	<u>(155,377)</u>	<u>491,458</u>

**2. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	381	504
Notice deposits (less than 3 months)	1,956	308
Overdrafts included in bank loans and overdrafts falling due within one year	(65,876)	(43,427)
<b>Total cash and cash equivalents</b>	<u>(63,539)</u>	<u>(42,615)</u>

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

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

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**1. STATUTORY INFORMATION**

New Sandfields Aberafan and Afan - Community Regeneration is a private limited company, limited by guarantee and incorporated in England and Wales. The registered office is Ty Arian, Silver Avenue, Sandfields, Port Talbot, Neath Port Talbot, SA12 7RX. The principal place of business is Dalton Road, Sandfields, Port Talbot, Neath Port Talbot, SA12 6SF. The nature of the charity's operations and principal activities are disclosed within the Report of the Trustees.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 S1A Update Bulletin 1) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

There have been no material departures from the standard.

New Sandfields Aberafan and Afan Community Regeneration meets the definition of a public benefit entity under FRS 102, as demonstrated within the Report of the Trustees.

**First-time adoption of FRS 102**

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 S1A Update Bulletin 1 and the Charities SORP FRS 102 the restatement of comparative items was required.

As a result of the transition to FRS 102, there have been no changes in accounting policies to those used previously. There has also been no adjustment to the opening position at 1 April 2015 or the closing position at 31 March 2016.

**Going concern**

At 31 March 2017 the charity had net current liabilities of £94,495 (2016 - £101,947) and incurred a deficit of £210,308 (2016 - £133,185). The charity was a victim of deceptive fraud and theft in 2015/16; this has ultimately led to Welsh Government carrying out an investigation and suspending funding. NSA Afan was committed to deliver its primary aims and objectives for the Communities First Programme and the Communities for Work Programme and continued to achieve all targets and objectives until the projects were transferred to the Local Authority on 1 February 2017.

During December 2016 and January 2017 the costs of delivering these two projects totalled £104,208 and claims have been submitted for this amount but due to the uncertainty of the outcome of the investigation and the potential of further clawback, this income has not been recognised in these financial statements.

The charity engaged with a number of professionals to assist with the development of a survival report and cashflow forecasts for 2017/18 and there is a turnaround plan in place for the next 18 months. A key element of this plan is to realise a number of assets and at the time of signing these financial statements NSA Afan has an offer, subject to contract for the Con Club, Glyncoirwg for £45,000 and an offer on Ty Arian, Sandfields which is in excess of the asking price of £230,000.

The charity will then focus on building capacity at its remaining premises to deliver facilities and provide room hire and anchor tenant facilities in a sustainable way and on this basis the Board of Trustees consider the going concern basis of preparation to be appropriate.



## 2. ACCOUNTING POLICIES - continued

### **Preparation of consolidated financial statements**

The financial statements contain information about New Sandfields Aberafan and Afan - Community Regeneration as an individual charity and do not contain consolidated financial information as the parent of a group. The charity has taken the option under Section 399 of the Companies Act 2006 not to prepare consolidated financial statements.

### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations and legacies income includes donations, gifts and grants that provide core funding or are of a general nature and is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies it must be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions. This income is recognised where there is entitlement, when the receipt is probable and the amount can be measured reliably. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

Other trading activities are recognised as the related services are provided and there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the delivery of the service or event to which it relates.

Investment income is recognised on a receivable basis.

It is not the policy of the charity to show income net of expenditure.

### **Expenditure and basis of recognition of liabilities**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Expenditure includes any VAT which can not be fully recovered and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature to support them.

Support costs are those are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. This includes governance costs which are those costs associated with meeting the constitutional and statutory requirements of the charity and include the accountancy fees and costs linked to the strategic management of the charity.

### **Taxation**

The charity is exempt from corporation tax on its charitable activities.

### **Allocation and apportionment of costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trusts artistic programme activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Only assets which cost £1,000 or more are capitalised. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of the asset as follows:-

Freehold property	2% - 5% straight line
Long leasehold	4% straight line
Improvements to property	2% - 4% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% reducing balance
Solar panels	4% straight line

Any permanent diminution in value of tangible fixed assets is accounted for as a reduction in the cost of that asset and shown as an impairment.

