

THE WELSH WATER ELAN TRUST

England & Wales · Charity number 1001347

Details

Other names	ELAN VALLEY TRUST
Status	Registered
Legal form	Trust
Registered	1990-12-20
Register	View on the Charity Commission register

Contact

Address	Elan Valley Trust Elan Estate Office Elan Valley Elan Village Rhayader LD6 5HP
Phone	01597810449
Email	info@elanvalleytrust.org
Website	elanvalley.org.uk

Activities

Objects: 1.THE PRESERVATION MAINTENANCE AND ENHANCEMENT FOR THE BENEFIT OF THE PUBLIC OF THE AREA OF GREAT NATURAL BEAUTY COMPRISING THE ELAN VALLEY AND ITS NATURAL ASPECT AND FEATURES (AND ITS ANIMAL AND PLANT LIFE). 2. THE FACILITATION AND ENCOURAGEMENT OF ACCESS TO AND THE STUDY OF THE ELAN VALLEY (AND ITS ANIMAL AND PLANT LIFE) BY THE GENERAL PUBLIC. 3.THE PROVISION AT THE ELAN VALLEY OR SUCH PART OF IT AS SHALL BE APPROPRIATE IN THE INTERESTS OF SOCIAL WELFARE AND FOR THE PURPOSE OF IMPROVING THE CONDITIONS OF LIFE FOR THE PERSONS FOR WHOM THE SAME ARE INTENDED OF FACILITIES FOR PHYSICAL RECREATION WHICH SHALL BE AVAILABLE TO MEMBERS OF THE PUBLIC AT LARGE.4.THE FACILITATION AND ENCOURAGEMENT OF THE USE OF THE WHOLE OR PART OF THE ELAN VALLEY FOR CHARITABLE PURPOSES.

Activities: Administration of 47000 acre estate including provision of 28 tenanted agricultural holdings,in hand farming operation as part of conservation and public access remit.Also provides holiday cottages,education and information, 38 tenanted houses and conserves environment and safeguards water catchment which provides water supply to large parts of English Midlands

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** ELAN VALLEY IN THE COUNTIES OF DYFED AND POWYS
- Ceredigion
- Powys

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,418,113	£1,688,998	£15,738,484	22
2024-03-31	£2,200,135	£2,161,978	£16,172,450	31
2023-03-31	£1,918,951	£1,891,511	£14,834,930	37
2022-03-31	£2,216,257	£1,680,959	£15,007,782	37
2021-03-31	£1,946,971	£1,496,325	£13,423,839	32

Trustees

Name	Role	Appointed
Elan Valley Limited		2018-11-02

THE WELSH WATER ELAN TRUST

England & Wales - Charity number 1001347

Accounts

Charity registration number 1001347 (England and Wales)

WELSH WATER ELAN TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

RCH CHARTERED
ACCOUNTANTS

WELSH WATER ELAN TRUST

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WELSH WATER ELAN TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustee	Elan Valley Limited
Directors of Elan Valley Limited	R Davies D Evans W Evans I Joyce A Leonard R Morgan H Scrase R Vaughan
Land Agent	C P M Harley
Charity number	1001347
Principal address	Elan Estate Office Elan Village Rhayader Powys LD6 5HP
Auditor	RCH Accountants Limited Wellfield House Temple Street Llandrindod Wells Powys LD1 5HG
Bankers	HSBC Bank PLC Middleton Street Llandrindod Wells Powys LD1 5EU Unity Trust Bank PO Box 793 Planetary Road Willenhall WV1 9DG

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

The Directors of Elan Valley Limited - the sole corporate trustee of Welsh Water Elan Trust (colloquially known as the Elan Valley Trust) - present the annual report together with the financial statements of the charity for the year ended 31 March 2025.

Objectives and activities of the Elan Valley Trust

Charitable Objects

The Objects of the Trust as written into the Trust Deed are:

1. The preservation maintenance and enhancement for the benefit of the public of the area of great natural beauty comprising of the Elan Valley and its natural aspect and features (and its animal and plant life);
2. The facilitation and encouragement of access to and the study of the Elan Valley (and its animal and plant life) by the general public;
3. The provision at the Elan Valley or such part of it as should be appropriate in the interests of social welfare and for the purpose of improving the conditions of life for the persons for whom the same are intended of facilities for physical recreation which shall be available to members of the public at large;
4. The facilitation and encouragement of the use of the whole or part of the Elan Valley for charitable purposes.

The strategic objectives of the Trust, as set out in its strategic plan are:

Natural Resources; To manage our natural resources in ways that:

1. Contribute positively to the quality (and quantity) of the water from the catchment.
2. Foster a landscape rich in nature with:
 - Habitats in good condition
 - Flourishing native wildlife
 - Designated sites in favourable condition.
3. Are ambitious in mitigating the impacts of climate change.
4. Value our historic landscape but allow change where this brings overall benefits.
5. Foster opportunities to maintain a vibrant local community.
6. Provide the charity with a viable income over the long term.

People & Community; Our objectives are to:

1. Foster opportunities to maintain a vibrant local community.
2. Enable people to access recreational opportunities that enhance health and wellbeing.
3. Enable people to study, engage with, and value Elan's heritage and nature.
4. Foster the use of the estate for social welfare purposes.
5. Manage access to the estate in ways that conserve its special qualities and support people to access the estate in a way that is safe and responsible.

Climate and sustainability; Our objectives are to:

1. Be ambitious in setting targets for and delivering measures for mitigation and adaptation such as:
 - reduction in fossil fuel use from our activities;
 - carbon sequestration and storage from the land we manage;
 - production of renewable energy where opportunities arise.
 - measures to manage increased risks brought about by climate change
2. Have regard to the impact on our heritage and nature when evaluating climate mitigation & adaptation proposals.
3. Foster opportunities and work with tenants and other partners to support climate goals and sustainability.

Activities

Strategies and activities to manage our natural resources:

For centuries the uplands of the Cambrian Mountains including the Elan Valley Estate lands have been open, unenclosed and grazed by hefted flocks of sheep and cattle. Maintaining this system of traditional high nature value farming is therefore a key part of Directors' strategy for managing for nature conservation and landscape. At the same time, Directors are aware of the need to take and promote more targeted actions where there is an identified need for nature conservation and landscape purposes. Since large areas of the Estate are designated under nature

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

conservation legislation and the landscape is of considerable significance, the support and advice of NRW is highly valued in this regard.

As part of this strategy, the Trust manage around 2800 hectares of land in-hand including some of the key sites such as the National Nature Reserve at Claerwen. In so doing the Trust is not only able to ensure appropriate management but can also ensure it has a full understanding of the opportunities and problems associated with managing land on the Estate. All of this land is managed under the Habitat Wales Scheme.

The rest of the land is let out to some 27 agricultural tenants. Through the terms of the tenancy agreements and through entry into Habitat Wales tenants are encouraged to use traditional high nature value farming systems.

The Trust's recent Carbon Audit highlighted the importance of undertaking works to restore degraded peat bogs so that they can act as a carbon sink. Peat restoration works also provide significant benefits for nature and for water storage and flow regulation in the catchment. The Trust has therefore identified restoration of degraded peat bogs as a high priority and is developing plans, projects and strategic partnerships to facilitate this work in the future.

In recent years, the Elan Links National Lottery Heritage Fund programme, with the Elan Valley Trust as lead partner, has invested in the valley, protecting its heritage, offering new opportunities for local people and increased accessibility for visitors. Elan Links projects delivered a wide array of positive outcomes. Built around four central themes - Celebrating heritage, Enjoying Elan, Experience and education, and Enhancing nature and wildlife. This programme has been an important vehicle for undertaking targeted action for nature conservation in partnership with farming tenants as well as on in-hand land. The project delivery of this programme was concluded in the last financial year, and the project close down was largely finalised by September 2024.

As part of the legacy of the Elan Links scheme the Trust has taken forward key areas of work which either have a direct link to the project or are an evolution of some elements within it, these are:

- Investing in staff, including a Peatland Officer, Ecologist and Funding/Project Management
- Developing successful funding bids and implemented new projects
- Developing key partnerships
-

Our current project delivery has focused upon:

- Restoring 33 hectares of degraded peatland on two of our in-hand farms
- Surveying and ground truthing significant potential sites for peat restoration
- Developing a programme of volunteering in partnership with Dwr Cymru
- Increasing the scale of Curlew monitoring
- Curlew protection measures
- Vegetation management to improve habitats for rare species
- Delivery of a range of educational events

Strategies and activities to promote the use of the Estate for access, recreation, education and other charitable purposes:

The Elan Valley Estate is highly valued for recreational, educational and other uses. It is the aim of the Trust to provide benefits and facilities for local people and also to increase the use of the Estate by visitors from further afield including those who benefit from provision of water from the catchment across parts of Wales and the West Midlands. This 'audience' has an intimate link with the Estate already and there is a real opportunity to use this link to develop educational, recreation, wellbeing and health provision / benefits.

In order to support access to the estate, the Trust maintains four cottages and a bunk house on a 'self-catering accommodation' basis, which in 2024 accommodated 2,416 guests. The Trust also maintain two mountain bothies which are freely available to users, and are well used by walkers and cyclists, among others. For people who work and / or wish to live locally the Trust maintains residential properties to let on the Estate. Cwm Clyd bunkhouse also serves as a base for visiting groups of volunteers who engage in a range of nature conservation projects.

To promote access and recreation more generally the Trust maintains Estate infrastructure such as bridges, roads and paths in good repair for users and provides in association with DCWW and with the help of a range of volunteers an annual programme of events and walks.

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

Other Initiatives for 2024-25:

Dark Skies. The Elan Valley Estate has for a number of years held the status of International Dark Sky Park. During 2024-25 the Trust hosted a number of successful stargazing events at a range of locations across the estate, including the 'Cosmic Cwtch' stargazing shelter and Cwm Clyd bunkhouse. In addition, a number of planetarium shows took place to bring the dark sky experience to a wider audience - in particular these have proved popular with schools across the region.

Electrification. A long-held ambition of the Trust has been to develop an alternative to the diesel generators that primarily power the properties on the wider estate - to this end there is a focus on installing renewable energy sources where possible. Discussions with key partners and stakeholders have opened up a number of avenues to further explore a wider agenda of electrification which are being progressed.

To maintain its properties in good repair and fit-for-purpose, a range of works were completed at properties across the estate to renovate and upgrade, in addition to performing routine maintenance tasks.

Public benefit

The Trust benefits the public by implementing the objects of the Trust Deed: promoting nature and landscape conservation on the Elan Valley Estate; while encouraging public access and recreation and use of the Estate for educational and charitable purposes.

During the 2024-25 period the Trust managed and encouraged management that benefited nature on the Estate; undertook works to secure the historic landscape; maintained paths and other infrastructure to enable enjoyment of the Estate by the public; promoted the use of the Estate by the public through a variety of means including an events programme and provision of accommodation; and supported the use of the Estate for educational and charitable purposes.

The Directors confirm that they have complied with the requirements of Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Financial review

Recent years have seen a reduction in funding available to the Trust as Wales transitions away from the European Union's Common Agricultural Policy following Brexit. Of particular significance has been the replacement of Glastir with the new Habitat Wales Scheme. This change, reduced our income for 2024-25 significantly, while other costs have increased substantially due to inflationary pressures on wages, goods and services.

In order to manage this situation while ensuring that the core activities of the Trust are met and our strategic priorities are funded, Directors have implemented a number of measures:

1. Reviewing our operational model. During 2024-25, Directors and senior staff reviewed our operations cost-centre by cost-centre to identify efficiencies in the way we work and to map these against our strategic priorities. This work puts the Trust in a strong position to evaluate other changes to the funding landscape in 2025-26 and be able to respond appropriately to them.
2. Taking the decision to lease Penbont House to a third party to operate as a café and bed & breakfast.
3. Investing in developing income from grants. Directors are aware that grant funding is available to fund some of our strategic objectives, for example peatland restoration. We have therefore taken the decision to invest in staff capacity that can be used to draw down funds for these objectives. This has led to the successful implementation of some new funded programmes of work, including significant future funds to support peatland restoration, nature conservation and volunteer engagement.
4. Strategic use of reserves. The Trust has a very long-term responsibility (now some 962 years) and in line with its Reserves Policy maintains reserves to secure the functions of the charity in the future. The Trust now faces considerable uncertainty about its future income as a result of the transition to the new Welsh farming schemes over the next few years. Directors have reviewed the income-generating capability of Trust investments and have concluded that it is now appropriate to draw income from investments to fund a proportion of our activities at least in the near term.

The total incoming resources from charitable activities in 2024-25 was in the order of £1,400k. Some £1,688k was spent on charitable activities, the balance allocated from reserves.

At year-end 2024-25 the Trust had unrestricted funds in the order of £15,200,890. Approximately 23% of these reserves

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

are held as tangible assets (principally in residential properties held locally), while the majority of the remainder is held in a diversified portfolio of pooled charitable funds through CCLA. A small portion of funds is held in a current account to meet short term needs.

Plans for future periods

Over the past 9 years much of the work of the Trust has been focused on developing and then delivering as lead partner the Elan Links programme. With this programme now concluded and new projects underway we will take the opportunity to continue to build on the legacy of Elan Links and seek to develop new partnerships and programmes of work to support our charitable objectives.

An area which we have focused upon in recent years is implementing our transition towards Net Zero beginning with an estate-wide carbon audit. Our focus remains on taking steps towards delivering this transition, testing strategies for peatland restoration and exploring the best solutions for upgrading the energy efficiency of our properties. This work will enable us to roll out these works more widely in a planned way and is now gathering momentum. Given that some uncertainties remain in how to achieve the Net Zero transition- such as the best way of managing our widespread Molinia-dominant peatlands to secure their carbon store - we have been able to secure funding for a small-scale research project to collect data and build the evidence for the best approaches in this landscape.

Other areas we will develop during 2025-26 are:

- new funded programmes to pursue our goals for nature conservation projects across the estate;
- continuing our financial review and understanding the implications of changes to agri-environment schemes;
- fostering and encouraging appropriate access, recreational, educational and scientific use of the Estate;
- promoting and developing the Elan Valley Dark Sky Park through a range of targeted events;
- investigating and evaluating the options for producing renewable energy;
- seeking to engage with and influence consultations relating to Welsh Government Policy and forthcoming agri-environmental schemes;
- developing a formal partnership arrangement with Dwr Cymru Welsh Water;
- improving our estate infrastructure.

Structure, governance and management

Nature of governing document and organisational structure

Welsh Water Elan Trust was established by a Trust Deed dated 13th October 1989 as part of the water privatisation process. The deed stipulated that Dwr Cymru Welsh Water (DCWW) intended to establish 'a Foundation to preserve for public benefit land in the Elan Valley and has for that purpose vested in the Trustees a leasehold interest in the property for a term of 999 years.' The deed goes on to describe the charitable objects, role of Trustees and various powers of the Trustees to further the objects. The accompanying lease included all the agricultural land and buildings on the Estate. Excluded from the lease were the dams, the surfaces of the reservoirs, their operating paraphernalia, most of the forestry, the Visitor Centre, houses and land in Elan Village, and certain houses on the Elan Estate. The Trust is thus responsible for some 43,000 acres out of a total of 45,000 in accordance with the terms of the lease. Since 1989, a number of properties on the Estate and in Elan Village have been added to the lease or acquired as has the freehold of neighbouring Cwmdaudwr Common.

More recently, to resolve complexities around the recruitment of new Trustees in the face of liability issues with the original arrangement, the company Elan Valley Limited was established and registered with Companies House (No. 09001046) and on 2nd November 2018 the transfer to Elan Valley Limited as the sole corporate trustee took effect, at which point the six trustees of the legacy body retired and were appointed as Directors of Elan Valley Limited. As sole corporate trustee, Elan Valley Limited now has responsibility for fulfilling the charitable objectives of the Trust in accordance with the Trust Deed.

Directors of Elan Valley Limited are (in accordance with the objects and powers of the charity) responsible for setting the strategic direction and policies of Elan Valley Trust and for major operational and investment decisions. Using a system of delegations to staff that are formalised in respect of financial accountability and general governance, these and routine operational matters are then implemented by the senior staff.

Decisions in fulfilment of their role are principally taken by Directors at Elan Valley Limited board meetings held at least four times a year.

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TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

Executive / management functions of the charity are the responsibility of the Estate Manager, who is supported in this role by the Business Manager.

Elan Valley Limited does not in itself hold any assets or trade. The Charity Commission has therefore authorised that the charity's funds may be used to purchase insurance for the trustee and its Directors (including a "Directors and Officer liability insurance policy").

Recruitment and appointment of trustees

A number of organisations have the ability to nominate Directors to the Board of Elan Valley Limited. These are Dŵr Cymru Welsh Water; Powys County Council; Ceredigion County Council; Natural Resources Wales (two Directors) and Welsh Government / National Assembly for Wales.

In addition, as a consequence of the appointment of a sole corporate trustee there is provision for an 'open' recruitment process to ensure a wider and appropriate balance of skills is available to the Board. Directors appointed through this process sit for a five-year term in the first instance with provision to extend this for a further five years. Under this provision two directors are in their first five-year term.

There are likely to be vacancies arising because of retirement among the current group of Directors and as such we anticipate recruiting new Directors in the course of 2025-26.

Induction and training of trustees

Directors bring with them a wealth of professional expertise in matters relating to the operation and function of the charity and receive ongoing training and information provision in matters pertaining to the charity through a system of regular updates from relevant professional organisations, verbal updates and papers for information prepared by staff as well as site visits both on and off the Estate.

Relationships with related parties

Dŵr Cymru Welsh Water (DCWW):

While the terms of the lease clearly delineate the responsibilities of the charity in terms of management of the leasehold there are inevitably many areas of mutual policy, management and operational interest with DCWW. The charity therefore works closely with DCWW in matters relating to the operation of the Estate. This is facilitated by regular day-to-day contact between staff members of the two organisations and is further strengthened by the DCWW-appointed director, Roger Morgan. During the year constructive discussions have commenced with a view to developing a more structured partnership framework to enable the two organisations to work together for the benefit of the estate.

The national and European importance of the Estate for nature conservation and a range of ecosystem services means that another key relationship is that with Natural Resources Wales (NRW). Again, this relationship is maintained by regular contact between staff members of the two organisations, by the two Directors appointed by legacy bodies of NRW, Robert Vaughan and Dr Ieuan Joyce.

The charity as part of a wider network:

Since December 2017, the charity has been Lead Partner in the Elan Links Landscape Partnership Scheme awarded by the Heritage Lottery Fund and based principally within the Elan Valley Estate boundary. As this programme draws to a close the partnership has ambitions to build upon the legacy of that scheme by developing new programmes of shared work.

The charity is now in a strong position to build upon existing partnerships for the benefit of the estate and its long term future and have ensured that there is capacity to do so in future years.

Major risks and management of those risks

During the 2024-25 period, Directors continued to identify and manage risks using a RAG (Red-Amber-Green) risk register system. Reviewing the risk register is a standing item at Trust Board meetings and an annual review allows for a thorough review.

The Directors are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

The law applicable to charities requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Directors 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The annual report was approved by the Directors of the charity on 29 January 2026 and signed on its behalf by:

Dr I Joyce, Director Elan Valley Limited

WELSH WATER ELAN TRUST

Statement of Trustee Responsibilities

For the Year Ended 31 March 2025

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

The law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the trust and of the incoming resources and application of resources of the trust for that year.

In preparing these financial statements, the trustee 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

Opinion

We have audited the financial statements of Welsh Water Elan Trust (the 'trust') for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025 and of its incoming resources and application of resources, 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

Responsibilities of trustee

As explained more fully in the statement of trustee responsibilities, the trustee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustee are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including relevant legislation such as the Charities Act 2011, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed nominal ledgers and tested journal entries reports to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with HMRC.

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RCH Accountants Limited

Chartered Accountants

Statutory Auditor

Wellfield House

Temple Street

Llandrindod Wells

Powys

LD1 5HG

29 January 2026

RCH Accountants Limited is eligible for appointment as auditor of the trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

WELSH WATER ELAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

Current financial year		Unrestricted funds general 2025 £	Unrestricted funds designated 2025 £	Restricted funds 2025 £	Total 2025 £	Total 2024 £
	Notes					
Income and endowments from:						
Charitable activities	3	1,155,012	-	238,232	1,393,244	2,174,518
Other trading activities	4	-	5,399	-	5,399	5,399
Investments	5	16,736	-	-	16,736	13,767
Other income	6	2,734	-	-	2,734	6,451
Total income		<u>1,174,482</u>	<u>5,399</u>	<u>238,232</u>	<u>1,418,113</u>	<u>2,200,135</u>
Expenditure on:						
Charitable activities	7	1,417,365	6,450	265,183	1,688,998	2,161,978
Total expenditure		<u>1,417,365</u>	<u>6,450</u>	<u>265,183</u>	<u>1,688,998</u>	<u>2,161,978</u>
Net gains/(losses) on investments	13	<u>(163,081)</u>	<u>-</u>	<u>-</u>	<u>(163,081)</u>	<u>1,299,363</u>
Net income/(expenditure)		<u>(405,964)</u>	<u>(1,051)</u>	<u>(26,951)</u>	<u>(433,966)</u>	<u>1,337,520</u>
Net movement in funds	10	<u>(405,964)</u>	<u>(1,051)</u>	<u>(26,951)</u>	<u>(433,966)</u>	<u>1,337,520</u>
Reconciliation of funds:						
Fund balances at 1 April 2024		<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>	<u>14,834,930</u>
Fund balances at 31 March 2025		<u>15,200,890</u>	<u>5,387</u>	<u>532,207</u>	<u>15,738,484</u>	<u>16,172,450</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

WELSH WATER ELAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

Prior financial year		Unrestricted funds general 2024 £	Unrestricted funds designated 2024 £	Restricted funds 2024 £	Total 2024 £
	Notes				
Income and endowments from:					
Charitable activities	3	1,509,988	-	664,530	2,174,518
Other trading activities	4	-	5,399	-	5,399
Investments	5	13,767	-	-	13,767
Other income	6	6,451	-	-	6,451
Total income		<u>1,530,206</u>	<u>5,399</u>	<u>664,530</u>	<u>2,200,135</u>
Expenditure on:					
Charitable activities	7	1,433,491	6,500	721,987	2,161,978
Total expenditure		<u>1,433,491</u>	<u>6,500</u>	<u>721,987</u>	<u>2,161,978</u>
Net gains/(losses) on investments	13	<u>1,299,363</u>	<u>-</u>	<u>-</u>	<u>1,299,363</u>
Net income/(expenditure)		1,396,078	(1,101)	(57,457)	1,337,520
Transfers between funds		<u>845</u>	<u>-</u>	<u>(845)</u>	<u>-</u>
Net movement in funds	10	<u>1,396,923</u>	<u>(1,101)</u>	<u>(58,302)</u>	<u>1,337,520</u>
Reconciliation of funds:					
Fund balances at 1 April 2023		<u>14,209,931</u>	<u>7,539</u>	<u>617,460</u>	<u>14,834,930</u>
Fund balances at 31 March 2024		<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>

WELSH WATER ELAN TRUST

BALANCE SHEET

AS AT 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
Fixed assets					
Tangible assets	15	4,020,349		4,184,006	
Investments	16	11,029,555		11,180,481	
		<u>15,049,904</u>		<u>15,364,487</u>	
Current assets					
Stocks	17	66,690		73,728	
Debtors	18	292,855		636,649	
Cash at bank and in hand		547,840		320,667	
		<u>907,385</u>		<u>1,031,044</u>	
Creditors: amounts falling due within one year	19	(218,805)		(223,081)	
Net current assets		<u>688,580</u>		<u>807,963</u>	
Total assets less current liabilities		<u>15,738,484</u>		<u>16,172,450</u>	
Income funds					
Restricted funds	21	532,207		559,158	
Unrestricted funds - designated		5,387		6,438	
Unrestricted funds - general		15,200,890		15,606,854	
		<u>15,738,484</u>		<u>16,172,450</u>	

The notes on pages 15 to 30 form part of these financial statements.

