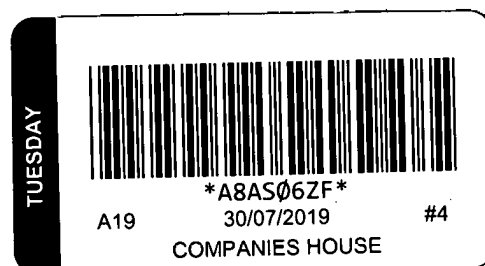


Registered number: 924565  
Registered as a Charity (number: 249810)

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

**Annual report  
for the year ended 31 December 2018**



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

## **Annual Report for the year ended 31 December 2018**

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# Swansea and Brecon Diocesan Board of Finance Limited

## Trustees' report for the year ended 31 December 2018

### Chair's Report

2018 has been a year of change as we form our new Ministry Area working structures. For some of us this is a new way of working: team collaboration has been necessary as we use our varied strengths to share burdens, and we have had to confront problems as we review our Church to strengthen it and sustain it for the future. Many of you will already have been involved in reviewing building strategies, in thinking about ministry share apportionment and in contemplating how best to worship. The DBF is working hard to listen and support you in these efforts: we have a new Officer to support the Development of Ministry Areas; Church Quinquennials have been re-scheduled so that they are done by Ministry Areas so enabling comparative building reviews: and we have initiated dialogue with parishes and benefices on the historical and current financial difficulties.

Deanery consultations on apportionment of Ministry Share have wrestled with the difficulty of coming up with workable methods for apportioning share across Ministry Areas, Benefices and Parishes. The Board are mindful of the problems that many congregations face. We are grateful for the thoughtful consideration, the cooperative working and the true Christian spirit of sharing one another's burdens that is being shown by our parishes, and particularly by their Treasurers. We are also grateful to the Gower Deanery for their generous continuation of subsidy to the Afon Tawe, Radnor & Builth and Brecon Deaneries.

Collection of Ministry Share at the end of year 2018 is reported as 92.7%. The Board recognise that the cost of providing against unpaid share has risen, from £48,693 in 2016 to £111,753 in 2018, a trend which cannot be sustained. A working party was formed in 2018 to investigate and propose recommendations and formulate a policy for the future.

There have been a number of significant operational factors which were unforeseen at the time of budgeting:

- The funding of long-term renovation works to designated key properties that became vacant due to clerical turnover required £125,760 (2017: £ nil) of additional funding to be provided to the Parsonage Board.
- The Board committed to underwrite the 2018 Faith in Families Christmas fund-raising initiative. The campaign was intended to raise the finance required to ensure Faith in Families was able to continue to operate in 2019. Unfortunately, fund-raising from individuals was extremely disappointing and this meant that the DBF provided £98,363 in additional funding.
- A downturn in investment values over the year resulted in total net realised and unrealised losses on investments during the year of £408,549 (2017: £306,184 gain).

Savings were also achieved:

- A reduction in the number of applications to the Diocesan Mission Fund and Ministry Share Assistance Fund resulted in a reduction of the value of grants awarded in 2018.
- The Diocesan Safeguarding Officer resigned during the year and no appointment was made to the role.

The result has been a reduction of £383,215 in net funds over the financial year. The Board is well aware that deficit outturns are undesirable when they are unplanned, and lessons will be learned for the future.

Our focus for 2018 has been on supporting our Ministry Areas from Inauguration to Commissioning and beyond, through the appointment of our Ministry Area Development Office, and through discussions at local levels. Moving forward into 2019 we continue this support and seek to enable the growth of Evangelism and Community Outreach throughout the Diocese. We will also think about how effective and modern stewardship methods may help increase the DBF's income, and we will be taking forward the recommendations from the working party mentioned above.

Please remember us in your prayers.

**Sir Paul Silk**

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

# Swansea and Brecon Diocesan Board of Finance Limited

## Trustees' report for the year ended 31 December 2018

The Trustee/directors present their report together with the audited financial statements of the Company for the year ended 31 December 2018.

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 2016).

### 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 2018 was 8.

### 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.

# Swansea and Brecon Diocesan Board of Finance Limited

## Trustees' report for the year ended 31 December 2018 (Continued)

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.

### 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 2018, 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 to maintain a balanced budget and this is evidenced in the financial statements. They remain particularly mindful of the challenges faced by Parishes and also the requirement to ensure that the Board remains financially stable and viable. In 2018 the costs of Ministry exceeded income collected from Ministry Share and the Board's Investment portfolio suffered a significant fall in value. It is against this background that the Board decided against the provision of a Ministry Share rebate in for the year.

**Supporting the transition to Ministry Areas:** The trustees/directors have supported the Diocesan consultation process with Parishes as they move towards Ministry Areas and continue to provide financial support for collaborative working, including grants for training, events and resources as well as the recruitment and 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. A comprehensive programme of training is offered to a range of lay ministries, both practical and academic, the latter providing an optional certification route.

# Swansea and Brecon Diocesan Board of Finance Limited

## Trustees' report for the year ended 31 December 2018 (Continued)

During 2018, our lay training programme supported:

- 19 individuals trained and commissioned as Lay Pastoral Visitors (2017 – 19)
- 22 individuals trained and commissioned as Lay Worship Leaders (2017 – 28)
- 8 individuals trained and commissioned as Eucharistic Assistants (2017 – 26)
- 2 individuals trained and licensed as a Reader (2017 - 1)
- 2 individuals received as Readers from other dioceses (2017 – 3)
- 2 individuals in training as Readers (2017 – 2)
- 1 individual has been accepted to begin training as a licensed evangelist (2017 – 1)

**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, predominantly the support of ministry within the Diocese which represented approximately 73% (2017: 73%) of unrestricted expenditure for 2018.

### Income

The Board's major income sources and receipts are consistent with 2017 with the exception of the three-year Transformation Grant funding programme from the Representative Body which ended in 2017. Total incoming resources of £3.79m (2017: £3.90m) include £2.57m (2017: £2.54m) collectable Ministry Share, £0.85m (2017: £0.88m) in the form of the Representative Body annual Block Grant, £Nil (2017: £0.17m) Transformation Fund Grant from the Representative Body and Investment Income of £0.15m (2017: £0.15m).

### Expenditure

Total resources expended were £3.76m (2017: £3.46m).

Support for ministry continues to be the major area of expenditure for the Board with total costs of £2.84m (2017: £2.60m). Support for ministry expenditure costs increased in 2018 compared to 2017 and the major contributory factor was an increase in the net costs of the maintenance of parsonage to £0.59m (2017: 0.35m).

Other areas of the Board's accounts to show increases in costs were sector ministries, and financial support provision.

Support for Parish costs increased to £0.29m (2017 £0.21m) reflecting the growth of the Children, Youth and Families Ministry and recruitment of a Ministry Area Development Officer in second half of the year.

Other Financial Support costs increased to £0.33m (2017: £0.22m) The Board's commitment to underwrite the 2018 Faith in Families Christmas fund-raising campaign which aimed to raise the funding required to ensure Faith in Families was able to continue to operate in 2019 resulted in a commitment to provide £0.10m in additional funding.

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

## **Trustees' report for the year ended 31 December 2018 (Continued)**

Other resource costs declined to £0.11m (2017 £0.26m) reflecting the absence of Ministry Share rebate and Financial Settlement costs in 2018.

### **Restricted Funds**

No further funding was received into the Restricted Ministry Area Transformation Fund from the Representative Body following the completion of the three-year funding programme in 2017. Total funding of £81,490 was drawn down from the Fund during 2018 and used to contribute towards Children, Youth and Family Ministry costs and Ministry Area Development costs. Following a review of the accounting treatment of restricted income creditor balances by the Trustees, balances of £71,393 were released to restricted income to be spent in line with the funder/donor's request in future years.

### **Parsonage**

The Restricted Income Fund relating to the activities of the Parsonage Board and the deficit balance of £35,898 (2017: £108,174) reflects the policy of the Executive Committee to continue to fund long-term renovation works in designated key properties that become vacant due to clerical turnover. £125,760 (2017: £ nil) of additional funding was provided to the Parsonage Board during the year. The year end deficit balance arose due to the timing of maintenance work around the year end and the Fund is forecast to return to credit in 2019.

### **Net Income**

Net income before other recognised gains/(losses) on Unrestricted Funds was a surplus of £328,266 (2017: £183,029). The Diocesan Board of Finance does not plan or budget with the intention of reporting significant surpluses. The Board notes that the reported surplus does not derive from provision of Ministry activities but rather from other areas of the Diocesan Board of Finance's activities including realised gains from the disposal of investments and a reduction in application to the Board for grant funding. The budgeting process will continue to be reviewed and monitored to ensure the costs of Ministry recharged to the Deaneries are as fair and as accurate as possible. However, the Board are aware that there will always be factors arising during the financial year that will lead to variance between the budgeted and actual costs of ministry.

### **Investments**

Total net realised and unrealised losses on investments during the year were £281,346 (2017: £306,184 gain). A downturn in the upward trajectory of investment values over recent years was expected to occur at some point by the Trustees/Directors. The Trustees/Directors are also aware that the timing of the Diocesan Board of Finance's financial year end coincided with a time of heightened investment market uncertainty. Given the current volatility and uncertainty in the market year the Trustees/directors are satisfied that investments continue to be managed prudently and in line with parameters set by the Investment Committee

Overall, the financial position of the Diocese at 31<sup>st</sup> December 2018 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.

### **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.

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

## **Trustees' report for the year ended 31 December 2018 (Continued)**

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 2018 was £850,663, some 23% of total income. It has been confirmed that this level of grant support will be maintained for the period 2018-2021 and there is no certainty that the level of this grant will be maintained after 2021. 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 2018, the balance held in unrestricted funds was £4,229,943, which includes unrealised gains on the value of investments amounting to £678,579; this figure represents the equivalent of thirteen month's expenditure against the 2018 actual. The current level of reserves is considered appropriate to meet the stated reserves policy and account for inflation.

### **Plans for the Future**

For 2019, 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 support the transition to new methods of allocating Ministry Share apportionment at Deanery level.
- To continue to support a Diocesan Mission fund to provide funding for mission projects which aim to reflect the Diocesan Vision
- To establish a strategy for evangelism and outreach for the whole Diocese.

### **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

#### **Executive Committee**

The day-to-day management of the Company has been delegated to the Executive Committee. The Executive Committee shall not exceed 15 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, Funding Committee, and a Widows, Orphans and Dependants Committee. Members of committees are appointed for a three-year term.



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

## **Trustees' report for the year ended 31 December 2018 (Continued)**

### **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 Ministry 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.

### **Funding Committee**

The Funding Committee is responsible for considering and awarding internal grants in respect of Parish, Benefice or Ministry Area projects, and providing advice and guidance as necessary.

### **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**

The Charities Commission guidance has been adopted as a training resource for all Trustees and is a standard agenda item. Induction for new Trustees is currently on an informal basis. A planned and structured induction programme will be developed during 2019. Trustees are also encouraged to attend appropriate training seminars of which details are circulated.

### **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, and the Finance Officer.

# Swansea and Brecon Diocesan Board of Finance Limited

## Trustees' report for the year ended 31 December 2018 (Continued)

### 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:

	2018	2017
Ministry Share Collection Performance (receipts are now firstly offset against current debt)	92.7%	96.2%
Net incoming resources for the year on unrestricted funds before unrealised gains	328,266	183,029
Level of unrestricted reserves held	4,229,943	4,394,280
<b>Clergy positions:</b>		
Stipendiary	54	56
Non-stipendiary	11	14
House for duty	1	2

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

## **Trustees' report for the year ended 31 December 2018 (Continued)**

### **Reference 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 Limited (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 Most Revd John David Edward Davies (President)  
Sir Paul Silk (Chairman)  
The Ven Alan Neil Jevons  
The Very Revd Albert Paul Shackerley  
Gwynfor Lewis, FCA  
Sir Andrew McLeod Brooks Large  
The Ven Jonathan Byron Davies  
Sonia Jones

### **Consultants**

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

### **Company Secretary**

Louise Anne Pearson (appointed 15<sup>th</sup> January 2018)

### **Registered Office**

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

### **Independent Auditors**

Baldwins, Audit Services Waters Lane Chambers, 1-3 Waters Lane, Newport, NP20 1LA

### **Principal Bankers**

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

### **Investment Managers**

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

# Swansea and Brecon Diocesan Board of Finance Limited

## Trustees' report for the year ended 31 December 2018 (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' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of 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 Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

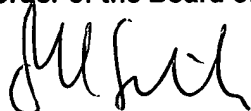
The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware:

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

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

By order of the Board of Trustees



3-7-19

Sir Paul Silk  
Chair of the Swansea and Brecon Diocesan Board of Finance Limited

# Swansea and Brecon Diocesan Board of Finance Limited

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

### Opinion

We have audited the financial statements of Swansea and Brecon Diocesan Board of Finance for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Swansea and Brecon Diocesan Board of Finance Limited

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

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

- the information given in the trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

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

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the '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.

## Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Swansea and Brecon Diocesan Board of Finance Limited

## Use of our report

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



**Sarah Case FCA DChA**

**(Senior Statutory Auditor)**  
**for and on behalf of Baldwins Audit Services**

**Chartered Accountants**  
**Statutory Auditor**

3-7-19  
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Waters Lane Chambers  
1-3 Waters Lane  
NEWPORT  
UK  
NP20 1LA

## Swansea and Brecon Diocesan Board of Finance Limited

### Statement of Financial Activities for the year ended 31 December 2018 (including income and expenditure account)

	Note	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transformation fund	Restricted parsonage income fund	Restricted capital endowment funds	Total Charity funds	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transformation fund	Restricted income Fund	Restricted Capital Endowment Funds	Total Charity Funds
		2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
		£	£	£	£	£	£	£	£	£	£	£	£
<b>Income from:</b>													
Donations and legacies	5.1	3,487,959	-	-	3,786	3,000	3,494,745	3,475,756	-	226,667	14,938	-	3,717,361
Charitable activities	5.2	12,631	-	-	22,730	-	35,361	15,588	-	-	17,853	-	33,441
Investments	5.3	121,023	-	-	21	95,971	217,160	125,133	-	-	21	21,331	146,485
Other income	5.4	312	-	-	39,611	-	39,923	-	-	-	4,714	-	4,714
<b>Total income</b>		<b>3,621,925</b>	<b>-</b>	<b>-</b>	<b>66,148</b>	<b>98,971</b>	<b>3,787,044</b>	<b>3,616,477</b>	<b>-</b>	<b>226,667</b>	<b>37,526</b>	<b>21,331</b>	<b>3,902,001</b>
<b>Expenditure:</b>													
<b>Raising funds:</b>													
Investment management costs		18,909	-	-	-	-	18,909	18,671	-	-	-	-	18,671
		18,909	-	-	-	-	18,909	18,671	-	-	-	-	18,671
<b>Charitable activities:</b>													
Support for Ministry	6.1	2,185,109	-	-	640,417	16,803	2,842,329	2,171,592	-	19,236	392,261	14,450	2,597,539
Support for Parishes	6.2	213,796	-	75,551	-	36	289,383	173,263	-	35,140	-	36	208,439
Church property	6.3	55,966	-	-	-	-	55,966	46,922	-	-	-	-	46,922
Other financial support	6.4	314,840	-	5,941	-	10,739	331,520	213,065	-	-	-	6,845	219,910
Communications	6.5	41,203	-	-	-	-	41,203	40,984	-	-	-	-	40,984
Governance costs	6.7	70,647	-	-	-	-	70,647	68,736	-	-	-	-	68,736
Other resources expended	8	111,753	-	-	-	-	111,753	257,929	-	-	-	-	257,929
		2,993,314	-	81,492	640,417	27,578	3,742,801	2,972,491	-	54,376	392,261	21,331	3,440,459
<b>Total expenditure</b>		<b>3,012,223</b>	<b>-</b>	<b>81,492</b>	<b>640,417</b>	<b>27,578</b>	<b>3,761,710</b>	<b>2,991,162</b>	<b>-</b>	<b>54,376</b>	<b>392,261</b>	<b>21,331</b>	<b>3,459,130</b>
<b>Net income/(expenditure) carried forward</b>		<b>609,702</b>	<b>-</b>	<b>(81,492)</b>	<b>(574,269)</b>	<b>71,393</b>	<b>25,334</b>	<b>625,315</b>	<b>-</b>	<b>172,291</b>	<b>(354,735)</b>	<b>-</b>	<b>442,871</b>



## Swansea and Brecon Diocesan Board of Finance Limited

### Statement of Financial Activities for the year ended 31 December 2018 (including income and expenditure account) (continued)

	Note	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transformation fund	Restricted parsonage income fund	Restricted capital endowment funds	Total Charity funds	Unrestricted funds	Unrestricted designated repair fund	Restricted ministry area transformation fund	Restricted income Fund	Restricted Capital Endowment Funds	Total Charity Funds
		2018	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
		£	£	£	£	£	£	£	£	£	£	£	£
Net Income/expenditure brought forward		609,702	-	(81,492)	(574,269)	71,393	25,334	625,315	-	172,291	(354,735)	-	442,871
Gains/(losses) on disposal of investments	10	148,761	-	-	-	-	148,761	(45,089)	-	-	-	-	(45,089)
Net Income / (expenditure)	9	758,463	-	(81,492)	(574,269)	71,393	174,095	580,226	-	172,291	(354,735)	-	397,782
Transfers between funds													
Transfers to/from Restricted funds		(430,197)	-	-	430,197	-	-	(397,197)	-	100,000	297,197	-	-
Net Income/(expenditure) before other recognised gains and losses	16	328,266	-	(81,492)	(144,072)	71,393	174,095	183,029	-	272,291	(57,538)	-	397,782
Other recognised gains/(losses)													
(Losses)/gains on revaluation of investments	16	(492,603)	-	-	-	(64,707)	(557,310)	287,068	-	-	-	64,205	351,273
Net movements in funds for the year		(164,337)	-	(81,492)	(144,072)	6,686	(383,215)	470,097	-	272,291	(57,538)	64,205	749,055
Reconciliation of funds													
Total funds brought forward at 1 January	16	4,394,280	199,370	567,941	108,174	1,043,583	6,313,348	3,924,183	199,370	295,650	165,712	979,378	5,564,293
Total funds carried forward at 31 December	16,20	4,229,943	199,370	486,449	(35,898)	1,050,269	5,930,133	4,394,280	199,370	567,941	108,174	1,043,583	6,313,348

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 2018

	Note	2018 £	2017 £
<b>Fixed Assets</b>			
Investments	10	4,606,804	5,034,262
Long Term Loans	11	380,000	385,512
		<u>4,986,804</u>	<u>5,419,774</u>
<b>Current Assets</b>			
Debtors: due within one year	12	298,749	257,512
Cash at bank and in hand	13	1,185,678	1,327,201
<b>Total current assets</b>		<u>1,484,427</u>	<u>1,584,713</u>
<b>Liabilities</b>			
Creditors falling due within one year	14	(161,098)	(304,961)
<b>Net current assets</b>		<u>1,323,329</u>	<u>1,279,752</u>
<b>Total assets less current liabilities</b>		<u>6,310,133</u>	<u>6,699,526</u>
Creditors falling due after more than one year	15	(380,000)	(386,178)
<b>Net assets</b>		<u>5,930,133</u>	<u>6,313,348</u>
<b>The funds of the charity</b>			
Unrestricted funds	16	4,229,943	4,394,280
Designated Repair Fund	16	199,370	199,370
<b>Total unrestricted funds</b>		<u>4,429,313</u>	<u>4,593,650</u>
<b>Restricted funds</b>			
Ministry Area Transformation Fund	16	486,449	567,941
Parsonage Maintenance Fund (restricted income fund)	16	(35,898)	108,174
Legacy and Benefactions Account and Trust Funds (Restricted Capital Endowment Funds)	16	1,050,269	1,043,583
<b>Total restricted funds</b>		<u>1,500,820</u>	<u>1,719,698</u>
<b>Total Charity funds</b>		<u>5,930,133</u>	<u>6,313,348</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 18 to 35 form part of these financial statements.

The financial statements on pages 14 to 35 were approved by the board of directors on 3rd July 2019 and were signed on its behalf by:



**Sir Paul Silk**  
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 2018

	2018 £	2017 £
<b>Net cash flows from operating activities</b>	<b>(286,479)</b>	<b>298,012</b>
<b>Net cash flows generated from investing activities</b>		
Dividend and interest from investments	145,622	146,485
Purchase of investments	(824,352)	(567,255)
Proceeds from sale of investments	841,123	617,568
Investment Management Fees	(18,909)	(18,671)
Net (increase)/decrease in cash balances held by Investment Managers	2,138	(31,653)
<b>Net cash provided by / (used in) investing activities</b>	<b>145,622</b>	<b>146,474</b>
<b>Cash flow from financing activities</b>		
Repayments of loans receivable	5,512	16,321
Repayments of loans repayable	(6,178)	(15,655)
<b>Net cash provided by/(used in) generated by financing activities</b>	<b>(666)</b>	<b>666</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(141,523)</b>	<b>445,152</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>1,327,201</b>	<b>882,049</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,185,678</b>	<b>1,327,201</b>
<b>Reconciliation of net income to net cash flow generated from operating activities</b>		
<b>Net Income for the reporting period (as per statement of financial activities)</b>	<b>174,095</b>	<b>397,782</b>
(Increase)/Decrease in debtors	(41,237)	(50,853)
Increase/(Decrease) in creditors	(143,863)	33,808
Realised (Gain)/Loss on investments	(148,761)	45,089
Dividends and Interest from investments	(145,622)	(146,485)
Investment management fees	18,909	18,671
<b>Net cash flows generated from operating activities</b>	<b>(286,479)</b>	<b>298,012</b>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018

### 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) Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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

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

#### b) 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.

#### c) 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 2018 (continued)**

### **d) 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.

### **e) 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.

### **f) 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.

### **g) 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.

### **h) 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.

### **i) 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.

### **j) 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 2018 (continued)

### k) 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

### l) 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.

### m) 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.

### n) 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.

### o) 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.

### p) 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.

### q) 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 2018 (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 Critical accounting estimates and judgements

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

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

### 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

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
<b>5.1 Donations and legacies</b>		
<b>Parish Share assessed by the DBF</b>	<b>2,571,649</b>	<b>2,539,440</b>
<b>Contributions from the Representative Body:</b>		
Block Grant	850,663	881,584
Restricted Ministry Area Transformation Fund	-	166,667
Diocesan Advisory Committee	8,333	8,333
Parsonage Improvement Interest (restricted fund see note 17)	2,311	3,668
<b>Grants received:</b>		
Parsonage Repair Grants (restricted fund see note 17)	1,475	11,270
AllChurches Trust	19,925	19,925
Isla Johnson Trust	3,000	3,000
Diocesan Trust (2017 includes £60,000 Restricted Ministry Area Transformation Fund grant)	34,515	83,223
Widows, Orphans & Dependents	2,860	-
Other Grants and Donations	14	251
	<b>3,494,745</b>	<b>3,717,361</b>

Grants received for parsonage repair of £1,475 (2017: £11,270), parsonage improvement fund interest of £2,311 (2017: £3,668), educational purposes and training of clergy £3,000 (2017: £nil) and contributions received for the Ministry Area Transformation Fund of £nil (2017: £226,667) 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 2018 (continued)

	Total Funds 2018 £	Total Funds 2017 £
<b>5.2 Charitable Activities</b>		
<b><i>Resource Centres - Reprographics</i></b>		
Eastmoor Resource Centre, Swansea	4,349	6,811
Diocesan Centre, Brecon	3,672	4,718
<b><i>Resource Centres - Room Lettings</i></b>		
Eastmoor Resource Centre, Swansea	-	-
Diocesan Centre, Brecon	770	219
<b><i>Parsonage Rental Income</i></b> (restricted fund - see note 17)	22,730	16,888
<b><i>Contribution from Parishes</i></b>	-	965
<b><i>Contributions from Diocesan organisations</i></b>	2,640	2,640
<b><i>Marriage Licence Fees</i></b>	1,200	1,200
	<b>35,361</b>	<b>33,441</b>

Parsonage rental income of £22,730 (2017: £16,888) 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 £Nil (2017: £965)

	Total Funds 2018 £	Total Funds 2017 £
<b>5.3 Investments:</b>		
<b><i>Fixed Asset Investments and Banks</i></b>		
Income from fixed asset investments - listed	117,425	121,870
Income from Representative Body Common Investment Fund Units	1,008	1,204
Bank and money market interest	678	374
Other interest	999	857
<b><i>Income from Investment of Bequests</i></b> (£21 (2017: £21) restricted fund - see note 17)	<b>71,392</b>	<b>22,180</b>
	<b>217,014</b>	<b>146,485</b>

Incoming resources from investment of bequests amounting to £21 (2017: £21) is credited to the restricted income fund whilst £71,392 (2017: £21,323) 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 2018 (continued)

	Total Funds 2018 £	Total Funds 2017 £
<b>5.4 Other Income</b>		
Insurance Claims - restricted	39,611	4,714
Other Income - unrestricted	312	-
	<u>39,923</u>	<u>4,714</u>
 <b>6 Expenditure</b>		
	Total Funds 2018 £	Total Funds 2017 £
<b>6.1 Support for Ministry</b>		
<i><b>Stipends &amp; Fees</b></i>		
Stipends and allowances	1,921,651	1,829,401
Vacancy fees	13,709	18,132
Council Tax	110,794	85,558
<i><b>Parsonages</b></i>		
Maintenance of Parsonages (restricted fund see note 17)	590,253	350,128
Property rentals	-	1,955
Insurance of Parsonage Houses	15,169	14,961
Custodians expenses	9,120	10,666
<i><b>Clergy Expenses</b></i>		
Archdeacons' expenses	8,354	7,245
Director of Ministry expenses	1,625	1,535
Area Deans' expenses	1,820	1,055
Removal and disturbance allowances	21,108	48,683
Nomination Board expenses	81	759
Travel and other expenses	4,298	5,050
<i><b>Training</b></i>		
Ordinands	8,258	52,730
Continuing Ministerial Education	(3,193)	17,972
Readers	3,250	5,172
<i><b>Support Costs</b></i>		
General Fund (see note 6.6)	85,868	85,168
Restricted Parsonage Fund	50,164	42,133
Restricted Ministry Area Transformation Fund	-	19,236
	<u>2,842,329</u>	<u>2,597,539</u>

Of the above costs, costs for the maintenance of parsonages of £590,253 (2017: £350,128) and support costs of £50,164 (2017: £42,133) are charged to the restricted income fund. Further costs of £16,802 (2017: £14,449) 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 2018 (continued)

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
<b>6.2 Support for Parishes</b>		
<b><i>Sector Ministries</i></b>		
Parish Mission	74	88
Rural Life Ministry	19,355	1,151
Stewardship	229	-
Social Responsibility	18,000	18,000
World Mission	288	546
Ecumenical	-	-
Christian Deliverance	1,288	61
Interfaith	631	-
Older People	445	-
Discipleship	139	-
Statutory Education	32,683	15,633
Children and Youth	68,813	37,308
<b><i>Diocesan Expenses</i></b>		
Ministry Area Development Support	17,975	-
Safeguarding	12,917	19,843
Diocesan Archivist	200	200
Eastmoor Centre	16,868	17,395
Diocesan Centre	16,603	16,276
<b><i>Support Costs (see note 6.6)</i></b>	<b>82,875</b>	<b>81,938</b>
	<b>289,383</b>	<b>208,439</b>

Of the above costs £75,550 (2017: £35,140) is funded by the Transformation Fund and £36 (2017: 36) is funded by legacy income and is charged to Restricted Capital Endowment Funds.

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
<b>6.3 Church Property</b>		
Inspections of Churches and Halls	19,767	12,791
Diocesan Advisory Committee expenses	12,889	12,222
Churches and Pastoral Committee expenses	2,695	2,212
<b><i>Support Costs (see note 6.6)</i></b>	<b>20,615</b>	<b>19,697</b>
	<b>55,966</b>	<b>46,922</b>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

	Total Funds 2018 £	Total Funds 2017 £
<b>6.4 Other Financial Support</b>		
<i><b>Diocesan Bodies</b></i>		
Bishop's Fund	12,000	12,000
Brecon Cathedral Grants	41,190	41,190
Diocesan Mission Fund	55,614	56,670
Church Repair Grants	14,064	(29)
Representative Body - Emergency Repairs Fund	16,667	16,667
Parish Assistance Fund	10,594	20,000
Social Responsibility Grants	128,363	30,000
Widows Orphans & Dependants Grants	10,739	7,576
Retired Clergy	398	446
Transformation Fund	5,941	182
<i><b>Anglican, Ecumenical and other bodies</b></i>		
World Mission Grants	20,030	18,032
Llangasty Retreat House Grant	5,000	5,000
Other Grants	1,300	1,300
<i><b>Support Costs (see note 6.6)</b></i>	<u>9,620</u>	<u>10,876</u>
	<u><b>331,520</b></u>	<u><b>219,910</b></u>

Of the above costs £5,941 (2017: £182) is funded by the Transformation Fund and £10,739 (2017: £6,845) is funded by endowment income and is charged to Restricted Capital Endowment Funds.

	Total Funds 2018 £	Total Funds 2017 £
<b>6.5 Communications</b>		
Communications and Media	1,804	3,227
Newsletters and Diocesan Publications	3,300	2,525
<i><b>Support Costs (see note 6.6)</b></i>	<u>36,099</u>	<u>35,232</u>
	<u><b>41,203</b></u>	<u><b>40,984</b></u>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
<b>6.6 Support Costs - Management and Administration</b>		
Salaries including pensions and pension scheme contributions (see note 7.1)	<b>237,839</b>	237,857
Staff and Office expenses	<b>40,912</b>	37,470
	<b><u>278,751</u></b>	<b><u>275,327</u></b>

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

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Support for Ministry	<b>85,868</b>	85,168
Support for Parishes	<b>82,875</b>	81,938
Church Property	<b>20,615</b>	19,697
Other Financial Support	<b>9,620</b>	10,876
Communication	<b>36,099</b>	35,232
Governance Costs	<b>43,674</b>	42,416
	<b><u>278,751</u></b>	<b><u>275,327</u></b>

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

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Staff and Administrative Costs (see note 6.6)	<b>43,674</b>	42,416
Company expenses	<b>13</b>	13
Audit fees	<b>9,736</b>	11,058
Diocesan Conference and Standing Committee	<b>3,028</b>	3,216
Governing Body Meeting expenses	<b>14,196</b>	12,033
	<b><u>70,647</u></b>	<b><u>68,736</u></b>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Analysis of staff costs and trustees remuneration and expenses

	Total Funds 2018 £	Total Funds 2017 £
<b>7.1 Salaries including pensions and pension scheme contributions</b>		
Salaries	308,831	266,604
Social security costs	23,438	15,571
Pensions	6,083	7,134
Pension scheme defined contributions (see below)	41,065	31,148
Termination payments	-	61,275
	<u>379,417</u>	<u>381,732</u>

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

	Total Funds 2018 £	Total Funds 2017 £
Support costs (see note 6.6)	237,839	237,857
Support for Parishes:		
Diocesan Officers	62,039	11,819
Resource Centre Staff	21,989	21,839
Diocesan Archivist, Webmaster & Conference Secretary	200	200
Church Property:		
DAC Secretary	12,821	11,973
Parsonage Board	44,529	36,769
Other Resources Expended (Note 8)	-	61,275
	<u>379,417</u>	<u>381,732</u>

No remuneration was paid to members of the Board of Trustees for the year ended 31 December 2018 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 2018 the expenses amounted to £8,354 (2017: £7,277).

For the year ended 31 December 2018 for clergy members of the Board of Trustees stipends amount to £111,833 (2017: £108,893), national insurance contributions of £10,198 (2017: £9,800) and pension contributions £43,423 (2017: £42,250). 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 2018 (2017: nil).

The average weekly number of persons employed during the year was 15 (2017:14).

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (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 2018 they were considered to be the Diocesan Secretary, and the Finance Officer.

The total amount of employee benefits received by the key management personnel in 2018 was £106,487 (2017: £174,490).

None of the key management personnel (2017:1) received 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:

	2018 No.	2017 No.
Up to £10,000	-	-
From £20,001 to £30,000	-	1
From £30,001 to £40,000	-	-
From £40,001 to £50,000	1	1
From £50,001 to £60,000	1	-
From £90,001 to £100,000	-	1
Total	<u>2</u>	<u>3</u>

### 8 Other Resources Expended

	Total Funds 2018 £	Total Funds 2017 £
Ministry Share rebate	-	97,044
Provision against unpaid Ministry Share	111,753	99,610
Financial Settlement	-	61,275
	<u>111,753</u>	<u>257,929</u>

### 9 Net income/(expenditure)

	2018 £	2017 £
Net income/(expenditure) is stated after charging:		
Audit fee	<u>9,736</u>	<u>10,536</u>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 10 Investments

	Investments UK - listed	Fixed interest debentures & corporate bonds	Unit trust investments	Other investments	Total investments
	£	£	£	£	£
<b>Book and market value</b>					
At 1 January 2018	1,559,242	610,119	1,709,896	1,155,005	5,034,262
Additions	206,002	36,760	581,590	-	824,352
Disposals	(272,252)	(29,765)	(539,106)	(2,137)	(843,260)
Gains on disposal	27,395	-	121,366	-	148,761
(Losses) on revaluation	(212,453)	(28,392)	(249,244)	(67,222)	(557,311)
<b>At 31 December 2018</b>	<b>1,307,934</b>	<b>588,722</b>	<b>1,624,502</b>	<b>1,085,646</b>	<b>4,606,804</b>

Fixed asset investments are held as follows:

	2018 £	2017 £
<b>Held in General Unrestricted Funds</b>		
Investment assets UK - listed	1,307,934	1,559,242
Fixed interest debentures and corporate bonds	588,722	610,119
Unit Trust investments	1,624,502	1,709,896
	<b>3,521,158</b>	<b>3,879,257</b>
<b>Other investments comprise:</b>		
<b>Held in General Unrestricted Funds</b>		
29,652 (2017: 29,652) Representative Body		
Investment Fund Units	51,799	54,314
Brewin Dolphin Deposit Account	54,971	57,108
<b>General Unrestricted Funds</b>	<b>106,770</b>	<b>111,422</b>
<b>Held in Restricted Capital, Endowment Funds</b>		
<b>Legacy and Benefactions Account and Trust Funds</b>		
Held by Swansea and Brecon Diocesan Trust	536,919	593,133
Held by the Representative Body	432,725	441,218
Held by the Board of Finance	9,232	9,232
<b>Restricted Capital, Endowment Funds</b>	<b>978,876</b>	<b>1,043,583</b>
<b>Total Other Investments</b>	<b>1,085,646</b>	<b>1,155,005</b>
<b>Total investments</b>	<b>4,606,804</b>	<b>5,034,262</b>

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 2018 are 337,333 (2017: 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 2018 are 247,710 (2017: 247,710).

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 2018 (continued)

### 11 Concessionary loans

	2018	2017
	£	£
<b>General Unrestricted Funds</b>		
Loans funded by representative Body:		
Loans to Parishes	-	5,512
Retired clergy Mortgage Loans	380,000	380,000
	<u>380,000</u>	<u>385,512</u>

### 12 Debtors: due within one year

	2018	2017
	£	£
<b>General Unrestricted Funds</b>		
Parish Share	770,043	599,770
Payments in Advance	29,572	17,397
Parochial Loans	18,843	18,843
Bank interest and investment income	10,585	8,834
Representative Body - Improvement Fund Repayment	-	78,417
Miscellaneous	73,510	26,982
Provision for doubtful debts	(613,702)	(501,949)
	<u>288,851</u>	<u>248,294</u>
<b>Restricted Funds:</b>		
<b>Legacy and Benefactions Account and Trust Funds</b>		
Trust fund income held by Diocesan Trust	9,898	9,218
<b>Debtors due within one year</b>	<u>298,749</u>	<u>257,512</u>

These are analysed as follows:

	2018	2017
	£	£
Other debtors	258,593	231,281
Prepayments and accrued income	40,156	26,231
	<u>298,749</u>	<u>257,512</u>



# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 13 Cash at bank and in hand

	2018	2017
	£	£
CAF Gold Account	887,119	738,343
Other cash balances	298,559	588,858
	<u>1,185,678</u>	<u>1,327,201</u>

For further analysis see note 20.

### 14 Creditors falling due within one year

	2018	2017
	£	£
<b>General Unrestricted Funds</b>		
Creditors Control	14,359	10,947
Internally invested Restricted Funds	9,232	9,232
Quinquennial Inspections	1,380	3,542
Church Repair Grants	-	3,500
Continuing Ministerial Education Grants	-	16,615
Ministry Share Rebate	-	97,044
Sundry creditors	128,751	60,840
	<u>153,722</u>	<u>201,720</u>
<b>Restricted Funds:</b>		
<b>Parsonage Maintenance Fund (restricted income fund)</b>		
Creditors Control	6,698	24,534
Sundry creditors	678	5,496
	<u>7,376</u>	<u>30,030</u>
<b>Legacy and Benefactions Account and Trust Funds</b>		
Trust income payable	-	73,211
	<u>7,376</u>	<u>103,241</u>
<b>Creditors falling due within one year</b>	<u><u>161,098</u></u>	<u><u>304,961</u></u>

	2018	2017
	£	£
These are analysed as follows:		
Trade creditors	21,777	35,481
Other creditors and accruals	139,321	269,480
	<u>161,098</u>	<u>304,961</u>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 15 Creditors falling due after more than one year

	2018 £	2017 £
<b>General Unrestricted Funds</b>		
Loans from the Representative Body of The Church in Wales		
Curates Houses Loans at 3.5%	-	6,177
Houses for retired clergy - Provincial Loan @ 1.5%	50,000	50,000
Houses for retired clergy - Equity linked loan - interest free	330,000	330,000
	<b>380,000</b>	<b>386,177</b>

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 2018 £	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 2018 £
<b>General Unrestricted Income Funds</b>				
General Fund Reserve	4,394,280	328,266	(492,603)	4,229,943
Designated Repair Fund	199,370	-	-	199,370
<b>Restricted Funds</b>				
<b>Ministry Area Transformation Fund</b>	567,941	(81,492)	-	486,449
<b>Parsonage Maintenance Fund</b>	108,174	(144,072)	-	(35,898)
<b>Legacy and Benefactions Account and Trust Funds</b>				
Fund Balances	1,043,583	71,393	(64,707)	1,050,269
<b>Total Charity Funds</b>	<b>6,313,348</b>	<b>174,095</b>	<b>(557,310)</b>	<b>5,930,133</b>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 17 Summary of Parsonage Maintenance Fund (restricted income fund) for the year ended 31 December 2018

	2018 £	2017 £
<b>Income</b>		
Contributions from Diocesan Board of Finance General		
Unrestricted Income Fund	430,196	297,196
Income from rented Properties	22,730	16,888
Interest on Improvement Fund	2,311	3,668
Insurance claims	39,611	4,714
Grants and Parochial contributions	1,475	12,236
Income from Bequests	21	21
<b>Total Income</b>	<b>496,344</b>	<b>334,723</b>
<b>Expenditure</b>		
Maintenance of Parsonages	568,299	338,337
Maintenance contracts	21,954	11,791
	<b>590,253</b>	<b>350,128</b>
Administration	50,163	42,133
<b>Total expenditure</b>	<b>640,416</b>	<b>392,261</b>
(Loss) for the year	(144,072)	(57,538)
Fund balance brought forward at 1 January	108,174	165,712
<b>Fund balance carried forward at 31 December</b>	<b>(35,898)</b>	<b>108,174</b>

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:

	2018 £	2017 £
Maintenance costs	590,253	350,128
Improvement costs (borne by the Representative Body)	61,913	253,686
	<b>652,166</b>	<b>603,814</b>

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 18 Related party transactions

In addition to transactions with the Representative Body of the Church in Wales, there were the following related party transactions in the year ended 31 December 2018 and 2017.

#### Swansea & Brecon Diocesan Trust Incorporated

The Swansea & Brecon Diocesan Trust Incorporated paid the Diocesan Board of Finance £8,125 (2017: £7,500) for administrative and accountancy services provided to the Trust.

The Swansea & Brecon Diocesan Trust Incorporated contributed £26,390 (2017 - £15,723) towards the Education costs incurred by the Diocesan Board of Finance in year.

The following directors are also directors of the Swansea & Brecon Diocesan Trust Incorporated:

The Most Revd John David Edward Davies  
The Ven Alan Neil Jevons  
The Very Revd Albert Paul Shackerley  
Gwynfor Lewis, FCA  
The Ven Jonathan Byron Davies

### 19 Financial instruments comprise the following:

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	288,851	248,678
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	541,098	691,138

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.

# Swansea and Brecon Diocesan Board of Finance Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 20 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Investments	4,007,928	-	978,876	4,986,804
Cash	466,886	199,370	519,422	1,185,678
Debtors due within one year	288,851	-	9,898	298,749
Creditors due within one year	(153,722)	-	(7,376)	(161,098)
Creditors due in more than one year	(380,000)	-	-	(380,000)
<b>Total</b>	<b>4,229,943</b>	<b>199,370</b>	<b>1,500,820</b>	<b>5,930,133</b>

### Previous year

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Investments	4,376,191	-	1,043,583	5,419,774
Cash	387,723	199,370	740,108	1,327,201
Debtors due within one year	248,294	-	9,218	257,512
Creditors due within one year	(231,750)	-	(73,211)	(304,961)
Creditors due in more than one year	(386,178)	-	-	(386,178)
<b>Total</b>	<b>4,394,280</b>	<b>199,370</b>	<b>1,719,698</b>	<b>6,313,348</b>