**Fixed asset investments**

Fixed asset investments are included at market value at the balance sheet date. Realised and unrealised gains or losses on investments are shown separately on the face of the statement of financial activities.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in the profit and loss account over the lease period.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity are charged to the Statement of Financial Activities in the period to which they relate.

The charity operates a money purchase scheme with a defined pension scheme called 'Pensions Trust'.

The organisation operates a pension accrual policy whereby 8% of all staff salary irrespective of funded or unfunded posts are deducted and transferred to an employers designated fund to meet any future obligations and to ensure staff have the right to apply to join the scheme and have their contributions and that of their employer back dated to the commencement of employment.

**Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses from impairment are recognised in expenditure. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**3. DONATIONS AND LEGACIES**

	2017 £	2016 £
Donations	542	447,810
Reimbursement of theft	-	46,144
	<u>542</u>	<u>493,954</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	2017 £	2016 £
Income generation	286,678	298,049
Management charges	52,274	30,790
Grants	<u>619,396</u>	<u>701,992</u>
	<u>958,348</u>	<u>1,030,831</u>

Grants received, included in the above, are as follows:

	2017 £	2016 £
NAW - Communities First	328,181	526,800
Ffynnon Oer	30,529	28,594
Children in Need	(2,729)	6,687
Communities 4 Work	93,391	8,280
Big Lottery - Coastal Communities	151,295	81,219
Engagement Gateway	-	1,500
Pupil Deprivation Grant	-	32,812
Active Inclusion	10,111	5,200
Bridgend CBC - Welsh Government Strategy Grant	4,017	-
Other grants	<u>4,601</u>	<u>10,900</u>
	<u>619,396</u>	<u>701,992</u>

**5. CHARITABLE ACTIVITIES COSTS**

	Direct costs £	Support costs (See note 6) £	Totals £
Regeneration project	<u>1,159,630</u>	<u>9,568</u>	<u>1,169,198</u>

**6. SUPPORT COSTS**

	Governance costs £
Regeneration project	<u>9,568</u>

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**7. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Auditors' remuneration	6,750	2,875
Auditors' remuneration for non audit work	1,525	4,822
Depreciation - owned assets	79,739	102,153
Surplus on disposal of fixed asset	<u>(15,726)</u>	<u>-</u>

**8. TRUSTEES' REMUNERATION AND BENEFITS**

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

**Trustees' expenses**

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

**9. STAFF COSTS**

	2017	2016
	£	£
Wages and salaries	629,513	714,211
Social security costs	52,549	59,945
Other pension costs	<u>38,552</u>	<u>37,482</u>
	<u>720,614</u>	<u>811,638</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Chief Executive	1	1
Directors	1	1
Senior managers	1	1
Project development managers	6	6
Finance and administration	3	3
Operational staff	<u>20</u>	<u>20</u>
	<u>32</u>	<u>32</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017	2016
£60,001 - £70,000	<u>1</u>	<u>1</u>

The pension contributions relating to the highest paid employee amounted to £8,191 (2016: £8,586).

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	276,011	217,943	493,954
<b>Charitable activities</b>			
Regeneration project	<u>313,801</u>	<u>717,030</u>	<u>1,030,831</u>
<b>Total</b>	589,812	934,973	1,524,785
 <b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Regeneration project	<u>623,716</u>	<u>1,034,254</u>	<u>1,657,970</u>
<b>Total</b>	623,716	1,034,254	1,657,970
 <b>NET INCOME/(EXPENDITURE)</b>	(33,904)	(99,281)	(133,185)
<b>Transfers between funds</b>	<u>(39,152)</u>	<u>39,152</u>	<u>-</u>
<b>Net movement in funds</b>	(73,056)	(60,129)	(133,185)
 <b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	495,329	561,066	1,056,395
 <b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>422,273</u></u>	<u><u>500,937</u></u>	<u><u>923,210</u></u>

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**11. TANGIBLE FIXED ASSETS**

