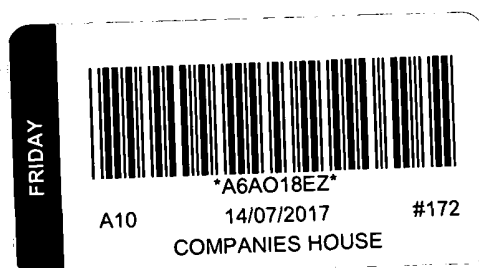


**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU**

**Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2017**



DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

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for the year ended 31 March 2017

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**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU**

**Company Information
for the year ended 31 March 2017**

DIRECTORS:

M Hallett
T R Skempton
G Jones - Chair
P J Jardine
D E Jones
I Carter
F Nixon
E Gray-Williams

SECRETARY:

C A Davies

REGISTERED OFFICE:

Cambrian Building
4th Floor
Mount Stuart Square
CARDIFF
CF10 5FL

REGISTERED NUMBER:

04391072 (England and Wales)

**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU**

**Company Information
for the year ended 31 March 2017**

AUDITORS:

Baldwins Audit Services Limited
Churchill house
59 Lichfield Street
Walsall
WS4 2BX

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the Design Commission for Wales, a national organisation established by the Welsh Government to promote good design across sectors, for better buildings, spaces and places.

REVIEW OF BUSINESS

Overview from the Chair

Our close and constructive working relationship with the Welsh Government facilitates the work of the Commission as it responds to the Framework they set us. It also supports us to ensure we pursue our company Objects and, as Directors of a limited company, to execute our responsibilities in setting our strategic priorities. These are:

Promoting better homes: The provision of well designed, well located, mixed tenure homes for good, sustainable places and neighbourhoods remains a top priority for the Commission. Place-making for cohesive communities and sustainable neighbourhoods should be a priority for local authorities and developers alike. DCFW continues to advocate a design-led, place-focussed approach. We are committed to supporting skilled, integrated, multi-disciplinary place-making teams in Local Authorities across Wales. We continue to promote leadership for good place-making in support of a visionary, valued and valuable planning system.

Nurturing talent: Wales should be a place known for its talent and innovation; a creative nation where home grown talent, and the best of the rest, can find opportunities. It must be possible that the best of our talent can practice their professions and grow their design businesses in and from Wales. Greater opportunities must be identified for all professionals engaged in the built and natural environments in and from Wales, so that we can avoid losing a significant talent pool and diminishing design-led innovation and growth potential. We should be investing in talent at home and promoting it abroad and be in a position to attract the best the world has to offer.

Increasing diversity is one of the key elements in nurturing talent and I am particularly pleased that DCFW is being used by Welsh Government in promoting diversity in public sector appointments.

Inspiring distinctive landscapes: Demands on our landscape are complex and can frequently conflict but we cannot mitigate our way to good design. Our infrastructure must be beautiful; our resources more effectively and efficiently used. The relationship between natural resources and human intervention should inform and inspire a future for design excellence in our landscape, perhaps our most valuable asset.

Below these Strategic Priorities we have a series of targets and as you will see in the performance report included in this plan, we have exceeded all of them.

As for the future, we have a huge task, but are well placed to achieve it. Demand for Design Review is increasing, HATCH is helping us develop new and diverse talent, the number of people attending and the quality of debate in our conferences and seminars is changing the conversation around good design and its contribution to social value. I hope that in the coming year our emerging work on the National Development Framework and our national training programme will further help promote good quality design and place making in Wales.

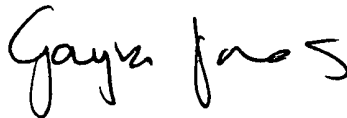
DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

We want to thank Cabinet Secretary Lesley Griffiths AM, for her support. We have a positive and robust relationship with Welsh Government Planning Directorate and are grateful for their help, funding, constructive scrutiny and collaboration.

I am grateful to my fellow Commissioners, who give their time freely and generously. We are fortunate to have the contribution of design professionals through the Design Review Panel, HATCH and the contributions of many partners. I want to thank the Chief Executive and staff team for their help and support in this my first year, and for their unquestionable enthusiasm and professionalism. The Commission punches well above its weight because of the combined effort of these people, all of whom share a vision for a Wales made better by great design.

Gayna Jones,
Chair
Design Commission for Wales
31 March 2017



DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

About Us

The Design Commission for Wales promotes good design across sectors, in the public interest, to help make Wales a better place.

We know that good design:

- Simplifies complexity and aids understanding.
- Uses resources and energy efficiently.
- Focuses on users, maximising ease of use, accessibility and inclusiveness.
- Makes products, places and buildings more attractive.
- Adds value and enhances public good.

The Design Commission for Wales is a company limited by guarantee (DCFW LTD), without share capital and incorporated in 2002 as a wholly owned subsidiary of the National Assembly for Wales, now Welsh Ministers, pursuant to the Government of Wales Act 2006. The Commission receives funds from the Welsh Government for its activities, carried out in pursuit of the Objects of the Company as set out in its Memorandum of Association.

These are:

- To champion high standards of design and architecture to the public and private sectors in Wales through promoting wider understanding of design issues and the importance of enhancing the built environment across all sectors, including the organisation of exhibitions, meetings, seminars and conferences.
- To promote design practice that is compatible with the scheme made by the National Assembly for Wales under Section 121 of the Government of Wales Act 1998 ("the Sustainable Development Scheme"), promoting best practice in energy efficiency, waste disposal and access to public transport.
- To promote design practice compatible with the highest standards in relation to the promotion of equality of opportunity and social inclusion.
- Whilst promoting excellence in prestige projects to have due regard also to the promotion of excellence in day to day developments such as residential estates and industrial units.

The Commission promotes wider understanding about the importance of good design using three distinct but related approaches:

- 1 Training & Client Support for Local Authorities with a focus on strategic items, place-making and securing design quality through the planning process. For commissioning clients we provide help and guidance in identifying and understanding their needs, developing the brief and securing the right team.
- 2 The national Design Review Service encourages early consultation for plans and projects throughout Wales and provides longer term, expert resources and support.
- 3 Events (including publications, seminars and HATCH networks) help to raise awareness, stimulate wider debate and communicate the benefits of good design.

Our core services and small scale public seminars are delivered free of charge throughout Wales. Larger scale, major conferences are charged for, to cover our costs, at a delegate rate which allows maximum attendance across sectors and professions, for small businesses, students and members of the public.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

We engage with colleagues in architecture, urban and landscape design, civil engineering and planning who are involved in shaping the countryside, cities, towns and villages of Wales. We collaborate with stakeholders in the professional institutions, local authorities, clients and commissioning bodies, in planning, regeneration, energy and infrastructure, making our expertise available throughout Wales.

Our Vision, Aims and Values

By promoting good design and communicating its benefits, we add value and help to support well-being and enhanced quality of life for the people of Wales. Good design makes everything better.

- Our vision is for a Wales that is a better place.
- We aim to promote good design and communicate its benefits.
- We value openness, transparency and mutual respect in a culture where knowledge is shared with all our stakeholders.

Our values are important to us. They characterise the kind of organisation we are. We nurture a positive, professional and creative culture and work to continuously improve the efficiency, relevance and quality of our services.

The Design Commission for Wales is an expert organisation. Our commitment to continuous learning and enhancement is at the heart of our culture. Whilst our resources are limited, our ethos of continual investment in a highly skilled team means that each team member is valued and can thrive through creativity, competence and confidence. Training, professional and personal development are all used to enrich our team and strengthen our performance.

Governance

The Design Commission for Wales is committed to good Governance. Our Chair and Board of Directors are referred to as Commissioners. In law they are directors of Comisiwn Dylunio Cymru Design Commission for Wales, the trading name of the company limited by guarantee, without share capital, that is DCFW LIMITED Company No: 04391072, incorporated in England and Wales as a wholly owned subsidiary of the National Assembly for Wales (now Welsh Ministers). Its Registered Office is at 4th Floor, Cambrian Buildings, Mount Stuart Square, Cardiff CF10 5FL.

Commissioners are unremunerated and are appointed by Welsh Ministers through the Public Appointments process, reflecting the Nolan Committee Standards in Public Life. The Commission's Chief Executive reports to the Chair and Board of Directors at its quarterly meetings and AGM, and to the Welsh Government, through the Planning Directorate, on a quarterly basis.

The Chair and Board of Directors are guided by DCFW's Handbook for Directors. This is informed by the Nolan Principles, the Companies Act and by other relevant and current guidance.

Directors are responsible for carrying out their duties under the Companies Act, including agreeing the strategic direction, exercising their fiduciary duty by acting at all times in the interests of the success of the company, with care, diligence and skill.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

The Board of Directors is supported by a Finance & General Purpose Sub-Committee with full and regularly updated terms of reference. The Commission's Resource & Finance Manager (R&FM) monitors and updates compliance matters on a regular basis and reports to the Board of Directors via the executive team papers, circulated in advance of meetings. All DCFW policies including Risk Management are regularly updated and included in the Handbook for the Board of Directors. Induction and further training is offered and provided regularly for the Board of Directors and staff team as required and as identified as necessary and valuable.

The Chair and Board of Directors, in the day to day delegation of their powers to the Chief Executive, aim to achieve the critical balance between strategic direction and operational management. The Chair and Board of Directors are mindful that whilst they delegate their powers and authority to an executive team, they do not delegate their responsibility. They exercise independent thought whilst accepting collective responsibility.

The Chair and Board of Directors are a valuable resource comprising committed, skilled and enthusiastic individuals who are respected and kept well informed. They are correctly and appropriately addressed and listed on the DCFW website and other company information.

Equalities, the Welsh Language and our Future Generations

The Commission acts in accordance with Equalities Guidance and Legislation and has arrangements in place for flexibility and family friendly policies. The Commission is committed to enhancing equality and diversity in its own practice and culture and in playing its role in helping to address barriers and recognised inequalities in the wider design and built environment professions.

The Design Commission for Wales' recruitment process for new Commissioners, via its 2016 Public Appointments process has been case studied by the Welsh Government's Fairer Futures Division. The case study captures the process by which DCFW used its third public appointments process to strengthen the age and gender profile of its board members. Collaboration with the Planning Directorate and the Public Appointments unit, and support for the Commission's own media and engagement strategy, helped make the recruitment process the most inclusive, fruitful and diverse to date. The Commission continues to pursue its commitment to greater equality and diversity, learning from and building upon the 2016 process.

The Commission aims to reflect the reality of a diverse world and continues to develop all aspects of governance and operations accordingly, including the promotion of opportunities through platforms and underrepresented groups, providing appropriate induction, shadowing, training and mentoring opportunities at all levels. The Commission is also committed to further disseminating its training materials and resources for inclusive design in support of the Welsh Government Framework for Independent Living. In pursuing our Objects and promoting good design across sectors, we continue to seek well-designed buildings and places that are accessible and safe for everyone to use.

DCFW LIMITED
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T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

Wales is a bilingual nation and we are keen to identify and seize all opportunities to mainstream the Welsh language. As a small company operating at a scale below Welsh Language Standard thresholds, and with limited resources, DCFW is nevertheless committed to treating both languages equally and to the use of the Welsh language in our activities and in publishing and disseminating our core materials. The Commission strives to treat the Welsh language as equal to that of English and makes provision for training and other events to be conducted with facilities for the use of the Welsh language and in bilingual settings. In its commitment to mainstreaming the Welsh language it is informed by the guidance of the office of the Welsh Language Commissioner and by the requirements of our remit letter. We continue to enhance our approach to these areas, in our day to day business.

Good design is critical to good place-making and to the well-being and quality of life of the people of Wales. Whilst DCFW Ltd has no duty placed upon it under the Well-being of Future Generations Act (Wales) 2015 (the Act), unlocking the benefits of good design is critical for long term resource efficiency, climate resilience and well-being.

The Commission voluntarily operates in the spirit of the Act, its key themes and five ways of working. We seek **long term** public benefit, taking action to **prevent** problems arising, **integrating** our services and **collaborating** with our partners and stakeholders to promote greater participation and **involvement** in place making.

By acting in this way and continuing to strengthening our co-production business model, we are also able to promote and support the seven well-being objectives for:

- A sustainable; A prosperous Wales; A resilient Wales
- A healthier Wales; A more equal Wales; A Wales cohesive communities
- A Wales of vibrant culture and thriving language; A globally responsive Wales

In addition and in relation to physical developments, the Commission routinely promotes good sustainable design; well-connected, well-designed, attractive, inclusive and safe neighbourhoods that help support cohesive communities.

We mainstream sustainable development strategies for resource and energy efficiency and high performance in all projects in order to enhance added value. We are committed to seeking new opportunities to respond to the Well-being of Future Generations Act (Wales) 2015 as they arise and as we identify them through long term, collaborative and systemic action.

Human Resources

The Commission has a small, highly skilled, staff team of four specialists delivering all services across the whole of Wales. The contribution of the private sector from professionals in private practice, is substantial and illustrates DCFW's co-production business model, recognising the resources provided by the private sector.

This private sector commitment supports the co-production business model of DCFW and significantly contributes to the underwriting our core services, in particular the national Design Review Service and Local Authority training. As a publicly funded organisation we value such partnerships and their capacity to maximise the value of public investment. Our services, delivered through the effective co-ordination of these skilled, multi-disciplinary professionals, and in collaboration with our partners, is vital to an efficient effective, high quality service, available throughout Wales.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

Our core team, our Design Review Panel and coordinated networks are vital to us as we respond to our remit and strategic aims, from the basis of our firm conviction that design affects everything and good design makes everything better.

The small core staff team is supported by additional capacity in the form of expert volunteers serving as **Design Review Panellists**. Members of this expert, multi-disciplinary Design Review Panel are practising professionals, experienced in all kinds and scales of development projects. Their skills and experience span commercial property, regeneration, architecture, sustainability, urban and landscape design, energy infrastructure including coastal and on/offshore wind, as well as engineering, planning and transport.

All our expert panellists are unpaid and appointed by competitive interview, for a term of two years, subject to performance review and reappointment. The Panellists are particularly vital as they underpin the delivery of our national Design Review Service and give their time and expertise each month for a minimum of two days, more usually three. Panellists also assist the Commission in its advocacy, stakeholder engagement, events, seminars and the delivery of expert design comment and advisory work.

Panellists are unpaid for these Design Review services, receiving only reimbursements for expenses directly incurred in the course of DCFW duties. They bring invaluable expertise whilst their private practices, business partners and employers, afford them the time they give to the Commission, effectively underwriting DCFW's national programmes and activities.

The value of the regular commitment of the Design Review Panel members, largely drawn from the private sector, has been calculated, based on published recommended rates for senior partner roles in private practice, of which our panel is largely comprised, and by expert witness rates which are applicable to panelists who contribute to the reviews on Developments of National Significance (DNS) and also Nationally Significant Infrastructure Projects (NSIPS). The value of this support in the period 1 April 2016-31 March 2017 is significant at £152,308 turnover, demonstrating the commitment of the private sector to in-kind support for DCFW's operational model and services.

The Commission's Design Review Service is available across the whole of Wales and aims to be peripatetic and flexible. This is governed by the level of demand, timing and geographical spread of projects and by the needs of Local Planning Authorities. In the period 2016-17 reviews and associated training have been held across Wales including at Ynys Môn, Cardiff, Swansea, Monmouthshire, Conwy and Flintshire.

The Commission's Design Review service has a reputation for quality, integrity, expertise and robustness. In our risk assessments we have prioritised the maintenance and enhancement of that reputation. This depends on high standards and the ability to attract skilled Board members, staff and experienced, committed panellists.

In addition to serving the Design Review Panel, a small number of panellists may on specific occasions, assist DCFW with specialist training and client activities. In these specific instances, individuals may receive honoraria in recognition of their contribution, beyond their agreed role as panellists.

The Commission consistently maintains the commitment of outstanding professionals and practitioners. We have retained excellent practitioners and attracted an equally strong field from which to make new appointments in successive years. We continue to operate an open call for expressions of interest in order to ensure succession.

**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU**

**Report of the Directors
for the year ended 31 March 2017**

We continue to strengthen HATCH, the multi-disciplinary, collaborative network we created in 2014. An interdisciplinary group, created and coordinated by the Design Commission for Wales, HATCH aims to strengthen collaboration across disciplines by working together to communicate the power and uphold the importance of design. Members of HATCH are younger designers who will form the future of design talent in Wales.

HATCH allows DCFW to build further capacity, to raise awareness of the value of good design and the difference it can make to individuals and communities. The network also offers professional development, supported by DCFW, to provide opportunities to...learn and improve skills to become better designers, enabling us to raise the standard of design in the built environment in Wales and make better places which are more sustainable'.

HATCH also strengthens DCFW's capacity to tackle the challenges and risks faced by talented architects and designers in Wales together, bridging the gaps between disciplines. HATCH members are committed to actively upholding the strategic aims of the Design Commission for Wales, and to helping DCFW inspire Wales' future generation of designers.

In the year 1 April 2016-31 March 2017, the Commission exceeded all Welsh Government targets. Details of this performance and our wider activity can be found in our Annual Plan 2017-18 available at dcfw.org

DCFW's Board of Directors, staff team, Design Review Panellists and HATCH network, together represent the largest and most diverse multi-disciplinary network of expert design professionals in Wales.

They represent an active and engaged, nationwide network of talented designers and innovators who share the common aim of promoting good design to help make Wales a better place.

Risk Management

The company recognises effective management of both risk and opportunities is essential to achieve its aims and objectives.

The DCFW risk management policy has been developed to ensure that all staff, the Chair and Commissioners are aware of the risk management framework and DCFW's strategy to minimise the effect of any threats or constraints to its operation.

DCFW's Risk Management Policy details potential risks to organisational effectiveness together with corrective actions to manage and minimise the occurrence and subsequent effect of risks.

Risk management is linked closely to DCFW's business planning and plans for business continuity. Internal controls necessitate the Board of Directors being aware of the risks to assist in strategic decisions.

DCFW utilises a risk management matrix to identify and document in a risk register any real threats to the credibility of DCFW, the continuity of its business operation or DCFW's financial viability or reputation. The risk register only includes risks that DCFW are able to manage and control therefore minimising the impact should the risk materialise.

DCFW LIMITED
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T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2017

DCFW's organisational environment (internal and external) is subject to frequent change therefore the risk management policy is reviewed regularly and amended accordingly as business priorities evolve.

The system of risk management has been in place throughout the year ended 31 March 2017 and up to the date of approval of the financial statements.

Principles for managing specific risks

- Corporate and operational risks when identified will be objectively assessed and actively managed.
- Where possible DCFW will endeavour to prevent risks rather than deal with their consequences.
If the costs and resources needed to counteract risks are disproportionate to the expected impact of the risk,
- DCFW may not necessarily put controls in place but will manage the effects should the risk become a factor.
- Calculated risks in pursuit of opportunities that will benefit DCFW are encouraged.

Effective risk management should:

- Increase the likelihood of DCFW achieving its aims and objectives,
- Help to prioritise the allocation of DCFW's resources
- Provide an early warning system of potential risks becoming a reality
- Provide DCFW staff, the Chair and Commissioners with the necessary tools to be confident in dealing with risks.

Classification of risks

Risks are classified as follows:

| | |
|----------------------|--|
| Strategic | Risks that affect the direction of DCFW and achievement of the Corporate Strategy. |
| Operational | Risks to core business activity, processes and agreed standards. |
| Environmental | Risks to achieving and delivering environmental aims, processes and procedures. |
| Financial | Risks to financial viability, controls and systems. |
| Compliance | Risks that restrict DCFW from meeting regulatory and legislative obligations. |

FINANCIAL RISK MANAGEMENT AND POLICIES

The company uses financial instruments, comprising cash and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments is liquidity risk.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. If the costs and resources needed to counteract risks are disproportionate to the expected impact of the risk, DCFW may not necessarily put controls in place but will manage the effects should the risk become a factor. Primarily this is achieved through active cash management through budgeting and forecasting.

FINANCIAL PERFORMANCE FOR THE YEAR

The results for the year are shown on page 16 onwards.

The company's financial statements currently show that the company has negative reserves of £40,210.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
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Report of the Directors
for the year ended 31 March 2017

Performance (internally and externally) against the framework is monitored by Welsh Government, the company assists in the monitoring process. The company is required to manage its financial performance within the budget that has been agreed with the Welsh Government, further details of this are set out in the triannual framework agreement.

FUTURE DEVELOPMENTS

The company's business plan for 2017/18 and the remit letter for the year confirms the Welsh Government income to be £327,750. For 2017/18, the Welsh Government has set a range of performance targets for the year, which build on figures of the prior period and lay foundations for the advancement of longer term strategic goals in the sector.

GOING CONCERN AND EVENTS AFTER THE REPORTING PERIOD

In adopting the going concern basis for preparing the Financial Statements, the Directors have considered the business activities as well as the company's principal risks and uncertainties as set out in the risk register of the company.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

M Hallett
T R Skempton
G Jones - Chair
P J Jardine
D E Jones

Other changes in directors holding office are as follows:

I Carter - appointed 1 April 2016
F Nixon - appointed 1 April 2016
E Gray-Williams - appointed 1 April 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
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Report of the Directors
for the year ended 31 March 2017

DIRECTORS' RESPONSIBILITIES STATEMENT - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

KTS Owens Thomas Limited resigned as auditors on 13 April 2017 and Baldwins Audit Services Limited appointed on 14 April 2017 and will be proposed for the reappointment at the forthcoming annual general meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



C A Davies - Secretary

Date: 10/7/17

**Report of the Independent Auditors to the Members of
DCFW Limited
(a Company Limited by Guarantee)**

We have audited the financial statements of DCFW Limited (a Company Limited by Guarantee) for the year ended 31 March 2017 on pages sixteen to thirty eight. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages twelve and thirteen, the directors 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its deficit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
DCFW Limited
(a Company Limited by Guarantee)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Gareth Lynn (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited
Statutory Auditors
Churchill House
59 Lichfield Street
Walsall
WS4 2BX

Date: 10.7.17.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Income Statement
for the year ended 31 March 2017

| | Notes | 2017 £ | 2016 £ |
|----------------------------------|-------|------------------------|------------------------|
| CONTINUING OPERATIONS | | | |
| Revenue | 3 | 376,681 | 372,073 |
| Administrative expenses | | <u>(415,883)</u> | <u>(413,329)</u> |
| OPERATING DEFICIT | | (39,202) | (41,256) |
| Finance costs | 5 | <u>(983)</u> | <u>(961)</u> |
| DEFICIT BEFORE INCOME TAX | 6 | (40,185) | (42,217) |
| Income tax | 7 | <u>-</u> | <u>(8)</u> |
| DEFICIT FOR THE YEAR | | <u>(40,185)</u> | <u>(42,225)</u> |

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Statement of Comprehensive Income
for the year ended 31 March 2017

| | 2017 £ | 2016 £ |
|---|-----------------|-----------------|
| DEFICIT FOR THE YEAR | (40,185) | (42,225) |
| OTHER COMPREHENSIVE INCOME | | |
| Items that will not be reclassified to profit or loss: | | |
| Return on plan assets | 123,000 | (34,000) |
| Actuarial gain/ (losses) due to changes in financial assumptions | - | - |
| Actuarial gains due to changes in demographic assumptions | (232,000) | 37,000 |
| Actuarial gains due to liability expense | 94,000 | - |
| Income tax relating to items of other comprehensive income | 18,000 | 2,000 |
| | - | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX | 3,000 | 5,000 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | (37,185) | (37,225) |

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Statement of Financial Position
31 March 2017

| | Notes | 2017 £ | 2016 £ |
|-------------------------------------|-------|------------------------|-----------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | <u>13,019</u> | <u>14,583</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 9 | <u>16,707</u> | 18,295 |
| Cash and cash equivalents | 10 | <u>35,100</u> | <u>56,029</u> |
| | | <u>51,807</u> | <u>74,324</u> |
| TOTAL ASSETS | | <u>64,826</u> | <u>88,907</u> |
| EQUITY | | | |
| Retained earnings | 11 | <u>(40,210)</u> | <u>(3,025)</u> |
| TOTAL EQUITY | | <u>(40,210)</u> | <u>(3,025)</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Pension liability | 15 | <u>55,000</u> | 45,000 |
| Provisions | 14 | <u>10,000</u> | - |
| | | <u>65,000</u> | <u>45,000</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | <u>40,036</u> | 46,924 |
| Tax payable | | - | 8 |
| | | <u>40,036</u> | <u>46,932</u> |
| TOTAL LIABILITIES | | <u>105,036</u> | <u>91,932</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>64,826</u> | <u>88,907</u> |

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Statement of Financial Position - continued
31 March 2017

The financial statements were approved by the Board of Directors on10.7.17..... and were signed on its behalf by:

.....G Jones.....
G Jones - Chair - Director

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Statement of Changes in Equity
for the year ended 31 March 2017

| | Retained earnings £ | Total equity £ |
|---------------------------------|------------------------------------|-------------------------------|
| Balance at 1 April 2015 | 34,200 | 34,200 |
| Changes in equity | | |
| Total comprehensive income | <u>(37,225)</u> | <u>(37,225)</u> |
| Balance at 31 March 2016 | <u>(3,025)</u> | <u>(3,025)</u> |
| Changes in equity | | |
| Total comprehensive income | <u>(37,185)</u> | <u>(37,185)</u> |
| Balance at 31 March 2017 | <u><u>(40,210)</u></u> | <u><u>(40,210)</u></u> |

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Statement of Cash Flows
for the year ended 31 March 2017

| | | 2017 | 2016 |
|---|---|------------------------|-----------------------|
| | | £ | £ |
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (18,894) | (7,223) |
| Tax paid | | (8) | (7) |
| Net cash from operating activities | | <u>(18,902)</u> | <u>(7,230)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant & equipment | | (2,044) | (1,517) |
| Interest received | | 17 | 39 |
| Net cash from investing activities | | <u>(2,027)</u> | <u>(1,478)</u> |
| Decrease in cash and cash equivalents | | <u>(20,929)</u> | <u>(8,708)</u> |
| Cash and cash equivalents at beginning of year | 2 | 56,029 | 64,737 |
| Cash and cash equivalents at end of year | 2 | <u>35,100</u> | <u>56,029</u> |

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Statement of Cash Flows
for the year ended 31 March 2017

1. RECONCILIATION OF DEFICIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

| | 2017 | 2016 |
|---|------------------------|-----------------------|
| | £ | £ |
| Deficit before income tax | (40,185) | (42,217) |
| Depreciation charges | 3,608 | 3,430 |
| Difference due to pension scheme | 12,000 | 13,000 |
| Provision movement | 10,000 | - |
| Finance costs | 983 | 961 |
| | <u>(13,594)</u> | <u>(24,826)</u> |
| Decrease in trade and other receivables | 1,588 | 1,104 |
| (Decrease)/increase in trade and other payables | <u>(6,888)</u> | <u>16,499</u> |
| Cash generated from operations | <u>(18,894)</u> | <u>(7,223)</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2017

| | 31/3/17 | 1/4/16 |
|---------------------------|----------------------|----------------------|
| | £ | £ |
| Cash and cash equivalents | <u>35,100</u> | <u>56,029</u> |

Year ended 31 March 2016

| | 31/3/16 | 1/4/15 |
|---------------------------|----------------------|----------------------|
| | £ | £ |
| Cash and cash equivalents | <u>56,029</u> | <u>64,737</u> |

The notes form part of these financial statements

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements
for the year ended 31 March 2017

1. STATUTORY INFORMATION

DCFW Limited (a Company Limited by Guarantee) is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Impact of Standards not yet effective

Certain financial reporting standards and amendments to existing financial reporting standards have been published and are mandatory for accounting periods beginning on or after 1 April 2017 or later periods, but they have not been adopted early. None of these standards are expected to have a material impact on the financial statements.

Revenue recognition

The income disclosed in the Income Statement represents grants and ancillary project income receivable in the year, under the following headings:

| | |
|-----------------------|--|
| Core Grant Income | - Grant income is received from the Welsh Government. |
| Project Grant Funding | - Project specific grant funding is receivable from the Welsh Government |
| Project Income | - Income generated by project attendance, including delegate fees. |

Government grants

Grants receivable from the Welsh Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with the conditions attached thereto.

Government grants and project related income relating to costs yet to be incurred are deferred and recognised in the Income Statement over the period necessary to match them with the costs for which they are intended to compensate.

Grants received for the purchase of capital equipment are credited to a deferred income account and released to the Income Statement over the expected useful lives of the assets concerned.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of property plant and equipment assets less their residual values over their useful lives, using the straight-line method. Depreciation is provided at the following annual rates:

| | |
|---------------------|--|
| Fixtures & Fittings | - Straight line between 3 and 10 years |
| Computer equipment | - Straight line over 3 years |

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised profit or loss.

(i) Impairment of property plant and equipment

At the end of each reporting period the company reviews the carrying amounts of its property plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is considered to be the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments reported in the Statement of Financial Position include liquid funds, trade receivables and trade payables.

A financial asset or liability is reported in the Statement of Financial Position when the company becomes party to the instrument's contractual conditions. Trade receivables are reported in the Statement of Financial Position when the invoice is sent. Trade payables are included when the opposite party has performed a service and a contractual obligation to pay exists, even if the invoice has not yet been received.

Trade receivables

Trade receivables are amounts due from customers and grant funding bodies and the Welsh Government for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised at fair value.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as short term deposits.

Taxation

Generally the company's activities are non-trading and therefore are not subject to taxation. Taxation is charged on interest receivable on cash invested and trading income. The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the Statement of Financial Position date. Management have established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Use of estimates and judgements

The preparation of the financial statements requires DCFW to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:-

Note 15 - Measurement of defined benefit contributions depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, rate of increase in deferred pensions and expected return on scheme assets.

Leasing commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Employee benefit costs

Retirement benefits of the employees of the company are provided by the Cardiff and Vale of Glamorgan Pension Fund. This is a defined benefit pension schemes which is externally funded and contracted out of the State Earnings Related Pension Scheme.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position for defined benefit schemes is the present value of schemes' liabilities less the fair value of schemes' assets. The operating and financing costs of defined benefit schemes are recognised separately in the income statement. Operating costs comprise the current service cost, any gains or losses on settlement or curtailments, and past service costs where benefits have vested. Net interest income and expense on net defined benefit assets and liabilities is determined by applying discount rates used to measure defined benefit obligations at the beginning of the year to net defined benefit assets and liabilities at the beginning of the year and is included in finance income and costs. Remeasurements arising from defined benefit plan comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in Other Comprehensive Income and all other expenses related to defined benefit expenses in the income statement.

Provision

Provisions are recognised when the company has a present obligation as a result of a past event which is probable and will result in an outflow of economic benefit that can be reasonably estimated.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Functional and presentation of currency

The financial statements are presented in Sterling (£'s) which is the company's functional currency. All transactions are rounded to the nearest £1.

3. REVENUE

The income is derived from the following sources:-

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Welsh Government - Core Grant Funding | 329,136 | 346,913 |
| Welsh Government - Project Grant Funding | 37,170 | 17,860 |
| Project Income | 6,255 | 7,300 |
| Other income | 4,120 | - |
| | <u>376,681</u> | <u>372,073</u> |

4. EMPLOYEES AND DIRECTORS

| | 2017 £ | 2016 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 176,946 | 167,750 |
| Social security costs | 16,892 | 12,485 |
| Other pension costs | 47,849 | 46,911 |
| | <u>241,687</u> | <u>227,146</u> |

The average monthly number of employees during the year was as follows:

| | 2017 | 2016 |
|----------------|----------|----------|
| Administrative | <u>4</u> | <u>4</u> |

| | 2017 £ | 2016 £ |
|-------------------------|-----------|-----------|
| Directors' remuneration | <u>-</u> | <u>-</u> |

No directors accrued benefits under the defined benefit pension scheme (2016: none).

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

5. NET FINANCE COSTS

| | 2017 | 2016 |
|---|----------------|----------------|
| | £ | £ |
| Finance (costs)/ income: | | |
| Interest received on short term bank deposits | 17 | 39 |
| Interest cost pension scheme assets | <u>(1,000)</u> | <u>(1,000)</u> |
| | <u>(983)</u> | <u>(961)</u> |

6. DEFICIT BEFORE INCOME TAX

The deficit before income tax is stated after charging/(crediting):

| | 2017 | 2016 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Other operating leases | 24,855 | 23,856 |
| Depreciation - owned assets | 3,608 | 3,430 |
| Auditor's remuneration | 3,780 | 3,960 |
| Taxation compliance services | 336 | 156 |
| Grant amortisation | <u>(1,386)</u> | <u>(1,913)</u> |

The deficit before income tax has been adjusted to include the impact of the defined benefit pension scheme liability, as disclosed in note 15. The pension scheme had the following impact:

| | 2017 | 2016 |
|---|-----------------|-----------------|
| | £ | |
| (Deficit)/ surplus after income tax prior to IAS 19 adjustments | (27,319) | (28,225) |
| Current service cost | (48,000) | (47,000) |
| Interest cost | (1,000) | (1,000) |
| Employer contributions | <u>36,000</u> | <u>34,000</u> |
| (Deficit) after income tax post IAS 19 adjustments | <u>(40,319)</u> | <u>(42,225)</u> |

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

7. INCOME TAX

Analysis of tax expense

| | 2017 | 2016 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Current tax: | | |
| Tax charge | - | 8 |
| Total tax expense in income statement | - | 8 |

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2017 | 2016 |
|--|-----------------|-----------------|
| | £ | £ |
| Deficit before income tax | (40,185) | (42,217) |
| Deficit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%) | (8,037) | (8,443) |
| Effects of: | | |
| Depreciation | 312 | 686 |
| Non-trade expenses | 80,782 | 80,519 |
| Non-trade income | (73,261) | (72,754) |
| Losses carried forward | 204 | - |
| Tax expense | - | 8 |

As income tax is only charged on interest receivable and minimal trading income there is no material tax effect arising from the adjustments for the defined benefit pension scheme adjustments.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

8. PROPERTY, PLANT AND EQUIPMENT

| | Fixtures & Fittings £ | Computer equipment £ | Totals £ |
|-----------------------|--|-------------------------------------|---------------------|
| COST | | | |
| At 1 April 2016 | 17,362 | 11,123 | 28,485 |
| Additions | - | 2,044 | 2,044 |
| At 31 March 2017 | <u>17,362</u> | <u>13,167</u> | <u>30,529</u> |
| DEPRECIATION | | | |
| At 1 April 2016 | 4,909 | 8,993 | 13,902 |
| Charge for year | 1,841 | 1,767 | 3,608 |
| At 31 March 2017 | <u>6,750</u> | <u>10,760</u> | <u>17,510</u> |
| NET BOOK VALUE | | | |
| At 31 March 2017 | <u>10,612</u> | <u>2,407</u> | <u>13,019</u> |
| At 31 March 2016 | <u>12,453</u> | <u>2,130</u> | <u>14,583</u> |

9. TRADE AND OTHER RECEIVABLES

| | 2017 £ | 2016 £ |
|--------------------------------|-------------------|-------------------|
| Current: | | |
| Trade receivables | 7,325 | 7,695 |
| Prepayments and accrued income | 9,382 | 10,600 |
| | <u>16,707</u> | <u>18,295</u> |

10. CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|---------------|-------------------|-------------------|
| Cash in hand | 411 | 299 |
| Bank accounts | 34,689 | 55,730 |
| | <u>35,100</u> | <u>56,029</u> |

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

11. RESERVES

| | Retained earnings £ |
|--|---------------------------|
| At 1 April 2016 | (3,025) |
| Deficit for the year | (40,185) |
| Return on plan assets in excess of that recognised in net interest | 123,000 |
| Actuarial (gains)/losses on liabilities - financial assumptions | <u>(120,000)</u> |
| At 31 March 2017 | <u>(40,210)</u> |

12. TRADE AND OTHER PAYABLES

| | 2017 £ | 2016 £ |
|---------------------------------|---------------|---------------|
| Current: | | |
| Social security and other taxes | 5,438 | 4,626 |
| Accruals and deferred income | 12,072 | 13,990 |
| Deferred government grants | <u>22,526</u> | <u>28,308</u> |
| | <u>40,036</u> | <u>46,924</u> |

Deferred government grants are receivable from the Welsh Government:

| | 2017 | 2016 |
|--------------------------------------|-----------------|----------------|
| Deferred grant at 1 April | 28,308 | 16,496 |
| Grants deferred in the year | 9,330 | 13,725 |
| Deferred grants released in the year | <u>(15,112)</u> | <u>(1,913)</u> |
| Deferred grant at 31 March | <u>22,526</u> | <u>28,308</u> |

Included within deferred government grants are capital grants totalling £13,195 (2015: £14,582).

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
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Notes to the Financial Statements - continued
for the year ended 31 March 2017

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2017 | 2016 |
|----------------------------|-----------------------|-----------------------|
| | £ | £ |
| Within one year | 27,565 | 27,923 |
| Between one and five years | 94,512 | 121,696 |
| In more than five years | 23,628 | 24,008 |
| | <u>145,705</u> | <u>173,627</u> |

14. PROVISIONS

| | 2017 | 2016 |
|----------------------|----------------------|-------------|
| | £ | £ |
| Other provisions | <u>10,000</u> | - |
| Analysed as follows: | | |
| Non-current | <u>10,000</u> | - |

The company has provided £10,000 (2016: £Nil) in respect of dilapidation costs for the year ended 31 March 2017. The lease term expires in the year ended 31 March 2023 and this is when the provision will crystallise.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2017

15. EMPLOYEE BENEFIT OBLIGATIONS

The company contributes into the Cardiff and Vale of Glamorgan Pension Fund which is part of the Local Government Pension Scheme ("LGPS"). The LGPS is a funded defined benefit pension plan with benefits up to 31 March 2014 being linked to final salary. Benefits after 31 March 2015 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the LGPS (Benefits, Membership and Contributions) Regulations 2007. The assets of the scheme are held separately from those of the company.

The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was as at 31 March 2016. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

The employer's regular contributions to the fund for the annual accounting period to 31 March 2017 are estimated to be £36,000. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

The Board of Directors continue to monitor the risks associated with the pension scheme. However they understand that should the company be wound up the pension liability will revert to the Welsh Government and therefore the associated risks are minimised.

The amounts recognised in the statement of financial position are as follows:

| | Defined benefit pension plans | |
|---------------------------------------|--------------------------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Present value of funded obligations | (1,006,000) | (800,000) |
| Fair value of plan assets | 951,000 | 755,000 |
| | (55,000) | (45,000) |
| Present value of unfunded obligations | - | - |
| Deficit | (55,000) | (45,000) |
| Net liability | (55,000) | (45,000) |

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 04391072)
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Notes to the Financial Statements - continued
for the year ended 31 March 2017

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in surplus or deficit are as follows:

| | Defined benefit pension plans | |
|---|--------------------------------------|------------------------|
| | 2017 | 2016 |
| | £ | £ |
| Current service cost | 48,000 | 47,000 |
| Net interest from net defined benefit liability | 1,000 | 1,000 |
| Past service cost | - | - |
| | <u>49,000</u> | <u>48,000</u> |
| Actual return on plan assets | <u>150,000</u> | <u>(11,000)</u> |

Changes in the present value of the defined benefit obligation are as follows:

| | Defined benefit pension plans | |
|--|--------------------------------------|-----------------------|
| | 2017 | 2016 |
| | £ | £ |
| Opening defined benefit obligation | 800,000 | 736,000 |
| Current service cost | 48,000 | 47,000 |
| Contributions by scheme participants | 14,000 | 13,000 |
| Interest cost | 28,000 | 24,000 |
| Benefits paid | (4,000) | 19,000 |
| Remeasurements: | | |
| Actuarial gains - changes demographic assumptions | (94,000) | - |
| Actuarial gains - changes in financial assumptions | 232,000 | (37,000) |
| Actuarial gains due to liability experience | (18,000) | (2,000) |
| | <u>1,006,000</u> | <u>800,000</u> |

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15. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

| | Defined benefit pension plans | |
|---------------------------------------|--------------------------------------|-----------------------|
| | 2017 | 2016 |
| | £ | £ |
| Opening fair value of scheme assets | 755,000 | 700,000 |
| Contributions by employer | 36,000 | 34,000 |
| Contributions by scheme participants | 14,000 | 13,000 |
| Interest income | 27,000 | 23,000 |
| Remeasurement gain/(losses) on assets | 123,000 | (34,000) |
| Benefits paid | (4,000) | 19,000 |
| | <u>951,000</u> | <u>755,000</u> |

The amounts recognised in other comprehensive income are as follows:

| | Defined benefit pension plans | |
|---|--------------------------------------|----------------------|
| | 2017 | 2016 |
| | £ | £ |
| Actuarial gains - changes demographic assumptions | 94,000 | - |
| Actuarial gains/(losses) - changes in financial assumptions | (232,000) | 37,000 |
| Actuarial gains due to liability experience | 18,000 | 2,000 |
| | <u>(120,000)</u> | <u>39,000</u> |

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15. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | Defined benefit pension plans | |
|------------------|--------------------------------------|-----------------------|
| | 2017 | 2016 |
| Equities | 78.10% | 75.10% |
| Government bonds | 8.50% | 8.10% |
| