



# Report and Financial Statements Adroddiad a Datganiad o Gyfrifon

For the year ending 31<sup>st</sup> December 2019

Ar gyfer y flwyddyn a ddaeth i ben 31 Rhagfyr 2019



## LLE MAE FFYDD YN CYFRIF

## WHERE FAITH MATTERS

**Where Faith Matters**  
**Lle mae Ffydd yn Cyfrif**

**Llandaff Diocesan Board of Finance**  
**Bwrdd Cyllid Esgobaeth Llandaf**

*Llandaff Diocesan Board of Finance is a company  
limited by guarantee and not having a share capital.  
Registered in England and Wales No. 488549 Registered charity No. 242452*

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**(a company limited by guarantee and not having a share capital)**  
**REPORT AND FINANCIAL STATEMENTS 2019**

<b>CONTENTS</b>	<b>Page</b>
<b>Trustees' Report (including Strategic Report):</b>	
<b>Objectives, Activities and Risks</b>	<b>2</b>
<b>Achievements and Performance</b>	<b>3</b>
<b>Financial Review</b>	<b>3 - 5</b>
<b>Plans for the Future</b>	<b>6 - 7</b>
<b>Structure, Governance and Management</b>	<b>7 - 11</b>
<b>Reference and Administrative Details</b>	<b>12 - 13</b>
<b>Statement of Trustees' Responsibilities</b>	<b>14</b>
<b>Independent Auditors' Report</b>	<b>15 - 17</b>
<b>Statement of Financial Activities</b>	<b>18</b>
<b>Balance Sheet</b>	<b>19</b>
<b>Cash Flow Statement</b>	<b>20 - 21</b>
<b>Notes to the Financial Statements</b>	<b>22 - 41</b>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**(a company limited by guarantee and not having a share capital)**

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

The trustees, who are also directors for the purposes of company law, are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31<sup>st</sup> December 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (as amended for accounting periods commencing from 1 January 2016).

The combined report therefore satisfies the legal requirements for:

- A directors' report of a charitable company,
- A strategic report under the Companies Act 2006 and
- A trustees' annual report under the Charities Act 2011

**OBJECTIVES AND ACTIVITIES**

**STRATEGIC REPORT (OBJECTIVES, ACTIVITIES AND RISKS)**

The objects of the charity are contained in its Memorandum, namely to organise and provide funds for work in the following areas:

- training for the ministry
- maintenance of clergy
- provision and upkeep of parsonages
- support and provision of pensions for the clergy and their widows
- provision of sites for churches and church halls
- religious education
- other purposes within the mission and ministry of the Church in Wales in the Diocese of Llandaff.

The Board provides financial support to the Diocese of Llandaff whose Vision Statement is "Where Faith Matters". Our shared aims are: Telling a joyful story, Growing the Kingdom of God and Building our capacity for good.

The Board's main continuing function is to finance the provision of parochial clergy within the Diocese. The policies concerning clergy, their remuneration, pension, benefits and housing provision are determined by the Bench of Bishops and the Representative Body of the Church in Wales. The Board's responsibility is largely to finance the costs out of funds received both from the Parishes within the Diocese by means of the Parish Share and from grants received from the Representative Body of the Church in Wales. Parish Share is a vehicle for allocating to Parishes the projected unfunded costs from year to year.

Within the limits imposed by this situation the Board seeks to administer its affairs as economically as possible in order to keep Parish Share increases to a minimum. The Board has a secondary function in maintaining the provision of Church Schools within the Diocese by the administration and control of capital expenditure on buildings. The Board plays no part in the determination of the amount of such capital expenditure but acts as trustee of the properties.

The Board is able to raise, expend, invest and accumulate funds for the foregoing purposes; and to acquire and hold real and personal property.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**ACHIEVEMENTS AND PERFORMANCE**  
**STRATEGIC REPORT (ACHIEVEMENTS AND PERFORMANCE)**

The main charitable activities undertaken were those described under the objectives and activities section of this report and have been grouped under the generic headings of support for ministry, support for parishes, church property, grants and other financial support and communication. In 2019, the total cost of the Board's unrestricted charitable activities was £5.54 million compared with a budget of approximately £5.82 million and was mainly funded by grants from the Representative Body and by means of the Parish Share from parishes.

Approximately 69.1% of the Board's unrestricted income came through Parish Share in 2019 and the support of parishioners thus occupies an important position in the Board's financial affairs. The Board has resourced the diocese with a wide range of diocesan officers, who support all aspects of parish life.

**FINANCIAL REVIEW**

The principal aim of the Board is to generate sufficient income to fund its activities, predominantly the support of ministry within the Diocese which constituted approximately 82.7% of its unrestricted expenditure in 2019. Conscious of the need to keep demands on parishes to that which is perceived as affordable by those parishes, all expenditure is rigorously scrutinised. The Board budgeted to cover any shortfall in income in 2019 from its reserves. In future years the Board intends to use its reserves to fund the new Diocesan Vision so the Parish Share requirement is likely to rise year on year. In 2019 we started to use reserves to employ staff for the delivery of the Vision, and will continue to use the reserves for projects, grants and staff to deliver the Vision over the next five years, up to the maximum of £3m approved by the Board. In the meantime, Parish Share requirement is likely to increase and other sources of funding and business models identified to support sustainable ministry.

Total incoming resources of £6.5 million included: approximately £1.5 million received from the Representative Body; £4.1 million collected by Parish Share and £151k grants received for investment in new and improved church school buildings. Total resources expended were £7.3 million and included £5.4 million for support of the ministry, £647k in support of parishes, £926k on church property including church schools and £188k in grants.

All funds have sufficient income to meet their obligations.

From time to time the charity reviews its fixed assets to ensure that they are all in good condition. This process is ongoing and in the Board's opinion there is no need to amend the value of the fixed assets. The Board's investments are under the discretionary management of the stockbrokers i.e. movement within the portfolio is undertaken by them without prior reference to the Board. Appropriate benchmarks are set against which performance of the funds is measured. Reasons for any shortfall are discussed at quarterly meetings held with the investment managers.

Key events of 2019

**Diocesan Vision and Evangelism Fund**

Following an extensive consultation process, the Diocesan Vision was unveiled at the Diocesan Conference in September 2018. A Lent study course was developed and delivered in early 2019, alongside a series of launch nights at which the Vision was communicated and discussed with church members across the Diocese. Delivery Groups were established to consider key aspects of the Vision and how it would be delivered: Ministry, Education, Young People, Outreach, Support and Communications. During the course of 2019 these groups refined objectives and developed plans, drawing on clerical and lay expertise. The Diocesan Conference in September 2019 presented these plans in three main areas: finances, communications and values, and Llandaff Cathedral which will celebrate the 900<sup>th</sup> Anniversary of its Norman foundation and as "mother church" will lead and gather the Diocese in our 2020 Year of Pilgrimage, a springboard for implementing the Vision in the life of the Diocese. While the Vision will give a coherent sense of direction for the Diocese and draw together existing and new activities by lay and clergy across the Diocese in pursuit of the same goals, of telling the joyful stories, building our capacity for good and growing the kingdom of God, the Diocese will support the step-change by increased staffing and financial resources to support the parishes over the next five years. This will help us at many levels to try out new ideas, share and repeat what works well, and enable us to serve our communities well for the foreseeable future.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**FINANCIAL REVIEW (continued)**

Key events of 2019

**Diocesan Officer Support Changes**

As well as the Delivery Groups and Conference in 2019, delivery of the Vision began in the appointment of certain key posts: the Diocesan Director of Communications (Matthew Batten), Schools Development Officer (Rebecca Morteo), Church Development Officer (Sarah Perons, part funded by a grant from the Property Committee of the Representative Body of the Church in Wales), and Church Buildings Administrator (Clare Jenkins, who took up her employment in January 2020). With these new roles Diocesan office staff will be more proactive and effective in advising parishes and schools on developing ideas and practice in pursuit of the vision, in using their properties more effectively as a resource and not a burden, and in communications to share news and reach out in service of and invitation to local communities.

2019 saw the stepping down of Trystan Hughes from the role of Director of vocations. Trystan left a solid and successful system in place. Building on this work the Ministry Delivery group proposed that we increase the hours for this post and place it in a less busy parish and that we place alongside the remodelled Director of Ordinands (DDO – Revd. David Morris) a Vocations Advocate (VA – Revd. Peter Lewis) who would concentrate on Young Vocations. In effect the whole vocations team has changed in that the clerical vocations advisors were either appointed to other posts, retired or stood down which has allowed the development of a whole new strategy and team (the lay vocations advisors have stayed the same). The notable changes have been that the social media presence has increased enormously and the newly formed DDO post and VA post have been structured so that each post is available to get out to Parishes on a Sunday to promote the work. The whole team was commissioned in early January 2020 at the service to launch the Year of Pilgrimage. This is coordinated by a Pilgrimage Officer who started working with parishes and schools in 2019 and will be working to support Pilgrimage initiatives in 2020 and establish a legacy in the Diocese as a pilgrim people.