	Freehold property £	Long leasehold £	Improvements to property £	Plant and machinery £
<b>COST</b>				
At 1 April 2016	639,740	739,433	40,541	62
Additions	-	-	-	-
Disposals	-	(142,297)	(28,227)	-
Reclassification	(78,826)	(63,817)	142,643	-
At 31 March 2017	<u>560,914</u>	<u>533,319</u>	<u>154,957</u>	<u>62</u>
<b>DEPRECIATION</b>				
At 1 April 2016	58,114	282,725	29,138	62
Charge for year	24,146	26,652	3,315	-
Eliminated on disposal	-	(136,984)	(6,442)	-
At 31 March 2017	<u>82,260</u>	<u>172,393</u>	<u>26,011</u>	<u>62</u>
<b>NET BOOK VALUE</b>				
At 31 March 2017	<u>478,654</u>	<u>360,926</u>	<u>128,946</u>	<u>-</u>
At 31 March 2016	<u>581,626</u>	<u>456,708</u>	<u>11,403</u>	<u>-</u>
	Fixtures and fittings £	Motor vehicles £	Solar panels £	Totals £
<b>COST</b>				
At 1 April 2016	120,120	28,927	403,581	1,972,404
Additions	1,218	-	-	1,218
Disposals	-	(14,426)	(186,268)	(371,218)
Reclassification	-	-	-	-
At 31 March 2017	<u>121,338</u>	<u>14,501</u>	<u>217,313</u>	<u>1,602,404</u>
<b>DEPRECIATION</b>				
At 1 April 2016	106,083	27,228	82,892	586,242
Charge for year	9,097	386	16,143	79,739
Eliminated on disposal	-	(13,931)	(45,708)	(203,065)
At 31 March 2017	<u>115,180</u>	<u>13,683</u>	<u>53,327</u>	<u>462,916</u>
<b>NET BOOK VALUE</b>				
At 31 March 2017	<u>6,158</u>	<u>818</u>	<u>163,986</u>	<u>1,139,488</u>
At 31 March 2016	<u>14,037</u>	<u>1,699</u>	<u>320,689</u>	<u>1,386,162</u>

A first legal charge over commercial freehold property known as Silver Court (Flats 1-6), Mozart Drive, Sandfields, Port Talbot, SA12 7RT is held by Lloyds Bank PLC.

A first legal charge over Bettws Boys and Girls Club, Bettws, Bridgend, CF32 8TA is held by the Big Lottery Fund.

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**12. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>MARKET VALUE</b>	
At 1 April 2016 and 31 March 2017	<u>9,800</u>
<b>NET BOOK VALUE</b>	
At 31 March 2017	<u>9,800</u>
At 31 March 2016	<u>9,800</u>

There were no investment assets outside the UK.

The charity has an investment in New Sandfields Aberafan and Afan (Community Trading) Limited, a subsidiary company limited by guarantee which was dormant throughout the year.

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	7,724	63,992
Other debtors	-	27,276
Prepayments and accrued income	<u>62,427</u>	<u>4,485</u>
	<u>70,151</u>	<u>95,753</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Bank loans and overdrafts (see note 16)	71,996	49,209
Other loans (see note 16)	30,163	29,630
Trade creditors	22,907	47,812
Social security and other taxes	12,733	19,950
VAT	1,662	4,655
Other creditors	13,175	7,964
Accruals and deferred income	<u>14,347</u>	<u>39,292</u>
	<u>166,983</u>	<u>198,512</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017 £	2016 £
Bank loans (see note 16)	95,241	100,800
Other loans (see note 16)	<u>246,650</u>	<u>270,005</u>
	<u>341,891</u>	<u>370,805</u>

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**16. LOANS**

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year on demand:		
Bank overdraft	65,876	43,427
Bank loans	6,120	5,782
Other loans	<u>30,163</u>	<u>29,630</u>
	<u>102,159</u>	<u>78,839</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	95,241	100,800
Other loans - 1-2 years	<u>246,650</u>	<u>270,005</u>
	<u>341,891</u>	<u>370,805</u>

**17. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows - £23,834 (2016: £20,835) due within one year, £69,687 (2016: £68,771) due between one and five years and £265,500 (2016: £274,250) due in more than five years.

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdraft	65,876	43,427
Bank loans	101,361	106,582
Other loans	<u>276,813</u>	<u>299,635</u>
	<u>444,050</u>	<u>449,644</u>

The bank overdraft is secured by way of a first legal charge dated 31 March 2006 over the freehold property at Silver Court (Flats 1-6), Mozart Drive, Sandfields, Port Talbot, SA12 7RT and is held by Lloyds Bank PLC.

The bank loan with Lloyds Bank PLC is secured over the freehold property at Silver Court (Flats 1-6), Mozart Drive, Sandfields, Port Talbot, SA12 7RT together with a fixed and floating charge over all buildings and fixtures and all present and future book and other debts.

Other loan of £49,938 is secured by way of a first fixed charge over the Renewable Energy generating equipment and all present and future rights, licences, guarantees, contracts, covenants and warranties relating to the Renewable Energy generating equipment and by way of a first floating charge over all the RHI payments and any undertaking, property, assets and rights and is held by Pure Leapfrog.

Other loan of £226,876 is secured by way of a fixed charge over book debts, a floating charge over all other assets both present and future and a fixed charge over the freehold property known as Ty Arian, Silver Avenue, Sandfields, Port Talbot, SA12 7RT and is held by Wales Council for Voluntary Action.



**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**19. MOVEMENT IN FUNDS**

	At 1/4/16 £	Net movement in funds £	Transfers between funds £	At 31/3/17 £
<b>Unrestricted funds</b>				
General fund	15,039	(48,388)	409,671	376,322
Designated - Capital expenditure	<u>407,234</u>	<u>-</u>	<u>(407,234)</u>	<u>-</u>
	422,273	(48,388)	2,437	376,322
<b>Restricted funds</b>				
NAW - Communities First	6,418	(89,974)	-	(83,556)
NAW - Objective 1/DELLS	10,000	(10,000)	-	-
Big Lottery - Community Asset Transfer	330,013	(13,200)	-	316,813
Ffynnon Oer	579	1,858	(2,437)	-
NPTCBC - Michna Street	12,339	(12,339)	-	-
Children in Need	9,122	(9,122)	-	-
Sports Wales	900	-	-	900
Fixed Assets Fund - Big Lottery	126,169	(6,308)	-	119,861
Pupil Deprivation Grant	197	-	-	197
Active Inclusion	5,200	(5,200)	-	-
Communities for Work	-	(20,652)	-	(20,652)
Bridgend CBC - Welsh Government Strategy Grant	<u>-</u>	<u>3,017</u>	<u>-</u>	<u>3,017</u>
	500,937	(161,920)	(2,437)	336,580
<b>TOTAL FUNDS</b>	<u>923,210</u>	<u>(210,308)</u>	<u>-</u>	<u>712,902</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	340,494	(388,882)	(48,388)
<b>Restricted funds</b>			
NAW - Communities First	328,181	(418,155)	(89,974)
Ffynnon Oer	30,529	(28,671)	1,858
NPTCBC - Michna Street	4,601	(16,940)	(12,339)
Children in Need	(2,729)	(6,393)	(9,122)
Fixed Assets Fund - Big Lottery	-	(6,308)	(6,308)
Active Inclusion	10,111	(15,311)	(5,200)
Communities for Work	93,391	(114,043)	(20,652)
Big Lottery - Coastal Communities	151,295	(151,295)	-
Bridgend CBC - Welsh Government Strategy Grant	3,017	-	3,017
NAW - Objective 1/DELLS	-	(10,000)	(10,000)
Big Lottery - Community Asset Transfer	<u>-</u>	<u>(13,200)</u>	<u>(13,200)</u>
	618,396	(780,316)	(161,920)
<b>TOTAL FUNDS</b>	<u>958,890</u>	<u>(1,169,198)</u>	<u>(210,308)</u>

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

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**19. MOVEMENT IN FUNDS - continued**

**Communities First**

Grant funding received from the Welsh Government towards the cost of supporting the organisation in delivering the Communities First programme in 2016/17. Its main aims are to achieve to help alleviate poverty in Sandfields East, West & Aberavon. Its activities are based around the theme of prosperous communities and healthier communities.