The financial statements were approved by the Trustee, and authorised for issue on 29 January 2026 and signed on their behalf by:

Dr I Joyce, Director, Elan Valley Limited

WELSH WATER ELAN TRUST

Statement of Cash Flows

For the Year Ended 31 March 2025

	Notes	£	2025 £	£	2024 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		271,306		(217,648)
Investing activities					
Purchase of tangible fixed assets		(53,460)		(129,487)	
Proceeds from disposal of tangible fixed assets		4,744		12,916	
Purchase of investments		(112,153)		(9,987)	
Proceeds from disposal of investments		100,000		150,000	
Investment income received		16,736		13,767	
Net cash (used in)/generated from investing activities			(44,133)		37,209
Net cash generated from financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			227,173		(180,439)
Cash and cash equivalents at beginning of year			320,667		501,106
Cash and cash equivalents at end of year			<u>547,840</u>		<u>320,667</u>

The notes on pages 15 to 30 form part of these financial statements.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

Charity information

Welsh Water Elan Trust is a trust, established by a trust deed dated 13 October 1989, amended on 27 January 1995 and 4 September 2018.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The trust is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustee have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustee continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustee in furtherance of their charitable objectives.

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

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the trust.

1.4 Income

Income is recognised when the trust 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 trust 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.

Legacies are recognised on receipt or otherwise if the trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets that individually cost £500.00 or more are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Leased sheep originally bred in house are valued at £10 per head. Purchased additions are valued at cost.

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:

Land and buildings	3% on cost
Furniture and equipment	25% on reducing balance
Leased Sheep	Not depreciated

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 the statement of financial activities.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the trust 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).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Sheep in stock which form part of the sheep farming operation are valued at £10 each.

1.10 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.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

1.11 Financial instruments

The trust 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 trust's balance sheet when the trust 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 trust's contractual obligations expire or are discharged or cancelled.

1.12 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 trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the trust's accounting policies, the trustee 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.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

3 Charitable activities

	Tenanted Farms 2025 £	Residential Rent 2025 £	Farming 2025 £	Tourism 2025 £	Estate Management 2025 £	Development Projects 2025 £	Total 2025 £	Total 2024 £
Income	-	-	102,410	127,559	1,950	66	231,985	377,328
Grant funding	-	-	299,588	-	-	233,126	532,714	1,179,565
Rental receipts	500,058	128,487	-	-	-	-	628,545	617,625
	<u>500,058</u>	<u>128,487</u>	<u>401,998</u>	<u>127,559</u>	<u>1,950</u>	<u>233,192</u>	<u>1,393,244</u>	<u>2,174,518</u>
Analysis by fund								
Unrestricted funds - general	500,058	128,487	395,892	127,559	1,950	1,066	1,155,012	1,509,988
Restricted funds	-	-	6,106	-	-	232,126	238,232	664,530
	<u>500,058</u>	<u>128,487</u>	<u>401,998</u>	<u>127,559</u>	<u>1,950</u>	<u>233,192</u>	<u>1,393,244</u>	<u>2,174,518</u>
Grant funding								
National Lottery Heritage Fund	-	-	-	-	-	103,936	103,936	463,044
Natur	-	-	-	-	-	-	-	21,390
Natural Resources Wales	-	-	-	-	-	103,190	103,190	178,032
Powys Association of Voluntary Organisations	-	-	-	-	-	25,000	25,000	-
UK Government - Energy Bill Support	-	-	-	-	-	-	-	1,500
Welsh Government - Access Broadband Cymru	-	-	-	-	-	-	-	564
Midlands Arts Centre	-	-	-	-	-	-	-	2,092
Welsh Government - Small Grants Efficiency Payment	-	-	6,106	-	-	-	6,106	-
The Royal Society for the Protection of Birds	-	-	-	-	-	1,000	1,000	-
Other	-	-	293,482	-	-	-	293,482	512,943
	<u>-</u>	<u>-</u>	<u>299,588</u>	<u>-</u>	<u>-</u>	<u>233,126</u>	<u>532,714</u>	<u>1,179,565</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

3 Charitable activities

For the year ended 31 March 2024

	Tenanted Farms	Residential Rent	Farming	Tourism	Estate Management	Development Projects	Total 2024
	£	£	£	£	£	£	£
Income	-	-	94,010	280,524	2,794	-	377,328
Grant funding	-	-	512,943	2,064	-	664,558	1,179,565
Rental receipts	491,569	126,056	-	-	-	-	617,625
	<u>491,569</u>	<u>126,056</u>	<u>606,953</u>	<u>282,588</u>	<u>2,794</u>	<u>664,558</u>	<u>2,174,518</u>
Analysis by fund							
Unrestricted funds - general	491,569	126,056	606,953	280,524	2,794	2,092	1,509,988
Restricted funds	-	-	-	2,064	-	662,466	664,530
	<u>491,569</u>	<u>126,056</u>	<u>606,953</u>	<u>282,588</u>	<u>2,794</u>	<u>664,558</u>	<u>2,174,518</u>
Grant funding							
National Lottery Heritage Fund	-	-	-	-	-	463,044	463,044
Natur	-	-	-	-	-	21,390	21,390
Natural Resources Wales	-	-	-	-	-	178,032	178,032
UK Government - Energy Bill Support	-	-	-	1,500	-	-	1,500
Welsh Government - Access Broadband Cymru	-	-	-	564	-	-	564
Midlands Arts Centre	-	-	-	-	-	2,092	2,092
Other	-	-	512,943	-	-	-	512,943
	<u>-</u>	<u>-</u>	<u>512,943</u>	<u>2,064</u>	<u>-</u>	<u>664,558</u>	<u>1,179,565</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

4 Income from other trading activities

	Unrestricted funds designated 2025 £	Unrestricted funds designated 2024 £
Fundraising events	5,399	5,399

5 Income from investments

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Interest receivable	16,736	13,767

6 Other income

	Unrestricted funds general 2025 £	Unrestricted funds general 2024 £
Net gain on disposal of tangible fixed assets	2,734	6,451

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

7 Expenditure on charitable activities

	Tenanted Farms 2025 £	Residential Rent 2025 £	Farming 2025 £	Tourism 2025 £	Estate Development Management 2025 £	Projects 2025 £	Total 2025 £
Direct costs							
Staff costs	332	751	128,905	48,805	38,035	75,074	291,902
Depreciation and impairment	33,998	51,605	26,420	53,695	32,503	16,461	214,682
Direct costs	94,665	94,361	147,430	96,316	41,447	323,766	797,985
	<u>128,995</u>	<u>146,717</u>	<u>302,755</u>	<u>198,816</u>	<u>111,985</u>	<u>415,301</u>	<u>1,304,569</u>
Grant funding of activities (see note 8)	-	-	-	-	6,450	-	6,450
Share of support and governance costs (see note 9)							
Support	76,894	70,582	63,361	60,792	41,463	-	313,092
Governance	15,349	10,808	20,511	8,505	7,281	2,433	64,887
	<u>221,238</u>	<u>228,107</u>	<u>386,627</u>	<u>268,113</u>	<u>167,179</u>	<u>417,734</u>	<u>1,688,998</u>
Analysis by fund							
Unrestricted funds - general	219,833	228,107	382,988	258,607	153,964	173,866	1,417,365
Unrestricted funds - designated	-	-	-	-	6,450	-	6,450
Restricted funds	1,405	-	3,639	9,506	6,765	243,868	265,183
	<u>221,238</u>	<u>228,107</u>	<u>386,627</u>	<u>268,113</u>	<u>167,179</u>	<u>417,734</u>	<u>1,688,998</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

7 Expenditure on charitable activities

Previous year:	Tenanted Farms 2024 £	Residential Rent 2024 £	Farming 2024 £	Tourism 2024 £	Estate Development Management 2024 £	Projects 2024 £	Total 2024 £
Direct costs							
Staff costs	4,241	144	110,829	134,762	24,413	163,495	437,884
Depreciation and impairment	33,991	49,546	22,562	56,058	38,842	17,140	218,139
Direct costs	43,709	55,302	210,482	205,046	55,395	567,160	1,137,094
	<u>81,941</u>	<u>104,992</u>	<u>343,873</u>	<u>395,866</u>	<u>118,650</u>	<u>747,795</u>	<u>1,793,117</u>
Grant funding of activities (see note 8)	-	-	-	-	6,500	-	6,500
Share of support and governance costs (see note 9)							
Support	63,583	43,254	112,349	40,598	40,962	10,241	310,987
Governance	12,154	8,557	16,238	6,734	5,765	1,926	51,374
	<u>157,678</u>	<u>156,803</u>	<u>472,460</u>	<u>443,198</u>	<u>171,877</u>	<u>759,962</u>	<u>2,161,978</u>
Analysis by fund							
Unrestricted funds - general	156,273	156,803	466,973	424,857	148,905	79,680	1,433,491
Unrestricted funds - designated	-	-	-	-	6,500	-	6,500
Restricted funds	1,405	-	5,487	18,341	16,472	680,282	721,987
	<u>157,678</u>	<u>156,803</u>	<u>472,460</u>	<u>443,198</u>	<u>171,877</u>	<u>759,962</u>	<u>2,161,978</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

8 Grants payable

The trustees have allocated the income received from airwaves rental for the use of the estate to a fund controlled by a joint committee of Trustees and tenants. This fund is used in the support of local organisations having appropriate charitable or relevant public purposes. Sixteen payments (2024 Fifteen) were made in support of these local organisations during the year in amounts ranging from £150 to £1000.

9 Support costs allocated to activities

	2025 £	2024 £
Depreciation	423	485
Staff costs	227,924	239,923
Office costs	78,548	65,984
Subscriptions	4,267	4,404
Motor costs	1,930	191
Governance costs	64,887	51,374
	<u>377,979</u>	<u>362,361</u>
Analysed between:		
Tenanted Farms	92,243	75,737
Residential Rent	81,390	51,811
Farming	83,872	128,587
Tourism	69,297	47,332
Estate Management	48,744	46,727
Development Projects	2,433	12,167
	<u>377,979</u>	<u>362,361</u>

Governance costs includes payments to the auditors of £8,320 (2024- £8,000) for audit fees.

10 Net movement in funds

	2025 £	2024 £
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	8,320	8,000
Depreciation of owned tangible fixed assets	215,104	218,624
Profit on disposal of tangible fixed assets	(2,734)	(6,451)
	<u>220,690</u>	<u>220,173</u>

11 Trustee

None of the trustee (or any persons connected with them) received any remuneration during the year, but six of them were reimbursed a total of £4,868 in expenses (2024- five were reimbursed a total of £6,549).

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

12 Employees

The average monthly number of employees during the year was:

	2025 Number	2024 Number
Farming	4	4
General maintenance	3	3
Projects	7	8
Administration	4	4
Management	2	2
Visitor accommodation	2	10
Total	22	31

Employment costs

	2025 £	2024 £
Wages and salaries	468,346	610,674
Social security costs	37,796	48,338
Other pension costs	30,374	32,797
	536,516	691,809

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2025 Number	2024 Number
60,000-70,000	-	1

13 Gains and losses on investments

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Gains/(losses) arising on:		
Revaluation of investments	(162,295)	1,296,808
Sale of investments	(786)	2,555
	(163,081)	1,299,363

14 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

15 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Leased Sheep £	Total £
Cost				
At 1 April 2024	5,774,245	560,587	108,000	6,442,832
Additions	8,750	43,750	960	53,460
Disposals	-	(10,500)	-	(10,500)
	<u>5,782,995</u>	<u>593,837</u>	<u>108,960</u>	<u>6,485,792</u>
At 31 March 2025	5,782,995	593,837	108,960	6,485,792
Depreciation and impairment				
At 1 April 2024	1,908,937	349,886	-	2,258,823
Depreciation charged in the year	154,811	60,293	-	215,104
Eliminated in respect of disposals	-	(8,484)	-	(8,484)
	<u>2,063,748</u>	<u>401,695</u>	<u>-</u>	<u>2,465,443</u>
At 31 March 2025	2,063,748	401,695	-	2,465,443
Carrying amount				
At 31 March 2025	<u>3,719,247</u>	<u>192,142</u>	<u>108,960</u>	<u>4,020,349</u>
At 31 March 2024	<u>3,865,305</u>	<u>210,701</u>	<u>108,000</u>	<u>4,184,006</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

16 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 April 2024	11,180,481
Additions	112,153
Valuation changes	(162,293)
Disposals	(100,786)
	<hr/>
At 31 March 2025	11,029,555
	<hr/>
Carrying amount	
At 31 March 2025	11,029,555
	<hr/> <hr/>
At 31 March 2024	11,180,481
	<hr/> <hr/>

17 Stocks

	2025 £	2024 £
Stocks	66,690	73,728
	<hr/> <hr/>	<hr/> <hr/>

18 Debtors

	2025 £	2024 £
Amounts falling due within one year:		
Trade debtors	246,453	594,363
Prepayments and accrued income	46,402	42,286
	<hr/>	<hr/>
	292,855	636,649
	<hr/> <hr/>	<hr/> <hr/>

19 Creditors: amounts falling due within one year

	Notes	2025 £	2024 £
Other taxation and social security		29,179	56,947
Deferred income	20	21,058	28,862
Trade creditors		99,926	85,757
Accruals		68,642	51,515
		<hr/>	<hr/>
		218,805	223,081
		<hr/> <hr/>	<hr/> <hr/>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

20 Deferred income

	2025 £	2024 £
Other deferred income	21,058	28,862

Deferred income is included in the financial statements as follows:

	2025 £	2024 £
Deferred income is included within:		
Current liabilities	21,058	28,862
Movements in the year:		
Deferred income at 1 April 2024	28,862	32,337
Released from previous periods	(20,137)	(24,262)
Resources deferred in the year	12,333	20,787
Deferred income at 31 March 2025	21,058	28,862

Deferred income is in relation to rental deposits and deposits paid in advance in relation to holiday let accommodation.

21 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2025 £
Capital grants	185,929	-	(14,052)	-	171,877
Nature Fund	22,641	-	(1,493)	-	21,148
CADW	92,073	-	(3,570)	-	88,503
Elan Links	258,455	-	(17,436)	-	241,019
Natural Resources Wales	60	103,190	(103,190)	-	60
Small Grants Efficiency	-	6,106	(556)	-	5,550
Peatland and Species	-	103,936	(103,936)	-	-
PAVO	-	25,000	(20,950)	-	4,050
	559,158	238,232	(265,183)	-	532,207

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

21 Restricted funds

Previous year:	At 1 April 2023	Incoming resources	Resources expended	Transfers	At 31 March 2024
	£	£	£	£	£
Capital grants	199,981	-	(14,052)	-	185,929
Nature Fund	24,351	-	(1,710)	-	22,641
CADW	95,644	-	(3,571)	-	92,073
Elan Links	297,484	484,434	(522,618)	(845)	258,455
UK Government - Energy Bill Support	-	1,500	(1,500)	-	-
Welsh Government - Access Broadband Cymru	-	564	(564)	-	-
Natural Resources Wales	-	178,032	(177,972)	-	60
	<u>617,460</u>	<u>664,530</u>	<u>(721,987)</u>	<u>(845)</u>	<u>559,158</u>

Capital Grants represent funds received in respect of the restoration of properties.

Nature Fund represents funds received from the Welsh Assembly Government in respect of this project.

CADW Grant represents funds received in respect of the work being carried out at Cwm Elan Mines.

Elan Links is a partnership project which brings together a range of local and strategic partners to secure the heritage of the Elan Valley and create future opportunities under four key themes:

- Celebrating heritage; restoration and archiving
- Enjoying Elan; increasing access and recreational opportunities
- Experience and education; providing educational course and volunteering opportunities
- Enhancing nature and wildlife; restoration and enhancement of natural environments

The managing partners are:

- Elan Valley Trust (Lead)
- Dwr Cymru Welsh Water
- CARAD - Rhayader Museum & Gallery
- Tir Coed
- Natural Resources Wales
- Rhayader & District Community Support
- Powys County Council

Natural Resources Wales represents funds received in respect of peat restoration work

Small Grants Efficiency represents funds received from Welsh Government towards the cost of fixed assets related to farming operations.

Peatland and Species represents funds received from National Lottery Heritage funds in respect of peat restoration and species protection.

PAVO represents funds received from Powys Association of Voluntary Organisations in respect of the cost of a feasibility study.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

22 Unrestricted funds - designated

These are unrestricted funds which are material to the trust's activities.

	At 1 April 2024	Incoming resources	Resources expended	At 31 March 2025
	£	£	£	£
	6,438	5,399	(6,450)	5,387
	<u>6,438</u>	<u>5,399</u>	<u>(6,450)</u>	<u>5,387</u>
Previous year:				
	At 1 April 2023	Incoming resources	Resources expended	At 31 March 2024
	£	£	£	£
	7,539	5,399	(6,500)	6,438
	<u>7,539</u>	<u>5,399</u>	<u>(6,500)</u>	<u>6,438</u>

The trustees have allocated the income received from Airwaves rental for the use of the estate to a fund controlled by a joint committee of Trustees and tenants. This fund is used in the support of local organisations having appropriate charitable or relevant public purposes.

23 Analysis of net assets between funds

	Unrestricted funds general 2025	Unrestricted funds designated 2025	Restricted funds 2025	Total 2025
	£	£	£	£
At 31 March 2025:				
Tangible assets	3,498,252	-	522,097	4,020,349
Investments	11,029,555	-	-	11,029,555
Current assets/(liabilities)	673,083	5,387	10,110	688,580
	<u>15,200,890</u>	<u>5,387</u>	<u>532,207</u>	<u>15,738,484</u>
	<u>15,200,890</u>	<u>5,387</u>	<u>532,207</u>	<u>15,738,484</u>
	Unrestricted funds general 2024	Unrestricted funds designated 2024	Restricted funds 2024	Total 2024
	£	£	£	£
At 31 March 2024:				
Tangible assets	3,630,908	-	553,098	4,184,006
Investments	11,180,481	-	-	11,180,481
Current assets/(liabilities)	795,465	6,438	6,060	807,963
	<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>
	<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2025 £	2024 £
Acquisition of property, plant and equipment	-	9,950

25 Related party transactions

There were no disclosable related party transactions during the year (2024 - none).

26 Analysis of changes in net funds

The trust had no material debt during the year.

27 Cash generated from/(absorbed by) operations

	2025 £	2024 £
(Deficit)/surplus for the year	(433,966)	1,337,520
Adjustments for:		
Investment income recognised in statement of financial activities	(16,736)	(13,767)
Gain on disposal of tangible fixed assets	(2,734)	(6,451)
Loss/(gain) on disposal of investments	786	(2,555)
Fair value gains and losses on investments	162,295	(1,296,808)
Depreciation and impairment of tangible fixed assets	215,105	218,624
Movements in working capital:		
Decrease in stocks	7,038	3,859
Decrease/(increase) in debtors	343,794	(362,101)
Increase/(decrease) in creditors	3,528	(92,494)
(Decrease) in deferred income	(7,804)	(3,475)
Cash generated from/(absorbed by) operations	271,306	(217,648)

THE WELSH WATER ELAN TRUST

England & Wales - Charity number 1001347

Accounts

WELSH WATER ELAN TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024



WELSH WATER ELAN TRUST

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WELSH WATER ELAN TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustee	Elan Valley Limited
Directors of Elan Valley Limited	R Davies D Evans W Evans I Joyce A Leonard R Morgan H Scrase R Vaughan
Land Agent	C P M Harley
Charity number	1001347
Principal address	Elan Estate Office Elan Village Rhayader Powys LD6 5HP
Auditor	RCH Accountants Limited Wellfield House Temple Street Llandrindod Wells Powys LD1 5HG
Bankers	HSBC Bank PLC Middleton Street Llandrindod Wells Powys LD1 5EU Unity Trust Bank PO Box 793 Planetary Road Willenhall WV1 9DG

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

The Directors of Elan Valley Limited - the sole corporate trustee of Welsh Water Elan Trust (colloquially known as the Elan Valley Trust) - present the annual report together with the financial statements of the charity for the year ended 31 March 2024.

Objectives and activities of the Elan Valley Trust

Charitable Objects

The Objects of the Trust as written into the Trust Deed are:

1. The preservation maintenance and enhancement for the benefit of the public of the area of great natural beauty comprising of the Elan Valley and its natural aspect and features (and its animal and plant life);
2. The facilitation and encouragement of access to and the study of the Elan Valley (and its animal and plant life) by the general public;
3. The provision at the Elan Valley or such part of it as should be appropriate in the interests of social welfare and for the purpose of improving the conditions of life for the persons for whom the same are intended of facilities for physical recreation which shall be available to members of the public at large;
4. The facilitation and encouragement of the use of the whole or part of the Elan Valley for charitable purposes.

Strategic Objectives:

The Trust has revised its strategic plan during the year 2022-23 and summarised its strategic objectives:

Natural Resources; To manage our natural resources in ways that:

1. Contribute positively to the quality (and quantity) of the water from the catchment.
2. Foster a landscape rich in nature with:
 - Habitats in good condition
 - Flourishing native wildlife
 - Designated sites in favourable condition.
3. Are ambitious in mitigating the impacts of climate change.
4. Value our historic landscape but allow change where this brings overall benefits.
5. Foster opportunities to maintain a vibrant local community.
6. Provide the charity with a viable income over the long term.

People & Community; Our objectives are to:

1. Foster opportunities to maintain a vibrant local community.
2. Enable people to access recreational opportunities that enhance health and wellbeing.
3. Enable people to study, engage with, and value Elan's heritage and nature.
4. Foster the use of the estate for social welfare purposes.
5. Manage access to the estate in ways that conserve its special qualities and support people to access the estate in a way that is safe and responsible

Climate and sustainability; Our objectives are to:

1. Be ambitious in setting targets for and delivering measures for mitigation and adaptation such as:
 - reduction in fossil fuel use from our activities;
 - carbon sequestration and storage from the land we manage;
 - production of renewable energy where opportunities arise.
 - measures to manage increased risks brought about by climate change
2. Have regard to the impact on our heritage and nature when evaluating climate mitigation & adaptation proposals.
3. Foster opportunities and work with tenants and other partners to support climate goals and sustainability.

Activities

Strategies and activities to manage our natural resources:

For centuries the uplands of the Cambrian Mountains including the Elan Valley Estate lands have been open, unenclosed and grazed by hefted flocks of sheep and cattle. Maintaining this system of traditional high nature value farming is therefore a key part of Directors' strategy for managing for nature conservation and landscape. At the same time, Directors are aware of the need to take and promote more targeted actions where there is an identified need for nature conservation and landscape purposes. Since large areas of the Estate are designated under nature conservation legislation and the landscape is of considerable significance, the support and advice of NRW is highly valued in this regard.

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

As part of this strategy, the Trust manage around 2800 hectares of land in-hand including some of the key sites such as the National Nature Reserve at Claerwen. In so doing the Trust is not only able to ensure appropriate management but can also ensure it has a full understanding of the opportunities and problems associated with managing land on the Estate. All of this land is managed under a Glastir Advanced agri-environment agreement until 31st December 2023 and the newly launched Habitat Wales Scheme from January 2024.

The rest of the land is let out to some 28 agricultural tenants. Through the terms of the tenancy agreements and through entry into Glastir and Habitat Wales tenants are encouraged to use traditional high nature value farming systems. During the 2023-24 year, we understand that all of the Elan Valley Estate tenanted holdings and Cwmduddwr Common are subject to Glastir agreements.

During the year the Trust have had a carbon audit undertaken to better understand the current emissions and will develop plans in response to this.

Peat restoration totalling 28 hectares has been completed this year on in-hand land with capital funding support from NRW, other projects are in development for forthcoming years.

In recent years, the Elan Links National Lottery Heritage Fund programme, with the Elan Valley Trust as lead partner, has invested in the valley, protecting its heritage, offering new opportunities for local people and increased accessibility for visitors. Elan Links projects delivered a wide array of positive outcomes. Built around four central themes - Celebrating heritage, Enjoying Elan, Experience and education, and Enhancing nature and wildlife. This programme has been an important vehicle for undertaking targeted action for nature conservation in partnership with farming tenants as well as on in-hand land. Much of this programme was largely concluded by December 2023, with project close-down commencing in January 2024.

