

Registered number: 924565
Registered as a Charity (number: 249810)

**Swansea and Brecon Diocesan
Board of Finance Limited**

**Annual report
for the year ended 31 December 2016**



Swansea and Brecon Diocesan Board of Finance Limited

Annual Report for the year ended 31 December 2016

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Swansea and Brecon Diocesan Board of Finance Limited

Legal and administrative details

The full name of the charity is Swansea and Brecon Diocesan Board of Finance Limited.

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

- A registered charity (No. 249810)
- A company limited by guarantee (No. 924565)
- A Board of Finance established under the Constitution of the Church in Wales.

Details of the Trustees and directors (Trustees/directors) who served during the year, secretary, registered office, registered auditors, principal bankers and stockbrokers are set out below.

Board of Trustees/directors

The Rt Revd John David Edward Davies	(President)
Professor Peter Townsend	(Chairman)
The Ven Robert John Williams	(resigned 31 August 2016)
The Ven Alan Neil Jevons	
The Revd Canon Janet Mary Russell	(resigned 31 May 2016)
The Very Revd Albert Paul Shackerley	
Gillian Brenda Knight, FCA	(resigned 31 December 2016)
Geoffrey Hardy	
Gwynfor Lewis, FCA	
Richard Hugh Tyler	(resigned 5 August 2016)
Sir Andrew McLeod Brooks Large	
The Ven Jonathan Byron Davies	(appointed 1 October 2016)

Consultants

The Ven Alfred James Randolph Thomas
T J P Davenport (Diocesan Registrar)

Company Secretary

Catherine (Kate) Jones

Registered Office

Diocesan Centre, Cathedral Close, Brecon, Powys, LD3 9DP.

Independent Auditors

PricewaterhouseCoopers LLP, Institute of Life Science 1, Swansea University, Singleton, Swansea, SA2 8PP

Principal Bankers

HSBC, Portland Street Branch, Swansea, SA1 3DF.

Investment Managers

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

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016

The Trustee/directors present their report together with the audited financial statements of the Company for the year ended 31 December 2016.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting for 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).

Legal and administrative details

The Swansea and Brecon Diocesan Board of Finance Limited ("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 13 December 1967.

The Charity was registered with the Charity Commission on 17 April 1968 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 31 December 2016 was 12.

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

Chair's Report

2016 has been a challenging and extraordinary year for the Diocesan Board of Finance in many ways and this is reflected by financial statements that report a high net surplus for the year and a significant increase in the value of the Company's Balance Sheet.

The Diocesan Board of Finance does not plan or budget with the intention of reporting significant surpluses, and a few words of explanation are required. In the autumn of each year a carefully planned budget is drawn up with the aim of matching income and resources for the forthcoming financial year. At the date of approval of the 2016 budget there were an unusually large number of clergy vacancies and, in the expectation that these would be filled, financial provision for them was made in the budget. It has however proved difficult to appoint for many of these positions and consequently a significantly lower than budgeted expenditure on clergy stipends and housing has been the major contributory factor to the year's financial surplus.

There have been other significant operational and strategic issues worth noting that have impacted on the financial results. The Representative Body chose, in the short term, to keep the costs of the new St Padarn's Institute that it recharged to the Dioceses at a much lower level than had originally been proposed. The new Director of Communications was not appointed until late in the year, the Director of Mission left the role in May, and much of the proposed activity under the headings of Stewardship, and of Youth and Children's work was put on hold pending the appointment of a new Family Ministry Officer.

Finally, Mission Fund expenditure was significantly lower than anticipated with over £38,000 of available funding not being distributed. A change in the application rules for 2017 seems to have had a positive effect with a more encouraging level of applications already.

The one area where spending in 2016 was higher than budgeted was property costs. An additional £150,000 was allocated to the restricted Parsonage Maintenance Fund, in the year to accommodate an exceptional high level of demand for property maintenance services including several vacancy refurbishment projects.

All of these items, together with rigorous cost control in other areas combined to give the reported surplus.

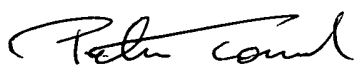
In view of the financial position at the year end, the Diocesan Board of Finance has been pleased to be able to provide a rebate to Parishes. Again, this year, some 97% of share was collected for which the Board is extremely grateful.

Despite this year's surplus, the Board recognises that there remain some very significant financial challenges on the horizon. Clergy vacancies are being filled, the St Padarn's costs are set to rise and, as a result of the revaluation of the pension scheme, pension costs have risen markedly in 2017.

It is also worth pointing out that the Diocesan Board of Finance has been encouraged to provide matched funding for the Transformation Fund received from the Representative Body, which is under review for future periods.

Overall, the balance sheet showed a net positive movement of over £1,000,000 but a major component of this came from a revaluation of investments, an area which is, of course, volatile and these gains could be reversed in the future. The balance sheet also includes significant Transformation Fund balances that have yet to be allocated to relevant projects.

Given this environment the Board of Trustees are pleased to report that at the year end retained unrestricted reserves had increased to meet the requirements of the Diocesan Board of Finance's Reserves Policy after showing a small shortfall in 2015.



Professor Peter Townsend
Chair of the Swansea and Brecon Diocesan Board of Finance Limited

5 July 2017

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

Our Purposes and Aims

The purposes of the charity are:

- To maintain a sustainable, led and transforming Christian ministry across the Diocese.
- To enable all to act justly, to love mercy and to walk humbly with God.

Our activities are inspired by a shared Diocesan Vision to become a **family, rooted in Christ** committed to **transforming lives** by:

Gathering, as God's people
Growing, more like Jesus
Going Out, in the power of the Spirit.

At the heart of our mission-shaped vision is the commitment to see lives transformed; this is therefore the fundamental purpose to which funding is directed.

The Trustees/directors are aware that a diocese succeeds through the mission and ministry of its parishes, its senior clergy and its bishop. Through striving for the highest standards of financial management the Trustees/directors aim to create the conditions in which the mission and ministry of the diocese can flourish and be maximised.

Objectives and Activities for the Public Benefit

In shaping the objectives for the year and planning our activities, the Trustees/directors have considered the Charity Commission guidance on public benefit.

The Trustees/directors acknowledge the Charity Commission's guidance set out in *The Advancement of Religion for the Public Benefit* and have had regard to it in the administration of the Company. The Trustees refer to the guidance in the Charity Commission general guidance on public benefit when reviewing the aims and objectives of the Charity and planning future activities.

The Trustees/directors believe that by promoting, facilitating and supporting the work of the Church in Wales in the Diocese of Swansea and Brecon, 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 by doing so it provides a benefit to the public by:

- 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; and
- 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.

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

Review of Achievements and Performance

The Trustees/directors interpret their role broadly, contributing to the strategic leadership of the Diocese, balancing careful stewardship with a flexible and proactive approach.

The Board's main activities are:

- The management of diocesan funds in the support of clergy, parishes and their communities
- Securing and providing the finance for the development and implementation of the Diocesan Vision to encourage mission and church growth strategies
 - Contributing to the national work of the Church in Wales
 - Securing funds in support of wider Diocesan and Worldwide Mission
 - For 2016, the main objectives were:
 - To sustain Diocesan ministry by maintaining financial stability
 - To support the transition to Ministry Areas
 - Training and Support of Ordained and Lay Ministries
 - To provide support and advice for Parishes in all aspects of their activities, specifically in their preparation for Ministry Areas.
 - To continue to support a Diocesan Mission fund to provide funding for mission projects which aim to reflect the Diocesan Vision.



Monitoring Achievements

Sustaining Diocesan ministry by maintaining financial stability: The trustees/directors continue to closely monitor income and expenditure levels and maintain a balanced budget and this is evidenced in the financial statements. They remain particularly mindful of the difficulties faced by Parishes in uncertain economic times. The provision of an incentive rebate has been encouraging to many parishes in meeting their parish share allocation.

Supporting the transition to Ministry Areas: The trustees/directors have supported the Diocesan consultation process with Parishes as they move towards Ministry Areas and have provided financial support for collaborative working, including grants for training, events and resources as well as the allocation of key personnel to support the process.

Training and support of ordained and lay ministries: The trustees/directors are pleased to be able to continue to support and train candidates for both stipendiary and non-stipendiary ministry and have made a funding commitment to St Padarn's, the new theological training institute in Wales. A comprehensive programme of training is offered to a range of lay ministries, both practical and academic, the latter providing an optional certification route.

During 2016, our lay training programme supported:

- 18 individuals trained and licensed as Lay Pastoral Visitors
- 16 individuals trained and licensed as Lay Worship Leaders
- 32 individuals trained and licensed as Eucharistic Assistants
- 1 individuals trained and licensed as Lay Readers
- 2 individuals in training for Lay Readership.

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

To provide advice and support for parishes in all aspects of their activities, specifically in their preparation for Ministry Areas: The trustees/directors continue to endorse the ongoing provision of practical and financial support to the Parishes across the Diocese through the provision of advice and support in managing and maintaining buildings, access to grant funding and the availability of a network of support staff in key areas.

To continue to support a Diocesan Mission Fund to provide funding for projects which aim to reflect the Diocesan Vision: The trustees/directors again budgeted a significant amount of money to making grants in support of Mission projects and have taken steps to simplify the application process, introducing a new tiered programme of grant availability. It is regrettable that the Fund was undersubscribed this year.

Financial Review

The principal aim of the Board is to generate sufficient income to fund its activities, the predominant activity being the support of ministry within the Diocese which represented approximately 78% of unrestricted expenditure for 2016.

Total incoming resources of £3.84 million included approximately £0.88m received from the Representative Body and £2.54m collected by Ministry Share. Total resources expended were £3.35m and included expenditure of £2.72m in support of ministry and £0.16m in support of Parishes.

The Restricted Income Fund relates to the activities of the Parsonage Board and the balance of £165,712 is a result of the agreement of the Executive Committee to continue to fund long-term renovation works in designated key properties that have become vacant due to clerical turnover. £150,000 of additional funding was provided to the Parsonage Board during the year reflecting the number of property turnovers and the resulting requisite repairs.

Net income before other recognised gains/(losses) on Unrestricted Funds shows a surplus of £0.35m. The surplus arose principally as a result of a higher number of stipendiary clerical post vacancies than anticipated, officer positions that became vacant during the year, officer appointments that were made later than planned, and a low number of applications for Mission Fund Grants.

Total net realised and unrealised gains on investments during the year were £549,195. This result exceeds the performance benchmarks agreed with the Board's Investment Managers and the Trustees/Directors consider this to be an exceptional year in terms of investment performance. Given the current volatility and uncertainty in the market year the Trustees/directors are satisfied that investments continue to be managed prudently.

Overall, the financial position of the Diocese at 31st December 2016 is considered to be satisfactory.

Investment Policy and Performance

The Executive Committee, whilst retaining overall responsibility for the company's investments, has devolved the management of the investments to the Investment Sub-Committee in conjunction with the Company's appointed Investment Managers, Brewin Dolphin Limited.

The Executive Committee has stipulated that investments are limited to medium risk assets, within parameters set by the Investment Sub-Committee, whilst generating a target level of current income. The investments are made in full accordance with the Ethical Investment Policy adopted by the Church in Wales.

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

Risk Management

The Executive Committee has in place a risk management system to identify and assess significant risks and to put in place appropriate mitigating procedures. The Diocesan Audit Committee is charged with reviewing the effectiveness and robustness of these systems and reporting thereon to the Executive Committee. Apart from the impact of general economic conditions the principal risk to which the Company is exposed is the effect of changes in equity prices and interest rates.

The Executive Committee seeks to mitigate these risks by close monitoring of investment performance. Liquidity risk is mitigated through the maintenance of appropriate levels of bank and short term deposits.

The risk of any non-collection of Parish Share is regularly considered by the Executive Committee, and is included on the risk register. A provision for doubtful debts has been made and is included in the financial statements.

Reserves Policy

The Representative Body funds a block grant to the Diocese, which in 2016 was £881,584, some 24% of total income. It has been confirmed that this level of grant support will be continued for a further 2 years but there is no certainty that the level of this grant will be maintained in any following years. Therefore, the Executive Committee seeks to maintain a reasonable level of reserves.

The Reserves Policy states that funds equivalent to 9 months of operating expenditure should be held in reserve.

At 31 December 2016, the balance held in unrestricted funds was £3,924,183, which includes unrealised gains on the value of investments amounting to £884,114; this figure represents the equivalent of fourteen month's expenditure against the 2016 actual. The current level of reserves is considered appropriate to meet the stated reserves policy and account for inflation.

Plans for the Future

For 2017, the main objectives are:

- To sustain Diocesan ministry by maintaining financial stability
- To actively support the transition to Ministry Areas
- To provide a programme of training and support of Ordained and Lay Ministries
- To provide support and advice for Parishes in all aspects of their activities, specifically in their preparation for, and transition to, Ministry Areas.
- To continue to support a Diocesan Mission fund to provide funding for mission projects which aim to reflect the Diocesan Vision

Structure, Governance and Management

Membership – Composition

Members of the Company are appointed for a three-year term, and there are four categories of membership:

- ex officio members, which include the Bishop of the Diocese, senior clergy and Diocesan officers
- up to ten members nominated by the Bishop
- up to ten members co-opted by the Company
- elected members - one cleric and two lay members elected by each Area Deanery Conference

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

Executive Committee

The day-to-day management of the Company has been delegated to the Executive Committee. The Executive Committee shall not exceed fifteen members. Every effort is made to ensure that those elected to serve have skills and experience appropriate to the needs and responsibilities of the Committee.

Other Committees

The Constitution of the Church in Wales states that there shall be established in each Diocese, a Parsonage Board and a Churches and Pastoral Committee. The Executive Committee has established principal sub-committees, including the Assistance Committee, Investment Committee, Budget Committee, Staffing Committee, and a Widows, Orphans and Dependants Committee. Members of committees are appointed for a three-year term.

Parsonage Board

The Parsonage Board has responsibility for the management of diocesan parsonages, their upkeep and repair, and for buying and selling houses as appropriate. The aim of the Parsonage Board is to provide adequate and comfortable accommodation for clerics in the Diocese.

Churches and Pastoral Committee

The Committee is responsible for:

- Keeping church buildings under review in relation to pastoral need and to advise the Bishop and Diocesan Conference accordingly
- Advising on grants and loans for maintaining church property and administering the Diocesan Churches Grant Fund
- The administration of the scheme for inspection of churches and halls
- Overseeing the process required for declaring a church redundant

Assistance Committee

A fund is set aside to assist those Parishes who are facing financial difficulties. Application can be made for help with paying the parish share and/or church insurance premiums.

Investment Committee

The Committee is responsible for setting and reviewing the strategy for the Board's investments, and for monitoring the performance of the Board's portfolio. The Committee acts for the Diocesan Trust and the Cathedral Choir Endowment as well as the Diocesan Board of Finance.

Budget Committee

The Budget Committee is responsible for reviewing departmental budget submissions and putting forward any budgetary recommendations to the DBF Executive.

Staffing Committee

The Staffing Committee is responsible for advising the Board on developing policies and procedures for lay staff in line with legislation and good practice. This includes advising on the level of salaries and pension provision.

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

Widows, Orphans and Dependants Committee

The Widows, Orphans and Dependants Committee is funded by personal donations from those, who in gratitude for the dedicated service given by clerics, wish to make sure that no clergy widow or dependant should find themselves in financial need.

The Committee is also able to offer assistance in particular circumstances, and it is a sincere wish that no clergy widow should find themselves in any situation of financial need.

Induction and Training of Trustees

Induction is currently provided for new Trustees on an informal basis. Information and guidance on the responsibilities of being a Trustee is provided together with the appropriate information to convey the structure, objectives and activities of the charity. Trustees are also encouraged to attend appropriate training seminars of which details are circulated from time to time. It is recognised that a more formal arrangement would be appropriate and beneficial going forward.

Pay policy for senior staff

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.

The remuneration of the key management personnel is set in line with the Diocesan Pay and Grading Structure.

The key management personnel of the Board are the Diocesan Secretary, the Office Administrator and the Finance Officer.

Key performance indicators

The Trustees/directors consider the key performance indicators to be the parish share collection, net incoming/(outgoing) resources for the financial year, the level of unrestricted reserves held, and the number of clergy in post within the Diocese:

	2016	2015
Annual Ministry Share Collection Performance (receipts are now firstly offset against current debt)	96.76%	97.41%
Net incoming resources for the year on unrestricted funds before unrealised gains	£352,634	£34,019
Level of unrestricted reserves held	£3,924,183	£3,142,632
Clergy positions:		
Stipendiary	52	59
Non-stipendiary	19	12
House for duty	2	2

Swansea and Brecon Diocesan Board of Finance Limited

Trustees' report for the year ended 31 December 2016 (Continued)

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

The trustees (who are also directors of Swansea and Brecon Diocesan Board of Finance Limited 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.

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 auditor is aware of that information.

By order of the Board of Trustees



Professor Peter Townsend
Chair of the Swansea and Brecon Diocesan Board of Finance Limited

5 July 2017

Swansea and Brecon Diocesan Board of Finance Limited

Independent auditors' report to the Members of Swansea and Brecon Diocesan Board of Finance Limited

Report on the financial statements

Our opinion

In our opinion, Swansea and Brecon Diocesan Board of Finance Limited's financial statements (the financial statements):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report for the year ended 31 December 2016 (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of financial activities (including income and expenditure account) for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is 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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the 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 Trustees' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Swansea and Brecon Diocesan Board of Finance Limited

Independent auditors' report to the Members of Swansea and Brecon Diocesan Board of Finance Limited (continued)

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. 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; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the charity's members and trustees 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Trustees Report, we consider whether this report includes the disclosures required by legal requirements.

Ian Clarke

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

5 July 2017

Swansea and Brecon Diocesan Board of Finance Limited

Statement of Financial Activities for the year ended 31 December 2016 (including income and expenditure account)

Note	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transition fund	Restricted income fund	Restricted capital Endowment funds	Total Charity funds	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transition fund	Restricted income Fund	Restricted Capital Endowment Funds	Total Charity Funds	
	2016	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015	2015	
	£	£	£	£	£	£	£	£	£	£	£	£	
Income from:													
Donations and legacies	5.1	3,494,289	-	166,667	18,916	-	3,679,872	3,452,189	-	166,667	18,020	-	3,636,876
Charitable activities	5.2	16,257	-	-	14,516	-	30,773	27,036	-	-	18,438	-	45,475
Investments	5.3	103,555	-	-	21	19,045	122,621	91,371	-	-	21	19,853	111,244
Other income	5.4	-	-	-	8,931	-	8,931	-	-	-	10,880	-	10,880
Total income		3,614,101	-	166,667	42,384	19,045	3,842,197	3,570,596	-	166,667	47,359	19,853	3,804,475
Expenditure:													
Raising funds:													
Investment management costs		16,455	-	-	-	-	16,455	15,102	-	-	-	-	15,102
		16,455	-	-	-	-	16,455	15,102	-	-	-	-	15,102
Charitable activities:													
Support for Ministry	6.1	2,184,836	-	37,034	488,210	10,568	2,720,648	2,359,530	-	650	575,475	12,557	2,948,211
Support for Parishes	6.2	158,152	-	-	-	34	158,186	125,840	-	-	-	35	125,875
Church property	6.3	54,570	-	-	-	-	54,570	49,024	630	-	-	-	49,655
Other financial support	6.4	161,909	-	-	-	8,443	170,352	189,406	-	-	-	7,262	196,668
Communications	6.5	19,033	-	-	-	-	19,033	2,206	-	-	-	-	2,206
Governance costs	6.7	65,262	-	-	-	-	65,262	61,482	-	-	-	-	61,482
Other resources expended	8	147,411	-	-	-	-	147,411	241,717	-	-	-	-	241,717
		2,791,173	-	37,034	488,210	19,045	3,335,462	3,029,205	630	650	575,475	19,854	3,625,814
Total expenditure		2,807,628	-	37,034	488,210	19,045	3,351,917	3,044,307	630	650	575,475	19,854	3,640,916
Carried forward		806,473	-	129,633	(445,826)	-	490,280	526,289	(630)	166,017	(528,116)	(1)	163,559

Swansea and Brecon Diocesan Board of Finance Limited

Statement of Financial Activities for the year ended 31 December 2016 (including income and expenditure account) (continued)

	Note	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transition fund	Restricted income fund	Restricted capital Endowment funds	Total Charity funds	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transition fund	Restricted income Fund	Restricted Capital Endowment Funds	Total Charity Funds
		2016	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015	2015
		£	£	£	£	£	£	£	£	£	£	£	£
Brought forward		806,473	-	129,633	(445,826)	-	490,280	526,289	(630)	166,017	(528,116)	(1)	163,559
Gains/(losses) on disposal of investments	10	(2,489)	-	-	-	-	(2,489)	72,130	-	-	-	-	72,130
Net income / (expenditure)	9	803,984	-	129,633	(445,826)	-	487,791	598,419	(630)	166,017	(528,116)	(1)	235,689
Transfers between funds													
Restricted maintenance fund		(451,350)	-	-	451,350	-	-	(564,400)	-	-	564,400	-	-
Net income/(expenditure) before other recognised gains and losses	16	352,634	-	129,633	5,524	-	487,791	34,019	(630)	166,017	36,284	(1)	235,689
Other recognised gains/(losses)													
Gains/(losses) on revaluation of investments	16	428,917	-	-	-	122,767	551,684	(71,763)	-	-	-	4,649	(67,114)
Net movements in funds for the year		781,551	-	129,633	5,524	122,767	1,039,475	(37,744)	(630)	166,017	36,284	4,649	168,575
Reconciliation of funds													
Total funds brought forward at 1 January		3,142,632	199,370	166,017	160,188	856,611	4,524,818	3,180,376	200,000	-	123,904	851,962	4,356,243
Total funds carried forward at 31 December	16	3,924,183	199,370	295,650	165,712	979,378	5,564,293	3,142,632	199,370	166,017	160,188	856,611	4,524,818

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

All income and expenditure is derived from continuing activities.

Swansea and Brecon Diocesan Board of Finance Limited

Balance sheet as at 31 December 2016

	Notes	2016 £	2015 £
Fixed Assets			
Investments	10	<u>5,148,571</u>	<u>4,317,410</u>
Current Assets			
Debtors: due within one year	12	206,659	224,248
Cash at bank and in hand	13	882,049	688,241
Total current assets		<u>1,088,708</u>	<u>912,489</u>
Liabilities			
Creditors falling due within one year	14	(271,153)	(301,969)
Net current assets		<u>817,555</u>	<u>610,520</u>
Total assets less current liabilities		5,966,126	4,927,930
Creditors falling due after more than one year	15	(401,833)	(403,112)
Net assets		<u>5,564,293</u>	<u>4,524,818</u>
The funds of the charity			
Unrestricted funds	16	3,924,183	3,142,632
Designated Repair Fund	16	<u>199,370</u>	<u>199,370</u>
Total unrestricted funds		4,123,553	3,342,002
Restricted funds			
Ministry Area Transition Fund	16	295,650	166,017
Parsonage Maintenance Fund (restricted income fund)	16	165,712	160,188
Legacy and Benefactions Account and Trust Funds (Restricted Capital Endowment Funds)	16	979,378	856,611
Total restricted funds		<u>1,440,740</u>	<u>1,182,816</u>
Total Charity funds		<u>5,564,293</u>	<u>4,524,818</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual financial statements required by the Companies Act 2006. The notes on pages 17 to 33 form part of these financial statements.

The financial statements on pages 13 to 33 were approved by the board of directors on 5 July 2017 and were signed on its behalf by:



Professor Peter Townsend
Chair of the Swansea and Brecon Diocesan Board of Finance Limited

Swansea and Brecon Diocesan Board of Finance Limited

Cash flow statement for the year ended 31 December 2016

	2016	2015
	£	£
Net cash flows from operating activities	354,431	125,483
Cash flows from investing activities		
Dividend and interest from investments	122,621	111,245
Purchase of investments	(619,353)	(1,029,274)
Proceeds from sale of investments	335,808	594,376
Net cash provided by / (used in) investing activities	(160,924)	(323,653)
Cash flow from financing activities		
Repayments of loans receivable	1,579	35,916
Repayments of loans repayable	(1,278)	(38,378)
Net cash provided by/(used in) generated by financing activities	301	(2,462)
Change in cash and cash equivalents in the year	193,808	(200,632)
Cash and cash equivalents at the beginning of the reporting period	688,241	888,873
Cash and cash equivalents at the end of the reporting period	882,049	688,241
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net Income for the reporting period (as per statement of financial activities)	487,791	235,690
Decrease in debtors	17,588	74,476
(Decrease) in creditors	(30,816)	(1,308)
Realised loss/(gain) on investments	2,489	(72,130)
Dividends and Interest from investments	(122,621)	(111,245)
Net cash inflow from operating activities	354,431	125,483

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016

1 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

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 3.

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 financial statements on a going concern basis

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

d) Income recognition policies

Items of income are recognised and included in the financial statements when all 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.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

e) Block Grant

A Block grant is provided to the charitable company by the Representative Body of the Church in Wales. This arrangement has applied since 2008 and is expected to apply for subsequent years. The provision of a Block grant has enabled certain additional outgoings by the charitable company to be financed. The Block grant is credited to the Statement of Financial Activities in the year to which it relates.

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.

h) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

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 costs of supporting the ministry, support for parishes, and other financial support costs to further the purpose of the Charity.
- Other expenditure represents those items not falling into any other heading.

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.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

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, (including those investments held in the Restricted Capital, Endowment Funds), 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.

p) Pension contributions

Contributions are made to defined contribution (money purchase) pension arrangements in respect of certain employees of the company. The assets of the money purchase pension arrangements are held separately from those of the company in independently administered funds. The defined contributions to the money purchase pension arrangements are charged to the Statement of Financial Activities as incurred.

An amount for clergy pension contributions is recharged to the Company from the Representative Body of the Church in Wales. This arrangement has applied since 2008 and is expected to apply for subsequent years. The amount charged to the company for clergy pension contributions is included within the charge for stipends and allowances. This is included in the heading of Support for Ministry in the Statement of Financial Activities. The total amount of stipends and allowances is charged to the Statement of Financial Activities as incurred. Since 2008 a Block grant provided by the Representative Body of the Church in Wales has enabled the clergy pension contributions charge to be financed.

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.

r) Concessionary loans

Concessionary loans received from the Representative Body Church in Wales and payable to clergy are initially recognised at the amount received or paid with the carrying amount adjusted in subsequent years to reflect repayment, and any accrued interest and adjusted if necessary for impairment.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 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.

3 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.

- (i) 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.

4 Turnover

The Company does not undertake trading on its own account. The activity of the company is the management of such finances of the Diocese of Swansea and Brecon as are vested in, or are payable to the company.

5 Income

	Total Funds 2016 £	Total Funds 2015 £
5.1 Donations and legacies		
Parish Share assessed by the DBF	2,542,083	2,516,675
Contributions from the Representative Body:		
Block Grant	881,584	881,584
Restricted Ministry Area Transition fund	166,667	166,667
Diocesan Advisory Committee	8,333	8,333
Parsonage Improvement Interest (restricted fund see note 17)	7,480	9,094
Grants received:		
Parsonage Repair Grants (restricted fund see note 17)	11,436	8,926
Allchurches Trust	19,925	19,439
Swansea University	11,717	11,510
Isla Johnson Trust	3,000	3,000
Diocesan Trust	26,643	10,000
Other Grants and Donations	1,004	1,160
Widows, Orphans & Dependants	-	488
	3,679,872	3,636,876

Grants received for parsonage repair of £11,436 (2015: £8,926), parsonage improvement fund interest of £7,480 (2015: £9,094) and contributions received for the Ministry Area Transition Fund of £166,667 (2016: £166,667) are credited to the restricted income fund. All other income is credited to unrestricted funds.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

	Total Funds 2016 £	Total Funds 2015 £
5.2 Charitable Activities		
<i>Resource Centres - Reprographics</i>		
Eastmoor Resource Centre, Swansea	7,191	6,046
Diocesan Centre, Brecon	4,444	5,041
<i>Resource Centres - Room Lettings</i>		
Eastmoor Resource Centre, Swansea	-	-
Diocesan Centre, Brecon	707	980
<i>Parsonage Rental Income</i> (restricted fund - see note 17)	11,100	13,744
<i>Sale of Diocesan Publications</i>	75	15
<i>Contribution from Parishes</i>	3,416	4,694
<i>Contributions from Diocesan organisations</i>	2,640	11,475
<i>Marriage Licence Fees</i>	1,200	3,480
	<u>30,773</u>	<u>45,475</u>

Parsonage rental income of £11,100 (2015: £13,744) is credited to the restricted income fund.

Incoming resources from Charitable Activities includes Contributions from Parishes towards expenditure on Parsonages credited to restricted income fund £3,416 (2015: £4,694)

	Total Funds 2016 £	Total Funds 2015 £
5.3 Investments:		
<i>Fixed Asset Investments and Banks</i>		
Income from fixed asset investments - listed	99,357	85,920
Income from Representative Body Common Investment Fund Units	1,253	1,239
Bank and money market interest	1,029	1,696
Other interest	1,248	1,751
<i>Income from Investment of Bequests</i>		
(£21 (2015: £21) restricted fund - see note 17)	19,734	20,638
	<u>122,621</u>	<u>111,244</u>

Incoming resources from investment of bequests amounting to £21 (2015: £21) is credited to the restricted income fund whilst £19,045 (2015: £19,853) is credited to Restricted Capital Endowment Funds.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

	Total Funds 2016 £	Total Funds 2015 £
5.4 Other Income		
<i>Insurance Claims</i>	<u>8,931</u>	<u>10,880</u>
	<u>8,931</u>	<u>10,880</u>
 6 Expenditure		
	Total Funds 2016 £	Total Funds 2015 £
6.1 Support for Ministry		
<i>Stipends & Fees</i>		
Stipends and allowances	1,851,294	2,003,046
Vacancy fees	15,661	12,798
Council Tax	102,999	102,639
<i>Parsonages</i>		
Maintenance of Parsonages (restricted fund see note 17)	443,212	531,498
Property rentals	9,000	13,800
Insurance of Parsonage Houses	14,065	14,620
Custodians expenses	13,682	5,439
<i>Clergy Expenses</i>		
Archdeacons' expenses	8,160	8,754
Director of Ministry expenses	2,543	3,352
Director of Mission expenses	2,112	6,121
Area Deans' expenses	2,298	3,527
University Chaplain's expenses	609	669
Removal and disturbance allowances	30,704	35,473
Nomination Board expenses	4,539	140
Travel and other expenses	3,633	4,247
<i>Training</i>		
Vocations	638	301
Ordinands	47,207	48,113
Continuing Ministerial Education	5,749	3,634
Clergy School	-	27,204
Readers	7,514	8,865
<i>Support Costs</i>		
General Fund (see note 6.6)	72,997	69,346
Restricted Parsonage Fund	44,998	43,976
Restricted Ministry Area Transition Fund	37,034	650
	<u>2,720,648</u>	<u>2,948,212</u>

Of the above costs, costs for the maintenance of parsonages of £443,212 (2015: £531,498) and support costs of £44,998 (2015: £43,976) are charged to the restricted income fund. Further costs of £10,568 (2015: £12,557) are funded by Legacy income and are charged to Restricted Capital Endowment Funds.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

	Total Funds 2016 £	Total Funds 2015 £
6.2 Support for Parishes		
<i>Sector Ministries</i>		
Discipleship	-	(440)
Parish Mission	2,965	(2,656)
Rural Life Ministry	217	445
Stewardship	11	1,012
Social Responsibility	18,024	18,042
World Mission	1,938	337
Tourism	14	47
Ecumenical	14	-
Christian Deliverance	229	206
Statutory Education	17,913	16,996
Children and Youth	600	2,901
<i>Diocesan Expenses</i>		
Safeguarding	18,423	883
Diocesan Archivist	200	200
Eastmoor Centre	15,885	14,648
Diocesan Centre	11,707	11,627
<i>Support Costs (see note 6.6)</i>	70,046	61,627
	158,186	125,875

Of the above costs £34 (2015: £35) is funded by legacy income and is charged to Restricted Capital Endowment Funds.

	Total Funds 2016 £	Total Funds 2015 £
6.3 Church Property		
Inspections of Churches and Halls	25,441	19,889
Diocesan Advisory Committee expenses	11,886	11,787
Churches and Pastoral Committee expenses	919	2,848
Repairs to Diocesan Centre Building	-	-
Unrestricted designated repair fund	-	630
<i>Support Costs (see note 6.6)</i>	16,324	14,501
	54,570	49,655

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

	Total Funds 2016 £	Total Funds 2015 £
6.4 Other Financial Support		
<i>Diocesan Bodies</i>		
Bishop's Fund	12,000	12,000
Brecon Cathedral Grants	41,190	41,190
Diocesan Mission Fund	11,613	15,064
Church Repair Grants	7,346	13,700
Representative Body - Emergency Repairs Fund	16,667	16,667
Parish Assistance Fund	6,858	25,614
Social Responsibility Grants	30,000	30,000
Widows Orphans & Dependants Grants	9,660	7,750
Retired Clergy	419	-
<i>Anglican, Ecumenical and other bodies</i>		
World Mission Grants	19,600	21,500
Llangasty Retreat House Grant	5,000	5,000
Other Grants	1,000	1,000
<i>Support Costs (see note 6.6)</i>	8,999	7,183
	<u>170,352</u>	<u>196,668</u>

Of the above costs £8,443 (2015: £7,262) is funded by endowment income and is charged to Restricted Capital Endowment Funds.

	Total Funds 2016 £	Total Funds 2015 £
6.5 Communications		
Communications and Media	3,157	2,435
Newsletters and Diocesan Publications	-	(1,449)
<i>Support Costs (see note 6.6)</i>	15,876	1,220
	<u>19,033</u>	<u>2,206</u>

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

	Total Funds 2016 £	Total Funds 2015 £
6.6 Support Costs - Management and Administration		
Salaries including pensions and pension scheme contributions (see note 7.1)	195,300	167,339
Staff and Office expenses	27,140	25,155
	222,440	192,494

Total support costs are charged to the Statement of Financial Activities as follows:

	Total Funds 2016 £	Total Funds 2015 £
Support for Ministry	72,997	69,346
Support for Parishes	70,046	61,627
Church Property	16,324	14,501
Other Financial Support	8,999	7,183
Communication	15,876	1,220
Governance Costs	38,198	38,617
	222,440	192,494

Other than for support costs which are specific to the activities shown, the support costs, including salaries and related costs, are allocated to activity headings based on time spent.

6.7 Governance Costs

	Total Funds 2016 £	Total Funds 2015 £
Staff and Administrative Costs (see note 6.6)	38,198	38,617
Company expenses	13	13
Audit fees	12,204	9,694
Diocesan Conference and Standing Committee	3,091	3,770
Governing Body Meeting expenses	11,756	9,388
	65,262	61,482

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Analysis of staff costs and trustees remuneration and expenses

	Total Funds 2016 £	Total Funds 2015 £
7.1 Salaries including pensions and pension scheme contributions		
Salaries	230,395	199,318
Social security costs	14,404	12,751
Pensions	6,994	6,929
Pension scheme defined contributions (see below)	26,391	22,211
	<u>278,184</u>	<u>241,209</u>

Total salaries and related costs are charged to the Statement of Financial Activities as follows:

	Total Funds 2016 £	Total Funds 2015 £
Support costs (see note 6.6)	195,300	167,339
Support for Parishes:		
Diocesan Officers	13,882	13,755
Resource Centre Staff	18,166	14,207
Diocesan Archivist, Webmaster & Conference Secretary	200	275
Church Property:		
DAC Secretary	11,508	11,315
Parsonage Board	39,128	34,318
	<u>278,184</u>	<u>241,209</u>

No remuneration was paid to members of the Board of Trustees for the year ended 31 December 2016 or for the previous year.

For clergy who are members of the Board of Trustees, expenses were incurred by the charitable company in connection with their duties. For the year ended 31 December 2016 the expenses amounted to £10,185 (2015: £14,875).

For the year ended 31 December 2016 for clergy members of the Board of Trustees stipends amount to £120,270 (2015: £132,596), national insurance contributions of £10,562 (2015: £11,934) and pension contributions £38,998 (2015: £43,359). These amounts are included in the total for stipends and allowances which is shown in Note 6.1.

Pension scheme defined contributions are made in respect of certain employees of the charitable company. The contributions are payable by the company to funds, the assets of which are held separately from those of the company.

No employees earned more than £60,000 for the year ended 31 December 2016 (no employees in the previous year).

The average weekly number of persons employed during the year was 9 (2015:8).

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7.2 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 2016 they were considered to be the Diocesan Secretary, the Office Administrator and Finance officer.

The total amount of employee benefits received by the key management personnel in 2016 was £122,224 (2015: £119,044).

There were no key management personnel (2015: nil) receiving employee benefits (excluding employer pension costs) of more than £60,000.

The table below sets out the number of key management personnel whose total employee benefits (excluding employer pension costs) fell within the following bands:

	2016	2015
Up to £10,000	1	-
From £21,000 to £30,000	2	2
From £51,000 to £60,000	1	1

8 Other Resources Expended

	Total Funds 2016 £	Total Funds 2015 £
Parish Share rebate	98,718	85,231
Provision against unpaid Parish Share	48,693	156,486
	<u>147,411</u>	<u>241,717</u>

9 Net income/(expenditure)

	2016 £	2015 £
Net income is stated after charging:		
Audit fee	<u>10,200</u>	<u>9,600</u>

10 Investments

	2016 £	2015 £
Concessionary loans (note 11)	401,833	403,412
Other (see below)	<u>4,746,738</u>	<u>3,913,998</u>
	<u>5,148,571</u>	<u>4,317,410</u>

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Investments (continued)

	Investments UK - listed	Fixed interest debentures & corporate bonds	Unit trust investments	Other investments	Total investments
	£	£	£	£	£
Book and market value					
At 1 January 2016	1,144,737	430,751	1,406,395	932,115	3,913,998
Additions	385,867	184,174	49,312	-	619,353
Disposals	(126,373)	(69,837)	(134,135)	(5,463)	(335,808)
(Losses)/gains on disposal	(4,403)	1,914	-	-	(2,489)
(Losses)/gains on revaluation	69,702	106,014	247,404	128,564	551,684
At 31 December 2016	1,469,530	653,016	1,568,976	1,055,216	4,746,738

Fixed asset investments are held as follows:

	2016 £	2015 £
Held in General Unrestricted Funds		
Investment assets UK - listed	1,469,530	1,144,737
Fixed interest debentures and corporate bonds	653,016	430,751
Unit Trust investments	1,568,976	1,406,396
	3,691,522	2,981,883
Other investments comprise:		
Held in General Unrestricted Funds		
29,652 (2015: 29,652) Representative Body		
Investment Fund Units	50,382	44,585
Brewin Dolphin Deposit Account	25,456	30,919
General Unrestricted Funds	75,838	75,504
Held in Restricted Capital, Endowment Funds		
Legacy and Benefactions Account and Trust Funds		
Held by Swansea and Brecon Diocesan Trust	560,868	499,026
Held by the Representative Body	409,278	348,353
Held by the Board of Finance	9,232	9,232
Restricted Capital, Endowment Funds	979,378	856,611
Total Other Investments	1,055,216	932,115
Total investments	4,746,738	3,913,998

Restricted Capital, Endowment Funds include investments held by the Swansea and Brecon Diocesan Trust and by the Representative Body of the Church in Wales. Of the aggregate investments held by the Swansea and Brecon Diocesan Trust, units are allocated as being held on behalf of the Board of Finance. The carrying value shown under this heading above represents this allocation. Units held at 31 December 2016 are 337,333 (2015: 337,333).

Investments held by the Representative Body on behalf of the Board of Finance are in respect of Legacies and Trust Funds. These investments are held as a number of units in the Representative Body Funds. The aggregate number of units at 31 December 2016 are 240,879 (2015: 240,879). The carrying value of investments held in the Restricted Capital, Endowment Funds is stated in accordance with the accounting policy in note 1 of these financial statements.

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Concessionary loans

	2016	2015
	£	£
General Unrestricted Funds		
Loans funded by representative Body		
Loans to Parishes	6,833	8,112
Retired clergy Mortgage Loans	395,000	395,000
	<u>401,833</u>	<u>403,112</u>
Loans to parishes funded by Diocese	-	300
	<u>401,833</u>	<u>403,412</u>

12 Debtors: due within one year

	2016	2015
	£	£
General Unrestricted Funds		
Parish Share	483,439	395,878
Payments in Advance	12,529	8,164
Parochial Loans	18,843	18,844
Bank interest and investment income	8,007	9,363
Representative Body - Improvement Fund Repayment	39,936	87,165
Miscellaneous	39,479	51,430
Provision for doubtful debts	(402,339)	(353,647)
	<u>199,894</u>	<u>217,197</u>

Restricted Funds:

Legacy and Benefactions Account and Trust Funds

Trust fund income held by Diocesan Trust	6,765	7,051
	<u>6,765</u>	<u>7,051</u>
Debtors due within one year	<u>206,659</u>	<u>224,248</u>

These are analysed as follows:

	2016	2015
	£	£
Other debtors	198,652	214,885
Prepayments and accrued income	8,007	9,363
	<u>206,659</u>	<u>224,248</u>

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Cash

	2016	2015
	£	£
CAF Gold Account	600,118	540,476
Other cash balances	281,931	147,765
	<u>882,049</u>	<u>688,241</u>

For further analysis see note 21.

14 Creditors falling due within one year

	2016	2015
	£	£
General Unrestricted Funds		
Creditors Control	17,048	43,844
Internally invested Restricted Funds	9,232	9,232
Quinquennial Inspections	4,584	2,664
Church Repair Grants	10,600	10,200
Continuing Ministerial Education Grants	16,615	16,615
Parish Share Rebates	98,718	19,108
Sundry creditors	26,803	22,524
	<u>183,600</u>	<u>124,187</u>
Restricted Funds:		
Parsonage Maintenance Fund (restricted income fund)		
Sundry creditors	16,514	107,297
Legacy and Benefactions Account and Trust Funds		
Trust income payable	71,039	70,485
	<u>87,553</u>	<u>177,782</u>
Creditors falling due within one year	<u>271,153</u>	<u>301,969</u>

	2016	2015
	£	£
These are analysed as follows:		
Trade creditors	17,048	43,844
Other creditors and accruals	254,105	258,125
	<u>271,153</u>	<u>301,969</u>

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

15 Creditors falling due after more than one year

	2016 £	2015 £
General Unrestricted Funds		
Loans from the Representative Body of The Church in Wales		
Curates Houses Loans at 3.5%	6,833	8,112
Houses for retired clergy - Provincial Loan @ 1.5%	65,000	65,000
Houses for retired clergy - Equity linked loan - interest free	330,000	330,000
	<u>401,833</u>	<u>403,112</u>

Loans received from the Representative Body of The Church in Wales are applied to fund loans to Parishes and for Retired clergy housing (see Note 11). Interest at the rates shown is payable by the recipients of the respective loans, to the Board of Finance. The Board of Finance pays an equivalent amount of interest to the Representative Body of the Church in Wales. There are no specific terms for the repayment after more than one year of the loans due to the Representative Body. The liability to repay the Representative Body is independent of the recovery of loans made to Parishes and Clergy.

16 Accumulated Fund balances

	Accumulated fund balances at 1 January 2016 £	Net incoming resources for the year (see below) £	Gains/ (losses) arising on revaluation of fixed asset investments (see below) £	Accumulated Fund balances at 31 December 2016 £
General Unrestricted Income Funds				
General Fund Reserve	3,142,632	352,634	428,917	3,924,183
Designated Repair Fund	199,370	-	-	199,370
Restricted Funds				
Ministry Area Transition Fund	166,017	129,633	-	295,650
Parsonage Maintenance Fund	160,188	5,524	-	165,712
Legacy and Benefactions Account and Trust Funds				
Fund Balances	856,611	-	122,767	979,378
Total Charity Funds	<u>4,524,818</u>	<u>487,791</u>	<u>551,684</u>	<u>5,564,293</u>

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Summary of Parsonage Maintenance Fund (restricted income fund) for the year ended 31 December 2016

	2016 £	2015 £
Income		
Contributions from Diocesan Board of Finance General		
Unrestricted Income Fund	451,350	564,400
Income from rented Properties	11,100	13,744
Interest on Improvement Fund	7,480	9,094
Insurance claims	8,931	10,880
Grants and Parochial contributions	14,852	13,620
Income from Bequests	21	21
Total Income	493,734	611,759
Expenditure		
Maintenance of Parsonages	425,262	511,854
Maintenance contracts	17,950	19,644
	443,212	531,498
Administration	44,998	43,976
Total expenditure	488,210	575,475
Surplus for the year	5,524	36,284
Fund balance brought forward at 1 January	160,188	123,904
Fund balance carried forward at 31 December	165,712	160,188

The parsonages are owned by the Representative Body of the Church in Wales and improvements are funded from the Parsonage Improvement Fund.

The total spent on improvements and maintenance is as follows:

	2016 £	2015 £
Maintenance costs	443,212	531,498
Improvement costs (borne by the Representative Body)	238,368	175,339
	681,580	706,837

18 Related party transactions

Other than transactions with the Representative Body of the Church in Wales, there have been no related party transactions in the year ended 31 December 2016 and 2015

Swansea and Brecon Diocesan Board of Finance Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

19 Financial instruments comprise the following:

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	198,652	214,885
Financial liabilities		
Financial liabilities measured at amortised cost	672,986	705,081

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

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 31 December 2015. The date of transition to FRS102 was 1 January 2015. There was no material impact on the reported financial results for the year ended 31 December 2016. In the balance sheet, concessionary loans receivable previously shown as debtors due over one year, have been reclassified as investments. There has been no other impact on the financial position at transition.

21 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Investments	4,169,193	-	979,378	5,148,571
Cash	140,529	199,370	542,150	882,049
Debtors due within one year	199,894	-	6,765	206,659
Creditors due within one year	(183,600)	-	(87,553)	(271,153)
Creditors due in more than one year	(401,833)	-	-	(401,833)
Total	3,924,183	199,370	1,440,740	5,564,293