**NAW - Objective 1/DELLS**

This relates to the STRIDES demountables capital assets and was allocated in full to depreciation charged and loss on disposal in the year.

**Big Lottery - Community Asset Transfer**

Grant funding received during the year from the Big Lottery for capital and revenue to renovate Dalton Road Community Centre and to provide employment related activities for unemployed and economically inactive people.

**Ffynnon Oer**

The community fund, which was administered by NSA Afan, is an extra, voluntary benefit offered by Ffynnon Wind Farm Limited to the communities living closest to the wind farm. The arrangement ceased in January 2017.

**NPTCBC - Michna Street**

This fund was provided to support the running costs for the NSA Community Resource Centre.

**Children in Need**

This fund provided support for the running costs of a Youth Club in Sandfields and another in Aberavon, until funding was withdrawn and the unspent grant of £13,355 was repaid.

**Sports Wales**

This fund is to provide assistance towards costs of training for coaches.

**Fixed Asset Fund - Big Lottery**

In accordance with the grant conditions relating to Big Lottery capital grants, the grant is transferred to a restricted fixed asset fund relating to the property at Bettws, against which depreciation is charged over the assets estimated useful life of 20 years.

**Pupil Deprivation Grant**

This grant is extra funding from the Welsh Government to overcome the additional barriers poorer pupils' face that prevents them from achieving their full potential. The funding is used to provide additional resources such as additional training for classroom teachers and teaching assistants to enable every pupil to reach their full potential.

**Active Inclusion**

Grant funding received during the year from the Wales Council of Voluntary Action towards the costs of helping people move from poverty towards sustainable paid employment. It works with socially excluded, "hard to reach" and disadvantaged groups, giving them confidence, new skills and opportunities. We aim to achieve this by establishing and managing a comprehensive and varied supply chain of providers from the third, private and public sectors.

**Bridgend CBC - Strategy Grant**

Grant funding received during the year from Bridgend CBC towards the cost of paying the salaries for youth club workers at Bettws.

**NEW SANDFIELDS ABERAFAN AND AFAN -  
COMMUNITY REGENERATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**19. MOVEMENT IN FUNDS - continued**

**Communities for Work**

Grant funding received during the year from the Welsh Government to enable and support the organisation in delivering the Communities for Work programme within the Communities First cluster areas and aims to tackle poverty through sustainable employment.

The programme focuses on our most deprived communities and provides 1-to-1 support, guidance and training for people living in a Communities First cluster who are over 25:-

- with low or no skills;
- with work limiting health conditions;
- with care or childcare responsibilities;
  
- from jobless households; and
- from a black minority ethnic group.

**Big Lottery - Coastal Communities**

Grant funding received during the year from the Big Lottery towards the costs of hosting a series of tourism events to attract additional visitors to the Aberavon seafront.

**20. PENSION COMMITMENTS**

The charity operated a defined contribution pension scheme in respect of its employees. The scheme and its assets were held by independent managers. The pension charge represents contributions due from the company and amounts to £38,552 (2016: £37,485). Pension contributions amounting to £967 (2016: £6,308) were outstanding at the year end.

**21. CONTINGENT LIABILITIES**

On 12 December 2016 Welsh Government funding to NSA Afan was suspended pending investigation into the proper stewardship of public funds. An issue paper was published in February 2017 and following a series of meetings the charity formally responded on 13 October 2017. At the time of signing these financial statements no further information has been received.

Until the outcome is known, there is a possibility of clawback of grants already received, however final claims submitted for the Communities First Programme of £83,556 and the Communities for Work Programme of £20,652 have not yet been received. These amounts are not recognised in these financial statements as the financial consequences of the ongoing investigation are uncertain.

**21. RELATED PARTY DISCLOSURES**

Key management remuneration for the year ended 31 March 2017 amounted to £65,996 (2016: £71,153).

**23. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>72,488</u>	<u>96,565</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>50,429</u>	<u>96,565</u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

**23. MEMBERS' LIABILITY**

The charity is a company limited by guarantee and consequently does not have any share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.