

Company Number: 00211214
Charity Number: 235831

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017



SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

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SWANSEA & BRECON DIOCESAN TRUST INCORPORATED**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017**

Report of the trustees for the year ended 30 June 2017

The trustees are pleased to present their annual report together with the audited financial statements of the charity for the year ended 30 June 2017.

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 (FRS 102) (effective 1 January 2015).

Chair's Report

During the year the Trustees have continued to implement the recommendations for improvements to the administration and reporting of Trust activities as suggested in the independent report. Full implementation will take some time, but the Trustees are content with the progress made to date.

The Trust continues to have the benefit of good financial advice from its investment managers and this is borne out by the income levels it continues to achieve of over 3% pa whilst the capital value of the funds have grown in line with the FTSE 100 index.

The Trust is also conscious of its responsibility to the schools under its care and has continued a close relationship with the relevant Local Authorities which cover the schools. The local authority plans in regard to three Church Schools are progressing but as yet the Trust has not been required to make a major financial contribution.

My thanks go to the various officers of the Trust and their assistants for their support and care for Trust matters during the year.

The Most Reverend John D.E. Davies
Chairman



29th January 2018



SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017 (continued)

Our purposes and aims

The principal purpose of the charity is the management of those church trusts in the Diocese of Swansea and Brecon as vested in the charity as Trustees.

The charity acts as Custodian Trustee for:

- Land and buildings held under these trusts.
- Funds held under these trusts and also ensures that the individual funds are managed and invested to the benefit of the respective administrative trustees.

The charity achieves its objectives of the management of the church trusts through regular meetings of the Trustees and regular investment reports. Returns on investment are monitored in line with market conditions using benchmarking and the FTSE indices.

Objectives and activities for the public benefit

During the year the Trust has continued to support both its Voluntary Aided and Voluntary Controlled Schools with their financial and educational needs by the provision of grants and advice. Through this medium the children of the areas in which the schools are located are nurtured in a safe and caring environment. The admissions policies applied by the Governing Bodies at each of the schools are approved by the local education authorities concerned and provide the appropriate level of opportunity for those not affiliated to the Church in Wales to obtain admittance to the schools.

Church property is made available to the public through community use which is encouraged. The Trust is of the opinion that it should assist communities, particularly in rural areas where facilities are either not otherwise available or are inadequate to provide suitable property.

Through these actions the Trust considers that it fulfils its responsibility to have regard to the public benefit in its operation.

Achievements and performance

The Charity has continued to act as Custodian Trustee for Individual Trusts vested with the Charity and Custodian Trustees of land owned by parishes. It has also continued to support its Voluntary Aided and Voluntary Controlled Schools with their educational and financial needs as described above.

The Charity has devolved the management of investments to Brewin Dolphin plc as described in the Investment Policy and Performance section. The Investment portfolio achieved its benchmark returns set by the Investment Committee and the Trustees are satisfied with investment performance.

The charity has administered the sale of three properties on behalf of Parishes during the year, the total gross sales value being £237,398. The funds from the sale of these properties are currently held by the Charity on behalf of the Parishes.

The Charity has supported its Voluntary Aided and Voluntary Controlled Schools with School visits and financial assistance. The Charity made a payment of £72,978 to Powys County Council during the year being a contribution to the build costs of the new Archdeacon Griffiths School in Llyswn.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017 (continued)

Financial Review

Restricted Funds had net expenditure for the year of £49,960 (2016: £19,221) before gains on investments. The main activities being:-

- The principal funding source comes from investment income. The continuing volatility in the markets and the regime of low interest rates remains a challenge. The volatility in the markets has this year provided an improvement in the recorded values of the Trust's investments. The Trustees' advisers continue to actively monitor the funds so that they may be insulated from any excessive fluctuations in value. Investment income remains at a similar level to last year which has enabled an income Distribution of similar proportions to be made to the managing Trustees of the individual trusts.
- There were no school sales in the year (2016: There were no school sales).
- The Charity made a payment of £72,978 to Powys County Council during the year being a contribution to the build costs of the new Archdeacon Griffiths School in Llyswen.
- The Welsh Assembly Government provided grants of £15,837 (2016: £15,837) through its Capital Repairs and Maintenance Programme for Voluntary Aided Schools.
- Receipt of investment income and distribution to the individual trusts in accordance with the terms of each trust.
- Management of leases for the letting of property, the collection and distribution of rents. The total gross receipts from rentals amounted to £1,431 (2016: £951).
- Approval was given for the withdrawal of funds:
 - £ 58,842 from the Trebanos Church Hall Fund to assist with the refurbishment of St Michael and All Angels Church, Trebanos (2016: £Nil)
 - £ 75,000 (2016: £Nil) from the Miss Margaret Graves Smith Legacy Fund to assist with the Brecon Cathedral Appeal Fund
 - £ 55,000 (2016: £Nil) from the Dean & Chapter of Brecon Cathedral Fund to assist with the running costs of the Cathedral
 - £ 25,000 (2016: £Nil) from the GL Always Bequest Fund to assist with the running costs of the Cathedral
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Key performance indicators

The Trustees/directors consider the key performance indicators to be net expenditure before gains on investments for the financial year and the total funds carried forward at 30 June 2017.

	2017	2016
Net (expenditure) for the year before gains on investments	(49,960)	(19,221)
Total funds carried forward as at 30 June	5,722,182	5,173,753

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017 (continued)**

Results – Unrestricted Funds

The net movements for the year on unrestricted funds are as follows:-

	2017 £
Net income	-
Balance brought forward	<u>2,825</u>
Balance carried forward	<u>2,825</u>

Results – Restricted Funds

The net movements for the year on restricted funds are as follows:

	2017 £
Net expenditure before gains on investments	(49,960)
Gain on revaluation and disposals of fixed asset investments	<u>598,389</u>
Net income	<u>548,429</u>
Balance brought forward	<u>5,170,928</u>
Balance carried forward	<u>5,719,357</u>

The financial statements are drawn up to comply with the Companies Act 2006 and UK GAAP (FRS102).

The Trustees are of the opinion that the results for the year are satisfactory and that the financial position of the charity remains sound.

Investment Policy and Performance

The Charity has devolved the management of the investments to Brewin Dolphin. The Board has requested that the sums are invested in low to medium risk investment whilst maximising the return they generate so as to provide income for the charity so that it can achieve its objectives. An Investment Committee is responsible for the setting and reviewing the strategy of the Trust's investments, and for monitoring the performance of the Trust's portfolios.

Reserves Policy

The charity aims to maintain the level of Parish & Diocesan Trust reserves in future years to enable it to continue to effectively manage the church trusts in the Diocese of Swansea and Brecon and to enable it to generate and distribute sufficient income in accordance with the terms of each of those trusts.

The charity also aims to maintain its level of Diocesan Church Schools and Religious Education Funds in future years to enable it to continue to effectively support its Voluntary Aided and Voluntary Controlled Schools with their educational and financial needs.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017 (continued)**

Principal risks and uncertainties

The report to review governance matters by the Diocesan Audit Committee, that was commissioned and accepted during the last financial year by the Trustees, is now in the process of being implemented.

In the light of the report, the Trustees are reviewing the major risks to which the charity is exposed and systems are being put in place to mitigate those risks. The process of reviewing risks is an ongoing process and regular reports are planned to the Trustees.

Delivery of a high-quality service continues to be a high priority for the Trustees and there is ongoing dialogue with the beneficiaries of the charity's funds to ensure the services provided are done so in an efficient manner.

The Trustees consider that the principal risk is a significant fall in global stock market prices and deterioration of general economic conditions.

Structure, Governance and Management**Standing Committee**

The charity is managed by the Standing Committee. All members of the Standing Committee are Trustees of the charity and also Directors of the charitable company.

Method of appointing Trustees

The Standing Committee consists of the Bishop (ex-officio) and up to nine members elected at the Annual General Meeting. Members of the charity are appointed by the Bishop, and are selected for their expertise and experience. All members of the Standing Committee are trustees and members of the charity.

Induction and Training of Trustees

Following the Diocesan committee report, induction packs are being developed for new trustees.

Training is being sought from external providers which will include Charity Commission guidance on being a Trustee together with appropriate information to convey the objectives and activities of the Charity. There have been some delays to this process during the year due to staffing difficulties.

Custodian Trustee

The Trust holds various assets as custodian trustee. Following the Diocesan Committee report, the trustees are reviewing the risks associated with each asset type and will put in place a series of control measures to safeguard the assets. These controls will be regularly tested and updated or amended accordingly when it is considered necessary.

Plans for the Future

The long term plans of the Trust are to continue with the investment policy of ensuring sufficient returns, both income and capital growth, to be able to maintain a steady income stream for the various trusts for which such investments are held.

Financial statements

The Company is a registered charity and so achievements cannot be measured by normal commercial criteria. Accordingly, the Trustees/directors consider it inappropriate to present a Profit and Loss Account in one of the formats set out in the Companies Act 2006. As permitted by the Companies Act, in order to reflect the special nature of the company's activities, a Statement of Financial Activities has been presented.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017 (continued)

Statement of Trustees' responsibilities in respect of the Annual Report and the financial statements

The trustees (who are also directors of the Swansea and Brecon Diocesan Trust Incorporated for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The trustees are responsible for the maintenance and integrity of 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.

Reference and administrative details

The full name of the charity is Swansea & Brecon Diocesan Trust Incorporated.

The Swansea and Brecon Diocesan Trust (the Company) is a multi-faceted structure. It is:-

- A registered charity (No.235831)
- A company limited by guarantee (No. 211214)
- A Trust established under the Constitution of the Church in Wales.

The Swansea & Brecon Diocesan Trust ("the Company") was set up under the provisions of the Constitution of the Church in Wales, Chapter IV, and Paragraph 16. The Company was incorporated as a charity limited by guarantee on 20 January 1926.

The Charity was registered with the Charity Commission on 13 January 1965 and is exempt from United Kingdom income and corporation tax. The governing document of the Company is the Memorandum and Articles of Association.

The Company meets in general meeting twice annually. The day to day management of the Company is delegated to the Executive Committee, whose members are the Trustees of the charity and Directors of the company for the purpose of company law.

The Company does not have a share capital. The Trustees/directors guarantee to contribute to the assets of the Company, such amount as may be required not exceeding £1 per guarantor. The number of guarantors at 30 June 2017 was 8 (2016: 9).

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017 (continued)

Board of Trustees/Directors

The Venerable R. J. Williams (resigned 31 August 2016)
 R. Wigley
 The Most Rev'd. John D. E. Davies
 Mrs. C. Kirby
 The Very Rev'd Dr A. P. Shackerly
 N. O. Tyler
 Mrs K Boyce (resigned 6 December 2016)
 The Venerable A. N. Jevons
 District Judge V.S. Batcup
 The Venerable J B Davies (appointed 1 September 2016)
 G Lewis (appointed 29 January 2018)

Company Secretary

Gwynfor Lewis (resigned 29 January 2018)
 Mrs Louise Pearson (appointed 29 January 2018)

Registered Office

Swansea & Brecon Diocesan Centre, Cathedral Close, Brecon, LD3 9DP

Independent Auditors

PricewaterhouseCoopers LLP, Institute of Life Science, Swansea University, Singleton, Swansea, SA2 8PP

Principal Bankers

CAF Bank Limited, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ.

Investment Managers

Brewin Dolphin Ltd, 2nd Floor, 5 Callaghan Square, Cardiff, CF10 5BT.

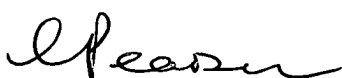
Disclosure of information to auditors

In so far as we 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.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by the Companies Act 2006.

By order of the Board of Trustees



Mrs Louise Pearson
Company Secretary



The Most Reverend John D.E. Davies
Chairman

29th January 2018

Independent auditors' report to the members of Swansea & Brecon Diocesan Trust Incorporated

Report on the audit of the financial statements

Opinion

In our opinion, the Swansea & Brecon Diocesan Trust Incorporated's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the balance sheet as at 30 June 2017 and the statement of financial activities for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 charitable company'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Trustees

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Trustees. We have nothing to report in this respect.

Independent auditors' report to the members of Swansea & Brecon Diocesan Trust Incorporated (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 6, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Report of the Trustees; and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Ian Clarke

Ian Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea

20 February 2018

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED
**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**
YEAR ENDED 30 JUNE 2017
Company Number: 00211214

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<u>Income from:</u>					
Donations and legacies	5	-	15,837	15,837	15,837
Charitable activities	6	-	238,829	238,829	951
Investments	7	-	158,047	158,047	144,656
Total Income		-	412,713	412,713	161,444
<u>Expenditure on:</u>					
Raising funds:					
Investment management costs		-	(30,380)	(30,380)	(22,978)
		-	(30,380)	(30,380)	(22,978)
Charitable Activities:					
Funds Distributed		-	(414,809)	(414,809)	(139,777)
Support Costs	8	-	(9,036)	(9,036)	(8,700)
Governance Costs	9	-	(8,448)	(8,448)	(9,210)
Total charitable activities		-	(432,293)	(432,293)	(157,687)
Total expenditure			(462,673)	(462,673)	(180,665)
Gains on investments	11	-	598,389	598,389	32,662
Net income / net movement in funds		-	548,429	548,429	13,441
Reconciliation of funds					
Total funds brought forward at 1 July		2,825	5,170,928	5,173,753	5,160,132
Total funds carried forward at 30 June		2,825	5,719,357	5,722,182	5,173,753

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

All income and expenditure is derived from continuing activities.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

BALANCE SHEET AS AT 30 JUNE 2017

Company Number: 00211214

	Notes	2017	2016
		£	£
Fixed assets			
Investments	11	4,927,233	4,531,806
Current assets			
Debtors	12	36,658	-
Cash at Bank and in hand		781,710	647,047
Total current assets		818,368	647,047
Creditors: Amounts falling due within one year	13	23,419	5,100
Net current assets		794,949	641,947
Net assets		5,722,182	5,173,753
The funds of the charity:			
Restricted funds	14	5,719,357	5,170,928
Unrestricted funds		2,825	2,825
Total charity funds		5,722,182	5,173,753

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006. The notes on pages 12 to 20 form an integral part of the financial statements.

The financial statements were approved by the Board of Trustees on

29th January 2018

John Davies

The Most Reverend John Davies
(Chairman)

L Pearson

Mrs Louise Pearson
(Secretary)

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1 GENERAL INFORMATION

The Swansea & Brecon Diocesan Trust Incorporated is a charity, incorporated in England and Wales. The registered address is Swansea & Brecon Diocesan Centre, Cathedral Close, Brecon, LD3 9DP.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

These financial statements are prepared on the going concern basis under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) (Charity SORP FRS102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The charity does not meet the definition of a larger charity and therefore is exempt from preparing a statement of cash flows.

b) Reconciliation with previous generally accounting practice

Details of the impact of the transition to FRS102 and the Charities SORP FRS102 are set out in note 20.

c) Preparation of the accounts on a going concern basis

After making appropriate enquiries, the trustees are of the view that the charity is a going concern.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

d) Income recognition policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity has entitlement to the funds;
- any performance conditions attached to the items of income have been met or are fully within the control of the charity;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of:

- the date on which the charity is aware that probate has been granted;
- the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made; or
- when a distribution is received from the estate.

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

e) Grants receivable

Grants are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

f) Donated services and facilities

Donated services or facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

h) Fund accounting

General Funds – these are funds which can be used in accordance with the charitable objectives at the discretion of the trustees.

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

i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of investment managers
- Expenditure on charitable activities includes the distribution of funds, support costs and governance costs.

j) 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 salary and related expenditure that support the Charity's activities. These costs have been allocated between activity headings based on time spent.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short term maturity of three months or less from the date of acquisition or opening of the deposit or similar account

m) Creditors and provisions

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

n) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at the carrying value plus accrued interest less repayments.

o) Fixed asset investments

Fixed asset investments are stated at market value or at Trustees/directors best estimate of market value at the balance sheet date, with gains or losses on revaluation being included in the Statement of Financial Activities.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

p) Land and buildings

- **Assets held as custodian trustee**

All land and buildings are held by the charity as custodian trustee. The properties held by the charity consist of schools together with land and buildings are held on parochial trust. The custodian trustee derives no financial benefit.

- **Reverters**

Where on the disposal of schools held by the charity as custodian trustee reverters exist, the proceeds of disposal, net of all costs and taxation, are remitted to the revertee. Investigation into the reverter status is made as and when local education authorities return such schools to the custodian trustee.

q) Taxation

The Charity is a registered charity and, as such, is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

3 LEGAL STATUS OF THE COMPANY

The Trust is a company limited by guarantee and has no share capital. 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.

4 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The trustees are required to make judgements and 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 any 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 reviewed if the revision affects only that period or in the period of revision and future periods if the revision affects both current future periods.

- The company makes an estimate of the recoverable value of debtors. When assessing impairment of debtors, management considers factors including the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and the associated impairment provision.

5 DONATIONS AND LEGACIES

	2017	2016
	£	£
Grants	15,837	15,837
	<u>15,837</u>	<u>15,837</u>

6 CHARITABLE ACTIVITIES

	2017	2016
	£	£
Rents	1,431	951
Property Sales	237,398	-
	<u>238,829</u>	<u>951</u>

7	INVESTMENTS	2017	2016
		£	£
	Investment Income - Listed	154,240	143,361
	Bank Interest	3,807	1,295
		158,047	144,656
8	SUPPORT COSTS	2017	2016
		£	£
	Honorarium	1,500	1,500
	Administration Fee	6,000	6,000
	Professional Fees	1,536	1,200
		9,036	8,700
9	GOVERNANCE COSTS	2017	2016
		£	£
	Honorarium	1,000	1,000
	Administration Fee	1,500	1,500
	Auditors' Remuneration	5,340	5,280
	Companies House and Bank Services	68	28
	Professional Indemnity Insurance	540	1,402
		8,448	9,210

	Unrestricted Funds	Restricted Funds	2017	2016	
	General Funds	Diocesan Church Schools and Religious Education Funds	Parish and Diocesan Trusts	Total	
	£	£	£	£	
Stockbroker's Charges	-	9,406	20,974	30,380	22,978
Church Property	-	106,936	1,474	108,410	61,910
Income Distributed to Trusts	-	-	55,195	55,195	72,867
Education Support Costs	-	25,413	-	25,413	-
Capital Repaid to Trusts	-	-	213,842	213,842	5,000
Professional fees incurred in relation to the sale of properties held on behalf of Parish Trusts	-	-	11,949	11,949	-
Support Costs	-	4,680	4,356	9,036	8,700
Governance Costs	-	4,479	3,969	8,448	9,210
	-	150,914	311,759	462,673	180,665

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 (continued)**11 INVESTMENTS**

Investments are divided into various trusts as shown below:

	2017	2017	2016	2016
	Book Value	Market	Book Value	Market Value
	£	Value	£	£
Diocesan Church Schools and Religious Education Fund	1,136,606	1,560,619	1,165,403	1,385,722
Parish & Diocesan Trusts	2,282,457	3,366,614	2,516,757	3,146,084
	<u>3,419,063</u>	<u>4,927,233</u>	<u>3,682,160</u>	<u>4,531,806</u>

The above investments can be analysed as follows:

	2017	2016
	£	£
Listed Investments	4,910,578	4,490,380
Cash held by Investment Managers	16,655	41,426
	<u>4,927,233</u>	<u>4,531,806</u>

The movement year on year is as follows:

	2017
	Listed
	investments
	£
At 1 July 2016	4,531,806
Additions	678,766
Disposals	(856,955)
Loss on disposals	(43,482)
Unrealised gain	641,870
Cash movement	(24,772)
At 30 June 2017	<u>4,927,233</u>

The market value of investments has been taken at 30 June 2017 and includes all monies held on deposit at cost.

In accordance with FRS102 the figures in the financial statements are the market value of the investments at 30 June 2017.

Gains on investments include realised losses of £43,482 (2016: £9,401) and unrealised gains of £641,871 (2016: £42,063), giving rise to a net gain of £598,389 (2016: net gain of £32,662).

12 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Other debtors and prepayments	<u>36,658</u>	-

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Other Creditors and Accruals	<u>23,419</u>	5,100

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (continued)

14 RESTRICTED FUNDS

TRUST FUNDS VESTED IN THE TRUST	2017 £	2016 £
Diocesan Church Schools and Religious Education Fund	1,979,680	1,888,408
Parish & Diocesan Trusts	3,327,678	2,954,712
	<u>5,307,358</u>	<u>4,843,120</u>

TRUST INCOME ACCOUNTS	2017 £	2016 £
Diocesan Church Schools and Religious Education Funds	29,995	22,792
Parish & Diocesan Trusts	382,004	305,016
	<u>411,999</u>	<u>327,808</u>
	<u>5,719,357</u>	<u>5,170,928</u>

Each Group of Trusts include a number of individual trusts, the capital from which is invested on block in order to achieve a steady income and allowing for capital growth. Investment decisions are taken in accordance with advice given by the Trust's Stockbrokers.

The use of these funds for their designated purposes are as follows:

- Group Trusts M: Individual Parish and Diocesan Trusts
- Group Trusts E: Diocesan Church Schools and Religious Educational Funds: For the construction and/or repairs to church schools in the Diocese.

15 TRUSTEES AND EMPLOYEES

No payments were made to trustees during the year. The only key management personnel are the Trustees.

An honorarium of £2,500 (2016: £2,500) was paid to the Secretary.

There were no employees during the year.

No expenses were incurred by the Trustees (2016: £Nil) in connection with their duties.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 (continued)**
16 TAXATION

The company is a registered charity and as such is not subject to United Kingdom taxation.

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £	Restricted funds £	Total funds £
Investment Assets	-	4,927,233	4,927,233
Current Assets	2,825	815,543	818,368
Current Liabilities	-	(23,419)	(23,419)
	<u>2,825</u>	<u>5,719,357</u>	<u>5,722,182</u>

18 MOVEMENT IN FUNDS

	At 1 July 2016 £	Income £	Expenditure £	Transfers £	At 30 June 2017 £
Restricted Funds					
<u>Trust Funds Vested in the Trust</u>					
Diocesan Church Schools and Religious Education Funds	1,888,408	182,304	(91,032)	-	1,979,680
Parish and Diocesan Trust	2,954,712	631,680	(258,714)	-	3,327,678
<u>Trust Income Funds</u>					
Diocesan Church Schools and Religious Education Funds	22,792	67,085	(59,882)	-	29,995
Parish and Diocesan Trust	305,016	130,033	(53,045)	-	382,004
Unrestricted Funds					
General Funds	2,825	-	-	-	2,825
	<u>5,173,753</u>	<u>1,011,102</u>	<u>(462,673)</u>	<u>-</u>	<u>5,722,182</u>

19 FINANCIAL INSTRUMENTS

Financial instruments comprise the following:	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	36,658	-
Financial liabilities		
Financial liabilities measured at amortised cost	23,419	5,100

Financial assets measured at amortised cost consist of other debtors. Financial liabilities measured at amortised cost consist of trade creditors, other creditors and accruals.

SWANSEA & BRECON DIOCESAN TRUST INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 (continued)**

20 TRANSITION TO FRS102

This is the first year the company has presented its results under FRS102 and Charities SORP FRS102. The last financial statements under UK GAAP were for the year ended 30 June 2016. The date of transition to FRS102 was 1 July 2016. There was no material impact on the reported financial results for the year ended 30 June 2017.

21 CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

22 CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

23 RELATED PARTY TRANSACTIONS

An amount of £7,500 (2016: £7,500) was paid to the Swansea and Brecon Diocesan Board of Finance Limited for administration fees which is disclosed in administration expenses in the Statement of Financial Activities. The charity holds trusts on behalf of the Swansea & Brecon Diocesan Board of Finance within the Parish and Diocesan Trusts included in the Balance Sheet amounting to £582,742 (2016: £496,984) for Trust funds vested in the Trust and £9,925 (2016: £7,100) for Trust income accounts. The former Treasurer, Kate Jones, was an employee of this related company and did not receive remuneration from the Trust or payment for services to the Trust.

T. J. P. Davenport is the solicitor for the company. An amount of £7,413 (2016: £1,200) was paid to his firm, Charles Crookes with George Tudor and de Winton, in respect of solicitor's fees.

24 ULTIMATE CONTROLLING PARTY

There is no individual controlling party as the Trust is managed by a board of Trustees as detailed on page 1.