The Education department developed a strategic plan for its support for schools and how it works to support the new Diocesan Strategic Vision, Where Faith Matters, by empowering and encouraging schools in the vision so that young people engage in exploration and knowledge of belief, and enabling schools to live out the gospel to transform the lives of young people and their communities. The Schools Development Officer, Rebecca Morteo, appointed in 2019, provided schools with support on developing spirituality in schools such as in their school development plans, in RE, collective worship and Understanding Christianity. She also supported Section 50 inspections to improve quality, and, with the new Diocesan Director of Communications, developed communications to share schools' joyful stories. In 2020 the education team will continue to work with schools on spirituality and Christian ethos, quality and leadership, with a focus on the Vision, as well as providing exemplar materials for schools' use. Plans for delivering the Vision will also be implemented for engaging with children in community schools and strengthening relationships with local churches. The team will be expanded to include the Children's Advisers and Church Army contacts, to integrate the diocese's work with young people. If budget is secured, this will also include recruitment of Engagement Workers who will start to work with parishes to assess the levels of local engagement, and how best to support good work that is already happening, challenge where improvements can be made, and share good practice across the diocese

Finally, although not planned as part of the Vision implementation, a significant change of personnel was the Diocesan Secretary. Rowena had been a solid presence in the Diocese over the last 6 years, who has built a solid platform from which to Launch our Evangelism bid and from which to hand over the reins to her successor Mr. James Laing. Each were afforded the opportunity to work together for some weeks in order to ensure a seamless handover.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**FINANCIAL REVIEW (continued)**

**COVID-19**

The coronavirus Covid-19 and the consequent social restrictions have had both negative and positive impacts on the operations and finances of the Charity. Since 1 January the value of the investment portfolio has declined by over 20%, or £1.5m, and the investment income during 2020 is likely to also be lower than budgeted. Since places of worship were closed and public fundraising events were cancelled, income to the parishes (from which they pay parish share income to the Charity) is expected to decline since such income constituted 19% of parish income on average in 2018 (the last year for which data are available). However it is unclear what the impact will be on parish share contributions to the Charity as long as it is unknown how long such activities will be restricted, and since parishes may be able to pay some of their share from their own reserves. The DBF has offered support and flexibility to parishes in extreme financial difficulties, while encouraging a spirit of generosity to contribute as best they can, and to enable those who are able to give to a Diocesan Hardship Fund to target financial support to parishes in need.

In order to mitigate the impact on the Charity's finances, management have undertaken a review of operational costs, with each budget holder re-assessing their 2020 budget to make savings wherever possible such as in travel, cancelling the holding or attending of conferences, buildings-related work which is limited to essential works, closing the central office, freezing recruitment of new posts, and placing some employees on the government's Coronavirus Job Retention Scheme. The charity has also reviewed the implementation plan for the Vision, Where Faith Matters, to reduce costs and assist cashflow by delaying implementation of projects and freezing recruitment. Finally the charity expects to benefit from financial support and flexibility as regards its obligations to pay the Representative Body of the Church in Wales which pays clergy accommodation, stipend and related costs on behalf of the Diocese. The DBF reserves are sufficient to cover ongoing costs, so that the Trustees are confident that the charity remains a going concern.

Meanwhile many individuals and parishes have found that their regular expenses have declined, and there has been an explosion of innovation around the diocese. Parishes have shown enormous creativity in developing new ways of worshipping and serving their local communities. In worship and pastoral care this has included much online activity including live streaming worship, using conference video-calling software, circulating written, audio-recorded and video spiritual resources, joining together online for prayer, bible study, worship and fellowship, and maintaining pastoral caring contact by telephone and other remote communications. This has boosted confidence and competence across the diocese, and accelerated aspects of delivering the Vision in terms of digital ministry and our potential to reach the younger generation and others who may not otherwise attend church in person. It is almost impossible to forecast what the long term impact on church life and ministry will be, with both detrimental and beneficial impacts to be acknowledged.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**PLANS FOR THE FUTURE**

The Board will continue to undertake its main functions as described in the objectives and activities. Parish share for 2020 is being increased by 2.75%, but the Board's projections for the next five years suggest further increases will be necessary. This will bring the Parish Share income closer to the support for ministry costs and allow the Board's reserves to be used to fund the Diocesan Vision.

As expenditure also follows closely in line with clergy numbers, a continuous review of requirements in that area is undertaken by the Bishop and her senior staff, together with a consideration of the age profile of serving clerics and the opportunities for the training of new ordinands.

The Diocesan Director of Communications has begun to develop a new communications strategy, including providing support for parishes on their communications and enabling better sharing of news and best practice (as noted above), and also considering the Diocese's own communications – what needs to be communicated to whom and how. A new electronic newsletter, *Llandaff Matters*, was started in late 2019 and is expected to be issued weekly from early 2020 as the main channel for regular news to the Diocese and its partners and friends. *Croeso* will continue as a print and online publication three times per year. A new website will be launched in early 2020, following the redevelopment of the Church in Wales website, and all this will be linked with more frequent use of social media for conversations across the Diocese.

**Diocesan Vision and Evangelism Fund**

*Where Faith Matters* entails a change of mindset and new strategic vision for the diocese, to look outwards, proclaim the gospel afresh in our generation in witness to Jesus Christ, confidently to serve others, engage with the realities of 21<sup>st</sup> century Welsh society and transform communities. This cannot all be done by Diocesan staff or the DBF but is a movement of the whole Diocese. However, some resources can be made available to challenge, support and empower the Diocese in the change. The Delivery Groups developed plans to do this, including funding some projects such as Inspired Spirituality Arts in schools or CAP (Christians Against Poverty) debt advice centres; employing some staff to prepare, facilitate and

enable parishes to do mission work, social justice, or connecting with young people; offering appropriate training courses; and making grants available to pump-prime local initiatives.

These plans are budgeted to cost a total of £5.9m over the next five years. An application was made to the Church in Wales Evangelism Fund for £2.97m to fund *Young Faith Matters*, a coherent subset of the

Vision which is entirely focused on mission to the missing younger generation. A newly-planted "resourcing church" in Cathays in central Cardiff will focus on the large and unreached student population there, along with young families and others in the local community. Meanwhile Engagement Workers across the Diocese will strengthen relationships between parishes and their local community schools, establishing youth cells and activities to help our young people realise how much faith matters.

The DBF have approved spending of up to £2.95m towards supporting delivery of the rest of the Diocesan vision with Mission Enablers to support parishes into growth and change within their mission, Outreach Enablers to help parishes with community and social action projects, training (including leadership training, lay training, and vocations), 2020 Centenary and Year of Pilgrimage activities, and resources support – in terms of funding models and fundraising, communications, properties (uses and developments) and specific projects and partnerships. The Diocesan Secretary, supported by a dedicated Vision Programme Manager, will report to the DBF directly on the progress of delivery of the Vision and integrating it deeply into the culture and life of the Diocese so as to have a joyful story to tell of Jesus and of the Diocese, to grow the kingdom of God in Llandaff and empower all to participate and build a future of hope and love.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**PLANS FOR THE FUTURE (continued)**

As noted in the Trustees' Report, the restrictions imposed by covid-19 have had both beneficial and detrimental impacts, for 2020 and the longer term, and mitigation strategies are outlined above. The coronavirus itself may also have an impact on our congregations: it is possible that some will die, especially as the elderly demographic of many of our congregations makes them more vulnerable; and that others may fall out of the habit of attending a local church if they have become accustomed to church online. However, many more people have been attending online church than attended church in person, and such digital ministry is of great value to the housebound (in general) and to the younger generation who are comfortable with it. Likewise social action and outreach projects are finding new expression online, and a new generation of volunteers is being recruited to serve and belong in our communities, even if they are still on the journey to believing. Future plans will be revisited during 2020 while the situation develops, and take into account the changing contexts and improved capabilities and confidence of the diocese in reaching out in the future mixed economy of new and traditional ministry.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document**

The Llandaff Diocesan Board of Finance is a registered charity and a company limited by guarantee. It is governed in its activities by its Memorandum and Articles of Association dated 24th October 1950 and amended by special resolutions passed on 24th September 2003 and 24 September 2008.

**Principal Objective**

Its principal objective is to promote, aid, and further assist the charitable objects and work of the Church in Wales within the Diocese of Llandaff.

**Structure**

The Board is one of six Boards of Finance operating within the Province of the Church in Wales, and annual meetings of the Board Chairs and Secretaries with the Representative Body of the Church in Wales are held to discuss matters of mutual concern and where a commonality of approach is required. Other meetings at officer level are held as necessary during the year.

Much of the policy for the Church in Wales is determined under its Constitution by the Bench of Bishops, the Governing Body of the Church in Wales, and the Representative Body of the Church in Wales (who are responsible for the management of the Church's central funds, out of which grants are made to the six Diocesan Boards of Finance). The Board works closely with these bodies and, in its main functions concerned with the maintenance of ministers and clergy, parsonages and churches, it is largely responsible for administering the policies developed by them.

**Public Benefit**

The trustees confirm that they have complied with the duty in section 4(1) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The Board believes that by promoting the work of the Church in Wales in the Diocese of Llandaff it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Membership**

The membership of the company is a maximum of 22 members, being:

- eleven members (three clerical, eight lay) elected by the members of the Llandaff Diocesan Conference
- six ex-officio officers of the Diocese of Llandaff: (the Bishop, the Assistant Bishop (when such an appointment exists), three Archdeacons, and the Chairman of the Parsonage Board)
- one appointed member, being the Chairman of the Board appointed by the Bishop of the Diocese of Llandaff
- four co-opted members

The members of the Board each hold one guarantee share of £1.

**Appointment of Trustees**

The trustees are such members of the Board as are appointed at the Annual General Meeting. All members of the Board shall be trustees unless the Board resolves otherwise.

New trustees have the opportunity to attend an induction course in relation to their trustee responsibilities. They may also avail themselves of the opportunity to visit the diocesan office for informal briefings on the day-to-day work of the organisation and are encouraged to attend relevant external training courses.

The Board of Trustees meets four times a year and appoints sub-committees where appropriate. Day-to-day management of the charity's affairs is delegated to the Secretary to the Board.

All decisions made by staff are made within policies determined by the Board. Any decisions required outside of existing policies are made by reference to the Board Chairman and/or other senior trustees and are endorsed at subsequent Board meetings.

**Related Parties**

Llandaff Diocesan Board of Finance is committed at all times to maintaining the highest standards of honesty, openness and accountability to ensure that transactions are not influenced by board members or senior staff that would be to interests other than those of the charity.