The scheme has delivered significant outcomes:

1. developed with the support of RSPB and NRW an outcomes-based approach to upland bird conservation for curlew, golden plover, ring ouzel and merlin;
2. worked with farmers to ensure cattle grazing for conservation benefits;
3. tested new approaches to managing cattle grazing including the trial of "no fence collars".
4. undertaken peat restoration works extending to a total of 108ha;
5. developed management plans and actions for key areas of dry heath, ffridd and management of in-by-land on the Estate.
6. commissioned a woodland management plan for Elan's woodlands and undertaken a range of management activities to improve the nature conservation status of our important ancient woodlands;
7. worked to secure a number of traditional farming practices on the Estate that benefit nature, e.g. production of rhos hay on the open hill; application of appropriate levels of lime and farmyard manure to hay meadows to secure their botanical interest; traditional mixed grazing.
8. undertaken monitoring work for a range of different species of conservation interest so that we can better understand their needs and the impact of our actions.

Strategies and activities to promote the use of the Estate for access, recreation, education and other charitable purposes:

The Elan Valley Estate is highly valued for recreational, educational and other uses. It is the aim of the Trust to provide benefits and facilities for local people and also to increase the use of the Estate by visitors from further afield including those who benefit from provision of water from the catchment across parts of Wales and the West Midlands. This 'audience' has an intimate link with the Estate already and there is a real opportunity to use this link to develop educational, recreation, wellbeing and health provision / benefits.

The Elan Links programme takes account of these aims. To date, Elan Links has:

1. opened up public access to previously under visited sites at the Elan Valley with the implementation of signage and interpretation, waymarked routes and family friendly hubs;
 2. hosted artist residencies, and built partnerships with key stakeholders in Wales and Birmingham, including an exhibition in Birmingham attracting over 10,000 visitors
 3. developed an archiving strategy for critical components of Elan's heritage and continued the process of archiving materials and loading them onto the online MODES system;
 4. recorded oral histories from people in the area / or and with connections to the Elan Valley;
 5. developed a range of digital interpretative media including an app and historical recreations of sites of interest and a suite of videos.
-

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

6. undertaken a series of 12-week courses including most recently the creation of an accessible ramp to one of our outdoor sites built by socially isolated trainees giving them a route into work;
7. Uncovered new sites of archaeological interest
8. Developed an education resource for use in school with key stages 2 and 3.
9. Held major events attracting over 2000 visitors in the financial year
10. The creation of a book to widely publicise our achievements
11. Secondment of a member of staff to a local museum for 6 months to enable them to open a newly refurbished and redesigned museum.

In order to support access to the estate, the Trust maintains four cottages on a 'self-catering accommodation' basis and two mountain bothies. The mountain bothies are freely available to users. For people who work and / or wish to live locally the Trust maintains residential properties to let on the Estate.

Following an extensive development of Cwm Clyd farmstead as a bunkhouse, the usage of the site has developed with 665 guests staying during the year.

To promote access and recreation more generally the Trust maintains Estate infrastructure such as bridges, roads and paths in good repair for users and provides in association with DCWW and with the help of a range of volunteers an annual programme of events and walks.

Other Initiatives for 2023-24:

Dark Skies. The Elan Valley Estate has for a number of years held the status of International Dark Sky Park. During 2023-24 the Tynllidiart Stargazing Shelter hosted a number of successful stargazing events. In addition, a number of planetarium shows took place to bring the dark sky experience to a wider audience - in particular these have proved popular with schools across the region.

Electrification. A long-held ambition of the Trust has been to develop an alternative to the diesel generators that primarily power the properties on the wider estate - to this end there is a focus on installing renewable energy sources where possible. Discussions with key partners and stakeholders have opened up a number of avenues to further explore a wider agenda of electrification which are being progressed.

To maintain its properties in good repair and fit-for-purpose, a range of works were completed at properties across the estate to renovate and upgrade, in addition to performing routine maintenance tasks.

Public benefit

The Trust benefits the public by implementing the objects of the Trust Deed: promoting nature and landscape conservation on the Elan Valley Estate; while encouraging public access and recreation and use of the Estate for educational and charitable purposes.

During the 2023-24 period the Trust managed and encouraged management that benefited nature on the Estate; undertook works to secure the historic landscape; maintained paths and other infrastructure to enable enjoyment of the Estate by the public; promoted the use of the Estate by the public through a variety of means including an events programme and provision of accommodation; and supported the use of the Estate for educational and charitable purposes.

The Directors confirm that they have complied with the requirements of Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Financial review

2023-24 was marked by significant changes in the funding available to the Trust. As part of the transition towards a Welsh policy to replace the European Union's Common Agricultural Policy following Brexit, Welsh Government replaced Glastir with an interim scheme called the Habitat Wales Scheme. This change, reduces our projected income for 2024-25 significantly, while other costs have increased substantially due to inflationary pressures on wages, goods and services.

In order to manage this situation while ensuring that the core activities of the Trust are met and our strategic priorities are funded, Directors are implementing a number of measures:

1. Reviewing our operational model. During 2024-25, Directors and senior staff will review our operations cost-centre by cost-centre. The objective will be to identify potential efficiencies in the way we work and to map

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

these against our strategic priorities. We will then develop an action plan to ensure we can efficiently and effectively meet our objectives and future challenges within our budgetary constraints. We started this process in 2023-24 by undertaking a detailed review of our offering at Penbont House, which has been operated by the trust at a financial loss, and taking the difficult decision to close this facility to allow directors to review the use of this valued local asset in the future.

2. Investing in developing income from grants. Directors are aware that grant funding is available to fund some of our strategic objectives, for example peatland restoration. We have therefore taken the decision to invest in staff capacity that can be used to draw down funds for these objectives.
3. Strategic use of reserves. The Trust has a very long-term responsibility (now some 963 years) and in line with its Reserves Policy maintains reserves to secure the functions of the charity in the future. The Trust now faces considerable uncertainty about its future income as a result of the transition to the new Welsh farming schemes over the next few years. Directors have reviewed the income-generating capability of Trust investments and have concluded that it is now appropriate to draw income from investments to fund a proportion of our activities at least in the near term.

The total incoming resources from charitable activities in 2023-24 was in the order of £2,200k. Of this income, some £2,162k was spent on charitable activities, the remaining allocated to reserves. Investment into the National Lottery Heritage Fund scheme was in the order of £39k during 2023-24

At year-end 2023-24 the Trust had unrestricted funds in the order of £15,606,854. Approximately 23% of these reserves are held as tangible assets (principally in residential properties held locally), while the majority of the remainder is held in a diversified portfolio of pooled charitable funds through CCLA. A small portion of funds is held in a current account to meet short term needs.

Plans for future periods

Over the past 8 years much of the work of the Trust has been focused on developing and then delivering as lead partner the Elan Links programme. With this programme now concluded we will take the opportunity to take stock, build on the legacy of Elan Links and refocus the work of the Trust. During 2024-25 we will refresh our organisational strategy to take account of lessons learned from Elan Links and to develop priorities for the years ahead.

An area which we already know will be a high priority is implementing our transition towards Net Zero. We have already made good progress in understanding the scale of this task with an estate-wide carbon audit undertaken this year. In recent years, we have also taken key practical steps towards delivering this transition such as through testing strategies for peatland restoration and exploring the best solutions for upgrading the energy efficiency of our properties. This work will enable us to roll out these works more widely in a planned way. In some areas, uncertainties remain in how to achieve the Net Zero transition- such as the best way of managing our widespread Molinia-dominant peatlands to secure their carbon stores. Where this is the case, we will make it a high priority to resolve these issues, experimenting and trialling different solutions where this is needed.

Other areas we will develop during 2024-25 are:

- new funded programmes to pursue our goals for nature conservation projects across the estate
- reviewing Cwm Clyd bunkhouse as a facility for delivery of the Trusts key objectives;
- fostering and encouraging appropriate access, recreational, educational and scientific use of the Estate;
- pursuing opportunities to carry out appropriate works of restoration in respect of the built and natural environment in line with the Elan Links Heritage-at-Risk survey;
- promoting and developing the Elan Valley Dark Sky Park through a range of targeted events;
- investigating and evaluating the options for providing electric to properties on the Estate including options for producing renewable energy.
- seeking to engage with and influence consultations relating to Welsh Government Policy and forthcoming agri-environmental schemes.

Structure, governance and management

Nature of governing document and organisational structure

Welsh Water Elan Trust was established by a Trust Deed dated 13th October 1989 as part of the water privatisation process. The deed stipulated that Dŵr Cymru Welsh Water (DCWW) intended to establish 'a Foundation to preserve for public benefit land in the Elan Valley and has for that purpose vested in the Trustees a leasehold interest in the property for a term of 999 years.' The deed goes on to describe the charitable objects, role of Trustees and various powers of the Trustees to further the objects. The accompanying lease included all the agricultural land and buildings

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

on the Estate. Excluded from the lease were the dams, the surfaces of the reservoirs, their operating paraphernalia, most of the forestry, the Visitor Centre, houses and land in Elan Village, and certain houses on the Elan Estate. The Trust is thus responsible for some 43,000 acres out of a total of 45,000 in accordance with the terms of the lease. Since 1989, a number of properties on the Estate and in Elan Village have been added to the lease or acquired as has the freehold of neighbouring Cwmduddwr Common.

More recently, to resolve complexities around the recruitment of new Trustees in the face of liability issues with the original arrangement, the company Elan Valley Limited was established and registered with Companies House (No. 09001046) and on 2nd November 2018 the transfer to Elan Valley Limited as the sole corporate trustee took effect, at which point the six trustees of the legacy body retired and were appointed as Directors of Elan Valley Limited. As sole corporate trustee, Elan Valley Limited now has responsibility for fulfilling the charitable objectives of the Trust in accordance with the Trust Deed.

Directors of Elan Valley Limited are (in accordance with the objects and powers of the charity) responsible for setting the strategic direction and policies of Elan Valley Trust and for major operational and investment decisions. Using a system of delegations to staff that are formalised in respect of financial accountability and general governance, these and routine operational matters are then implemented by the senior staff.

Decisions in fulfilment of their role are principally taken by Directors at Elan Valley Limited board meetings held at least five times a year.

Executive / management functions of the charity are the responsibility of the Estate Manager, who is supported in this role by the Business Manager.

Elan Valley Limited does not in itself hold any assets or trade. The Charity Commission has therefore authorised that the charity's funds may be used to purchase insurance for the trustee and its Directors (including a "Directors and Officer liability insurance policy").

Recruitment and appointment of trustees

A number of organisations have the ability to nominate Directors to the Board of Elan Valley Limited. These are Dŵr Cymru Welsh Water; Powys County Council; Ceredigion County Council; Natural Resources Wales (two Directors) and Welsh Government / National Assembly for Wales.

In addition, as a consequence of the appointment of a sole corporate trustee there is provision for an 'open' recruitment process to ensure a wider and appropriate balance of skills is available to the Board. Directors appointed through this process sit for a five-year term in the first instance with provision to extend this for a further five years. Under this provision two directors are in their first five-year term.

Induction and training of trustees

Directors bring with them a wealth of professional expertise in matters relating to the operation and function of the charity and receive ongoing training and information provision in matters pertaining to the charity through a system of regular updates from relevant professional organisations, verbal updates and papers for information prepared by staff as well as site visits both on and off the Estate.

Relationships with related parties

Dŵr Cymru Welsh Water (DCWW):

While the terms of the lease clearly delineate the responsibilities of the charity in terms of management of the leasehold there are inevitably many areas of mutual policy, management and operational interest with DCWW. The charity therefore works closely with DCWW in matters relating to the operation of the Estate. This is facilitated by regular day-to-day contact between staff members of the two organisations and is further strengthened by the DCWW-appointed director, Roger Morgan. The national and European importance of the Estate for nature conservation and a range of ecosystem services means that another key relationship is that with Natural Resources Wales (NRW). Again, this relationship is maintained by regular contact between staff members of the two organisations, by the two Directors appointed by legacy bodies of NRW, Robert Vaughan and Dr Ieuan Joyce.

The charity as part of a wider network:

Since December 2017, the charity has been Lead Partner in the 5-year (now extended) Elan Links Landscape Partnership Scheme awarded by the Heritage Lottery Fund and based principally within the Elan Valley Estate boundary. Apart from the Trust, the Elan Links partnership includes DCWW, NRW, Community Arts Rhayader and

WELSH WATER ELAN TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

District (CARAD) and Tir Coed. Stakeholder organisations include Royal Commission for Ancient and Historic Monuments Wales, Arts Council Wales, Elan Valley Tenants Association, Cwmduddwr Commoners Association and a range of recreational user groups. In future the Trust will seek to continue to develop and enable future networks and partnerships to further its objectives.

Major risks and management of those risks

During the 2023-24 period, Directors continued to identify and manage risks using a RAG (Red-Amber-Green) risk register system. Reviewing the risk register is a standing item at Trust Board meetings and an annual review allows for a thorough review.

The Directors are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Directors 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The annual report was approved by the Directors of the charity on 30 January 2025 and signed on its behalf by:

Dr I Joyce
Director, Elan Valley Limited

WELSH WATER ELAN TRUST

STATEMENT OF TRUSTEE RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2024

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

The law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the trust and of the incoming resources and application of resources of the trust for that year.

In preparing these financial statements, the trustee 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

Opinion

We have audited the financial statements of Welsh Water Elan Trust (the 'trust') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 and of its incoming resources and application of resources, 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

Responsibilities of trustee

As explained more fully in the statement of trustee responsibilities, the trustee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustee are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including relevant legislation such as the Charities Act 2011, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed nominal ledgers and tested journal entries reports to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with HMRC.

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RCH Accountants Limited

Chartered Accountants

Statutory Auditor

Wellfield House

Temple Street

Llandrindod Wells

Powys

LD1 5HG

30 January 2025

RCH Accountants Limited is eligible for appointment as auditor of the trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

WELSH WATER ELAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

Current financial year		Unrestricted funds general 2024 £	Unrestricted funds designated 2024 £	Restricted funds 2024 £	Total 2024 £	Total 2023 £
	Notes					
Income and endowments from:						
Donations and legacies	3	-	-	-	-	7,000
Charitable activities	4	1,509,988	-	664,530	2,174,518	1,880,308
Other trading activities	5	-	5,399	-	5,399	5,399
Investments	6	13,767	-	-	13,767	10,843
Other income	7	6,451	-	-	6,451	15,401
Total income		<u>1,530,206</u>	<u>5,399</u>	<u>664,530</u>	<u>2,200,135</u>	<u>1,918,951</u>
Expenditure on:						
Charitable activities	8	1,433,491	6,500	721,987	2,161,978	1,891,511
Total expenditure		<u>1,433,491</u>	<u>6,500</u>	<u>721,987</u>	<u>2,161,978</u>	<u>1,891,511</u>
Net gains/(losses) on investments	13	<u>1,299,363</u>	<u>-</u>	<u>-</u>	<u>1,299,363</u>	<u>(200,292)</u>
Net income/(expenditure)		<u>1,396,078</u>	<u>(1,101)</u>	<u>(57,457)</u>	<u>1,337,520</u>	<u>(172,852)</u>
Transfers between funds		<u>845</u>	<u>-</u>	<u>(845)</u>	<u>-</u>	<u>-</u>
Net movement in funds	10	<u>1,396,923</u>	<u>(1,101)</u>	<u>(58,302)</u>	<u>1,337,520</u>	<u>(172,852)</u>
Reconciliation of funds:						
Fund balances at 1 April 2023		<u>14,209,931</u>	<u>7,539</u>	<u>617,460</u>	<u>14,834,930</u>	<u>15,007,782</u>
Fund balances at 31 March 2024		<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>	<u>14,834,930</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

WELSH WATER ELAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

Prior financial year		Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Restricted funds 2023 £	Total 2023 £
	Notes				
Income and endowments from:					
Donations and legacies	3	-	-	7,000	7,000
Charitable activities	4	1,574,120	-	306,188	1,880,308
Other trading activities	5	-	5,399	-	5,399
Investments	6	10,843	-	-	10,843
Other income	7	15,401	-	-	15,401
Total income		<u>1,600,364</u>	<u>5,399</u>	<u>313,188</u>	<u>1,918,951</u>
Expenditure on:					
Charitable activities	8	1,517,974	7,050	366,487	1,891,511
Total expenditure		<u>1,517,974</u>	<u>7,050</u>	<u>366,487</u>	<u>1,891,511</u>
Net gains/(losses) on investments	13	<u>(200,292)</u>	<u>-</u>	<u>-</u>	<u>(200,292)</u>
Net income and movement in funds		<u>(117,902)</u>	<u>(1,651)</u>	<u>(53,299)</u>	<u>(172,852)</u>
Reconciliation of funds:					
Fund balances at 1 April 2022		<u>14,327,833</u>	<u>9,190</u>	<u>670,759</u>	<u>15,007,782</u>
Fund balances at 31 March 2023		<u>14,209,931</u>	<u>7,539</u>	<u>617,460</u>	<u>14,834,930</u>

WELSH WATER ELAN TRUST

BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
Fixed assets					
Tangible assets	15		4,184,006		4,279,608
Investments	16		11,180,481		10,021,131
			<u>15,364,487</u>		<u>14,300,739</u>
Current assets					
Stocks	17	73,728		77,587	
Debtors	18	636,649		274,548	
Cash at bank and in hand		320,667		501,106	
		<u>1,031,044</u>		<u>853,241</u>	
Creditors: amounts falling due within one year	19	(223,081)		(319,050)	
Net current assets			<u>807,963</u>		<u>534,191</u>
Total assets less current liabilities			<u><u>16,172,450</u></u>		<u><u>14,834,930</u></u>
Income funds					
Restricted funds	21		559,158		617,460
Unrestricted funds - designated			6,438		7,539
Unrestricted funds - general			15,606,854		14,209,931
			<u>16,172,450</u>		<u>14,834,930</u>

The notes on pages 15 to 31 form part of these financial statements.

The financial statements were approved by the Trustee, and authorised for issue on 30 January 2025 and signed on their behalf by:

Dr I Joyce, Director, Elan Valley Limited

WELSH WATER ELAN TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(217,648)		398,020
Investing activities					
Purchase of tangible fixed assets		(129,487)		(293,091)	
Proceeds from disposal of tangible fixed assets		12,916		33,400	
Purchase of investments		(9,987)		(159,978)	
Proceeds from disposal of investments		150,000		199,996	
Investment income received		13,767		10,843	
Net cash generated from/(used in) investing activities			37,209		(208,830)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(180,439)		189,190
Cash and cash equivalents at beginning of year			501,106		311,916
Cash and cash equivalents at end of year			<u>320,667</u>		<u>501,106</u>

The notes on pages 15 to 31 form part of these financial statements.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The trust is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustee have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustee continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustee in furtherance of their charitable objectives.

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

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the trust.

1.4 Income

Income is recognised when the trust 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 trust 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.

Legacies are recognised on receipt or otherwise if the trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets that individually cost £500.00 or more are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Leased sheep originally bred in house are valued at £10 per head. Purchased additions are valued at cost.

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:

Land and buildings	3% on cost
Furniture and equipment	25% on reducing balance
Leased Sheep	Not depreciated

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 the statement of financial activities.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the trust 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).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Sheep in stock which form part of the sheep farming operation are valued at £10 each.

1.10 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.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

1.11 Financial instruments

The trust 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 trust's balance sheet when the trust 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 trust's contractual obligations expire or are discharged or cancelled.

1.12 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 trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the trust's accounting policies, the trustee 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.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3 Donations and legacies

	Total	Restricted funds
	2024	2023
	£	£
Government grants	-	7,000
	<u> </u>	<u> </u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

4 Charitable activities

	Tenanted Farms 2024 £	Residential Rent 2024 £	Farming 2024 £	Tourism 2024 £	Estate Management 2024 £	Development Projects 2024 £	Total 2024 £	Total 2023 £
Income	-	-	94,010	280,524	2,794	-	377,328	444,704
Grant funding	-	-	512,943	2,064	-	664,558	1,179,565	829,155
Rental receipts	491,569	126,056	-	-	-	-	617,625	606,449
	<u>491,569</u>	<u>126,056</u>	<u>606,953</u>	<u>282,588</u>	<u>2,794</u>	<u>664,558</u>	<u>2,174,518</u>	<u>1,880,308</u>
Analysis by fund								
Unrestricted funds - general	491,569	126,056	606,953	280,524	2,794	2,092	1,509,988	1,574,120
Restricted funds	-	-	-	2,064	-	662,466	664,530	306,188
	<u>491,569</u>	<u>126,056</u>	<u>606,953</u>	<u>282,588</u>	<u>2,794</u>	<u>664,558</u>	<u>2,174,518</u>	<u>1,880,308</u>
Grant funding								
Heritage Lottery Fund	-	-	-	-	-	463,044	463,044	245,736
Arwain	-	-	-	-	-	-	-	1,274
Natur	-	-	-	-	-	21,390	21,390	35,000
Natural Resources Wales	-	-	-	-	-	178,032	178,032	21,778
Arts Council of Wales	-	-	-	-	-	-	-	2,400
UK Government - Energy Bill Support	-	-	-	1,500	-	-	1,500	-
Welsh Government - Access Broadband Cymru	-	-	-	564	-	-	564	-
Midlands Arts Centre	-	-	-	-	-	2,092	2,092	-
Other	-	-	512,943	-	-	-	512,943	522,967
	<u>-</u>	<u>-</u>	<u>512,943</u>	<u>2,064</u>	<u>-</u>	<u>664,558</u>	<u>1,179,565</u>	<u>829,155</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

4 Charitable activities

For the year ended 31 March 2023

	Tenanted Farms	Residential Rent	Farming	Tourism	Estate Management	Development Projects	Total 2023
	£	£	£	£	£	£	£
Income	-	-	73,788	368,058	2,586	272	444,704
Grant funding	-	-	522,967	-	-	306,188	829,155
Rental receipts	491,734	114,715	-	-	-	-	606,449
	<u>491,734</u>	<u>114,715</u>	<u>596,755</u>	<u>368,058</u>	<u>2,586</u>	<u>306,460</u>	<u>1,880,308</u>
Analysis by fund							
Unrestricted funds - general	491,734	114,715	596,755	368,058	2,586	272	1,574,120
Restricted funds	-	-	-	-	-	306,188	306,188
	<u>491,734</u>	<u>114,715</u>	<u>596,755</u>	<u>368,058</u>	<u>2,586</u>	<u>306,460</u>	<u>1,880,308</u>
Grant funding							
Heritage Lottery Fund	-	-	-	-	-	245,736	245,736
Arwain	-	-	-	-	-	1,274	1,274
Natur	-	-	-	-	-	35,000	35,000
Natural Resources Wales	-	-	-	-	-	21,778	21,778
Arts Council of Wales	-	-	-	-	-	2,400	2,400
Other	-	-	522,967	-	-	-	522,967
	<u>-</u>	<u>-</u>	<u>522,967</u>	<u>-</u>	<u>-</u>	<u>306,188</u>	<u>829,155</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

5 Income from other trading activities

	Unrestricted funds designated 2024 £	Unrestricted funds designated 2023 £
Estate management - fund raising activity	5,399	5,399

6 Income from investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Interest receivable	13,767	10,843

7 Other income

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
Net gain on disposal of tangible fixed assets	6,451	15,401

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

8 Expenditure on charitable activities

	Tenanted Farms 2024 £	Residential Rent 2024 £	Farming 2024 £	Tourism 2024 £	Estate Development Management 2024 £	Projects 2024 £	Total 2024 £
Direct costs							
Staff costs	4,241	144	110,829	134,762	24,413	163,495	437,884
Depreciation and impairment	33,991	49,546	22,562	56,058	38,842	17,140	218,139
Direct costs	43,709	55,302	210,482	205,046	55,395	567,160	1,137,094
	<u>81,941</u>	<u>104,992</u>	<u>343,873</u>	<u>395,866</u>	<u>118,650</u>	<u>747,795</u>	<u>1,793,117</u>
Grant funding of activities (see note)	-	-	-	-	6,500	-	6,500
Share of support and governance costs (see note 9)							
Support	63,583	43,254	112,349	40,598	40,962	10,241	310,987
Governance	12,154	8,557	16,238	6,734	5,765	1,926	51,374
	<u>157,678</u>	<u>156,803</u>	<u>472,460</u>	<u>443,198</u>	<u>171,877</u>	<u>759,962</u>	<u>2,161,978</u>
Analysis by fund							
Unrestricted funds - general	156,273	156,803	466,973	424,857	148,905	79,680	1,433,491
Unrestricted funds - designated	-	-	-	-	6,500	-	6,500
Restricted funds	1,405	-	5,487	18,341	16,472	680,282	721,987
	<u>157,678</u>	<u>156,803</u>	<u>472,460</u>	<u>443,198</u>	<u>171,877</u>	<u>759,962</u>	<u>2,161,978</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

8 Expenditure on charitable activities

Previous year:	Tenanted Farms 2023 £	Residential Rent 2023 £	Farming 2023 £	Tourism 2023 £	Estate Development Management 2023 £	Projects 2023 £	Total 2023 £
Direct costs							
Staff costs	220	607	83,411	242,465	15,494	133,687	475,884
Depreciation and impairment	33,808	44,157	18,169	61,995	26,283	24,751	209,163
Direct costs	55,913	25,556	145,237	203,039	85,733	356,224	871,702
	<u>89,941</u>	<u>70,320</u>	<u>246,817</u>	<u>507,499</u>	<u>127,510</u>	<u>514,662</u>	<u>1,556,749</u>
Grant funding of activities (see note)	-	-	-	-	7,050	-	7,050
Share of support and governance costs (see note 9)							
Support	59,598	44,172	89,141	39,061	34,354	11,452	277,778
Governance	11,813	8,317	15,784	6,545	5,603	1,872	49,934
	<u>161,352</u>	<u>122,809</u>	<u>351,742</u>	<u>553,105</u>	<u>174,517</u>	<u>527,986</u>	<u>1,891,511</u>
Analysis by fund							
Unrestricted funds - general	159,948	122,809	350,529	536,450	164,413	183,825	1,517,974
Unrestricted funds - designated	-	-	-	-	7,050	-	7,050
Restricted funds	1,404	-	1,213	16,655	3,054	344,161	366,487
	<u>161,352</u>	<u>122,809</u>	<u>351,742</u>	<u>553,105</u>	<u>174,517</u>	<u>527,986</u>	<u>1,891,511</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9 Support costs

	Support costs	Governance costs	2024 Support costs		Governance costs	2023
	£	£	£	£	£	£
Depreciation	485	-	485	510	-	510
Staff costs	239,923	14,957	254,880	183,005	12,817	195,822
Office costs	65,984	8,278	74,262	85,449	8,707	94,156
Subscriptions	4,404	1,468	5,872	3,876	1,292	5,168
Motor costs	191	-	191	4,938	-	4,938
Audit fees	-	8,000	8,000	-	9,000	9,000
Legal & professional fees	-	5,424	5,424	-	4,761	4,761
Accountancy fees	-	531	531	-	2,724	2,724
Other governance costs	-	12,716	12,716	-	10,633	10,633
	<u>310,987</u>	<u>51,374</u>	<u>362,361</u>	<u>277,778</u>	<u>49,934</u>	<u>327,712</u>
Analysed between						
Charitable activities	<u>310,987</u>	<u>51,374</u>	<u>362,361</u>	<u>277,778</u>	<u>49,934</u>	<u>327,712</u>

Governance costs includes payments to the auditors of £8,000 (2023- £9,000) for audit fees.

10 Net movement in funds

	2024	2023
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	9,000
Depreciation of owned tangible fixed assets	218,624	209,673
Profit on disposal of tangible fixed assets	(6,451)	(15,401)
	<u>220,173</u>	<u>203,272</u>

11 Trustee

None of the trustee (or any persons connected with them) received any remuneration during the year, but five of them were reimbursed a total of £6,549 in expenses (2023- six were reimbursed a total of £6,439).

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

12 Employees

The average monthly number of employees during the year was:

	2024	2023
	Number	Number
Farming	4	4
General maintenance	3	3
Heritage Lottery Fund project	8	8
Administration	4	4
Management	2	2
Visitor accommodation	10	16
	<hr/>	<hr/>
Total	31	37
	<hr/> <hr/>	<hr/> <hr/>

Employment costs	2024	2023
	£	£
Wages and salaries	610,674	597,797
Social security costs	48,338	42,928
Other pension costs	32,797	30,981
	<hr/>	<hr/>
	691,809	671,706
	<hr/> <hr/>	<hr/> <hr/>

The total employee benefits of the key management personnel of the charity were £115,292 (2023 - £102,275).

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024	2023
	Number	Number
60,000-70,000	1	-
	<hr/>	<hr/>

13 Net gains/(losses) on investments

	Unrestricted	Unrestricted
	funds	funds
	general	general
	2024	2023
	£	£
Unrealised gain/(loss) on revaluation of investments	1,296,808	(195,031)
Gain/(loss) on sale of investments	2,555	(5,261)
	<hr/>	<hr/>
	1,299,363	(200,292)
	<hr/> <hr/>	<hr/> <hr/>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

14 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

15 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Leased Sheep £	Total £
Cost				
At 1 April 2023	5,731,125	513,285	97,770	6,342,180
Additions	43,119	76,138	10,230	129,487
Disposals	-	(28,836)	-	(28,836)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	5,774,244	560,587	108,000	6,442,831
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 April 2023	1,754,717	307,856	-	2,062,573
Depreciation charged in the year	154,222	64,402	-	218,624
Eliminated in respect of disposals	-	(22,372)	-	(22,372)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	1,908,939	349,886	-	2,258,825
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 March 2024	3,865,305	210,701	108,000	4,184,006
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2023	3,976,409	205,429	97,770	4,279,608
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

16 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 April 2023	10,021,131
Additions	9,987
Valuation changes	1,296,808
Disposals	(147,445)
	<hr/>
At 31 March 2024	11,180,481
	<hr/>
Carrying amount	
At 31 March 2024	11,180,481
	<hr/> <hr/>
At 31 March 2023	10,021,131
	<hr/> <hr/>

17 Stocks

	2024 £	2023 £
Stocks	73,728	77,587
	<hr/> <hr/>	<hr/> <hr/>

18 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Trade debtors	594,363	238,320
Prepayments and accrued income	42,286	36,228
	<hr/>	<hr/>
	636,649	274,548
	<hr/> <hr/>	<hr/> <hr/>

19 Creditors: amounts falling due within one year

	Notes	2024 £	2023 £
Other taxation and social security		56,947	61,910
Deferred income	20	28,862	32,337
Trade creditors		85,757	169,832
Accruals		51,515	54,971
		<hr/>	<hr/>
		223,081	319,050
		<hr/> <hr/>	<hr/> <hr/>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

20 Deferred income

	2024 £	2023 £
Other deferred income	28,862	32,337

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Current liabilities	28,862	32,337
Movements in the year:		
Deferred income at 1 April 2023	32,337	37,304
Released from previous periods	(24,262)	(36,695)
Resources deferred in the year	20,787	31,728
Deferred income at 31 March 2024	28,862	32,337

Deferred income is in relation to rental deposits and deposits paid in advance in relation to holiday let accommodation.

21 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2024 £
Capital grants	199,981	-	(14,052)	-	185,929
Nature Fund	24,351	-	(1,710)	-	22,641
CADW	95,644	-	(3,571)	-	92,073
Elan Links	297,484	484,434	(522,618)	(845)	258,455
UK Government - Energy Bill Support	-	1,500	(1,500)	-	-
Welsh Government - Access Broadband Cymru	-	564	(564)	-	-
Natural Resources Wales	-	178,032	(177,972)	-	60
	617,460	664,530	(721,987)	(845)	559,158

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

21 Restricted funds

Previous year:	At 1 April 2022	Incoming resources	Resources expended	Transfers	At 31 March 2023
	£	£	£	£	£
Capital grants	206,979	7,000	(13,998)	-	199,981
Nature Fund	26,351	-	(2,000)	-	24,351
CADW	99,214	-	(3,570)	-	95,644
Elan Links	338,215	306,188	(346,919)	-	297,484
	<u>670,759</u>	<u>313,188</u>	<u>(366,487)</u>	<u>-</u>	<u>617,460</u>

Capital Grants represent funds received in respect of the restoration of properties.

Nature Fund represents funds received from the Welsh Assembly Government in respect of this project.

CADW Grant represents funds received in respect of the work being carried out at Cwm Elan Mines.

Elan Links is a partnership project which brings together a range of local and strategic partners to secure the heritage of the Elan Valley and create future opportunities under four key themes:

- Celebrating heritage; restoration and archiving
- Enjoying Elan; increasing access and recreational opportunities
- Experience and education; providing educational course and volunteering opportunities
- Enhancing nature and wildlife; restoration and enhancement of natural environments

The managing partners are:

- Elan Valley Trust (Lead)
- Dwr Cymru Welsh Water
- CARAD - Rhayader Museum & Gallery
- Tir Coed
- Natural Resources Wales
- Rhayader & District Community Support
- Powys County Council

UK Government - Energy Bill Support represents funds to support energy costs

Welsh Government - Access Broadband Cymru represents funds to support internet connectivity

Natural Resources Wales represents funds received in respect peat restoration work

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

22 Unrestricted funds - designated

These are unrestricted funds which are material to the trust's activities.

	At 1 April 2023	Incoming resources	Resources expended	At 31 March 2024
	£	£	£	£
	7,539	5,399	(6,500)	6,438
	<u>7,539</u>	<u>5,399</u>	<u>(6,500)</u>	<u>6,438</u>
Previous year:				
	At 1 April 2022	Incoming resources	Resources expended	At 31 March 2023
	£	£	£	£
	9,190	5,399	(7,050)	7,539
	<u>9,190</u>	<u>5,399</u>	<u>(7,050)</u>	<u>7,539</u>

The trustees have allocated the income received from Airwaves rental for the use of the estate to a fund controlled by a joint committee of Trustees and tenants. This fund is used in the support of local organisations having appropriate charitable or relevant public purposes.

23 Analysis of net assets between funds

	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total
	2024	2024	2024	2024
	£	£	£	£
At 31 March 2024:				
Tangible assets	3,630,908	-	553,098	4,184,006
Investments	11,180,481	-	-	11,180,481
Current assets/(liabilities)	795,465	6,438	6,060	807,963
	<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>
	<u>15,606,854</u>	<u>6,438</u>	<u>559,158</u>	<u>16,172,450</u>
	Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total
	2023	2023	2023	2023
	£	£	£	£
At 31 March 2023:				
Tangible assets	3,684,838	-	594,770	4,279,608
Investments	10,021,131	-	-	10,021,131
Current assets/(liabilities)	503,962	7,539	22,690	534,191
	<u>14,209,931</u>	<u>7,539</u>	<u>617,460</u>	<u>14,834,930</u>
	<u>14,209,931</u>	<u>7,539</u>	<u>617,460</u>	<u>14,834,930</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

24 Capital commitments	2024	2023
	£	£
Amounts contracted for but not provided in the financial statements:		
	2024	2023
	£	£
Acquisition of property, plant and equipment	9,950	-
	<u> </u>	<u> </u>
25 Related party transactions		
There were no disclosable related party transactions during the year (2023 - none).		
26 Analysis of changes in net funds		
The trust had no material debt during the year.		
27 Cash generated from operations	2024	2023
	£	£
Surplus/(deficit) for the year	1,337,520	(172,852)
Adjustments for:		
Investment income recognised in statement of financial activities	(13,767)	(10,843)
Gain on disposal of tangible fixed assets	(6,451)	(15,401)
(Gain)/loss on disposal of investments	(2,555)	5,261
Fair value gains and losses on investments	(1,296,808)	195,031
Depreciation and impairment of tangible fixed assets	218,624	209,673
Movements in working capital:		
Decrease/(increase) in stocks	3,859	(3,247)
(Increase)/decrease in debtors	(362,101)	195,906
(Decrease) in creditors	(92,494)	(541)
(Decrease) in deferred income	(3,475)	(4,967)
	<u> </u>	<u> </u>
Cash (absorbed by)/generated from operations	(217,648)	398,020
	<u> </u>	<u> </u>

THE WELSH WATER ELAN TRUST

England & Wales - Charity number 1001347

Accounts

WELSH WATER ELAN TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



WELSH WATER ELAN TRUST

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WELSH WATER ELAN TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustee	Elan Valley Limited
Directors of Elan Valley Limited	R Davies D Evans W Evans I Joyce A Leonard R Morgan H Scrase R Vaughan
Land Agent	C P M Harley
Charity number	1001347
Principal address	Elan Estate Office Elan Village Rhayader Powys LD6 5HP
Auditor	RCH Accountants Limited The Exchange Temple Street Llandrindod Wells Powys LD1 5HG
Bankers	HSBC Bank PLC Middleton Street Llandrindod Wells Powys LD1 5EU Unity Trust Bank PO Box 793 Planetary Road Willenhall WV1 9DG

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Directors of Elan Valley Limited - the sole corporate trustee of Welsh Water Elan Trust (colloquially known as the Elan Valley Trust) - present the annual report together with the financial statements of the charity for the year ended 31 March 2023.

Objectives and activities of the Elan Valley Trust

Charitable Objects

The Objects of the Trust as written into the Trust Deed are:

1. The preservation maintenance and enhancement for the benefit of the public of the area of great natural beauty comprising of the Elan Valley and its natural aspect and features (and its animal and plant life);
2. The facilitation and encouragement of access to and the study of the Elan Valley (and its animal and plant life) by the general public;
3. The provision at the Elan Valley or such part of it as should be appropriate in the interests of social welfare and for the purpose of improving the conditions of life for the persons for whom the same are intended of facilities for physical recreation which shall be available to members of the public at large;
4. The facilitation and encouragement of the use of the whole or part of the Elan Valley for charitable purposes.

Strategic Objectives:

The Trust has revised its strategic plan during the year 2022-23 and summarised its strategic objectives:

Natural Resources; To manage our natural resources in ways that:

1. Contribute positively to the quality (and quantity) of the water from the catchment.
2. Foster a landscape rich in nature with:
 - Habitats in good condition
 - Flourishing native wildlife
 - Designated sites in favourable condition.
3. Are ambitious in mitigating the impacts of climate change.
4. Value our historic landscape but allow change where this brings overall benefits.
5. Foster opportunities to maintain a vibrant local community.
6. Provide the charity with a viable income over the long term.

People & Community; Our objectives are to:

1. Foster opportunities to maintain a vibrant local community.
2. Enable people to access recreational opportunities that enhance health and wellbeing.
3. Enable people to study, engage with, and value Elan's heritage and nature.
4. Foster the use of the estate for social welfare purposes.
5. Manage access to the estate in ways that conserve its special qualities and support people to access the estate in a way that is safe and responsible.

Climate and sustainability; Our objectives are to:

1. Be ambitious in setting targets for and delivering measures for mitigation and adaptation such as:
 - reduction in fossil fuel use from our activities;
 - carbon sequestration and storage from the land we manage;
 - production of renewable energy where opportunities arise;
 - measures to manage increased risks brought about by climate change.
2. Have regard to the impact on our heritage and nature when evaluating climate mitigation & adaptation proposals.
3. Foster opportunities and work with tenants and other partners to support climate goals and sustainability.

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Activities

Strategies and activities to manage for nature conservation and landscape:

For centuries the uplands of the Cambrian Mountains including the Elan Valley Estate lands have been open, unenclosed and grazed by hefted flocks of sheep and cattle. Maintaining this system of traditional high nature value farming is therefore a key part of Directors' strategy for managing for nature conservation and landscape. At the same time, Directors are aware of the need to take and promote more targeted actions where there is an identified need for nature conservation and landscape purposes. Since large areas of the Estate are designated under nature conservation legislation and the landscape is of considerable significance, the support and advice of NRW is highly valued in this regard.

As part of this strategy, the Trust manage around 2800 hectares of land in-hand including some of the key sites such as the National Nature Reserve at Claerwen. In so doing the Trust is not only able to ensure appropriate management but can also ensure it has a full understanding of the opportunities and problems associated with managing land on the Estate. All of this land is managed under a Glastir Advanced agri-environment agreement until 31st December 2023.

The rest of the land is let out to some 28 agricultural tenants. Through the terms of the tenancy agreements and through entry into Glastir tenants are encouraged to use traditional high nature value farming systems. During the 2022-23 year, we understand that all of the Elan Valley Estate tenanted holdings and Cwmdauddwr Common are subject to Glastir agreements.

In recent years, the Elan Links National Lottery Heritage Fund programme, with the Elan Valley Trust as lead partner, has been used as an important vehicle for undertaking targeted action for nature conservation in partnership with farming tenants as well as on in-hand land. Since its inception the Elan Links programme has:

1. developed with the support of RSPB and NRW an outcomes-based approach to upland bird conservation with 15ha in agreement for curlew actions, 20ha in agreement for golden plover actions and 21 ha in agreement for ring ouzel and merlin;
2. worked with farmers to ensure cattle grazing for conservation benefit with agreements in place for 25 new cattle and 35 existing cattle for four years;
3. tested new approaches to managing cattle grazing including the trial of "no fence collars".
4. undertaken peat restoration works extending to 108ha;
5. developed management plans and actions for key areas of dry heath, ffridd and management of in-bye land on the Estate.
6. commissioned a woodland management plan for Elan's woodlands and undertaken a range of management activities to improve the nature conservation status of our important ancient woodlands;
7. worked to secure a number of traditional farming practices on the Estate that benefit nature, e.g. production of rhos hay on the open hill; application of appropriate levels of lime and farmyard manure to hay meadows to secure their botanical interest; as well as the native breeding of the Elan Valley Type Welsh Mountain sheep breed.
8. undertaken monitoring work for a range of different species of conservation interest so that we can better understand their needs and the impact of our actions.

Strategies and activities to promote the use of the Estate for access, recreation, education and other charitable purposes:

The Elan Valley Estate is highly valued for recreational, educational and other uses. It is the aim of the Trust to provide benefits and facilities for local people and also to increase the use of the Estate by visitors from further afield including those who benefit from provision of water from the catchment across parts of Wales and the West Midlands. This 'audience' has an intimate link with the Estate already and there is a real opportunity to use this link to develop educational, recreation, wellbeing and health provision / benefits.

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Elan Links programme takes account of these aims. To date, Elan Links has:

1. opened up public access to five previously under visited sites at the Elan Valley: Dol y Mynach Dam, Nant y Gro, World War Two Pillboxes and Cwm Elan Mines. Work has included new paths, way-marking and interpretation where appropriate;
2. developed three family-friendly hubs, each with four way-marked walks of varying lengths and level of challenge;
3. construction of a woodland mountain bike trail, 3km in length, with two descents, a blue 1000m descent and a red, 500m descent;
4. installed 25 interpretative panels around the Estate and new directional brown signage for the Elan Valley;
5. produced six public exhibitions about various strands of the Elan Valley's Heritage, as well as 42 different events to engage people with the different strands of heritage and an interactive stream of social media content and web presence;
6. hosted artist residencies, and built partnerships with key stakeholders in Wales and Birmingham;
7. developed an archiving strategy for critical components of Elan's heritage and continued the process of archiving materials and loading them onto the online MODES system;
8. recorded oral histories from people in the area / or and with connections to the Elan Valley;
9. developed the Elan Valley App which launched in 2022 providing an interactive and informative guide to the Elan estate.
10. undertaken a series of 12-week courses - providing volunteer opportunities largely in nature conservation activities; four 5-day courses - generating 824 volunteer hours; forty-six bespoke activity days providing a range of activities for people who might otherwise struggle to access the Elan Valley; and 40 overnight stays - principally for people from along the aqueduct and Birmingham.

A key strategy of the Trust to promote access to the Estate is to develop affordable accommodation facilities suited to a range of different users. To this end, the Trust maintains three cottages on a 'self-catering accommodation' basis and two mountain bothies. The mountain bothies are freely available to users. For people who work and / or wish to live locally the Trust maintains residential properties to let on the Estate.

Penbont House is a tea room and bed & breakfast which has provide a popular destination for visitors to the estate, and a venue for hosting a number of events - including some Dark Sky themed events.

Following an extensive development of Cwm Clyd farmstead, the new bunkhouse opened in April 2022 and has welcomed over 280 guests to stay during the year.

To promote access and recreation more generally the Trust maintains Estate infrastructure such as bridges, roads and paths in good repair for users and provides in association with DCWW and with the help of a range of volunteers an annual programme of events and walks.

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Other Initiatives for 2022-23:

Dark Skies. The Elan Valley Estate has for a number of years held the status of International Dark Sky Park. During 2022-23 the Tynllidiart Stargazing Shelter hosted a number of successful stargazing events. In addition, a number of planetarium shows took place to bring the dark sky experience to a wider audience - in particular these have proved popular with schools across the region.

Electrification. A long-held ambition of the Trust has been to develop an alternative to the diesel generators that primarily power the properties on the wider estate - to this end there is a focus on installing renewable energy sources where possible. Discussions with key partners and stakeholders have opened up a number of avenues to further explore a wider agenda of electrification which are being progressed.

To maintain its properties in good repair and fit-for-purpose, major works were completed at one property, and a scheme of renovation is underway for a further residential property. There are a range of more minor renovations and upgrades have been made elsewhere.

Public benefit

The Trust benefits the public by implementing the objects of the Trust Deed: promoting nature and landscape conservation on the Elan Valley Estate; while encouraging public access and recreation and use of the Estate for educational and charitable purposes.

During the 2022-23 period the Trust managed and encouraged management that benefited nature on the Estate; undertook works to secure the historic landscape; maintained paths and other infrastructure to enable enjoyment of the Estate by the public; promoted the use of the Estate by the public through a variety of means including an events programme and provision of accommodation; and supported the use of the Estate for educational and charitable purposes.

The Directors confirm that they have complied with the requirements of Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Financial review

The total incoming resources from charitable activities in 2022-23 was in the order of £1,878k. Of this income, some £1,891k was spent on charitable activities, the remaining allocated from reserves. Investment into the NLHF scheme was in the order of £21k during 2022-23.

The Trust has a very long-term responsibility (now some 965 years) and considerable future liabilities in terms of maintaining the Estate and associated infrastructure over this period. At the same time, Directors are acutely aware that the majority of incoming resources to the Trust are dependent upon the twin vagaries of upland farming and Welsh agricultural and environmental policy that is currently evolving from the European Union Common Agricultural Policy post-Brexit.

In light of the issues noted above, and with an eye to ensuring that the Trust is able to invest with confidence in its charitable objectives over the medium-term Directors continue to believe that in line with its Reserves Policy the strategy of maintaining significant reserves is essential to secure the functions of the charity during its period of responsibility. At the same time, Directors welcome the expansion in the activity of the charity which has occurred in recent years and believe that this is affordable and appropriate in the current context.

At year-end 2022-23 the Trust had unrestricted funds in the order of £14.2m. Approximately 30% of these reserves are held as tangible assets (principally in residential properties held locally), while the majority of the remainder is held in a diversified portfolio of pooled charitable funds through CCLA. A small portion of funds is held in a current account to meet short term needs.

Directors regularly review the investment strategy and portfolio. Directors have also reviewed and updated the reserves policy.

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Plans for future periods

Initiatives for 2023-24 and beyond will include:

1. continuing to act as Lead Partner for Elan Links and implementing a range of Elan Links projects and, as the project draws to a conclusion, beginning the process of final monitoring and evaluation work.
2. developing a legacy plan following the conclusion of the Elan Links project, building upon the positive works undertaken and employing relevant staff to support our goals for nature.
3. pursuing the conservation of flora and fauna through the Natural Heritage projects in Elan Links and other works.
4. developing and delivering opportunities for peatland restoration in partnership with key stakeholders;
5. developing Cwm Clyd bunkhouse as a facility for group accommodation and promoting this for specific retreats and wider public access;
6. fostering and encouraging appropriate access, recreational, educational and scientific use of the Estate;
7. pursuing opportunities to carry out appropriate works of restoration in respect of the built and natural environment in line with the Elan Links Heritage-at-Risk survey;
8. promoting and developing the Elan Valley Dark Sky Park through a range of targeted events;
9. better understanding our environmental impact from the perspective of carbon emissions;
10. investigating and evaluating the options for providing electric to properties on the Estate including options for producing renewable energy.
11. concluding a review of the strategic plan and priorities of the Trust
12. seeking to engage with and influence consultations relating to Welsh Government Policy and forthcoming agri-environmental schemes.
13. completing a carbon audit and planning for a stronger focus on climate issues.

Structure, governance and management

Nature of governing document and organisational structure

Welsh Water Elan Trust was established by a Trust Deed dated 13th October 1989 as part of the water privatisation process. The deed stipulated that Dŵr Cymru Welsh Water (DCWW) intended to establish 'a Foundation to preserve for public benefit land in the Elan Valley and has for that purpose vested in the Trustees a leasehold interest in the property for a term of 999 years.' The deed goes on to describe the charitable objects, role of Trustees and various powers of the Trustees to further the objects. The accompanying lease included all the agricultural land and buildings on the Estate. Excluded from the lease were the dams, the surfaces of the reservoirs, their operating paraphernalia, most of the forestry, the Visitor Centre, houses and land in Elan Village, and certain houses on the Elan Estate. The Trust is thus responsible for some 43,000 acres out of a total of 45,000 in accordance with the terms of the lease. Since 1989, a number of properties on the Estate and in Elan Village have been added to the lease or acquired as has the freehold of neighbouring Cwmdaiddwr Common.

More recently, to resolve complexities around the recruitment of new Trustees in the face of liability issues with the original arrangement, the company Elan Valley Limited was established and registered with Companies House (No. 09001046) and on 2nd November 2018 the transfer to Elan Valley Limited as the sole corporate trustee took effect, at which point the six trustees of the legacy body retired and were appointed as Directors of Elan Valley Limited. As sole corporate trustee, Elan Valley Limited now has responsibility for fulfilling the charitable objectives of the Trust in accordance with the Trust Deed.

Directors of Elan Valley Limited are (in accordance with the objects and powers of the charity) responsible for setting the strategic direction and policies of Elan Valley Trust and for major operational and investment decisions. Using a system of delegations to staff that are formalised in respect of financial accountability and general governance, these and routine operational matters are then implemented by the senior staff.

Decisions in fulfilment of their role are principally taken by Directors at Elan Valley Limited board meetings held at least five

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

times a year.

Executive / management functions of the charity are the responsibility of the Estate Manager, who is supported in this role by the Business Manager.

Elan Valley Limited does not in itself hold any assets or trade. The Charity Commission has therefore authorised that the charity's funds may be used to purchase insurance for the trustee and its Directors (including a "Directors and Officer liability insurance policy").

Recruitment and appointment of trustees

A number of organisations have the ability to nominate Directors to the Board of Elan Valley Limited. These are Dŵr Cymru Welsh Water; Powys County Council; Ceredigion County Council; Natural Resources Wales (two Directors) and Welsh Government / National Assembly for Wales. Following a vacancy Dŵr Cymru Welsh Water have appointed a director in place of their incumbent appointee who retired.

In addition, as a consequence of the appointment of a sole corporate trustee there is provision for an 'open' recruitment process to ensure a wider and appropriate balance of skills is available to the Board. Directors appointed through this process sit for a five-year term in the first instance with provision to extend this for a further five years. Under this provision three directors joined the board, one of whom resigned, however the other two remain and are in their first five-year term.

Induction and training of trustees

Directors bring with them a wealth of professional expertise in matters relating to the operation and function of the charity and receive ongoing training and information provision in matters pertaining to the charity through a system of regular updates from relevant professional organisations, verbal updates and papers for information prepared by staff as well as site visits both on and off the Estate.

Relationships with related parties

Dŵr Cymru Welsh Water (DCWW):

While the terms of the lease clearly delineate the responsibilities of the charity in terms of management of the leasehold there are inevitably many areas of mutual policy, management and operational interest with DCWW. The charity therefore works closely with DCWW in matters relating to the operation of the Estate. This is facilitated by regular day-to-day contact between staff members of the two organisations and is further strengthened by attendance of a local DCWW representative at Trust Board meetings and the DCWW-appointed director Roger Morgan. The national and European importance of the Estate for nature conservation and a range of ecosystem services means that another key relationship is that with Natural Resources Wales (NRW). Again, this relationship is maintained by regular contact between staff members of the two organisations, by the two Directors appointed by legacy bodies of NRW, Robert Vaughan and Dr Ieuan Joyce.

The charity as part of a wider network: Elan Links Partnership:

Since December 2017, the charity has been Lead Partner in the 5-year (now extended) Elan Links Landscape Partnership Scheme awarded by the Heritage Lottery Fund and based principally within the Elan Valley Estate boundary. Apart from the Trust, the Elan Links partnership includes DCWW, NRW, Community Arts Rhayader and District (CARAD) and Tir Coed. Stakeholder organisations include Royal Commission for Ancient and Historic Monuments Wales, Arts Council Wales, Elan Valley Tenants Association, Cwmduddwr Commoners Association and a range of recreational user groups. In future the Trust will seek to continue to develop and enable future networks and partnerships to further its objectives.

Major risks and management of those risks

During the 2022-23 period, Directors continued to identify and manage risks using a RAG (Red-Amber-Green) risk register system. Reviewing the risk register is a standing item at Trust Board meetings.

The Directors are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

WELSH WATER ELAN TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The law applicable to charities requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Directors 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The annual report was approved by the Directors of the charity on 23 January 2024 and signed on its behalf by:

Dr I Joyce, Director Elan Valley Limited

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

Opinion

We have audited the financial statements of Welsh Water Elan Trust (the 'trust') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

Responsibilities of trustee

As explained more fully in the statement of trustee responsibilities, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustee is responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including relevant legislation such as the Charities Act 2011, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed nominal ledgers and tested journal entries reports to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with HMRC.

WELSH WATER ELAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF WELSH WATER ELAN TRUST

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RCH Accountants Limited

Chartered Accountants

Statutory Auditor

The Exchange

Temple Street

Llandrindod Wells

Powys

LD1 5HG

23 January 2024

RCH Accountants Limited is eligible for appointment as auditor of the trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

WELSH WATER ELAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

Current financial year

	Notes	Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
<u>Income and endowments from:</u>						
Donations and legacies	3	-	-	7,000	7,000	114,092
Charitable activities	4	1,574,120	-	306,188	1,880,308	2,092,765
Other trading activities	5	-	5,399	-	5,399	5,858
Investments	6	10,843	-	-	10,843	3,412
Other income	7	15,401	-	-	15,401	130
Total income		1,600,364	5,399	313,188	1,918,951	2,216,257
<u>Expenditure on:</u>						
Charitable activities	8	1,517,974	7,050	366,487	1,891,511	1,680,959
Net gains/(losses) on investments	13	(200,292)	-	-	(200,292)	1,048,645
Net movement in funds		(117,902)	(1,651)	(53,299)	(172,852)	1,583,943
Net movement in funds		(117,902)	(1,651)	(53,299)	(172,852)	1,583,943
Fund balances at 1 April 2022		14,327,833	9,190	670,759	15,007,782	13,423,839
Fund balances at 31 March 2023		14,209,931	7,539	617,460	14,834,930	15,007,782

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

All income and expenditure derive from continuing activities.

WELSH WATER ELAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

Prior financial year

	Notes	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £
<u>Income and endowments from:</u>					
Donations and legacies	3	17,500	-	96,592	114,092
Charitable activities	4	1,612,794	-	479,971	2,092,765
Other trading activities	5	5,858	-	-	5,858
Investments	6	3,412	-	-	3,412
Other income	7	130	-	-	130
Total income		1,639,694	-	576,563	2,216,257
<u>Expenditure on:</u>					
Charitable activities	8	1,388,248	2,800	289,911	1,680,959
Net gains/(losses) on investments	13	1,048,645	-	-	1,048,645
Net movement in funds		1,300,091	(2,800)	286,652	1,583,943
Fund balances at 1 April 2021		13,027,741	11,990	384,108	13,423,839
Fund balances at 31 March 2022		14,327,832	9,190	670,760	15,007,782

WELSH WATER ELAN TRUST

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	15		4,279,608		4,214,186
Investments	16		10,021,131		10,261,444
			<u>14,300,739</u>		<u>14,475,630</u>
Current assets					
Stocks	17	77,587		74,340	
Debtors	18	274,548		470,454	
Cash at bank and in hand		501,106		311,916	
		<u>853,241</u>		<u>856,710</u>	
Creditors: amounts falling due within one year	19	(319,050)		(324,558)	
Net current assets			<u>534,191</u>		<u>532,152</u>
Total assets less current liabilities			<u>14,834,930</u>		<u>15,007,782</u>
Income funds					
Restricted funds	21		617,460		670,760
Unrestricted funds - designated	22		7,539		9,190
Unrestricted funds - general			14,209,931		14,327,832
			<u>14,834,930</u>		<u>15,007,782</u>

The notes on pages 15 to 32 form part of these financial statements.

The financial statements were approved by the Trustee, and authorised for issue on 23 January 2024 and signed on their behalf by:

Dr I Joyce, Director, Elan Valley Limited

WELSH WATER ELAN TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	26		398,020		869,004
Investing activities					
Purchase of tangible fixed assets		(293,091)		(606,321)	
Proceeds from disposal of tangible fixed assets		33,400		-	
Purchase of investments		(159,978)		(553,407)	
Proceeds from disposal of investments		199,996		199,999	
Investment income received		10,843		3,412	
Net cash used in investing activities			(208,830)		(956,317)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			189,190		(87,313)
Cash and cash equivalents at beginning of year			311,916		399,229
Cash and cash equivalents at end of year			<u>501,106</u>		<u>311,916</u>

The notes on pages 15 to 32 form part of these financial statements.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The trust is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustee has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustee continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustee in furtherance of their charitable objectives.

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 financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the trust.

1.4 Income

Income is recognised when the trust 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 trust 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.

Legacies are recognised on receipt or otherwise if the trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets that individually cost £500.00 or more are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Land and buildings	3% on cost
Furniture and equipment	25% on reducing balance
Leased Sheep	Not depreciated

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 the statement of financial activities.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the trust 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).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Sheep in stock which form part of the sheep farming operation are valued at £10 each.

1.10 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.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

1.11 Financial instruments

The trust 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 trust's balance sheet when the trust 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 trust's contractual obligations expire or are discharged or cancelled.

1.12 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 trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the trust's accounting policies, the trustee is 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.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3 Donations and legacies

	Restricted funds	Unrestricted funds general	Restricted funds	Total
	2023	2022	2022	2022
	£	£	£	£
Government grants	7,000	17,500	96,592	114,092

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 Charitable activities

	Tenanted Farms 2023 £	Residential Rent 2023 £	Farming 2023 £	Tourism 2023 £	Estate Management 2023 £	Development Projects 2023 £	Total 2023 £	Total 2022 £
Income	-	-	73,788	368,058	2,586	272	444,704	497,937
Job Retention Scheme	-	-	-	-	-	-	-	5,733
Grant funding	-	-	522,967	-	-	306,188	829,155	998,714
Rental receipts	491,734	114,715	-	-	-	-	606,449	590,381
	<u>491,734</u>	<u>114,715</u>	<u>596,755</u>	<u>368,058</u>	<u>2,586</u>	<u>306,460</u>	<u>1,880,308</u>	<u>2,092,765</u>
Analysis by fund								
Unrestricted funds - general	491,734	114,715	596,755	368,058	2,586	272	1,574,120	1,612,794
Restricted funds	-	-	-	-	-	306,188	306,188	479,971
	<u>491,734</u>	<u>114,715</u>	<u>596,755</u>	<u>368,058</u>	<u>2,586</u>	<u>306,460</u>	<u>1,880,308</u>	<u>2,092,765</u>
Grant funding								
Heritage Lottery Fund	-	-	-	-	-	245,736	245,736	356,377
Arwain	-	-	-	-	-	1,274	1,274	53,627
Natur	-	-	-	-	-	35,000	35,000	43,750
Natural Resources Wales	-	-	-	-	-	21,778	21,778	935
Arts Council of Wales	-	-	-	-	-	2,400	2,400	10,800
Other	-	-	522,967	-	-	-	522,967	533,225
	<u>-</u>	<u>-</u>	<u>522,967</u>	<u>-</u>	<u>-</u>	<u>306,188</u>	<u>829,155</u>	<u>998,714</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 Charitable activities

For the year ended 31 March 2022

	Tenanted Farms	Residential Rent	Farming	Tourism	Estate Management	Development Projects	Total 2022
	£	£	£	£	£	£	£
Income	-	-	99,915	370,207	24,992	2,823	497,937
Job Retention Scheme	-	-	-	4,768	76	889	5,733
Grant funding	-	-	533,225	-	-	465,489	998,714
Rental receipts	484,984	103,997	-	1,400	-	-	590,381
	<u>484,984</u>	<u>103,997</u>	<u>633,140</u>	<u>376,375</u>	<u>25,068</u>	<u>469,201</u>	<u>2,092,765</u>
Analysis by fund							
Unrestricted funds - general	484,984	103,997	624,391	371,607	24,992	2,823	1,612,794
Restricted funds	-	-	8,749	4,768	76	466,378	479,971
	<u>484,984</u>	<u>103,997</u>	<u>633,140</u>	<u>376,375</u>	<u>25,068</u>	<u>469,201</u>	<u>2,092,765</u>
Grant funding							
Heritage Lottery Fund	-	-	-	-	-	356,377	356,377
Arwain	-	-	-	-	-	53,627	53,627
Natur	-	-	-	-	-	43,750	43,750
Natural Resources Wales	-	-	-	-	-	935	935
Arts Council of Wales	-	-	-	-	-	10,800	10,800
Other	-	-	533,225	-	-	-	533,225
	<u>-</u>	<u>-</u>	<u>533,225</u>	<u>-</u>	<u>-</u>	<u>465,489</u>	<u>998,714</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5 Other trading activities

	Unrestricted funds designated 2023 £	Unrestricted funds general 2022 £
Estate management - fund raising activity	5,399	5,858

6 Investments

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Interest receivable	10,843	3,412

7 Other income

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Net gain on disposal of tangible fixed assets	15,401	-
Fees and supplies	-	130
	<u>15,401</u>	<u>130</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8 Charitable activities

	Tenanted farm	Residential rent	Farming operations	Tourism	Estate Development management	Development projects	Total 2023	Total 2022
	2023	2023	2023	2023	2023	2023		
	£	£	£	£	£	£	£	£
Staff costs	220	607	83,411	242,465	15,494	133,687	475,884	444,609
Depreciation and impairment	33,808	44,157	18,169	61,995	26,283	24,751	209,163	182,388
Direct costs	55,913	25,556	145,237	203,039	85,733	356,224	871,702	758,817
	<u>89,941</u>	<u>70,320</u>	<u>246,817</u>	<u>507,499</u>	<u>127,510</u>	<u>514,662</u>	<u>1,556,749</u>	<u>1,385,814</u>
Grant funding of activities (see note)	-	-	-	-	7,050	-	7,050	2,800
Share of support costs (see note 9)	59,598	44,172	89,141	39,061	34,354	11,452	277,778	243,900
Share of governance costs (see note 9)	11,813	8,317	15,784	6,545	5,603	1,872	49,934	48,445
	<u>161,352</u>	<u>122,809</u>	<u>351,742</u>	<u>553,105</u>	<u>174,517</u>	<u>527,986</u>	<u>1,891,511</u>	<u>1,680,959</u>
Analysis by fund								
Unrestricted funds - general	159,948	122,809	350,529	536,450	164,413	183,825	1,517,974	1,388,248
Unrestricted funds - designated	-	-	-	-	7,050	-	7,050	2,800
Restricted funds	1,404	-	1,213	16,655	3,054	344,161	366,487	289,911
	<u>161,352</u>	<u>122,809</u>	<u>351,742</u>	<u>553,105</u>	<u>174,517</u>	<u>527,986</u>	<u>1,891,511</u>	<u>1,680,959</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8 Charitable activities

For the year ended 31 March 2022

	Tenanted farm	Residential rent	Farming operations	Tourism	Estate Development management	Development projects	Total 2022
	£	£	£	£	£	£	£
Staff costs	-	142	77,531	233,660	12,832	120,444	444,609
Depreciation and impairment	32,631	39,294	15,469	52,555	15,637	26,802	182,388
Direct costs	48,603	59,297	180,033	174,810	67,068	229,006	758,817
	<u>81,234</u>	<u>98,733</u>	<u>273,033</u>	<u>461,025</u>	<u>95,537</u>	<u>376,252</u>	<u>1,385,814</u>
Grant funding of activities (see note)	-	-	-	-	2,800	-	2,800
Share of support costs (see note 9)	57,019	40,781	77,351	32,103	27,466	9,180	243,900
Share of governance costs (see note 9)	11,325	8,101	15,364	6,377	5,455	1,823	48,445
	<u>149,578</u>	<u>147,615</u>	<u>365,748</u>	<u>499,505</u>	<u>131,258</u>	<u>387,255</u>	<u>1,680,959</u>
Analysis by fund							
Unrestricted funds - general	148,174	147,615	355,786	484,769	128,075	123,829	1,388,248
Unrestricted funds - designated	-	-	-	-	2,800	-	2,800
Restricted funds	1,404	-	9,962	14,736	383	263,426	289,911
	<u>149,578</u>	<u>147,615</u>	<u>365,748</u>	<u>499,505</u>	<u>131,258</u>	<u>387,255</u>	<u>1,680,959</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9 Support costs

	Support costs	Governance costs	2023 Support costs	Governance costs	2022
	£	£	£	£	£
Depreciation	510	-	510	132	132
Staff costs	183,005	12,817	195,822	169,581	179,609
Office costs	85,449	8,707	94,156	63,231	72,568
Subscriptions	3,876	1,292	5,168	3,981	5,308
Motor costs	4,938	-	4,938	6,975	6,975
Audit fees	-	9,000	9,000	-	4,500
Legal & professional fees	-	4,761	4,761	-	5,615
Accountancy fees	-	2,724	2,724	-	10,146
Other governance costs	-	10,633	10,633	-	7,492
	<u>277,778</u>	<u>49,934</u>	<u>327,712</u>	<u>243,900</u>	<u>292,345</u>
Analysed between					
Charitable activities	<u>277,778</u>	<u>49,934</u>	<u>327,712</u>	<u>243,900</u>	<u>292,345</u>

Governance costs includes payments to the auditors of £9,000 (2022- £4,500) for audit fees.

10 Net movement in funds

	2023	2022
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	4,500
Depreciation of owned tangible fixed assets	209,673	182,519
Profit on disposal of tangible fixed assets	(15,401)	-
	<u>203,272</u>	<u>187,019</u>

11 Trustee

None of the trustee (or any persons connected with them) received any remuneration during the year, but six of them were reimbursed a total of £6,439 in expenses (2022- two were reimbursed a total of £4,780).

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Farming	4	4
General maintenance	3	3
Heritage Lottery Fund project	8	8
Administration	4	4
Management	2	2
Visitor accommodation	16	16
	<hr/>	<hr/>
Total	37	37
	<hr/> <hr/>	<hr/> <hr/>

Employment costs

	2023 £	2022 £
Wages and salaries	597,797	551,891
Social security costs	42,928	36,261
Other pension costs	30,981	21,994
	<hr/>	<hr/>
	671,706	610,146
	<hr/> <hr/>	<hr/> <hr/>

The total employee benefits of the key management personnel of the charity were £101,898 (2022 - £99,823).

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

13 Net gains/(losses) on investments

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Unrealised gain/(loss) on revaluation of investments	(195,031)	991,764
Gain/(loss) on sale of investments	(5,261)	56,881
	<hr/>	<hr/>
	(200,292)	1,048,645
	<hr/> <hr/>	<hr/> <hr/>

14 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Leased Sheep £	Total £
Cost				
At 1 April 2022	5,512,645	478,296	97,770	6,088,711
Additions	218,483	74,608	-	293,091
Disposals	-	(39,619)	-	(39,619)
At 31 March 2023	5,731,128	513,285	97,770	6,342,183
Depreciation and impairment				
At 1 April 2022	1,604,921	269,601	-	1,874,522
Depreciation charged in the year	149,798	59,875	-	209,673
Eliminated in respect of disposals	-	(21,620)	-	(21,620)
At 31 March 2023	1,754,719	307,856	-	2,062,575
Carrying amount				
At 31 March 2023	3,976,409	205,429	97,770	4,279,608
At 31 March 2022	3,907,721	208,695	97,770	4,214,186

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 April 2022	10,261,444
Additions	159,978
Valuation changes	(200,291)
Disposals	(200,000)
	<hr/>
At 31 March 2023	10,021,131
	<hr/>
Carrying amount	
At 31 March 2023	10,021,131
	<hr/> <hr/>
At 31 March 2022	10,261,444
	<hr/> <hr/>

17 Stocks

	2023 £	2022 £
Stocks	77,587	74,340
	<hr/> <hr/>	<hr/> <hr/>

18 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	238,320	428,146
Other debtors	-	10,922
Prepayments and accrued income	36,228	31,386
	<hr/>	<hr/>
	274,548	470,454
	<hr/> <hr/>	<hr/> <hr/>

19 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Other taxation and social security		59,772	2,336
Deferred income	20	32,337	37,304
Trade creditors		171,970	238,912
Accruals		54,971	46,006
		<hr/>	<hr/>
		319,050	324,558
		<hr/> <hr/>	<hr/> <hr/>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20 Deferred income

	2023	2022
	£	£
Other deferred income	32,337	37,304
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2023	2022
	£	£
Deferred income is included within:		
Current liabilities	32,337	37,304
	<u> </u>	<u> </u>
Movements in the year:		
Deferred income at 1 April 2022	37,304	22,139
Released from previous periods	(36,695)	(22,139)
Resources deferred in the year	31,728	37,304
	<u> </u>	<u> </u>
Deferred income at 31 March 2023	32,337	37,304
	<u> </u>	<u> </u>

All deferred income is in relation to deposits paid in advance in relation to holiday let accommodation.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21 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:

	Movement in funds			Movement in funds			
	Balance at 1 April 2021	Incoming resources	Resources expended	Balance at 1 April 2022	Incoming resources	Resources expended	Balance at 31 March 2023
	£	£	£	£	£	£	£
Capital grants	121,638	96,592	(11,251)	206,979	7,000	(13,998)	199,981
Nature Fund	28,737	-	(2,386)	26,351	-	(2,000)	24,351
CADW	102,784	-	(3,570)	99,214	-	(3,570)	95,644
Natural Resources Wales	-	8,749	(8,749)	-	-	-	-
Elan Links Job Retention Scheme	130,949	465,488	(258,222)	338,215	306,188	(346,919)	297,484
	-	5,733	(5,733)	-	-	-	-
	<u>384,108</u>	<u>576,562</u>	<u>(289,911)</u>	<u>670,759</u>	<u>313,188</u>	<u>(366,487)</u>	<u>617,460</u>

Capital Grants represent funds received in respect of the restoration of properties.

Nature Fund represents funds received from the Welsh Assembly Government in respect of this project.

CADW Grant represents funds received in respect of the work being carried out at Cwm Elan Mines.

Natural Resources Wales represents funds received in respect of fencing work carried out.

Elan Links is a partnership project which brings together a range of local and strategic partners to secure the heritage of the Elan Valley and create future opportunities under four key themes:

- Celebrating heritage; restoration and archiving
- Enjoying Elan; increasing access and recreational opportunities
- Experience and education; providing educational course and volunteering opportunities
- Enhancing nature and wildlife; restoration and enhancement of natural environments

The managing partners are:

- Elan Valley Trust (Lead)
- Dwr Cymru Welsh Water
- CARAD - Rhayader Museum & Gallery
- Tir Coed
- Natural Resources Wales
- Rhayader & District Community Support
- Powys County Council

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2021 £	Resources expended £	Balance at 1 April 2022 £	Movement in funds		Balance at 31 March 2023 £
				Incoming resources £	Resources expended £	
Designated funds	11,990	(2,800)	9,190	5,399	(7,050)	7,539
	<u>11,990</u>	<u>(2,800)</u>	<u>9,190</u>	<u>5,399</u>	<u>(7,050)</u>	<u>7,539</u>

The trustees have allocated the income received from the Ministry of Defence and airwaves rental for the use of the estate to a fund controlled by a joint committee of Trustees and tenants. This fund is used in the support of local organisations having appropriate charitable or relevant public purposes.

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

23 Analysis of net assets between funds

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March 2023 are represented by:								
Tangible assets	3,684,838	-	594,770	4,279,608	3,594,149	-	620,037	4,214,186
Investments	10,021,131	-	-	10,021,131	10,261,444	-	-	10,261,444
Current assets/(liabilities)	509,361	2,140	22,690	534,191	472,239	9,190	50,723	532,152
	<u>14,215,330</u>	<u>2,140</u>	<u>617,460</u>	<u>14,834,930</u>	<u>14,327,832</u>	<u>9,190</u>	<u>670,760</u>	<u>15,007,782</u>

WELSH WATER ELAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24 Capital commitments	2023	2022
	£	£
At 31 March 2023 the trust had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	-	104,519
	<u> </u>	<u> </u>
This relates to a contract for the improvement of residential property and tenanted farms.		
25 Related party transactions		
There were no disclosable related party transactions during the year (2022 - none).		
26 Cash generated from operations	2023	2022
	£	£
(Deficit)/surplus for the year	(172,852)	1,583,943
Adjustments for:		
Investment income recognised in statement of financial activities	(10,843)	(3,412)
Gain on disposal of tangible fixed assets	(15,401)	-
Loss/(gain) on disposal of investments	5,261	(56,881)
Fair value gains and losses on investments	195,031	(991,764)
Depreciation and impairment of tangible fixed assets	209,673	182,520
Movements in working capital:		
(Increase) in stocks	(3,247)	(40,553)
Decrease in debtors	195,906	65,865
(Decrease)/increase in creditors	(541)	114,121
(Decrease)/increase in deferred income	(4,967)	15,165
	<u> </u>	<u> </u>
Cash generated from operations	398,020	869,004
	<u> </u>	<u> </u>
27 Analysis of changes in net funds		
The trust had no debt during the year.		

THE WELSH WATER ELAN TRUST

England & Wales - Charity number 1001347

Accounts

Charity registration number: 1001347

Welsh Water Elan Trust

Annual Report and Financial Statements

for the Year Ended 31 March 2022

Welsh Water Elan Trust Contents

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**Welsh Water Elan Trust
Reference and Administrative Details**

Trustee	Elan Valley Limited
Land Agent	C P M Harley
Principal Office	Elan Estate office Elan Village Rhayader Powys LD6 5HP
Charity Registration Number	1001347
Auditor	Morgan Griffiths LLP Chartered Accountants and Statutory Auditor Cross Chambers 9 High Street Newtown Powys SY16 2NY
Bankers	HSBC Bank PLC Middleton Street Llandrindod Wells Powys LD1 5EU Unity Trust Bank PO Box 793 Planetary Road Willenhall WV1 9DG

Welsh Water Elan Trust Trustee's Report

The Directors of Elan Valley Limited - the sole corporate trustee of Welsh Water Elan Trust (colloquially known as the Elan Valley Trust) - presents the annual report together with the financial statements of the charity for the year ended 31 March 2022.

Objectives and activities

Objects and aims

The Objects of the Trust as written into the Trust Deed are:

1. The preservation maintenance and enhancement for the benefit of the public of the area of great natural beauty comprising of the Elan Valley and its natural aspect and features (and its animal and plant life);
2. The facilitation and encouragement of access to and the study of the Elan Valley (and its animal and plant life) by the general public;
3. The provision at the Elan Valley or such part of it as should be appropriate in the interests of social welfare and for the purpose of improving the conditions of life for the persons for whom the same are intended of facilities for physical recreation which shall be available to members of the public at large;
4. The facilitation and encouragement of the use of the whole or part of the Elan Valley for charitable purposes.

Aims of the Trust:

The aim of the Trust is to achieve the ambition of Directors that the Elan Valley Estate be internationally recognised for the sustainable benefits it provides to the public as set out in our Strategic Plan 2019-30, through:

1. being an exemplar of sustainable natural resource management for an upland water catchment;
2. the values and benefits that result from its heritage, the richness of its nature, and its thriving community life; and,
3. managing a place where people's health, wellbeing and understanding are improved by experiencing the Estate.

COVID-19

During the early part of 2021-22 national restrictions remained in place and the Trust continued to maintain a balance between ensuring that we met our obligations to protect our employees, contractors and members of the public, while maintaining essential operations and seeking to support the strategies of the authorities in relation to access to the valley.

As restrictions eased and guidance changed the Trust was able to move to a hybrid model of working with office-based staff returning part time to the office and re-opening our hospitality and visitor accommodation. Much of our work was able to return to normal as the year progressed. Some activities planned for the year have been impacted with hospitality functions closed or restricted, and some group events not able to be held.

The Trust benefitted from being able to access support from the Job Retention Scheme (for a short period at the beginning of the year) and some small grants. We were able to agree extensions to grant-funded programmes impacted by Covid-19 meaning that plans have been made to meet outputs over an extended period.

Welsh Water Elan Trust Trustee's Report

Objectives, strategies and activities

The Elan Valley Trust's 2019 to 2030 strategic plan can be found at <https://www.elanvalley.org.uk/sites/default/files/assets/EVT%20Strategic%20Plan%20Feb%2019%20English.pdf>

Strategies and activities to manage for nature conservation and landscape:

For centuries the uplands of the Cambrian Mountains including the Elan Valley Estate lands have been open, unenclosed and grazed by hefted flocks of sheep and cattle. Maintaining this system of traditional high nature value farming is therefore a key part of Directors' strategy for managing for nature conservation and landscape. At the same time, Directors are aware of the need to take and promote more targeted actions where there is an identified need for nature conservation and landscape purposes. Since large areas of the Estate are designated under European and national nature conservation legislation and the landscape is of considerable significance the support and advice of NRW is highly valued in this regard.

As part of this strategy, the Trust manage around 2800 hectares of land in-hand including some of the key sites such as the National Nature Reserve at Claerwen. In so doing the Trust is not only able to ensure appropriate management but can also ensure it has a full understanding of the opportunities and problems associated with managing land on the Estate. All of this land is managed under a Glastir Advanced agri-environment agreement.

The rest of the land is let out to some 28 agricultural tenants. Through the terms of the tenancy agreements and through entry into Glastir tenants are encouraged to use traditional high nature value farming systems. During the 2021-22 year, we understand that all of the Elan Valley Estate tenanted holdings and Cwmduddwr Common are subject to Glastir agreements.

In recent years, the Elan Links National Lottery Heritage Fund programme, with the Elan Valley Trust as lead partner, has been used as an important vehicle for undertaking targeted action for nature conservation in partnership with farming tenants as well as on in-hand land. Since its inception the Elan Links programme has:

1. developed with the support of RSPB and NRW an outcomes-based approach to upland bird conservation with 15ha in agreement for curlew actions, 20ha in agreement for golden plover actions and 21ha in agreement for ring ouzel and merlin;
2. worked with farmers to ensure cattle grazing for conservation benefit with agreements in place for 25 new cattle and 35 existing cattle for four years;
3. tested new approaches to managing cattle grazing including the trial of "no fence collars".
4. undertaken peat restoration works;
5. developed management plans and actions for key areas of dry heath and ffridd on the Estate and have commissioned work to develop plans for in-by management;
6. commissioned a woodland management plan for Elan's woodlands and undertaken a range of management activities to improve the nature conservation status of our important ancient woodlands;
7. worked to secure a number of traditional farming practices on the Estate that benefit nature, eg production of rhos hay on the open hill; application of appropriate levels of lime and farmyard manure to hay meadows to secure their botanical interest; as well as the native breeding of the Elan Valley Type Welsh Mountain sheep breed.
8. undertaken monitoring work for a range of different species of conservation interest so that we can better understand their needs and the impact of our actions.

Welsh Water Elan Trust Trustee's Report

Strategies and activities to promote the use of the Estate for access, recreation, education and other charitable purposes:

The Elan Valley Estate is highly valued for recreational, educational and other uses. It is the aim of the Trust to provide benefits and facilities for local people and also to increase the use of the Estate by visitors from further afield including those who benefit from provision of water from the catchment across parts of Wales and the West Midlands. This 'audience' has an intimate link with the Estate already and there is a real opportunity to use this link to develop educational, recreation, wellbeing and health provision / benefits.

The Elan Links programme takes account of these aims. To date, Elan Links has:

1. opened up public access to five previously under visited sites at the Elan Valley: Dol y Mynach Dam, Nant y Gro, World War Two Pillboxes and Cwm Elan Mines. Work has included new paths, way-marking and interpretation where appropriate;
2. developed three family-friendly hubs, each with four way-marked walks of varying lengths and level of challenge;
3. construction of a woodland mountain bike trail, 3km in length, with two descents, a blue 1000m descent and a red, 500m descent;
4. installed 25 interpretative panels around the Estate and new directional brown signage for the Elan Valley;
5. produced six public exhibitions about various strands of the Elan Valley's Heritage, as well as 42 different events to engage people with the different strands of heritage and an interactive stream of social media content and web presence;
6. hosted artist residencies, and built partnerships with key stakeholders in Wales and Birmingham;
7. developed an archiving strategy for critical components of Elan's heritage and begun the process of archiving materials and loading them onto the new online MODES system;
8. recorded oral histories from people in the area / or and with connections to the Elan Valley;
9. developed the Elan Valley App which is in development and testing - and due to launch in 2022.
10. undertaken five 12-week courses - generating volunteer 5282 hours largely in nature conservation activities; four 5-day courses - generating 824 volunteer hours; forty one bespoke activity days generating 3190 hours of activities for people who might otherwise struggle to access the Elan Valley; and nineteen weekend retreats - principally for people from along the aqueduct and Birmingham - with 303 participants and 3244 hours of activities.

Welsh Water Elan Trust Trustee's Report

A key strategy of the Trust to promote access to the Estate is to develop affordable accommodation facilities suited to a range of different users. To this end, the Trust maintains three cottages on a 'self-catering accommodation' basis and two mountain bothies. The mountain bothies are freely available to users. For people who work and / or wish to live locally the Trust maintains residential properties on longer term lets on the Estate.

Following a significant upgrade the tearoom and bed and breakfast facilities at Penbont House were reopened Easter 2019 and are now managed in-hand by the Elan Valley Trust - as Covid-19 restrictions eased in 2021-22 Penbont House has re-opened and proved a popular place to eat and stay.

An extensive development to Cwm Clyd farmstead into a suite of buildings able to accommodate small groups (up to 21 people) was completed in 2021-22 and due to launch for use by the public in early 2022 as a bunkhouse.

To promote access and recreation more generally the Trust maintains Estate infrastructure such as bridges, roads and paths in good repair for users and provides in association with DCWW and with the help of a range of volunteers an annual programme of events and walks.

Other Initiatives for 2021-22:

Dark Skies. The Elan Valley Estate has for a number of years held the status of International Dark Sky Park. During 2021-22 the Tynllidiart Stargazing Shelter, the development of which was funded by TAIS2 (Tourism Amenity Investment Fund), was used for a number of successful stargazing events. In addition, a number of planetarium shows took place to bring the dark sky experience to a wider audience.

Electrification. A long-held ambition of the Trust has been to develop an alternative to the diesel generators that primarily power the properties on the wider estate - to this end there is a focus on installing renewable energy sources where possible and exploring options for broader scheme to reduce or replace the dependence on fossil fuels.

To maintain its properties in good repair and fit-for-purpose, works were completed at two properties, a major scheme of renovation is underway for a further residential property and a range of more minor renovations and upgrades have been made elsewhere.

Public benefit

The Trust benefits the public by implementing the objects of the Trust Deed: promoting nature and landscape conservation on the Elan Valley Estate; while encouraging public access and recreation and use of the Estate for educational and charitable purposes.

During the 2021-2022 period the Trust managed and encouraged management that benefited nature on the Estate; undertook works to secure the historic landscape; maintained paths and other infrastructure to enable enjoyment of the Estate by the public; promoted the use of the Estate by the public through a variety of means including an events programme and provision of accommodation; and supported the use of the Estate for educational and charitable purposes.

The long-term provision of public benefit from the Estate has been further secured during 2021-2022 by the allocation of additional funds to reserves, while investment in the Elan Links partnership programme amongst other activities will result in significant public benefit over the coming period.

The trustee confirms that they have complied with the requirements of Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Welsh Water Elan Trust Trustee's Report

Financial review

The total incoming resources from charitable activities in 2021-22 was in the order of £2.1M. Of this income, some £1,681k was spent on charitable activities, the remaining allocated to reserves. Investment into the NLHF scheme was in the order of £295k during 2021-22.

The Trust has a very long-term responsibility (now some 966 years) and considerable future liabilities in terms of maintaining the Estate and associated infrastructure over this period. At the same time, Directors are acutely aware that the majority of incoming resources to the Trust are dependent upon the twin vagaries of upland farming and Welsh agricultural and environmental policy that is currently evolving from the European Union Common Agricultural Policy post-Brexit.

In light of the issues noted above, and with an eye to ensuring that the Trust is able to invest with confidence in its charitable objectives over the medium-term Directors continue to believe that in line with its Reserves Policy the strategy of maintaining significant reserves is essential to secure the functions of the charity during its period of responsibility. At the same time, Directors welcome the expansion in the activity of the charity which has occurred in recent years and believe that this is affordable and appropriate in the current context.

At year-end 2021-22 the Trust had unrestricted funds in the order of £14m. Approximately 29% of these reserves are held as tangible assets (principally in residential properties held locally), while the majority of the remainder is held in a diversified portfolio of pooled charitable funds through COIF. A small portion of funds is held in a current account to meet short term needs.

Directors regularly review the investment strategy and portfolio.

Plans for future periods

Initiatives for 2022-23 and beyond will include:

1. continuing to act as Lead Partner for Elan Links and implementing a range of Elan Links projects;
2. pursuing the conservation of flora and fauna through the Natural Heritage projects in Elan Links;
3. developing and delivering opportunities for peatland restoration in partnership with key stakeholders;
4. launching Cwm Clyd bunkhouse as a facility for group accommodation and promoting this for specific retreats and wider public access;
5. fostering and encouraging appropriate access, recreational, educational and scientific use of the Estate;
6. pursuing opportunities to carry out appropriate works of restoration in respect of the built and natural environment in line with the Elan Links Heritage-at-Risk survey;
7. promoting and developing the Elan Valley Dark Sky Park through a range of targeted events;
8. developing a strategy for mitigating and adapting to climate change;
9. investigating and evaluating the options for providing electric to properties on the Estate including options for producing renewable energy;
10. reviewing the strategic plan and priorities of the Trust.

Welsh Water Elan Trust Trustee's Report

Structure, governance and management

Nature of governing document and organisational structure

Welsh Water Elan Trust was established by a Trust Deed dated 13th October 1989 as part of the water privatisation process. The deed stipulated that Dwr Cymru Welsh Water (DCWW) intended to establish 'a Foundation to preserve for public benefit land in the Elan Valley and has for that purpose vested in the Trustee a leasehold interest in the property for a term of 999 years.' The deed goes on to describe the charitable objects, role of the Trustee and various powers of the Trustee to further the objects. The accompanying lease included all the agricultural land and buildings on the Estate. Excluded from the lease were the dams, the surfaces of the reservoirs, their operating paraphernalia, most of the forestry, the Visitor Centre, houses and land in Elan Village, and certain houses on the Elan Estate. The Trust is thus responsible for some 43,000 acres out of a total of 45,000 in accordance with the terms of the lease. Since 1989, a number of properties on the Estate and in Elan Village have been added to the lease or acquired as has the freehold of neighbouring Cwmdauddwr Common.

More recently, to resolve complexities around the recruitment of new Trustees in the face of liability issues with the original arrangement, the company Elan Valley Limited was established and registered with Companies House (No. 09001046) and on 2nd November 2018 the transfer to Elan Valley Limited as the sole corporate trustee took effect, at which point the six trustees of the legacy body retired and were appointed as Directors of Elan Valley Limited. As sole corporate trustee, Elan Valley Limited now has responsibility for fulfilling the charitable objectives of the Trust in accordance with the Trust Deed.

Directors of Elan Valley Limited are (in accordance with the objects and powers of the charity) responsible for setting the strategic direction and policies of Elan Valley Trust and for major operational and investment decisions. Using a system of delegations to staff that are formalised in respect of financial accountability and general governance, these and routine operational matters are then implemented by the senior staff.

Decisions in fulfilment of their role are principally taken by Directors at Elan Valley Limited board meetings held at least five times a year.

Executive / management functions of the charity are the responsibility of the Estate Manager, who is supported in this role by the Business Manager.

Elan Valley Limited does not in itself hold any assets or trade. The Charity Commission has therefore authorised that the charity's funds may be used to purchase insurance for the trustee and its Directors (including a "Directors and Officer liability insurance policy").

Recruitment and appointment of trustee

A number of organisations have the ability to nominate Directors to the Board of Elan Valley Limited. These are Dwr Cymru Welsh Water; Powys County Council; Ceredigion County Council; Natural Resources Wales (two Directors) and Welsh Government / National Assembly for Wales. A vacancy arose during this period and Dwr Cymru Welsh Water have been approached to consider a new appointee in place of their incumbent appointee who retired.

In addition, as a consequence of the appointment of a sole corporate trustee there is provision for an 'open' recruitment process to ensure a wider and appropriate balance of skills is available to the Board. Directors appointed through this process sit for a five-year term in the first instance with provision to extend this for a further five years. Under this provision three directors joined the board and are in their first five-year term.

Induction and training of trustee

Directors bring with them a wealth of professional expertise in matters relating to the operation and function of the charity and receive ongoing training and information provision in matters pertaining to the charity through a system of regular updates from relevant professional organisations, verbal updates and papers for information prepared by staff as well as site visits both on and off the Estate.

Welsh Water Elan Trust Trustee's Report

Relationships with related parties

Dwy Cymru Welsh Water

While the terms of the lease clearly delineate the responsibilities of the charity in terms of management of the leasehold there are inevitably many areas of mutual policy, management and operational interest with DCWW. The charity therefore works closely with DCWW in matters relating to the operation of the Estate. This is facilitated by regular day-to-day contact between staff members of the two organisations and is further strengthened by attendance of a local DCWW representative at Trust Board meetings and the DCWW-appointed trustee Dr. Norman Lowe. The national and European importance of the Estate for nature conservation and a range of ecosystem services means that another key relationship is that with Natural Resources Wales (NRW). Again, this relationship is maintained by regular contact between staff members of the two organisations, by attendance of an NRW officer at Trust Board meetings and by the two Directors appointed by legacy bodies of NRW, Robert Vaughan and Dr. Ieuan Joyce.

The charity as part of a wider network: Elan Links Partnership

Since December 2017, the charity has been Lead Partner in the 5-year Elan Links Landscape Partnership Scheme awarded by the Heritage Lottery Fund and based principally within the Elan Valley Estate boundary. Apart from the Trust, the Elan Links partnership includes DCWW, NRW, Community Arts Rhayader and District (CARAD) and Tir Coed. Stakeholder organisations include Royal Commission for Ancient and Historic Monuments Wales, Arts Council Wales, Elan Valley Tenants Association, Cwmduddwr Commoners Association and a range of recreational user groups.

Major risks and management of those risks

During the 2021-22 period, Directors continued to identify and manage risks using a RAG (Red-Amber-Green) risk register system. Reviewing the risk register is a standing item at Trust Board meetings.

Statement of Trustee's Responsibilities

The trustee are responsible for preparing the trustee' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustee 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.

Welsh Water Elan Trust Trustee's Report

Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustee confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustee of the charity on 30 January 2023 and signed on its behalf by:

Dr I Joyce, Director Elan Valley Limited

Welsh Water Elan Trust

Independent Auditor's Report to the Trustee of Welsh Water Elan Trust

Opinion

We have audited the financial statements of Welsh Water Elan Trust (the 'charity') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other information

The trustee are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Welsh Water Elan Trust

Independent Auditor's Report to the Trustee of Welsh Water Elan Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustee's is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustee

As explained more fully in the Statement of Trustee' Responsibilities (set out on page 8), the trustee are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including relevant legislation such as the Charities Act 2011, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

Welsh Water Elan Trust

Independent Auditor's Report to the Trustee of Welsh Water Elan Trust

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed nominal ledgers and tested journal entries reports to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Morgan Griffiths LLP
Chartered Accountants
Statutory Auditor
Cross Chambers
9 High Street
Newtown
Powys
SY16 2NY

30 January 2023

Welsh Water Elan Trust
Statement of Financial Activities for the Year Ended 31 March 2022

	Note	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Income and Endowments from:					
Donations and legacies		17,500	96,592	114,092	20,000
Charitable activities	3	1,612,794	479,971	2,092,765	1,915,835
Other trading activities	5	5,858	-	5,858	10,971
Investment income	6	3,412	-	3,412	40
Other income	7	130	-	130	125
Total Income		<u>1,639,694</u>	<u>576,563</u>	<u>2,216,257</u>	<u>1,946,971</u>
Expenditure on:					
Charitable activities	8	(1,391,047)	(289,912)	(1,680,959)	(1,496,325)
Total Expenditure		<u>(1,391,047)</u>	<u>(289,912)</u>	<u>(1,680,959)</u>	<u>(1,496,325)</u>
Gains/losses on investment assets		1,048,645	-	1,048,645	1,710,240
Net movement in funds		1,297,292	286,651	1,583,943	2,160,886
Reconciliation of funds					
Total funds brought forward		<u>13,039,732</u>	<u>384,107</u>	<u>13,423,839</u>	<u>11,262,953</u>
Total funds carried forward	21	<u><u>14,337,024</u></u>	<u><u>670,758</u></u>	<u><u>15,007,782</u></u>	<u><u>13,423,839</u></u>

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2021 is shown in note 21.

Welsh Water Elan Trust
(Registration number: 1001347)
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	4,214,186	3,790,384
Investments	15	10,261,444	8,859,392
		<u>14,475,630</u>	<u>12,649,776</u>
Current assets			
Stocks	16	74,340	33,787
Debtors	17	470,454	536,319
Cash at bank and in hand	18	311,916	399,229
		<u>856,710</u>	<u>969,335</u>
Creditors: Amounts falling due within one year	19	<u>(324,558)</u>	<u>(195,272)</u>
Net current assets		<u>532,152</u>	<u>774,063</u>
Net assets		<u>15,007,782</u>	<u>13,423,839</u>
Funds of the charity:			
Restricted		670,759	384,108
Unrestricted income funds			
Unrestricted		14,337,023	13,039,731
Total funds	21	<u>15,007,782</u>	<u>13,423,839</u>

The financial statements on pages 13 to 30 were approved by the trustee, and authorised for issue on 30 January 2023 and signed on their behalf by:

Dr I Joyce, Director Elan Valley Limited

Welsh Water Elan Trust
Cash Flow Statement for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash income		1,583,943	2,160,886
Adjustments to cash flows from non-cash items			
Depreciation		182,519	160,498
Investment income	6	(3,412)	(40)
Revaluation of investments		(991,763)	(1,675,296)
(Profit)/ Loss on disposal of fixed assets held for the charity's own use	10	-	(2,296)
		<u>771,287</u>	<u>643,752</u>
Working capital adjustments			
(Increase)/decrease in stocks	16	(40,553)	5,603
Decrease/(increase) in debtors	17	65,865	(42,236)
Increase/(decrease) in creditors	19	114,121	(9,354)
Increase in deferred income		15,165	4,799
Net cash flows from operating activities		<u>925,885</u>	<u>602,564</u>
Cash flows from investing activities			
Interest receivable and similar income	6	3,412	40
Purchase of tangible fixed assets	14	(606,321)	(262,847)
Sale of tangible fixed assets		-	2,990
Purchase of investments	15	(553,407)	(350,000)
Sale of investments		143,118	165,058
Net cash flows from investing activities		<u>(1,013,198)</u>	<u>(444,759)</u>
Net (decrease)/increase in cash and cash equivalents		(87,313)	157,805
Cash and cash equivalents at 1 April		<u>399,229</u>	<u>241,424</u>
Cash and cash equivalents at 31 March		<u><u>311,916</u></u>	<u><u>399,229</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 16 to 30 form an integral part of these financial statements.

Welsh Water Elan Trust

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Welsh Water Elan Trust meets the definition of a public benefit entity under FRS 102. The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

Going concern

The trustee consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income and endowments

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

Investment income

Investment income is recognised on a receivable basis.

Charitable activities

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support programme activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

Charitable activities

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 necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustee's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £500.00 or more are initially recorded at cost.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Property	3% on cost

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Gains and losses on investments are reflected in the Statement of Financial Activities.

Stock

Sheep in stock which form part of the sheep farming operation are valued at £10 each.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the trust will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the trust does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised at the transaction price.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustee.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 12.

Financial instruments

Recognition and measurement

The Trust 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.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

2 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Government grants	17,500	96,592	114,092	20,000
	<u>17,500</u>	<u>96,592</u>	<u>114,092</u>	<u>20,000</u>

3 Income from charitable activities

	Unrestricted General £	Restricted £	Total 2022 £	Total 2021 £
Tenanted Farm	484,984	-	484,984	483,733
Residential Rent	103,997	-	103,997	95,738
Farming Operations	624,391	8,749	633,140	725,026
Holiday Let	371,607	-	371,607	179,775
Estate Management	27,815	465,489	493,304	320,333
Job Retention Scheme	-	5,733	5,733	111,230
	<u>1,612,794</u>	<u>479,971</u>	<u>2,092,765</u>	<u>1,915,835</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

4 Estate Management - restricted income

	Restricted	Total	Total
		2022	2021
	£	£	£
Heritage Lottery Fund	356,377	356,377	114,210
Arwain	53,627	53,627	-
Natur	43,750	43,750	-
Natural Resources Wales (NRW)	935	935	-
Welsh Government (TAIS)	-	-	18,458
Arts Council of Wales	10,800	10,800	10,800
Dwr Cymru Welsh Water	-	-	-
Brecon Beacons National Park (RTEF)	-	-	5,722
Farmers Cash Match	-	-	460
Claerwen Peat	-	-	170,567
	<u>465,489</u>	<u>465,489</u>	<u>320,217</u>

5 Income from other trading activities

	Unrestricted	Total	Total
	General	2022	2021
	£	£	£
Estate management - fund raising activity	5,858	5,858	10,971
	<u>5,858</u>	<u>5,858</u>	<u>10,971</u>

6 Investment income

	Unrestricted	Total	Total
	General	2022	2021
	£	£	£
Interest on cash deposits	3,412	3,412	40
	<u>3,412</u>	<u>3,412</u>	<u>40</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

7 Other income

	Unrestricted General £	Total 2022 £	Total 2021 £
Fees and supplies	130	130	125

8 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Activity support costs £	Total 2022 £	Total 2021 £
Tenanted farm	81,228	-	57,020	138,248	106,595
Residential rent	98,733	-	40,782	139,515	128,490
Farming operations	273,035	-	77,351	350,386	265,935
Holiday let	456,257	-	32,103	488,360	331,219
Estate management	95,461	2,800	27,542	125,803	115,306
Development projects including Elan Links	375,365	-	9,180	384,545	392,836
Job Retention Scheme	5,733	-	-	5,733	111,230
Governance	27,660	-	20,709	48,369	44,714
	<u>1,413,472</u>	<u>2,800</u>	<u>264,687</u>	<u>1,680,959</u>	<u>1,496,325</u>

£1,391,047 (2021 - £1,085,890) of the above expenditure was attributable to unrestricted funds and £289,912 (2021 - £410,435) to restricted funds.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

9 Analysis of governance and support costs

Support costs allocation

	Staff Costs £	Office costs £	Subscriptions £	Motor Costs £	Total 2022 £	Total 2021 £
Tenanted farm	36,269	18,029	1,327	1,395	57,020	29,537
Residential rent	20,055	18,005	1,327	1,395	40,782	28,852
Farming operations	66,363	9,151	442	1,395	77,351	64,854
Holiday let	21,181	9,085	442	1,395	32,103	27,595
Estate Management	19,345	6,819	332	1,046	27,542	35,389
Development projects	6,448	2,273	110	349	9,180	11,797
Governance	10,028	9,354	1,327	-	20,709	9,821
	<u>179,689</u>	<u>72,716</u>	<u>5,307</u>	<u>6,975</u>	<u>264,687</u>	<u>207,845</u>

Basis of allocation

Reference	Method of allocation	
Staff costs		Time
Office		Cover
Subscriptions		Cover
Secretary		Time
Motor costs		Usage
Other		Cover
Bank charges		Usage

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

Governance costs

	Unrestricted General £	Total 2022 £	Total 2021 £
Audit of the financial statements	4,500	4,500	4,500
Legal and professional fees	5,615	5,615	9,050
Accountancy Fees	10,146	10,146	10,239
Other governance costs	7,492	7,492	11,125
Allocated support costs	20,692	20,692	9,798
	48,445	48,445	44,712

10 Net incoming/outgoing resources

Net incoming resources for the year include:

	2022 £	2021 £
Audit fees	4,500	4,500
(Profit) / Loss on disposal of fixed assets held for the charity's own use	-	(2,297)
Depreciation of fixed assets	182,519	160,591
	187,019	162,794

11 Trustee remuneration and expenses

No trustee, nor any persons connected with them, have received any remuneration from the charity during the year.

During the year 2 (2021 - 2) trustees were reimbursed expenses incurred totalling £4,780 (2021 - £5,575).

No trustees have received any other benefits from the charity during the year.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

12 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£	£
Wages and Salaries	551,891	463,861
Social Security	36,261	28,921
Other Pension Costs	21,994	20,668
	<u>610,146</u>	<u>513,450</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2022	2021
	No	No
Farming	4	4
General maintenance	3	2
Heritage Lottery Fund Project	8	5
Administration	4	2
Management	2	1
Visitor Accommodation	16	18
	<u>37</u>	<u>32</u>

19 (2021 - 25) of the above employees participated in the Defined Contribution Pension Schemes.

No employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £99,823 (2021 - £109,490).

The Land Agent, as the highest paid member of staff, received benefits totalling £51,823 (2021 - £58,881).

13 Taxation

The charity is a registered charity and is therefore exempt from taxation.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

14 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Other tangible fixed asset £	Total £
Cost				
At 1 April 2021	4,965,071	419,546	97,770	5,482,387
Additions	547,571	58,750	-	606,321
At 31 March 2022	<u>5,512,642</u>	<u>478,296</u>	<u>97,770</u>	<u>6,088,708</u>
Depreciation				
At 1 April 2021	1,475,035	216,968	-	1,692,003
Charge for the year	129,886	52,633	-	182,519
At 31 March 2022	<u>1,604,921</u>	<u>269,601</u>	<u>-</u>	<u>1,874,522</u>
Net book value				
At 31 March 2022	<u>3,907,721</u>	<u>208,695</u>	<u>97,770</u>	<u>4,214,186</u>
At 31 March 2021	<u>3,490,036</u>	<u>202,578</u>	<u>97,770</u>	<u>3,790,384</u>

15 Fixed asset investments

	Listed investments £	Total £
Cost or Valuation		
At 1 April 2021	8,859,391	8,859,391
Revaluation	991,764	991,764
Additions	553,407	553,407
Disposals	(143,118)	(143,118)
At 31 March 2022	<u>10,261,444</u>	<u>10,261,444</u>
Net book value		
At 31 March 2022	<u>10,261,444</u>	<u>10,261,444</u>
At 31 March 2021	<u>8,859,391</u>	<u>8,859,391</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

Investment funds are now held in accumulation units, where no dividend or interest is paid, instead any return on the investment is reflected in the value of the units. The increase in the value of the investments are included as a revaluation gain, as shown above.

16 Stock

	2022	2021
	£	£
Stocks	74,340	33,787

17 Debtors

	2022	2021
	£	£
Trade debtors	428,146	508,219
Prepayments	31,386	28,100
VAT recoverable	10,922	-
	<u>470,454</u>	<u>536,319</u>

18 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	311,916	399,229

19 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	238,912	113,725
Other taxation and social security	2,336	8,583
VAT	-	22,662
Pension scheme creditor	26,983	12,372
Accruals	19,023	15,791
Income in advance	37,304	22,139
	<u>324,558</u>	<u>195,272</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

20 Commitments

Capital commitments

Contract for the improvement of residential property and tenanted farms (2021 residential property).

The total amount contracted for but not provided in the financial statements was £104,519 (2021 - £107,946).

21 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
Unrestricted funds					
<i>General</i>					
Unrestricted income fund	13,027,741	1,639,694	(1,388,247)	1,048,645	14,327,833
<i>Designated</i>					
Designated fund	11,990	-	(2,800)	-	9,190
Total unrestricted funds	<u>13,039,731</u>	<u>1,639,694</u>	<u>(1,391,047)</u>	<u>1,048,645</u>	<u>14,337,023</u>
Restricted funds					
Capital grants	121,638	96,592	(11,251)	-	206,979
Nature Fund	28,737	-	(2,386)	-	26,351
CADW	102,784	-	(3,570)	-	99,214
Natural Resources Wales	-	8,749	(8,749)	-	-
Elan Links	130,949	465,488	(258,222)	-	338,215
Job Retention Scheme	-	5,733	(5,733)	-	-
Total restricted funds	<u>384,108</u>	<u>576,562</u>	<u>(289,911)</u>	<u>-</u>	<u>670,759</u>
Total funds	<u><u>13,423,839</u></u>	<u><u>2,216,256</u></u>	<u><u>(1,680,958)</u></u>	<u><u>1,048,645</u></u>	<u><u>15,007,782</u></u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Unrestricted funds						
<i>General</i>						
Unrestricted income fund	10,869,852	1,510,202	(1,083,240)	20,687	1,710,240	13,027,741
<i>Designated</i>						
Designated fund	9,318	5,322	(2,650)	-	-	11,990
Total unrestricted funds	<u>10,879,170</u>	<u>1,515,524</u>	<u>(1,085,890)</u>	<u>20,687</u>	<u>1,710,240</u>	<u>13,039,731</u>
Restricted						
Capital grants	132,582	-	(10,944)	-	-	121,638
Nature Fund	31,638	-	(2,901)	-	-	28,737
CADW	106,354	-	(3,570)	-	-	102,784
Elan Links	113,209	320,217	(281,790)	(20,687)	-	130,949
Job Retention Scheme	-	111,230	(111,230)	-	-	-
Total restricted funds	<u>383,783</u>	<u>431,447</u>	<u>(410,435)</u>	<u>(20,687)</u>	<u>-</u>	<u>384,108</u>
Total funds	<u><u>11,262,953</u></u>	<u><u>1,946,971</u></u>	<u><u>(1,496,325)</u></u>	<u><u>-</u></u>	<u><u>1,710,240</u></u>	<u><u>13,423,839</u></u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds

Comprise those funds that the trustees are free to use in accordance with the charitable objects.

Designated Funds

The trustees have allocated the income received from the Ministry of Defence for the use of the estate to a fund controlled by a joint committee of Trustees and tenants. This fund is used in the support of local charities having appropriate charitable or relevant public purposes.

Restricted funds

Capital Grants represent funds received in respect of the restoration of properties.

Nature Fund represents funds received from the Welsh Assembly Government in respect of this project.

CADW Grant represents funds received in respect of the work being carried out at Cwm Elan Mines.

Natural Resources Wales represents funds received in respect of fencing work carried out.

Elan Links is a partnership project which brings together a range of local and strategic partners to secure the heritage of the Elan Valley and create future opportunities under four key themes:

- Celebrating heritage; restoration and archiving
- Enjoying Elan; increasing access and recreational opportunities
- Experience and education; providing educational course and volunteering opportunities
- Enhancing nature and wildlife; restoration and enhancement of natural environments

The managing partners are Elan Valley Trust (Lead)

Dwr Cymru Welsh Water

CARAD – Rhayader Museum & Gallery

Tir Coed

Natural Resources Wales

Rhayader & District Community Support

Powys County Council

Job Retention Scheme represents funds received from the UK Government to support jobs during the Covid pandemic.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2022

22 Analysis of net assets between funds

	Unrestricted		Restricted £	Total funds £
	General £	Designated £		
Tangible fixed assets	3,594,149	-	620,037	4,214,186
Fixed asset investments	10,261,444	-	-	10,261,444
Current assets	796,799	9,190	50,721	856,710
Current liabilities	(324,558)	-	-	(324,558)
Total net assets	14,327,834	9,190	670,758	15,007,782

	Unrestricted funds		Restricted funds £	Total funds at 31 March 2021 £
	General £	Designated £		
Tangible fixed assets	3,420,583	-	369,801	3,790,384
Fixed asset investments	8,859,392	-	-	8,859,392
Current assets	943,039	11,990	14,306	969,335
Current liabilities	(195,272)	-	-	(195,272)
Total net assets	13,027,742	11,990	384,107	13,423,839

23 Analysis of net funds

	At 1 April 2021 £	Financing cash flows £	At 31 March 2022 £
Cash at bank and in hand	399,229	(87,313)	311,916
Net debt	399,229	(87,313)	311,916
	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash at bank and in hand	241,424	157,805	399,229
Net debt	241,424	157,805	399,229

THE WELSH WATER ELAN TRUST

England & Wales - Charity number 1001347

Accounts

Charity registration number: 1001347

Welsh Water Elan Trust

Annual Report and Financial Statements

for the Year Ended 31 March 2021

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**Welsh Water Elan Trust
Reference and Administrative Details**

Trustees	Elan Valley Limited
Land Agent	C P M Harley
Principal Office	Elan Estate office Elan Village Rhayader Powys LD6 5HP
Charity Registration Number	1001347
Auditor	Morgan Griffiths LLP Chartered Accountants and Statutory Auditor Cross Chambers 9 High Street Newtown Powys SY16 2NY
Bankers	HSBC Bank PLC Middleton Street Llandrindod Wells Powys LD1 5EU Unity Trust Bank PO Box 793 Planetary Road Willenhall WV1 9DG

Welsh Water Elan Trust Trustees' Report

The Directors of Elan Valley Limited - the sole corporate trustee of Welsh Water Elan Trust (colloquially known as the Elan Valley Trust) - presents the annual report together with the financial statements and auditors' report of the charity for the year ended 31 March 2021.

Objectives and activities

Objects and aims

The Objects of the Trust as written into the Trust Deed are:

1. The preservation maintenance and enhancement for the benefit of the public of the area of great natural beauty comprising of the Elan Valley and its natural aspect and features (and its animal and plant life);
2. The facilitation and encouragement of access to and the study of the Elan Valley (and its animal and plant life) by the general public;
3. The provision at the Elan Valley or such part of it as should be appropriate in the interests of social welfare and for the purpose of improving the conditions of life for the persons for whom the same are intended of facilities for physical recreation which shall be available to members of the public at large;
4. The facilitation and encouragement of the use of the whole or part of the Elan Valley for charitable purposes.

Aims of the Trust:

The aim of the Trust is to achieve the ambition of Directors that the Elan Valley Estate be internationally recognised for the sustainable benefits it provides to the public as set out in our Strategic Plan 2019-30, through:

1. being an exemplar of sustainable natural resource management for an upland water catchment;
2. the values and benefits that result from its heritage, the richness of its nature, and its thriving community life; and,
3. managing a place where people's health, wellbeing and understanding are improved by experiencing the Estate.

COVID-19

Like many other organisations the Trust has been impacted by the COVID-19 pandemic during 2020-21. Our response was a balanced one, ensuring that we met our obligations to protect our employees, contractors and members of the public, while maintaining essential operations and seeking to support the strategies of the authorities in relation to access to the valley.

In response to the pandemic and the subsequent national lockdowns the Trust quickly implemented systems whereby some staff were able to work from home, others were furloughed, and we implemented a range of measures to protect those staff who were essential workers and needed to continue to work throughout the year.

Some of the key activities planned for the year have been severely impacted; notably all of our hospitality function had to close for large parts of the year (or operate under restrictions), construction projects were delayed and much of the Elan Links programme of work was delayed.

Welsh Water Elan Trust Trustees' Report

The Trust benefitted from being able to access support from the Job Retention Scheme and some small grants, we are also in negotiations with our funders to allow us to extend our grant period to enable works to be completed in future.

Some restrictions remain as we move into 2021-22 but we are hopeful of returning to a greater level of activity over the course of the year – restrictions have been significantly relaxed during Summer 2021 so activity is returning to something approaching normal for most of the organisation.

Objectives, strategies and activities

The Elan Valley Trust's 2019 to 2030 strategic plan can be found at <https://www.elanvalley.org.uk/sites/default/files/assets/EVT%20Strategic%20Plan%20Feb%2019%20English.pdf>

Strategies and activities to manage for nature conservation and landscape:

For centuries the uplands of the Cambrian Mountains including the Elan Valley Estate lands have been open, unenclosed and grazed by hefted flocks of sheep and cattle. Maintaining this system of traditional high nature value farming is therefore a key part of Directors' strategy for managing for nature conservation and landscape. At the same time, Directors are aware of the need to take and promote more targeted actions where there is an identified need for nature conservation and landscape purposes. Since large areas of the Estate are designated under European and national nature conservation legislation and the landscape is of considerable significance the support and advice of NRW is highly valued in this regard.

As part of this strategy, the Trust manage around 2800 hectares of land in-hand including some of the key sites such as the National Nature Reserve at Claerwen. In so doing the Trust is not only able to ensure appropriate management but can also ensure it has a full understanding of the opportunities and problems associated with managing land on the Estate. All of this land is managed under a Glastir Advanced agri-environment agreement.

The rest of the land is let out to some 28 agricultural tenants. Through the terms of the tenancy agreements and through entry into Glastir tenants are encouraged to use traditional high nature value farming systems. During the 2020-21 year, we understand that all of the Elan Valley Estate tenanted holdings and Cwmduddwr Common are subject to Glastir agreements.

1. developed with the support of RSPB and NRW an outcomes-based approach to upland bird conservation with 15ha in agreement for curlew actions, 20ha in agreement for golden plover actions and 21 ha in agreement for ring ouzel and merlin;
2. worked with farmers to ensure cattle grazing for conservation benefit with agreements in place for 25 new cattle and 35 existing cattle for four years;
3. undertaken peat restoration works;
4. developed management plans and actions for key areas of dry heath and ffridd on the Estate;

In recent years, the Elan Links Heritage Lottery Fund programme, with the Elan Valley Trust as lead partner, has been used as an important vehicle for undertaking targeted action for nature conservation in partnership with farming tenants as well as on in-hand land. Since its inception the Elan Links programme has:

Welsh Water Elan Trust Trustees' Report

5. commissioned a woodland management plan for Elan's woodlands and undertaken a range of management activities to improve the nature conservation status of our important ancient woodlands;
6. worked to secure a number of traditional farming practices on the Estate that benefit nature, eg production of rhos hay on the open hill; application of appropriate levels of lime and farmyard manure to hay meadows to secure their botanical interest; as well as the native breeding of the Elan Valley Type Welsh Mountain sheep breed.
7. undertaken monitoring work for a range of different species of conservation interest so that we can better understand their needs and the impact of our actions.

Strategies and activities to promote the use of the Estate for access, recreation, education and other charitable purposes:

The Elan Valley Estate is highly valued for recreational, educational and other uses. It is the aim of the Trust to provide benefits and facilities for local people and also to increase the use of the Estate by visitors from further afield including those who benefit from provision of water from the catchment across parts of Wales and the West Midlands. This 'audience' has an intimate link with the Estate already and there is a real opportunity to use this link to develop educational, recreation, wellbeing and health provision / benefits.

The Elan Links programme takes account of these aims. To date, Elan Links has:

1. opened up public access to five previously under visited sites at the Elan Valley: Dol y Mynach Dam, Nant y Gro, World War Two Pillboxes and Cwm Elan Mines. Work has included new paths, way-marking and interpretation where appropriate;
2. developed three family-friendly hubs, each with four way-marked walks of varying lengths and level of challenge;
3. construction of a woodland mountain bike trail, 3km in length, with two descents, a blue 1000m descent and a red, 500m descent;
4. installed 25 interpretative panels around the Estate and new directional brown signage for the Elan Valley;
5. produced six public exhibitions about various strands of the Elan Valley's Heritage, as well as 42 different events to engage people with the different strands of heritage and an interactive stream of social media content and web presence;
6. hosted six 1 month long artist residencies, including one from the Netherlands as well as continuing with the prestigious Arts Council Wales Fellowship awarded to artist Meltem Arıkan;

Welsh Water Elan Trust Trustees' Report

7. developed an archiving strategy for critical components of Elan's heritage and begun the process of archiving materials and loading them onto the new online MODES system;
8. recorded 65 oral histories from people in the area / or and with connections to the Elan Valley;
9. developed several volunteer groups to engage people in the cultural heritage of the Elan Valley and surrounding area: including a local history group, a YFC year on the farm group, and a town trail group;
10. undertaken five 12-week courses - generating volunteer 5282 hours largely in nature conservation activities; four 5-day courses - generating 824 volunteer hours; forty one bespoke activity days generating 3084 hours of activities for people who might otherwise struggle to access the Elan Valley; and nineteen weekend retreats - principally for people from along the aqueduct and Birmingham - with 303 participants and 3244 hours of activities.

A key strategy of the Trust to promote access to the Estate is to develop affordable accommodation facilities suited to a range of different users. To this end, the Trust maintains three cottages on a 'self-catering accommodation' basis and two mountain bothies. The mountain bothies are freely available to users. For people who work and / or wish to live locally the Trust maintains residential properties on longer term lets on the Estate.

Following a significant upgrade the tearoom and bed and breakfast facilities at Penbont House were reopened Easter 2019 and are now managed in-hand by the Elan Valley Trust.

Work to develop Cwm Clyd farmstead as a suite of buildings able to accommodate small groups (up to 16 people) of educational and other users started on site during 2020-21 and is now scheduled for completion in 2021-22.

To promote access and recreation more generally the Trust maintains Estate infrastructure such as bridges, roads and paths in good repair for users and provides in association with DCWW and with the help of a range of volunteers an annual programme of events and walks.

Other Initiatives for 2020/21:

Dark Skies. The Elan Valley Estate has for a number of years held the status of International Dark Sky Park. During 2020-21 the Tynllidiart Stargazing Shelter, funded by TAIS2 (Tourism Amenity Investment Fund), was completed and is ready for use, this will enable the public to access this facility for events or via a permit scheme which we hope to implement in 2021-22.

Claerwen hydroelectric power (HEP) scheme. A long-held ambition of the Trust has been to develop a HEP scheme on the River Claerwen. Development work continued during 2020-21, however it has been concluded that the scheme is unlikely to progress. Alternative options for moving away from diesel-based electricity generation for outlying properties will now be explored.

As part of the Trusts obligation to maintain its properties in good repair and fit-for-purpose, works were completed at two properties, a major scheme of renovation is in development for two further properties and a range of more minor renovations and upgrades have been made elsewhere.

Welsh Water Elan Trust Trustees' Report

Public benefit

The Trust benefits the public by implementing the objects of the Trust Deed: promoting nature and landscape conservation on the Elan Valley Estate; while encouraging public access and recreation and use of the Estate for educational and charitable purposes.

During the 2020-2021 period the Trust managed and encouraged management that benefited nature on the Estate; undertook works to secure the historic landscape; maintained paths and other infrastructure to enable enjoyment of the Estate by the public; promoted the use of the Estate by the public through a variety of means including an events programme and provision of accommodation; and supported the use of the Estate for educational and charitable purposes.

The long-term provision of public benefit from the Estate has been further secured during 2020-2021 by the allocation of additional funds to reserves, while investment in the Elan Links partnership programme amongst other activities will result in significant public benefit over the coming period.

The trustees confirm that they have complied with the requirements of Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Financial review

The total incoming resources from charitable activities in 2020-21 was in the order of £1.9M. Of this income, some £1,496k was spent on charitable activities, the remaining allocated to reserves. Investment into the NLHF scheme was in the order of £64k during 2020-21.

The Trust has a very long-term responsibility (now some 969 years) and considerable future liabilities in terms of maintaining the Estate and associated infrastructure over this period. At the same time, Directors are acutely aware that the majority of incoming resources to the Trust are dependent upon the twin vagaries of upland farming and Welsh agricultural and environmental policy that is currently evolving from the European Union Common Agricultural Policy post-Brexit.

In light of the issues noted above, and with an eye to ensuring that the Trust is able to invest with confidence in its charitable objectives over the medium-term Directors continue to believe that in line with its Reserves Policy the strategy of maintaining significant reserves is essential to secure the functions of the charity during its period of responsibility. At the same time, Directors welcome the expansion in the activity of the charity which has occurred in recent years and believe that this is affordable and appropriate in the current context.

At year-end 2020-21 the Trust had unrestricted funds in the order of £13m. Approximately 28% of these reserves are held as tangible assets (principally in residential properties held locally), while the majority of the remainder is held in a diversified portfolio of pooled charitable funds through COIF. A small portion of funds is held in a current account to meet short term needs.

Directors regularly review the investment strategy and portfolio.

Welsh Water Elan Trust Trustees' Report

Plans for future periods

During 2020-21 charitable delivery by the Trust was significantly impacted by the COVID-19 pandemic, this is certain to continue into 2021-22 and at the time of writing (August 2021) restrictions have continued to impact the hospitality part of the Trust during the first quarter of the year, although restrictions have now eased significantly.

Initiatives for 2021-22 and beyond will include:

1. continuing to act as Lead Partner for Elan Links and implementing a range of Elan Links projects;
2. implementation of the Elan Links Access and Recreation Plan and Interpretation Plan;
3. pursuing the conservation of flora and fauna through the Natural Heritage projects in Elan Links and other opportunities such as peatland restoration funded through NRW / WG;
4. completion of the conversion of Cwmclyd Farmstead into a facility for group accommodation;
5. fostering and encouraging appropriate access, recreational, educational and scientific use of the Estate;
6. pursuing opportunities to carry out appropriate works of restoration in respect of the built and natural environment in line with the Elan Links Heritage-at-Risk survey;
7. promoting and developing the Elan Valley Dark Sky Park;
8. Implementing a new management structure

The Elan Links programme will continue to have a significant role to play over the course of the next few years and it is likely that monies saved during 2020-21 as a result of furlough and budgetary restraint will enable the programme to continue beyond the original timeframe. The emphasis within the programme of ensuring a legacy for the future will mean the impact is felt well beyond the delivery period.

Structure, governance and management

Nature of governing document and organisational structure

Welsh Water Elan Trust was established by a Trust Deed dated 13th October 1989 as part of the water privatisation process. The deed stipulated that Dwr Cymru Welsh Water (DCWW) intended to establish 'a Foundation to preserve for public benefit land in the Elan Valley and has for that purpose vested in the Trustees a leasehold interest in the property for a term of 999 years.' The deed goes on to describe the charitable objects, role of Trustees and various powers of the Trustees to further the objects. The accompanying lease included all the agricultural land and buildings on the Estate. Excluded from the lease were the dams, the surfaces of the reservoirs, their operating paraphernalia, most of the forestry, the Visitor Centre, houses and land in Elan Village, and certain houses on the Elan Estate. The Trust is thus responsible for some 43,000 acres out of a total of 45,000 in accordance with the terms of the lease. Since 1989, a number of properties on the Estate and in Elan Village have been added to the lease or acquired as has the freehold of neighbouring Cwmduddwr Common.

Welsh Water Elan Trust Trustees' Report

More recently, to resolve complexities around the recruitment of new Trustees in the face of liability issues with the original arrangement, the company Elan Valley Limited was established and registered with Companies House (No. 09001046) and on 2nd November 2018 the transfer to Elan Valley Limited as the sole corporate trustee took effect, at which point the six trustees of the legacy body retired and were appointed as Directors of Elan Valley Limited. As sole corporate trustee, Elan Valley Limited now has responsibility for fulfilling the charitable objectives of the Trust in accordance with the Trust Deed.

Directors of Elan Valley Limited are (in accordance with the objects and powers of the charity) responsible for setting the strategic direction and policies of Elan Valley Trust and for major operational and investment decisions. Using a system of delegations to staff that are formalised in respect of financial accountability and general governance, these and routine operational matters are then implemented by the senior staff.

Decisions in fulfilment of their role are principally taken by Directors at Elan Valley Limited board meetings held at least five times a year.

Executive / management functions of the charity are the responsibility of the Land Agent. They are supported in this role by the Deputy Land Agent.

Elan Valley Limited does not in itself hold any assets or trade. The Charity Commission has therefore authorised that the charity's funds may be used to purchase insurance for the trustee and its Directors (including a "Directors and Officer liability insurance policy").

Recruitment and appointment of trustees

A number of organisations have the ability to nominate Directors to the Board of Elan Valley Limited. These are Dwr Cymru Welsh Water; Powys County Council; Ceredigion County Council; Natural Resources Wales (two Directors) and Welsh Government / National Assembly for Wales.

In addition, as a consequence of the appointment of a sole corporate trustee there is provision for an 'open' recruitment process to ensure a wider and appropriate balance of skills is available to the Board. Directors appointed through this process sit for a five-year term in the first instance with provision to extend this for a further five years. A recruitment process was followed during 2019-20 to seek to supplement and strengthen the Board with the final stages interrupted by the Covid lockdown late in the period. The process was completed late Summer 2020 with three new Directors joining the Board.

Induction and training of trustees

Directors bring with them a wealth of professional expertise in matters relating to the operation and function of the charity and receive ongoing training and information provision in matters pertaining to the charity through a system of regular updates from relevant professional organisations, verbal updates and papers for information prepared by staff as well as site visits both on and off the Estate.

Welsh Water Elan Trust Trustees' Report

Relationships with related parties

Dwy Cymru Welsh Water

While the terms of the lease clearly delineate the responsibilities of the charity in terms of management of the leasehold there are inevitably many areas of mutual policy, management and operational interest with DCWW. The charity therefore works closely with DCWW in matters relating to the operation of the Estate. This is facilitated by regular day-to-day contact between staff members of the two organisations and is further strengthened by attendance of a local DCWW representative at Trust Board meetings and the DCWW-appointed trustee Dr. Norman Lowe. The national and European importance of the Estate for nature conservation and a range of ecosystem services means that another key relationship is that with Natural Resources Wales (NRW). Again, this relationship is maintained by regular contact between staff members of the two organisations, by attendance of an NRW officer at Trust Board meetings and by the two Directors appointed by legacy bodies of NRW, Robert Vaughan and Dr. Ieuan Joyce.

The charity as part of a wider network: Elan Links Partnership

Since December 2017, the charity has been Lead Partner in the 5-year Elan Links Landscape Partnership Scheme awarded by the Heritage Lottery Fund and based principally within the Elan Valley Estate boundary. Apart from the Trust, the Elan Links partnership includes DCWW, NRW, Community Arts Rhayader and District (CARAD) and Tir Coed. Stakeholder organisations include Royal Commission for Ancient and Historic Monuments Wales, Arts Council Wales, Elan Valley Tenants Association, Cwmduddwr Commoners Association and a range of recreational user groups.

Major risks and management of those risks

During the 2020-21 period, Directors continued to identify and manage risks using a RAG (Red-Amber-Green) risk register system. Reviewing the risk register is a standing item at Trust Board meetings.

Statement of Trustees' Responsibilities

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

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees 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.

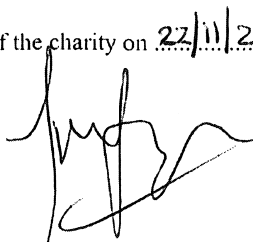
Welsh Water Elan Trust Trustees' Report

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 22/11/21 and signed on its behalf by:

Dr I Joycc, Director Elan Valley Limited



Welsh Water Elan Trust

Independent Auditor's Report to the Trustees of Welsh Water Elan Trust

Opinion

We have audited the financial statements of Welsh Water Elan Trust (the 'charity') for the year ended 31 March 2021, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Welsh Water Elan Trust

Independent Auditor's Report to the Trustees of Welsh Water Elan Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 9), the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including relevant legislation such as the Charities Act 2011, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

Welsh Water Elan Trust
Independent Auditor's Report to the Trustees of Welsh Water Elan Trust

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed nominal ledgers and tested journal entries reports to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Morgan Griffiths LLP
Chartered Accountants
Statutory Auditor
Cross Chambers
9 High Street
Newtown
Powys
SY16 2NY

Date: 22/11/21

Welsh Water Elan Trust
Statement of Financial Activities for the Year Ended 31 March 2021

	Note	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Income and Endowments from:					
Donations and legacies		20,000	-	20,000	3
Charitable activities	3	1,484,388	431,447	1,915,835	1,826,167
Other trading activities	5	10,971	-	10,971	15,836
Investment income	6	40	-	40	1,579
Other income	7	125	-	125	1,558
Total Income		<u>1,515,524</u>	<u>431,447</u>	<u>1,946,971</u>	<u>1,845,143</u>
Expenditure on:					
Charitable activities	8	(1,085,890)	(410,435)	(1,496,325)	(1,345,265)
Total Expenditure		<u>(1,085,890)</u>	<u>(410,435)</u>	<u>(1,496,325)</u>	<u>(1,345,265)</u>
Gains/losses on investment assets		1,710,240	-	1,710,240	(26,677)
Net income		2,139,874	21,012	2,160,886	473,201
Gross transfers between funds		20,687	(20,687)	-	-
Net movement in funds		2,160,561	325	2,160,886	473,201
Reconciliation of funds					
Total funds brought forward		<u>10,879,170</u>	<u>383,783</u>	<u>11,262,953</u>	<u>10,789,751</u>
Total funds carried forward	21	<u><u>13,039,731</u></u>	<u><u>384,108</u></u>	<u><u>13,423,839</u></u>	<u><u>11,262,952</u></u>

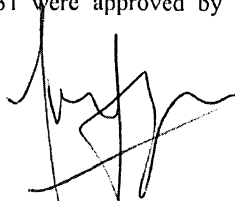
All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2020 is shown in note 21.

Welsh Water Elan Trust
(Registration number: 1001347)
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	3,790,384	3,688,730
Investments	15	8,859,392	6,999,152
		<u>12,649,776</u>	<u>10,687,882</u>
Current assets			
Stocks	16	33,787	39,390
Debtors	17	536,319	494,083
Cash at bank and in hand	18	399,229	241,424
		<u>969,335</u>	<u>774,897</u>
Creditors: Amounts falling due within one year	19	<u>(195,272)</u>	<u>(199,827)</u>
Net current assets		<u>774,063</u>	<u>575,070</u>
Net assets		<u>13,423,839</u>	<u>11,262,952</u>
Funds of the charity:			
Restricted		384,108	383,782
Unrestricted income funds			
Unrestricted		<u>13,039,731</u>	<u>10,879,170</u>
Total funds	21	<u>13,423,839</u>	<u>11,262,952</u>

The financial statements on pages 14 to 31 were approved by the trustees, and authorised for issue on ~~22/11/21~~ and signed on their behalf by:

Dr I Joyce, Director Elan Valley Limited



Welsh Water Elan Trust
Cash Flow Statement for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash income		2,160,886	473,201
Adjustments to cash flows from non-cash items			
Depreciation		160,498	156,935
Investment income	6	(40)	(1,579)
Revaluation of investments		(1,675,296)	52,535
(Profit)/ Loss on disposal of fixed assets held for the charity's own use	10	(2,296)	1,730
		<u>643,752</u>	<u>682,822</u>
Working capital adjustments			
Decrease/(increase) in stocks	16	5,603	(4,600)
(Increase)/decrease in debtors	17	(42,236)	272,059
(Decrease)/increase in creditors	19	(9,354)	62,132
Increase/(decrease) in deferred income		4,799	(5,350)
Net cash flows from operating activities		<u>602,564</u>	<u>1,007,063</u>
Cash flows from investing activities			
Interest receivable and similar income	6	40	1,579
Purchase of tangible fixed assets	14	(262,847)	(677,675)
Sale of tangible fixed assets		2,990	1,250
Purchase of investments	15	(350,000)	(650,000)
Sale of investments		165,058	274,142
Net cash flows from investing activities		<u>(444,759)</u>	<u>(1,050,704)</u>
Net increase/(decrease) in cash and cash equivalents		157,805	(43,641)
Cash and cash equivalents at 1 April		<u>241,424</u>	<u>285,065</u>
Cash and cash equivalents at 31 March		<u>399,229</u>	<u>241,424</u>

All of the cash flows are derived from continuing operations during the above two periods.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Welsh Water Elan Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income and endowments

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received.

Investment income

Investment income is recognised on a receivable basis.

Charitable activities

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support programme activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

Charitable activities

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 necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £500.00 or more are initially recorded at cost.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Property	3% on cost

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Gains and losses on investments are reflected in the Statement of Financial Activities.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

Stock

Sheep in stock which form part of the sheep farming operation are valued at £10 each.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the trust will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the trust does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised at the transaction price.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 12.

Financial instruments

Recognition and measurement

The Trust 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.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

2 Income from donations and legacies

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Donations	-	-	3
Government grants	20,000	20,000	-
	<u>20,000</u>	<u>20,000</u>	<u>3</u>

3 Income from charitable activities

	Unrestricted General £	Restricted £	Total 2021 £	Total 2020 £
Tenanted Farm	483,733	-	483,733	486,644
Residential Rent	95,738	-	95,738	102,856
Farming Operations	725,026	-	725,026	671,552
Holiday Let	179,775	-	179,775	149,725
Estate Management	116	320,217	320,333	415,390
Job Retention Scheme	-	111,230	111,230	-
	<u>1,484,388</u>	<u>431,447</u>	<u>1,915,835</u>	<u>1,826,167</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

4 Estate Management - restricted income

	Restricted	Total	Total
		2021	2020
	£	£	£
Heritage Lottery Fund	114,210	114,210	241,683
Welsh Government (TAIS)	18,458	18,458	128,991
Arts Council of Wales	10,800	10,800	10,000
Dwr Cymru Welsh Water	-	-	11,229
Brecon Beacons National Park (RTEF)	5,722	5,722	22,602
Farmers Cash Match	460	460	885
Clawren Peat	170,567	170,567	-
	<u>320,217</u>	<u>320,217</u>	<u>415,390</u>

5 Income from other trading activities

	Unrestricted		Total	Total
	Designated	General	2021	2020
	£	£	£	£
Estate management - fund raising activity	5,322	5,649	10,971	15,836
	<u>5,322</u>	<u>5,649</u>	<u>10,971</u>	<u>15,836</u>

6 Investment income

	Unrestricted	Total	Total
	General	2021	2020
	£	£	£
Interest on cash deposits	40	40	1,579
	<u>40</u>	<u>40</u>	<u>1,579</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

7 Other income

	Unrestricted General £	Total 2021 £	Total 2020 £
Fees and supplies	125	125	1,558

8 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Activity support costs £	Total 2021 £	Total 2020 £
Tenanted farm	77,058	-	29,537	106,595	119,746
Residential rent	99,638	-	28,852	128,490	148,422
Farming operations	201,081	-	64,854	265,935	259,959
Holiday let	303,624	-	27,595	331,219	288,731
Estate management	77,267	2,650	35,389	115,306	81,732
Development projects including Elan Links	381,039	-	11,797	392,836	408,171
Job Retention Scheme	111,230	-	-	111,230	-
Governance	34,893	-	9,821	44,714	38,504
	<u>1,285,830</u>	<u>2,650</u>	<u>207,845</u>	<u>1,496,325</u>	<u>1,345,265</u>

£1,085,890 (2020 - £949,295) of the above expenditure was attributable to unrestricted funds and £410,435 (2020 - £395,970) to restricted funds.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

9 Analysis of governance and support costs

Support costs allocation

	Staff Costs £	Office costs £	Subscriptions £	Motor Costs £	Total 2021 £	Total 2020 £
Tenanted farm	14,267	13,070	1,292	908	29,537	61,951
Residential rent	13,587	13,065	1,292	908	28,852	38,117
Farming operations	57,197	6,318	431	908	64,854	77,069
Holiday let	20,219	6,037	431	908	27,595	23,177
Estate Management	29,747	4,639	322	681	35,389	18,556
Development projects	9,916	1,546	108	227	11,797	6,186
Governance	2,958	5,571	1,292	-	9,821	10,203
	<u>147,891</u>	<u>50,246</u>	<u>5,168</u>	<u>4,540</u>	<u>207,845</u>	<u>235,259</u>

Basis of allocation

Reference	Method of allocation	
Staff costs		Time
Office		Cover
Subscriptions		Cover
Secretary		Time
Motor costs		Usage
Other		Cover
Bank charges		Usage

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

Governance costs

	Unrestricted General £	Total 2021 £	Total 2020 £
Audit fees			
Audit of the financial statements	4,500	4,500	5,500
Other fees paid to auditors	-	-	4,325
Legal and professional fees	9,050	9,050	3,343
Accountancy Fees	10,239	10,239	-
Other governance costs	11,125	11,125	15,133
Allocated support costs	9,798	9,798	10,203
	<u>44,712</u>	<u>44,712</u>	<u>38,504</u>

10 Net incoming/outgoing resources

Net incoming resources for the year include:

	2021 £	2020 £
Audit fees	4,500	5,500
Other non-audit services	-	4,325
(Profit) / Loss on disposal of fixed assets held for the charity's own use	(2,297)	1,730
Depreciation of fixed assets	<u>160,591</u>	<u>157,508</u>

11 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

During the year 2 (2020 - 4) trustees were reimbursed expenses incurred totalling £5,575 (2020 - £7,578)

No trustees have received any other benefits from the charity during the year.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

12 Staff costs

The aggregate payroll costs were as follows:

	2021	2020
	£	£
Wages and Salaries	463,861	395,886
Social Security	28,921	27,637
Other Pension Costs	20,668	18,979
	<u>513,450</u>	<u>343,930</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2021	2020
	No	No
Farming	4	4
General maintenance	2	2
Heritage Lottery Fund Project	5	8
Administration	2	2
Management	1	1
Visitor Accommodation	18	8
	<u>32</u>	<u>25</u>

25 (2020 - 19) of the above employees participated in the Defined Contribution Pension Schemes.

No employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £109,490 (2020 - £97,349).

The Land Agent, as the highest paid member of staff, received benefits totalling £58,881 (2020 - £56,522).

13 Taxation

The charity is a registered charity and is therefore exempt from taxation.

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

14 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Other tangible fixed asset £	Total £
Cost				
At 1 April 2020	4,758,060	372,925	97,770	5,228,755
Additions	207,011	55,836	-	262,847
Disposals	-	(9,215)	-	(9,215)
At 31 March 2021	<u>4,965,071</u>	<u>419,546</u>	<u>97,770</u>	<u>5,482,387</u>
Depreciation				
At 1 April 2020	1,349,379	190,647	-	1,540,026
Charge for the year	125,656	34,842	-	160,498
Eliminated on disposals	-	(8,521)	-	(8,521)
At 31 March 2021	<u>1,475,035</u>	<u>216,968</u>	<u>-</u>	<u>1,692,003</u>
Net book value				
At 31 March 2021	<u>3,490,036</u>	<u>202,578</u>	<u>97,770</u>	<u>3,790,384</u>
At 31 March 2020	<u>3,408,681</u>	<u>182,278</u>	<u>97,770</u>	<u>3,688,729</u>

15 Fixed asset investments

	Listed investments £	Total £
Cost or Valuation		
At 1 April 2020	6,999,152	6,999,152
Revaluation	1,675,298	1,675,298
Additions	350,000	350,000
Disposals	(165,058)	(165,058)
At 31 March 2021	<u>8,859,392</u>	<u>8,859,392</u>
Net book value		
At 31 March 2021	<u>8,859,392</u>	<u>8,859,392</u>
At 31 March 2020	<u>6,999,152</u>	<u>6,999,152</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

Investment funds are now held in accumulation units, where no dividend or interest is paid, instead any return on the investment is reflected in the value of the units. The increase in the value of the investments are included as a revaluation gain, as shown above.

16 Stock

	2021	2020
	£	£
Stocks	33,787	39,390
	<u>33,787</u>	<u>39,390</u>

17 Debtors

	2021	2020
	£	£
Trade debtors	508,219	467,409
Prepayments	28,100	26,674
	<u>536,319</u>	<u>494,083</u>

18 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	399,229	241,424
	<u>399,229</u>	<u>241,424</u>

19 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	113,725	93,414
Other taxation and social security	8,583	1,962
VAT	22,662	33,556
Pension scheme creditor	12,372	12,450
Accruals	15,791	41,105
Income in advance	22,139	17,340
	<u>195,272</u>	<u>199,827</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

20 Commitments

Capital commitments

Contract for the improvement of a residential property (2020 tenanted farm)

The total amount contracted for but not provided in the financial statements was £107,946 (2020 - £145,909).

21 Funds

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Unrestricted						
<i>General</i>						
Unrestricted income fund	10,869,852	1,510,202	(1,083,240)	20,687	1,710,240	13,027,741
<i>Designated</i>						
Designated fund	9,318	5,322	(2,650)	-	-	11,990
Total unrestricted	<u>10,879,170</u>	<u>1,515,524</u>	<u>(1,085,890)</u>	<u>20,687</u>	<u>1,710,240</u>	<u>13,039,731</u>
Restricted						
Capital grants	132,582	-	(10,944)	-	-	121,638
Nature Fund	31,638	-	(2,901)	-	-	28,737
CADW	106,354	-	(3,570)	-	-	102,784
Elan Links	113,209	320,217	(281,790)	(20,687)	-	130,949
Job Retention Scheme	-	111,230	(111,230)	-	-	-
Total restricted	<u>383,783</u>	<u>431,447</u>	<u>(410,435)</u>	<u>(20,687)</u>	<u>-</u>	<u>384,108</u>
Total funds	<u>11,262,953</u>	<u>1,946,971</u>	<u>(1,496,325)</u>	<u>-</u>	<u>1,710,240</u>	<u>13,423,839</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2020 £
Unrestricted						
<i>General</i>						
Unrestricted income fund	10,491,046	1,424,515	(943,345)	(75,687)	(26,677)	10,869,852
<i>Designated</i>						
Designated fund	10,030	5,238	(5,950)	-	-	9,318
Total unrestricted	<u>10,501,076</u>	<u>1,429,753</u>	<u>(949,295)</u>	<u>(75,687)</u>	<u>(26,677)</u>	<u>10,879,170</u>
Restricted						
Capital grants	143,526	-	(10,944)	-	-	132,582
Nature Fund	35,225	-	(3,587)	-	-	31,638
CADW	109,924	-	(3,570)	-	-	106,354
Elan Links	-	415,390	(377,868)	75,687	-	113,209
Total restricted	<u>288,675</u>	<u>415,390</u>	<u>(395,969)</u>	<u>75,687</u>	<u>-</u>	<u>383,783</u>
Total funds	<u>10,789,751</u>	<u>1,845,143</u>	<u>(1,345,264)</u>	<u>-</u>	<u>(26,677)</u>	<u>11,262,953</u>

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds

Comprise those funds that the trustees are free to use in accordance with the charitable objects.

Designated Funds

The trustees have allocated the income received from the Ministry of Defence for the use of the estate to a fund controlled by a joint committee of Trustees and tenants. This fund is used in the support of local charities having appropriate charitable or relevant public purposes.

Restricted funds

Capital Grants represent funds received in respect of the restoration of properties.

Nature Fund represents funds received from the Welsh Assembly Government in respect of this project.

CADW Grant represents funds received in respect of the work being carried out at Cwm Elan Mines.

Elan Links is a partnership project which brings together a range of local and strategic partners to secure the heritage of the Elan Valley and create future opportunities under four key themes:

- Celebrating heritage; restoration and archiving
- Enjoying Elan; increasing access and recreational opportunities
- Experience and education; providing educational course and volunteering opportunities
- Enhancing nature and wildlife; restoration and enhancement of natural environments

The managing partners are Elan Valley Trust (Lead)

Dwr Cymru Welsh Water

CARAD – Rhayader Museum & Gallery

Tir Coed

Natural Resources Wales

Rhayader & District Community Support

Powys County Council

Job Retention Scheme represents funds received from the UK Government to support jobs during the Covid pandemic.

22 Analysis of net assets between funds

	Unrestricted			Total funds
	General	Designated	Restricted	
	£	£	£	£
Tangible fixed assets	3,420,583	-	369,801	3,790,384
Fixed asset investments	8,859,392	-	-	8,859,392
Current assets	943,039	11,990	14,306	969,335
Current liabilities	(195,272)	-	-	(195,272)
Total net assets	13,027,742	11,990	384,107	13,423,839

Welsh Water Elan Trust
Notes to the Financial Statements for the Year Ended 31 March 2021

	Unrestricted funds General £	Designated £	Restricted funds £	Total funds 2020 £
Tangible fixed assets	3,265,069	-	423,661	3,688,730
Fixed asset investments	6,999,152	-	-	6,999,152
Current assets	747,215	9,318	18,364	774,897
Current liabilities	(199,827)	-	-	(199,827)
Total net assets	10,811,609	9,318	442,025	11,262,952

23 Analysis of net funds

	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash at bank and in hand	241,424	157,805	399,229
Net debt	241,424	157,805	399,229
	At 1 April 2019 £	Financing cash flows £	At 31 March 2020 £
Cash at bank and in hand	285,065	(43,641)	241,424
Net debt	285,065	(43,641)	241,424