The charity has a policy which includes that all trustees must declare an interest if a related party transaction occurs. The updated policy was agreed by the Board in December 2019.

The Board additionally maintains a conflict of interest register which is updated annually by trustees and senior staff which records any conflicts that could potentially arise. Also, at the start of each meeting of the Board, any conflicts of interest are noted in relation to the business to be discussed and are recorded within the minutes of that meeting.

All financial transactions are made within an agreed financial policy framework which was comprehensively re-written and agreed by the Board in November 2015 and updated in December 2019. The only trustees with the ability to approve financial transactions within this framework are the Chairman of the Board and the Chairman of the Parsonage Board. None of the trustees receive remuneration or any other benefit from their work with the charity.

During the year the charity contracted Cooke & Arkwright to carry out professional valuations on the behalf of the charity. Mr Lawley is a Chairman of the Board of Trustees and also Chairman of Cooke & Arkwright. Mr Lawley took no part in the decision making process to appoint Cooke & Arkwright. The value of the contracts was £1,500.

During the year the charity received £16,000 of income from Cardiff Womens Aid. The Venerable Frances Jackson is a trustee of the Board and also trustee of Cardiff Womens Aid. She did not participate in any of the rental agreement decisions.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Remuneration policy for senior management**

The trustees consider that the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running, and operating the Board on a day to day basis.

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were considered to be the Diocesan Secretary and Accountant.

The Trustees have agreed a remuneration policy the objective of which is to ensure that all its staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the organisation. The appropriateness and relevance of the remuneration policy is reviewed annually for any immediate issues that may impact on staff retention and/or recruitment. Note 15 provides further information in relation to staff costs.

**Risk management**

The Trustees have a risk management strategy which comprises:

- An annual review by the full Board of the principal risks and uncertainties that the Board face
- The establishment of policies, systems and procedures to mitigate those risks,
- The implementation of procedures designed to minimise or manage any potential impact on the charity should they materialise

The Board has in place a Risk Sub Committee whose role it is to:

- Provide scrutiny of the identified key risks on the register
- Allocate the risks to other committees/individuals who have responsibility for reviewing the risk, assessing the controls in place and amending them as appropriate. The risk holder is also responsible for reporting back to the Committee on the current status of the risk
- Monitor the responses of the risk holders and provide a report on those findings (key areas of risk and mitigation) to the Board annually
- Undertake a detailed review of 3 key risks each year, as identified by the Board

The Trustees have assessed the major risks facing the Board and the mitigation of those risks:

- Falling congregational numbers – diocesan officers have been appointed in key areas of mission, discipleship, vocations and stewardship to assist parishes into growth
- Financial sustainability including Representative Body of the Church in Wales block grant reduction, significant parish share default, failure of investment returns all of which are mitigated against through increased financial reserve holdings, quarterly review of parish share default levels, and investment diversification and management

The Trustees recognise that the Board could face reputational risk as a result of independent bodies which are nevertheless associated with it in the public's mind.

Covid-19 and related restrictions have been added to the risk register as a consolidated high-rated risk, incorporating potential income and investment losses. Income from parish share may decline in the short term due to lack of collections and fundraising, and in the long term there may be an impact on church attendance. Investment performance has declined in the short term and is difficult to forecast in the longer term so some investment losses may have to be crystallised before the portfolio recovers its value, in order to cover operational expenses.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Risk Register (continued)**

As also noted in earlier in the Trustees' Report, risks are being mitigated by maintaining dialogue with the Representative Body of the Church in Wales about flexibility in meeting the charity's financial obligations, and with parishes to encourage them, help them increase financial resilience, take advantage of new grant funding, and find ways of keeping up their collections using online and digital giving, generating income and making parish share contributions. We have sought to reduce operational costs (by closing the office, reducing activities, placing staff on furlough with the CJRS, and freezing recruitment) and ease cashflow by postponing ongoing operational or new Vision activities where applicable. This will delay any call on investment funds to allow the portfolio to recover its value, and allow the charity time to review the situation and future plans when the impacts of Covid-19 and the related restrictions, once they have been lifted, can be more clearly known and quantified.

**Investment powers and policies**

The trustees, having regard to the liquidity requirements of the diocese have kept funds that are required at short notice with the Charities' Official Investment Fund (COIF) and with the Board's bankers. Further deposits are held with several banks on various instant access and fixed term deposits. Long-term investments, which include money held in trust, are in government stock and equities. The stockbrokers produce a quarterly report and attend sub-committee meetings as required to answer questions on the performance of the portfolio and their activities in the preceding period.

The brief to stockbrokers in their handling of all long term funds is to make such investments as will produce growth in the capital base by either capital appreciation or reinvestment of income. Instructions in respect of specific trusts are dictated by the requirements of each individual trust.

The Board adopts the same ethical policy in regard to its investments as does the Representative Body of the Church in Wales, in that it does not invest in companies with a significant involvement in armaments, tobacco, pornography, gambling, the production of alcoholic beverages or predatory lending.

Details of investments are disclosed in the notes to the financial statements (note 17). Investments are recorded at their market value. All gains and losses are recorded in the Statement of Financial Activities.

The investment policy document is reviewed and updated annually by the Board.

**Reserves policy and going concern**

General reserves are held specifically to ensure that expenditure requirements are met, principally stipends, salaries and property costs. The level of reserves holding is monitored and reviewed annually by the trustees, and the policy is kept under regular review in the light of changing financial market conditions, which affect both the resources available and the calls upon them. The level of reserve holding as at 31<sup>st</sup> December 2019 is £26.75 million. This total includes £17.32 million of restricted and endowment income. The Board therefore holds £9.43 million of unrestricted reserves.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Reserves policy and going concern (continued)**

The unrestricted reserves include designated reserves of £3.25 million and fixed asset value of £1.56 million which would not be quickly realisable to liquid funds. The current designated reserves are:

- Transformation Fund: The Representative Body allocated the diocese £500,000 over a three year period which was match funded by the DBF to implement 20:20 Vision initiatives. The funds have been designated for this purpose. The transformation funds it is anticipated will be spent within the next few years. £168,000 was re-allocated in relation to the Pioneer Ministry project to the Vision Funding designated fund.
- Diocesan Vision: These funds are set aside by the Diocesan Board of Finance to implement the Diocesan Vision over 5 years.
- Curate Housing Support: These funds are set aside by the Diocesan Board of Finance to run a pilot project for three years to assist parishes with housing costs of newly ordained stipendiary curates. The pilot applies only to curates ordained in 2018 and 2019.
- Clergy School: Annually designated funds are set aside to fund the triennial Clergy School. The next Clergy School is due to be held in 2022.

Therefore, the level of free reserve (excluding fixed assets and revaluation reserve) holding at the 31st December 2019 is £4.44 million which represents 10 months of unrestricted expenditure.

The trustees believe that a level equivalent to a minimum of six months' expenditure should be maintained. The current excess over the minimum six months' policy is to ease the known future reduction in the Representative Body block grant, and to implement the diocesan vision.

The trustees consider that there are no material uncertainties related to events or conditions that may cast doubt about the ability of the company to continue as a going concern. The DBF is in the fortunate position of holding substantial reserves which are in excess of the charity's reserves policy, giving the Trustees confidence in the DBF as a going concern. This is applicable even with a loss in value as a result of the covid-19 pandemic, the trustees can re-designate the funds allocated to delivery of the Vision if required following a reassessment of the Vision in the light of all the effects of the coronavirus and social restrictions.

**Grant making policy**

Grants are allocated by the Board in pursuance of its objects and the nature of those grants are indicated in note 11. Grants are considered by the Budget Sub Committee on an annual basis as part of the budget setting process. The quarterly distribution of the annual mission fund grant, community development fund grant, and parish transformation fund grant allocation is by committee decision.

**Post balance sheet events**

Covid-19 and the government-imposed restrictions have not had an effect on the DBF's finances during the reporting period (up to 31 December 2019). There may be an impact on future finances, and so the DBF's strategy, plans and budgets for 2020 are being reassessed to take account of a decline in investment value and income, and lower than expected income from Parish share: at the time of approving the accounts the impact by 31 December 2020 is unknown, so modelling is being undertaken at various levels of income loss, and reviewed on a regular basis by senior management.

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**(a company limited by guarantee and not having a share capital)**

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**REFERENCE AND ADMINISTRATIVE DETAILS**

Charity Name	Llandaff Diocesan Board of Finance
Charity Registration Number	242452
Company Registration Number	488549
Registered Office	The Diocesan Office, The Court, Coychurch, Bridgend, CF35 5EH
Website	<a href="http://llandaff.churchinwales.org.uk/">http://llandaff.churchinwales.org.uk/</a>

**Directors and trustees**

The directors of the charitable company are its trustees for the purposes of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Llandaff Diocesan Board of Finance: Trustees and Directors:**

The Right Reverend June Osborne  
The Venerable Christopher Smith  
The Venerable Frances Jackson  
The Venerable Michael Komor  
The Reverend Jon Ormrod  
The Reverend Andrew Meredith (resigned 23<sup>rd</sup> October 2019)  
The Reverend Michael Gable (appointed 23<sup>rd</sup> October 2019)  
The Reverend Martyn Evans (appointed 23<sup>rd</sup> October 2019)  
Mr Michael Lawley  
Mr Anthony Davies  
Mr Geoffrey Moses (resigned 23<sup>rd</sup> October 2019)  
Mr Adrian Parker  
Mr Peter Umbleja (resigned 23<sup>rd</sup> October 2019)  
Ms Anna Cory  
Mrs Deryn McAndrew  
Mrs Julia Lewis  
Mr Phillip Hopkins

The Secretary to the Board	Mr James Laing
----------------------------	----------------

**Key management personnel:**

The Secretary to the Board	Mr James Laing
Diocesan Accountant	Mrs Jan Boyce

**Advisers:**

Solicitor	Berry Smith Haywood House, Dumfries Place, Cardiff, CF10 3GA
-----------	--

Principal Bankers	National Westminster Canton, Cardiff (B) Branch, 277 Cowbridge Road East, Cardiff CF5 1WX
-------------------	---

Registered Auditors	Baldwin Audit Services Waters Lane Chambers, 1-3 Waters Lane, Newport, NP20 1LA
---------------------	---

Stockbrokers	Rathbones Investment Management 10 Queen Square, Bristol, BS1 4NT
--------------	--

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**(a company limited by guarantee and not having a share capital)**

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

Below are the various trusts for which the Board acts as a custodian trustee:

<b>Name of Trust</b>	<b>Nature of investments held</b>
Aberdare – land for Sunday School	Equities and fixed interest stocks
Edward H Lee Bequest	Equities and fixed interest stocks
Ivor May Bequest	COIF deposit
Jane Minnie Reid Legacy	COIF deposit
Mariam Lucretia David Trust	COIF deposit
Mrs E M Haslewood Bequest	Equities and fixed interest stocks
Parish of Miskin	Unit trusts
Pearce Memorial Trust Fund	COIF deposit, equities and fixed interest stocks
Reverend J E Middlehurst Legacy	COIF deposit
St David's Ton Pentre (Parr Memorial)	COIF deposit
St David's Ton Pentre Endowment	COIF deposit
St David's Ton Pentre Trust	COIF deposit
Wingfield Trust	COIF deposit
Briton Ferry	COIF deposit
St Martin's Church Hall	COIF deposit (see note below)

All trusts are held for church or churchyard purposes. Funds held on deposit are held in separately identified accounts.

The St Martin's Church Hall Trust holds money received in November 2011 from the sale of the church hall. The apportionment of the proceeds between the Parish and the Educational Endowment Fund is under review by The Charity Commission. The value of the deposit at 31<sup>st</sup> December 2019 was £499,292. The appropriate proceeds will be added to the Schools Fund at a future date once a decision is reached.

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 2 - 11 within their capacity as company directors.

Approved by the Board of Trustees on  
and signed on behalf of the Board

**J Laing**  
**Secretary**

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2019**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Llandaff Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its income and expenditure of the charitable company 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement as to disclosure to our auditors**

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware; and
- the trustees, having made enquiries of fellow directors and the auditors that they ought to have individually taken, have each taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Approved by the Board of Trustees on and signed on behalf of the Board

**J Laing**  
**Secretary**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LLANDAFF DIOCESAN BOARD OF FINANCE  
(a company limited by guarantee and not having a share capital)**

**Opinion**

We have audited the financial statements of Llandaff Diocesan Board of Finance (the "Charity") for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow 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 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).

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**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 auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LLANDAFF DIOCESAN BOARD OF FINANCE  
(a company limited by guarantee and not having a share capital)**

information. 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

**Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees 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 they 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**

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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LLANDAFF DIOCESAN BOARD OF FINANCE  
(a company limited by guarantee and not having a share capital)**

**Sarah Case FCA DChA**  
Senior Statutory Auditor

For and on behalf of Baldwins Audit Services  
Accountants  
Statutory Auditor  
Waters Lane Chambers  
1 – 3 Waters Lane  
Newport  
NP20 1LA

Dated .....

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
(a company limited by guarantee and not having a share capital)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating the INCOME AND EXPENDITURE ACCOUNT)  
Year ended 31 December 2019

	Note	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total Funds 2019	Total Funds 2018
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	4	5,648,337	13,820	-	5,662,157	5,590,085
Charitable activities	5	54,081	225,121	-	279,202	293,351
Investments	6	222,646	238,228	6,747	467,621	417,668
Other Income	7	10,232	88,021	-	98,253	1,761
<b>Total income and endowments</b>		<b>5,935,296</b>	<b>565,190</b>	<b>6,747</b>	<b>6,507,233</b>	<b>6,302,865</b>
<b>Expenditure on:</b>						
Raising funds		48,066	19,311	887	68,264	65,019
Charitable activities						
Support for ministry	8	4,577,924	815,959	-	5,393,883	5,158,288
Support for parishes	9	530,402	116,692	-	647,094	763,786
Church property	10	164,181	762,174	-	926,355	870,185
Grants and other financial support	11	136,760	51,580	-	188,340	312,609
Communication	12	80,283	-	-	80,283	51,119
<b>Total expenditure</b>		<b>5,537,616</b>	<b>1,765,716</b>	<b>887</b>	<b>7,304,219</b>	<b>7,221,006</b>
Net gains/(losses) on investments		936,550	579	18,605	955,734	(466,524)
<b>Net income/(expenditure)</b>		<b>1,334,230</b>	<b>(1,199,947)</b>	<b>24,465</b>	<b>158,748</b>	<b>(1,384,665)</b>
<b>Transfers between funds</b>		<b>(641,065)</b>	<b>647,812</b>	<b>(6,747)</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>						
Loss on revaluation of investment property/loans		-	-	-	-	60,919
<b>Net movement in funds</b>		<b>693,165</b>	<b>(552,135)</b>	<b>17,718</b>	<b>158,748</b>	<b>(1,323,746)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	3,23,27	8,740,454	17,658,165	193,610	26,592,229	27,915,975
<b>Total funds carried forward</b>	<b>3,23,27</b>	<b>9,433,619</b>	<b>17,106,030</b>	<b>211,328</b>	<b>26,750,977</b>	<b>26,592,229</b>

The notes on pages 22 to 41 form part of the financial statements

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
(a company limited by guarantee and not having a share capital)

**BALANCE SHEET**  
Year ended 31 December 2019

	Note	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total funds 2019 £	Total funds 2018 £
<b>Fixed assets:</b>						
Tangible assets	16	435,555	15,628,496	-	16,064,051	16,572,756
Investment property	17	220,000	260,000	-	480,000	480,000
Investments	17	7,457,006	109,695	187,601	7,754,302	7,044,832
Long-term loans	18	899,845	79,621	-	979,466	1,117,632
<b>Total fixed assets</b>		<b>9,012,406</b>	<b>16,077,812</b>	<b>187,601</b>	<b>25,277,819</b>	<b>25,215,220</b>
<b>Current assets:</b>						
Debtors	19	77,323	139,228	-	216,551	395,748
Cash at bank and in hand		1,925,483	1,059,142	23,957	3,008,582	3,301,358
<b>Total current assets</b>		<b>2,002,806</b>	<b>1,198,370</b>	<b>23,957</b>	<b>3,225,133</b>	<b>3,697,106</b>
<b>Liabilities:</b>						
Creditors: amounts falling due within one year	20	(1,036,526)	(66,697)	(230)	(1,103,453)	(1,489,157)
<b>Net current assets</b>		<b>966,280</b>	<b>1,131,673</b>	<b>23,727</b>	<b>2,121,680</b>	<b>2,207,949</b>
<b>Total assets less current liabilities</b>		<b>9,978,686</b>	<b>17,209,485</b>	<b>211,328</b>	<b>27,399,499</b>	<b>27,423,169</b>
Creditors: amounts falling due after more than one year:						
Loans from the Representative Body of the Church in Wales	18	(543,400)	-	-	(543,400)	(677,400)
Parish Grants		(1,667)	(17,500)	-	(19,167)	(51,585)
Governor Loans		-	(85,955)	-	(85,955)	(101,955)
<b>Total net assets</b>		<b>9,433,619</b>	<b>17,106,030</b>	<b>211,328</b>	<b>26,750,977</b>	<b>26,592,229</b>
<b>The funds of the Charity:</b>						
Endowment funds	23	-	-	211,328	211,328	193,610
Restricted income funds	3	-	17,076,986	-	17,076,986	17,629,121
Unrestricted funds:						
Designated	22	3,253,514	-	-	3,253,514	400,202
General		5,993,946	-	-	5,993,946	8,154,093
Revaluation Reserve		186,159	29,044	-	215,203	215,203
<b>Total charity funds</b>	27	<b>9,433,619</b>	<b>17,106,030</b>	<b>211,328</b>	<b>26,750,977</b>	<b>26,592,229</b>

These financial statements were approved and authorised by the Board of Directors on  
Signed on behalf of the Board of Directors

Director

Director

The notes on pages 22 to 41 form part of the financial statements

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
(a company limited by guarantee and not having a share capital)

**CASHFLOW STATEMENT**  
Year ended 31 December 2019

	£	2019 £	£	2018 £
<b>Cash flows from operating activities:</b>				
<b>Net cash provided by operating activities</b>		<b>(997,926)</b>		<b>(814,878)</b>
<b>Cash flows from investing activities:</b>				
Dividends, interest and rents from investments	460,874		416,161	
Purchase of property, plant and equipment	(1,988)		(5,811)	
Proceeds from sale of investments	577,723		671,540	
Purchase of investments	<u>(331,459)</u>		<u>(702,615)</u>	
<b>Net cash provided by investing activities</b>		<b><u>705,150</u></b>		<b><u>379,275</u></b>
<b>Cash flows from financing activities:</b>				
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(292,776)</b>		<b>(435,603)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b><u>3,301,358</u></b>		<b><u>3,736,961</u></b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u><u>3,008,582</u></u></b>		<b><u><u>3,301,358</u></u></b>
<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		<b>2019</b>		<b>2018</b>
		£		£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>		<b>158,748</b>		<b>(1,384,665)</b>
Adjustments for:				
Depreciation charges		<b>510,693</b>		509,508
(Gains)/losses on investments		<b>(955,734)</b>		466,524
Dividends, interest and rents from investments		<b>(460,874)</b>		(416,161)
Decrease/(Increase) in debtors		<b>317,363</b>		(6,536)
Increase/ (decrease) in creditors		<b><u>(568,122)</u></b>		<u>16,452</u>
<b>Net cash provided by (used in) operating activities from operating activities</b>		<b><u><u>(997,926)</u></u></b>		<b><u><u>(814,878)</u></u></b>
<b>Analysis of cash and cash equivalents</b>		<b>2019</b>		<b>2018</b>
		£		£
Cash in hand		<b>2,825,638</b>		2,290,937
Notice deposits (less than 3 months)		<b><u>182,944</u></b>		<u>1,010,421</u>
Total cash and cash equivalents		<b><u><u>3,008,582</u></u></b>		<b><u><u>3,301,358</u></u></b>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**(a company limited by guarantee and not having a share capital)**

**CASHFLOW STATEMENT**  
**Year ended 31 December 2019**

**Analysis of changes in net funds**

	Opening balance £	Cash- flows £	New finance leases £	Interest changes £	Other non- cash changes £	<b>Balance carried forward £</b>
Cash	2,290,937	534,701	-	-	-	<b>2,825,638</b>
Cash Equivalents	1,010,421	(827,477)	-	-	-	<b>182,944</b>
	<u>3,301,358</u>	<u>(292,776)</u>	-	-	-	<b><u>3,008,582</u></b>

The notes on pages 22 to 41 form part of the financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

All activities derive from continuing operations. There are no recognised gains and losses for the current financial year or the prior financial period other than as stated in the Statement of Financial Activities and, accordingly, no separate total of recognised gains and losses is presented.

**1. ACCOUNTING POLICIES**

**Charity information**

Llandaff Diocesan Board of Finance is a private company limited by guarantee incorporated in England and Wales. The registered office is The Diocesan Office, The Court, Coychurch, Bridgend, CF35 5EH.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. Llandaff Diocesan Board of Finance met the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

**Going concern**

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

b) Company status

The charity is a company limited by guarantee. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objects of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Permanent endowment funds are those which have been donated to the Board with the express wish that capital not be expended. Income on these funds is paid out in accordance with the wishes of the donor.

Investment income and gains are allocated to the appropriate fund.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

d) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income arising from permanent endowments is credited to unrestricted funds or restricted funds in accordance with the trust provisions.

e) Resources expended

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

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity.

Resources expended are included in the Statement of Financial Activities at the time they become due.

Income and expenditure are stated gross.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

f) Charitable activities

This includes all costs relating to the furtherance of the charity's objectives as stated in the Trustees' Report.

g) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll, gains/losses on disposal of fixed assets and governance costs which support the Board's activities. These costs have been allocated between areas of expenditure. The bases on which support costs have been allocated are set out in note 13.

h) Tangible fixed assets

Tangible fixed assets costing in excess of £1,000 are stated at cost less accumulated depreciation. Depreciation is provided on fixed assets in order to write them off in equal annual instalments over their estimated useful lives. The charity employs the principle of charging no depreciation in the year of addition and full in the year of disposal. The following rates are used:

School buildings	-	2% per annum on cost
Office premises	-	2.5% per annum on cost
Office furniture and fittings	-	10% per annum on cost
Office equipment	-	25% per annum on cost

No depreciation is provided on land.

i) Gifted properties

When the Board was incorporated in 1950, responsibility for a number of properties was transferred to it 'en bloc'. The number and nature of such properties was unclear; in some cases the Board is not the legal owner but merely custodian trustee. The records are sparse and difficult to determine but the registration of titles is now almost complete. The properties include church halls and old school buildings; no value has ever been placed upon any for which the Board may be the beneficial owner and it is impractical to place any such value until the nature and ownership are determined.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

j) Investments

Investments held as fixed assets are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

k) Investment property

Premises at Heol Fair, Llandaff previously used as the Diocesan office are included in the balance sheet as an investment property at valuation provided by Cooke & Arkwright at 17th January 2018.

Investment property is shown at its open market value as defined under the current RICS Practice statements and guidelines, and then measured at its fair value at the balance sheet date. The surplus or deficit arising from the revaluation is recognised in the Statement of Financial Activities for the year.

Premises at Cowbridge Road which were transferred in 2017 from the Llandaff Diocesan Board for Social Responsibility are included in the balance sheet as an investment property at a valuation provided by Cooke & Arkwright at 4<sup>th</sup> December 2018.

Investment property is held for its investment potential and not for use by the company and so its current market value is of prime importance. The departure from the provisions of the Companies Act 2006 to depreciate assets is required in order to give a true and fair view.

l) Pension costs

Pension contributions are made to stakeholder pension arrangements for the benefit of employees. Pension costs are charged to expenditure in the Statement of Financial Activities as they fall due. The pension costs of the clergy, although charged to the Board, are paid by it as agent rather than employer.

m) Operating leases

Payments made in respect of operating leases are charged to the accounts in the year in which they are paid.

n) Financial Instruments

Financial assets and financial liabilities are recognised when the Board becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at transaction price (including transaction costs). The Board only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. With the exception of fixed asset investments, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

o) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated at the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated at the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

p) 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 shown within borrowings in current liabilities.

q) Termination payment

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

**COVID-19:**

Since the year end, as a result of the COVID-19 pandemic, the DBF has taken advantage of the government's furlough scheme (CJRS), placing five staff on furlough with an estimated cost saving of at least £9,500 (depending on when the scheme ends). Loans are not deemed desirable or necessary, and no grants have yet been identified that are appropriate for the DBF.

The DBF's need for cash is primarily in order to make a payment to the Representative Body of the Church in Wales (RB) for clergy accommodation, stipend and related costs. We are expecting to receive financial support from the RB to reduce this payment, and to have greater flexibility to allow investment markets to improve if necessary. Cash income from parish share is received from parishes on a monthly basis, and we maintain open dialogue with parishes who face financial difficulties in order to plan for any deferral of parish share payments. The DBF holds sufficient cash in bank accounts and within its investment portfolio to manage the cash flow in the medium term under normal operating procedures.

While social distancing does not have a significant impact on the operations of the DBF itself, there is a significant impact on our parishes who drive largest income stream since they are unable to collect cash gifts during worship services or fundraising events. Management is therefore working with parishes to try to ensure financial resilience. Much is dependent on the duration of social distancing measures, particularly since the summer is a significant period of fundraising with outdoor events in many churches. As noted in the "plans for future periods" section above, some congregations may be permanently reduced, but others may be increased or have increased online reach, having developed their competence, confidence and donations capabilities. Until restrictions are lifted and the outcomes are clearer so that the diocese's activities can be reassessed, it is assumed that congregations will be reduced, lending greater impetus to the delivery of the Vision, Where Faith Matters, which focuses on outreach to new sectors of society and growth in the Kingdom of God.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**3. RESTRICTED FUNDS**

The purposes of the restricted funds shown in the following analyses are as follows:

- a) Retired clergy fund  
This fund represents the accumulated unspent income from the endowment fund set up by the Diocese to assist with housing and expenses of retired clergy in need.
- b) Parsonage Board fund  
This fund is held for the purpose of maintaining and repairing parsonages in the Diocese. The Board of Finance provides the funding for parsonage maintenance agreed under the terms of the Constitution of the Church in Wales and this sum is included as a transfer from unrestricted funds to the Parsonage Board fund.
- c) Schools funds  
This fund is held in two parts:
- grants received from external sources, mainly Welsh Government, for the purpose of building or extending church schools; and
  - accumulated funds from the sale or rental income of properties no longer used as schools. The rental income in this part of the fund may be spent on insurance and maintenance of schools, together with administration and management costs.
- d) Widows', Orphans' and Dependants' Society (W.O.D.S.)  
Monies are held to provide financial assistance to the widows and dependants of clerics in the Diocese. Where a grant is made from unrestricted funds it is shown as a transfer between funds.
- e) Sundry trusts  
These are several smaller trusts in respect of which the Diocesan Board of Finance are managing trustees. All the funds have assets adequate for the requirements of the individual funds.
- f) Bishop's Mission and General Fund  
Donations are made to this fund primarily from collections taken at induction and confirmation services, and Gift Aid is claimed where appropriate. All monies received are paid over to the Bishop to be used at her discretion.
- g) Transformation Fund (Representative Body Grant)  
The Representative Body of the Church in Wales committed to providing the Diocese with £500,000 over a three year period from 2015-2017 to be used for 20:20 Vision initiatives.
- h) Community Development Fund  
The assets of the Llandaff Diocesan Board for Social Responsibility were transferred to Llandaff Diocesan Board of Finance early in 2017 and are to be used for the same charitable purposes focussing on community development projects within parishes.
- i) Community Mental Health Chaplaincy  
This fund represents grant money received from All Churches Trust to provide a Community Mental Health Chaplain in the diocese. The project ended in 2019, with all restricted funds being utilised in 2018.
- j) Landscapes/Journeys in Faith  
This fund represents grant monies received from All Churches Trust and Visit Wales to provide projects in the diocese in the areas of building a picture of the landscapes of faith across the diocese. The projects will result in key areas being identified throughout Wales, and will engage with parishes on a diocesan level.
- k) Church Improvement Fund  
The Representative Body of the Church in Wales provide an annual allocation to the diocese to be used specifically for church improvements which are allocated to parishes in the form of grants by the Diocesan Advisory Committee.

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**3. RESTRICTED FUNDS (CONTINUED)**

**l) Movements on Restricted Funds**

	Balance				Investment	
	1 January	Transfer	Incoming	Outgoings	gains/(losses)	Balance
	2019	of funds	resources	£	£	31
	£	£	£	£	£	December
	£	£	£	£	£	2019
	£	£	£	£	£	£
Retired clergy	48,150	4,172	359	-	-	52,681
Parsonage board	-	638,640	166,811	(795,580)	-	9,871
Schools funds:						
External grants	16,103,273	-	150,744	(472,536)	-	15,781,481
Accumulated funds	822,027	-	121,145	(257,005)	-	686,167
Sundry trusts	73,940	-	2,345	(6,825)	(3,008)	66,452
Bishop's mission fund	-	-	7,440	(7,440)	-	-
Transformation fund	166,675	-	-	(107,735)	-	58,940
Landscapes/Journeys in						
Faith	-	-	62,347	(35,037)	-	27,310
Church Improvement						
Fund	-	-	25,500	(24,000)	-	1,500
Community						
Development	369,044	-	25,727	(58,234)	-	336,537
W.O.D.S.	75,056	5,000	2,772	(1,324)	3,587	85,091
	<u>17,658,165</u>	<u>647,812</u>	<u>565,190</u>	<u>(1,765,716)</u>	<u>579</u>	<u>17,106,030</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**3. RESTRICTED FUNDS (CONTINUED)**

m) Movements on Restricted Funds (prior year comparative)

	Balance				Investment	Balance
	1 January	Transfer	Incoming	Outgoings	gains/(losses)	31
	2018	of funds	resources			December
	£	£	£	£	£	2018
						£
Retired clergy	43,773	<b>4,102</b>	<b>275</b>	-	-	<b>48,150</b>
Parsonage board	27,765	<b>672,631</b>	<b>101,809</b>	<b>(802,205)</b>	-	-
Schools funds:						
External grants	16,395,565	-	<b>176,710</b>	<b>(469,002)</b>	-	<b>16,103,273</b>
Accumulated funds	993,131	-	<b>119,747</b>	<b>(290,851)</b>	-	<b>822,027</b>
Penarth school proceeds	-	-	<b>3,467</b>	<b>(3,467)</b>	-	-
Sundry trusts	80,371	-	<b>2,538</b>	<b>(3,043)</b>	<b>(5,926)</b>	<b>73,940</b>
Bishop's mission fund	-	-	<b>8,891</b>	<b>(8,891)</b>	-	-
Community Mental Health Chaplaincy	4,135	-	<b>20,000</b>	<b>(24,135)</b>	-	-
Transformation fund	371,713	-	-	<b>(205,038)</b>	-	<b>166,675</b>
Community Development	504,362	-	<b>32,054</b>	<b>(196,416)</b>	<b>29,044</b>	<b>369,044</b>
W.O.D.S.	70,818	<b>5,000</b>	<b>3,076</b>	<b>(2,643)</b>	<b>(1,195)</b>	<b>75,056</b>
	<u>18,491,633</u>	<u><b>681,733</b></u>	<u><b>468,567</b></u>	<u><b>(2,005,691)</b></u>	<u><b>21,923</b></u>	<u><b>17,658,165</b></u>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
(a company limited by guarantee and not having a share capital)

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**4. DONATIONS AND LEGACIES**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Total 2018 £
Grants from the Representative Body of the Church in Wales						
Block grant	1,489,782	-	1,489,782	1,489,782	-	1,489,782
Other	8,333	-	8,333	8,333	-	8,333
	<u>1,498,115</u>	<u>-</u>	<u>1,498,115</u>	<u>1,498,115</u>	<u>-</u>	<u>1,498,115</u>
Parish Share	4,102,689	-	4,102,689	4,023,508	-	4,023,508
Parish & School contributions	-	1,940	1,940	-	2,369	2,369
Donations	47,533	11,880	59,413	47,533	18,560	66,093
	<u>5,648,337</u>	<u>13,820</u>	<u>5,662,157</u>	<u>5,569,156</u>	<u>20,929</u>	<u>5,590,085</u>

The Board benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with Charities SORP(FRS102), the economic contribution of general volunteers is not recognised in the accounts.

**5. CHARITABLE ACTIVITIES INCOME**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Total 2018 £
<b><i>Support for ministry</i></b>						
Hospital chaplaincies	(762)	-	(762)	245	-	245
Stipendiary secondment	33,578	-	33,578	-	-	-
Clergy school grant	3,000	-	3,000	3,000	-	3,000
Grants for work on parsonages	-	10,662	10,662	-	948	948
<b><i>Support for parishes</i></b>						
Staff recharges	-	-	-	7,072	-	7,072
Schools receipts	17,905	-	17,905	19,145	-	19,145
Community Mental Health Chaplaincy	-	-	-	-	20,000	20,000
Licence income	360	-	360	840	-	840
<b><i>Church property</i></b>						
Grants for schools capital projects	-	150,744	150,744	-	176,710	176,710
Schools contributions to insurances	-	63,715	63,715	-	65,391	65,391
	<u>54,081</u>	<u>225,121</u>	<u>279,202</u>	<u>30,302</u>	<u>263,049</u>	<u>293,351</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**6. INVESTMENT INCOME**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2019</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2018</b>
	£	£	£	£	£	£
Bank and other interest	10,791	7,181	17,972	10,644	8,562	19,206
Dividend and trust income	191,715	3,234	194,949	194,499	3,295	197,794
Rental income	20,140	227,813	247,953	21,765	172,431	194,196
	<u>222,646</u>	<u>238,228</u>	<u>460,874</u>	<u>226,908</u>	<u>184,288</u>	<u>411,196</u>
Permanent Endowment			<u>6,747</u>			<u>6,472</u>
			<u>467,621</u>			<u>417,668</u>

Permanent Endowment income of £6,747 relates to Investments.

**7. OTHER INCOME**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2019</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2018</b>
	£	£	£	£	£	£
Community Development Fund						
sundry income	-	174	174	-	301	301
Sundry Grant Income	-	87,847	87,847	-	-	-
Other sundry income	10,232	-	10,232	1,460	-	1,460
	<u>10,232</u>	<u>88,021</u>	<u>98,253</u>	<u>1,460</u>	<u>301</u>	<u>1,761</u>

Sundry grant income has been received in the year in relation to the two new restricted funds which have been set up from Visit Wales and All Churches Trust in relation to the Landscapes/Journeys in Faith projects, and from the Representative Body of the Church in Wales in relation to Church Improvement grants.

Sundry other income includes the release of the unused strategic support fund.

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
(a company limited by guarantee and not having a share capital)

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**8. CHARITABLE ACTIVITIES: SUPPORT FOR MINISTRY**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Total 2018 £
<b><i>Support for Ministry</i></b>						
<b><i>Stipends, fees and pensions</i></b>						
Stipends	2,211,082	-	2,211,082	2,125,797	-	2,125,797
Curates' stipends	231,784	-	231,784	210,740	-	210,740
National Insurance	248,838	1,617	250,455	236,101	1,579	237,680
Pension costs	1,049,783	6,747	1,056,530	998,885	6,589	1,005,474
Apprenticeship levy	10,776	-	10,776	10,166	-	10,166
Archdeacons	79,815	-	79,815	60,623	-	60,623
Cathedral staff costs	67,071	-	67,071	65,499	-	65,499
Sector ministry stipends	55,064	17,389	72,453	53,197	16,981	70,178
Bishop's Chaplain	28,568	-	28,568	27,898	-	27,898
University chaplains	32,591	-	32,591	31,716	-	31,716
Vacancy fees	33,595	-	33,595	29,226	-	29,226
	<b>4,048,967</b>	<b>25,753</b>	<b>4,074,720</b>	<b>3,849,848</b>	<b>25,149</b>	<b>3,874,997</b>
<b><i>Property costs</i></b>						
Council Tax	232,782	-	232,782	218,259	-	218,259
Parsonage maintenance costs	2,125	738,144	740,269	13,983	745,496	759,479
Rent of curate houses	36,157	-	36,157	4,800	-	4,800
Parsonage insurances	21,772	-	21,772	21,950	-	21,950
	<b>292,836</b>	<b>738,144</b>	<b>1,030,980</b>	<b>258,992</b>	<b>745,496</b>	<b>1,004,488</b>
<b><i>Clergy expenses</i></b>						
Area deans' expenses	4,091	-	4,091	3,321	-	3,321
Archdeacons' expenses	14,450	-	14,450	16,413	-	16,413
Removal costs	61,919	-	61,919	48,628	-	48,628
Bishop's discretionary fund	19,095	-	19,095	19,095	-	19,095
Miscellaneous	17,465	-	17,465	9,034	-	9,034
	<b>117,020</b>	<b>-</b>	<b>117,020</b>	<b>96,491</b>	<b>-</b>	<b>96,491</b>
<b><i>Training</i></b>						
Training costs of ordinands	2,842	-	2,842	1,994	-	1,994
Robes for Deacons	2,429	-	2,429	3,611	-	3,611
Continuing ministerial education	11,251	-	11,251	9,850	-	9,850
Readers	1,322	-	1,322	917	-	917
Clergy school	3,716	-	3,716	40,000	-	40,000
	<b>21,560</b>	<b>-</b>	<b>21,560</b>	<b>56,372</b>	<b>-</b>	<b>56,372</b>
<i>Support costs (note 13)</i>	73,288	52,062	125,350	65,400	44,320	109,720
<i>Governance costs (note 13)</i>	24,253	-	24,253	16,220	-	16,220
	<b>97,541</b>	<b>52,062</b>	<b>149,603</b>	<b>81,620</b>	<b>44,320</b>	<b>125,940</b>
	<b>4,577,924</b>	<b>815,959</b>	<b>5,393,883</b>	<b>4,343,323</b>	<b>814,965</b>	<b>5,158,288</b>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
(a company limited by guarantee and not having a share capital)

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**9. CHARITABLE ACTIVITIES: SUPPORT FOR PARISHES**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Total 2018 £
Parish Share refund to parishes	203,740	-	203,740	197,209	-	197,209
Debt provision	(22,296)	-	(22,296)	27,972	(5)	27,967
Uppsala link	1,874	-	1,874	808	-	808
Community Mental Health Chaplaincy	19,427	-	19,427	7,087	24,135	31,222
Sector ministry costs	199,348	8,957	208,305	182,678	10,039	192,717
Transformation funds	-	107,735	107,735	-	205,038	205,038
Loan interest	(3)	-	(3)	23	-	23
<i>Support costs (note 13)</i>	70,671	-	70,671	65,503	-	65,503
<i>Governance costs (note 13)</i>	57,641	-	57,641	43,299	-	43,299
	<b>530,402</b>	<b>116,692</b>	<b>647,094</b>	<b>524,579</b>	<b>239,207</b>	<b>763,786</b>

**10. CHARITABLE ACTIVITIES: CHURCH PROPERTY**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Total 2018 £
<i><u>Parsonages</u></i>						
Custodian expenses	10,414	1,163	11,577	8,739	5,680	14,419
<i><u>Property costs re churches and church halls</u></i>						
Diocesan Advisory Committee	105,841	-	105,841	50,781	-	50,781
Resource Church	2,551	-	2,551	-	-	-
Church Inspections	21,100	-	21,100	33,524	-	33,524
<i><u>Church schools</u></i>						
Depreciation	-	491,723	491,723	-	491,723	491,723
Insurances	-	65,969	65,969	-	67,610	67,610
Option appraisal, enabling and maintenance costs	-	125,492	125,492	-	155,688	155,688
Bad debt provision	-	6,252	6,252	-	4,234	4,234
Schools proceeds release	-	9,530	9,530	-	1,318	1,318
<i>Support costs (note 13)</i>	10,069	24,968	35,037	7,853	21,696	29,549
<i>Governance costs (note 13)</i>	14,206	37,077	51,283	9,501	11,838	21,339
	<b>164,181</b>	<b>762,174</b>	<b>926,355</b>	<b>110,398</b>	<b>759,787</b>	<b>870,185</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**11. CHARITABLE ACTIVITIES: GRANTS AND OTHER FINANCIAL SUPPORT**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Total 2018 £
<b><i>Grants to Church in Wales Bodies</i></b>						
Retired clergy and widows	-	1,324	1,324	-	2,642	2,642
Churches fund	4,000	24,000	28,000	4,000	-	4,000
Mission fund grants to parishes	33,666	-	33,666	32,225	-	32,225
Support of retreat facilities	5,000	-	5,000	5,000	-	5,000
Llandaff Cathedral	60,000	-	60,000	60,000	-	60,000
Bishop's mission & general fund	-	7,440	7,440	-	8,891	8,891
University Chaplaincies	10,877	-	10,877	14,479	-	14,479
Trecco Bay Mission	1,250	-	1,250	1,250	-	1,250
RB Emergency Aid Fund	16,667	-	16,667	16,667	-	16,667
	<b>131,460</b>	<b>32,764</b>	<b>164,224</b>	<b>133,621</b>	<b>11,533</b>	<b>145,154</b>
<b><i>Grants to Anglican, Ecumenical and other bodies</i></b>						
Penrhys Ecumenical Mission	3,500	-	3,500	3,500	-	3,500
The Friends of the Clergy Corporation	300	-	300	300	-	300
The Trussell Trust	300	-	300	300	-	300
Citizens UK	-	10,000	10,000	-	10,000	10,000
Community development grants	-	2,536	2,536	-	149,685	149,685
Miscellaneous	1,200	6,280	7,480	1,200	2,470	3,670
	<b>5,300</b>	<b>18,816</b>	<b>24,116</b>	<b>5,300</b>	<b>162,155</b>	<b>167,455</b>
	<b>136,760</b>	<b>51,580</b>	<b>188,340</b>	<b>138,921</b>	<b>173,688</b>	<b>312,609</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**12. CHARITABLE ACTIVITIES: COMMUNICATION**

	<b>Unrestricted Funds Total 2019 £</b>	Unrestricted Funds Total 2018 £
Communication officer and IT expenses	49,321	23,501
Croeso	5,050	6,413
Support costs (note 13)	15,466	14,220
Governance costs (note 13)	10,446	6,985
	<u>80,283</u>	<u>51,119</u>

**13. SUPPORT COSTS**

Support costs are allocated on the basis of time spent by staff members on each activity, together with the diocesan office floor area relating to those employees, as shown below

	Note	Unrestricted General Support £	Unrestricted Governance £	Restricted General Support £	Restricted Governance £	Total 2019 £
Support for Ministry	8	73,288	24,253	52,062	-	149,603
Support for Parishes	9	70,671	57,641	-	-	128,312
Church property	10	10,069	14,206	24,968	37,077	86,320
Communication	12	15,466	10,446	-	-	25,912
		<u>169,494</u>	<u>106,546</u>	<u>77,030</u>	<u>37,077</u>	<u>390,147</u>

The Board identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the four key areas of charitable activities undertaken in the year. The table below details the basis of apportionment and analysis of support and governance costs.

	General Support £	Governance £	Total £	Basis of apportionment
Salary Costs	155,415	26,620	182,035	Time spent on activity
General Office costs	91,110	5,815	96,925	Time spent on activity and floor space
Diocesan conference expenses	-	2,366	2,366	Governance
Audit	-	5,400	5,400	Governance
Diocesan registrar	-	24,000	24,000	Governance
Meeting and other sundry costs	-	17,101	17,101	Governance
Legal fees	-	25,243	25,243	Governance
Legal fees (restricted)	-	37,077	37,077	Governance
	<u>246,525</u>	<u>143,622</u>	<u>390,147</u>	

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**14. NET INCOME FOR THE YEAR**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2019</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2018</b>
	£	£	£	£	£	£
<b>This is after charging</b>						
Auditors' remuneration - audit fees	5,400	-	5,400	5,300	-	5,300
Depreciation	18,970	491,723	510,693	17,785	491,723	509,508

**15. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

No remuneration was paid to any trustee or any person connected with a trustee during the year (2018 - £nil).

No expenses were paid to any trustee, other than for travel to meetings where claimed.

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total 2019</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total 2018</b>
	£	£	£	£	£	£
<b>Employee costs during the year were</b>						
Wages and salaries	407,263	32,601	439,864	358,229	31,837	390,066
Social security costs	37,023	2,723	39,746	30,915	2,667	33,582
Pension contributions	31,347	4,485	35,832	29,885	4,380	34,265
Termination payment	36,000	-	36,000	-	-	-
	<u>511,633</u>	<u>39,809</u>	<u>551,442</u>	<u>419,029</u>	<u>38,884</u>	<u>457,913</u>

During the year, the Board employed 18 staff (2018 - 17). This equates to an average of 12.1 (2018 – 11.7) full-time staff.

No employees had employee benefits in excess of £60,000 (2018: nil). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to relevant funds.

The charity trustees were not paid nor received any other benefits from employment with the Board in the year (2018: £nil). Meeting travel costs claimed in the year were £358 (2018: £206). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

**Key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were considered to be the Diocesan Secretary and Accountant.

Total employee costs (including salaries, pension and national insurance costs) of the key management personnel of the Board were £129,385 (2018: £114,308). Additional costs were incurred in 2019 as there was a change in Diocesan Secretary which resulted in a 2 month handover period.

**Pension costs**

The company contributes a percentage of salary to funds held in a grouped personal pension plan to which each employee also contributes. The plan is operated under the stakeholder pension provisions. The contributions paid in the year amounted to £35,832 (2018: £34,265). At the year end contributions of £nil were due (2018: £nil).

**Taxation**

As a registered charity, Llandaff Diocesan Board of Finance is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**16. TANGIBLE FIXED ASSETS**

	Unrestricted funds			Restricted funds		Total £
	Office Premises £	Office equipment £	Furniture and fittings £	Land £	Schools £	
	<b>Cost</b>					
At 1 January 2019	629,053	13,646	20,603	61,757	24,586,148	25,311,207
Additions	-	1,988	-	-	-	1,988
At 31 December 2019	629,053	15,634	20,603	61,757	24,586,148	25,313,195
<b>Accumulated depreciation</b>						
At 1 January 2019	197,532	7,835	5,398	-	8,527,686	8,738,451
Charge for year	15,726	1,452	1,792	-	491,723	510,693
At 31 December 2019	213,258	9,287	7,190	-	9,019,409	9,249,144
<b>Net book value</b>						
At 31 December 2019	415,795	6,347	13,413	61,757	15,566,739	16,064,051
At 31 December 2018	431,521	5,811	15,205	61,757	16,058,462	16,572,756

**17. INVESTMENTS HELD AS FIXED ASSETS**

Property	Unrestricted funds £	Restricted funds £	Total £
Investment Properties	220,000	260,000	480,000

The property at Heol Fair is valued on an open market valuation basis as defined under current RICS Practice statements and guidelines subject to the existing lease for educational purposes, based on professional valuation by Cooke & Arkwright as at 17 January 2018. The property at Cowbridge Road was transferred to the Board at historic depreciated cost in 2017 and revalued in 2018. The current valuations are considered to be reasonably stated.

**Listed Securities**

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total £
Balance at 1 January 2019	6,768,412	112,157	164,263	7,044,832
Additions	318,287	3,521	9,651	331,459
Disposals	(530,811)	(6,150)	(5,371)	(542,332)
Revaluation to market value	901,118	167	19,058	920,343
Balance at market value at 31 December 2019	7,457,006	109,695	187,601	7,754,302

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**17. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)**

The original cost of the above investments at 31 December 2019 was £5,358,575 (2018: £5,568,765). The above investments are valued at mid-market valuation on 31 December 2019. All investments are in listed securities and the investments are all less than 20% of the appropriate listed company. In 2014 an additional fund was set up with the stockbrokers to hold funds on a medium term basis for income yield, but which is realisable to cash on short notice.

**18. LONG-TERM LOANS**

**(a) LOANS-FIXED ASSETS**

	Balance 1 January 2019 £	New loans/ Revaluation £	Capital repaid £	Balance 31 December 2019 £
<b>i Unrestricted funds</b>				
<b>Loans to parishes and retired clergy</b>				
Retired clergy general loans	171,000	-	(45,000)	126,000
Retired clergy equity linked loans	506,400	-	(89,000)	417,400
	<u>677,400</u>	<u>-</u>	<u>(134,000)</u>	<u>543,400</u>
<b>Total equals amount of loans received from the Representative Body of the Church in Wales</b>				
General C loans	168,164	60,000	(12,198)	215,966
Loan to Llangasty Retreat House Trust	163,125	-	-	163,125
	<u>1,008,689</u>	<u>60,000</u>	<u>(146,198)</u>	<u>922,491</u>
<b>Split as follows:</b>				
Amount due within one year (current asset)	20,345	-	-	22,646
Amount due after one year (fixed asset)	988,344	-	-	899,845
<b>ii Restricted Funds</b>				
<b>Governor Loans</b>	<u>188,207</u>	<u>-</u>	<u>(58,919)</u>	<u>129,288</u>
<b>Split as follows:</b>				
Amount due within one year (current asset)	58,919	-	-	49,667
Amount due after one year (fixed asset)	129,288	-	-	79,621
	<u>1,196,896</u>	<u>60,000</u>	<u>(205,117)</u>	<u>1,051,779</u>
<b>Split as follows:</b>				
Amount due within one year (current asset)	79,264			72,313
Amount due after one year (fixed asset)	1,117,632			979,466

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**18. LONG-TERM LOANS (continued)**

**(b) Loans from The Representative Body Of The Church In Wales**

The loans to the parishes and retired clergy are received from the Representative Body of the Church in Wales and capital repayments are made to the Representative Body of the Church in Wales when they are received from the parishes and retired clergy. The Board pays the same rates of interest to the Representative Body as is received from the loans to parishes and retired clergy, shown above.

**(c) Governor Loans**

Loans are provided to Governors of diocesan schools to assist with the management of their 15% liability to school capital projects, and for other large projects. No interest is charged on such loans, with the length of term usually 5 or 10 years. Loans which are as a result of 15% liability capital projects with contribution received from Welsh Government are matched with a deferred income provision.

**19. DEBTORS**

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Parish share in arrears	54,290	-	-	54,290	82,873	-	-	82,873
Provisions	<u>(52,252)</u>	-	-	<u>(52,252)</u>	<u>(79,912)</u>	-	-	<u>(79,912)</u>
	2,038	-	-	2,038	2,961	-	-	2,961
Loans due within one year (see note 18)	22,646	49,667	-	72,313	20,345	58,919	-	79,264
Other debtors (due within one year)	<u>52,639</u>	<u>89,561</u>	-	<u>142,200</u>	<u>54,937</u>	<u>258,586</u>	-	<u>313,523</u>
	<u><u>77,323</u></u>	<u><u>139,228</u></u>	<u><u>-</u></u>	<u><u>216,551</u></u>	<u><u>78,243</u></u>	<u><u>317,505</u></u>	<u><u>-</u></u>	<u><u>395,748</u></u>

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

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Parish Share rebates	195,338	-	-	195,338	189,382	-	-	189,382
Other creditors	841,188	50,697	230	892,115	124,609	1,049,408	230	1,174,247
Clergy school	-	-	-	-	85,276	-	-	85,276
Strategic development fund	-	-	-	-	15,000	-	-	15,000
Deferred Income Governor Loans	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>25,252</u>	<u>-</u>	<u>25,252</u>
	<u><u>1,036,526</u></u>	<u><u>66,697</u></u>	<u><u>230</u></u>	<u><u>1,103,453</u></u>	<u><u>414,267</u></u>	<u><u>1,074,660</u></u>	<u><u>230</u></u>	<u><u>1,489,157</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**21. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2019.

**22. DESIGNATED FUNDS**

	Balance at 1 January 2019 £	New designations £	Utilised/ released £	Balance at 31 December 2019 £
Transformation Funds (DBF)	187,288	-	(168,000)	19,288
Community Mental Health Chaplaincy	52,914	-	(52,914)	-
DBF Vision Fund	-	3,168,000	(44,284)	3,123,716
Clergy School	-	20,000	-	20,000
Curate Housing pilot	160,000	-	(69,490)	90,510
	<u>400,202</u>	<u>3,188,000</u>	<u>(334,688)</u>	<u>3,253,514</u>

**Transformation Fund:** These funds are set aside by the Diocesan Board of Finance to match fund from reserves the grant receivable from the RB to fund 20:20 Vision fund initiatives. £168,000 was re-allocated in relation to the Pioneer Ministry project to the Vision Funding designated fund.

**Community Mental Health:** The project was completed in 2019 with the balance of designated fund being released.

**DBF Vision Fund:** These funds are set aside by the Diocesan Board of Finance to fund Diocesan Vision initiatives.

**Clergy School:** Annually designated funds are set aside to fund the triennial Clergy School. The next Clergy School is due to be held in 2022.

**Curate Housing Support:** These funds are set aside by the Diocesan Board of Finance to run a pilot project for three years to assist parishes with housing costs of newly ordained stipendiary curates. The fund applies to ordinations in years 2018 and 2019 only.

**Prior year comparative - 2018**

	Balance at 1 January 2018 £	New designations £	Utilised/ released £	Balance at 31 December 2018 £
Ordination training	139,000	-	(139,000)	-
Transformation Funds (DBF)	187,288	-	-	187,288
Community Mental Health Chaplaincy	60,000	-	(7,086)	52,914
Curate Housing Support	-	160,000	-	160,000
	<u>386,288</u>	<u>160,000</u>	<u>(146,086)</u>	<u>400,202</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**23. ENDOWMENT FUNDS**

	Balance at 1 January 2019 £	Incoming Resources £	Resources Expended £	Investment Gains/Losses £	Transfers £	Balance at 31 December 2019 £
Retired Clergy Fund	119,055	4,172	(644)	9,858	(4,172)	128,269
Miss DJN Evans Trust	39,280	1,571	(243)	3,711	(1,571)	42,748
Anonymous Fund	35,275	1,004	-	5,036	(1,004)	40,311
	<u>193,610</u>	<u>6,747</u>	<u>(887)</u>	<u>18,605</u>	<u>(6,747)</u>	<u>211,328</u>

The income generated by the funds can be used to further the aims of the charity. The income is transferred to general funds on its receipt, with the exception of the Retired Clergy Fund which is transferred to the Retired Clergy Restricted fund.

**Prior year comparative – 2018**

	Balance at 1 January 2018 £	Incoming Resources £	Resources Expended £	Investment Gains/Losses £	Transfers £	Balance at 31 December 2018 £
Retired Clergy Fund	130,795	4,102	(658)	(11,082)	(4,102)	119,055
Miss DJN Evans Trust	43,702	1,507	(250)	(4,172)	(1,507)	39,280
Anonymous Fund	36,953	863	-	(1,678)	(863)	35,275
	<u>211,450</u>	<u>6,472</u>	<u>(908)</u>	<u>(16,932)</u>	<u>(6,472)</u>	<u>193,610</u>

**24. FINANCIAL COMMITMENTS (OPERATING LEASES NOTE)**

Total financial commitments under non-cancellable operating leases are as follows as at 31<sup>st</sup> December 2019.

	2020 £	2019 £
<b>Operating leases expiring:</b>		
Within one year of the balance sheet date	7,170	7,170
In two to five years of the balance sheet date	6,495	13,665
	<u>13,665</u>	<u>20,835</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2019

**25. COMPANY STATUS**

The company is limited by guarantee to the extent of £1 per member, the maximum number of members being 22; the actual number at 31 December 2019 was 13 (2018: 15).

**26. RELATED PARTY TRANSACTIONS**

During the year the charity contracted Cooke & Arkwright to carry out professional valuations on the behalf of the charity. Mr Lawley is a Chairman of the Board of Trustees and also Chairman of Cooke & Arkwright. Mr Lawley took no part in the decision making process to appoint Cooke & Arkwright. The value of the contracts was £1,500. (2018: £2,623)

During the year the charity received £16,000 of income from Cardiff Womens Aid. The Venerable Frances Jackson is a trustee of the Board and also trustee of Cardiff Womens Aid. She did not participate in any of the rental agreement decisions. (2018: £16,000)

An assessment of trustee waived expenses has been made and the value is not material for disclosure.

**27. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**2019**

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	435,555	-	15,628,496	-	16,064,051
Investments	5,576,851	3,000,000	449,316	187,601	9,213,768
Net current assets	712,766	253,514	1,131,673	23,727	2,121,680
Due after one year	<u>(545,067)</u>	<u>-</u>	<u>(103,455)</u>	<u>-</u>	<u>(648,522)</u>
	<u>6,180,105</u>	<u>3,253,514</u>	<u>17,106,030</u>	<u>211,328</u>	<u>26,750,977</u>

**2018**

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	452,537	-	16,120,219	-	16,572,756
Investments	7,976,756	-	501,445	164,263	8,642,464
Net current assets	593,728	400,202	1,184,672	29,347	2,207,949
Due after one year	<u>(682,769)</u>	<u>-</u>	<u>(148,171)</u>	<u>-</u>	<u>(830,940)</u>
	<u>8,340,252</u>	<u>400,202</u>	<u>17,658,165</u>	<u>193,610</u>	<u>26,592,229</u>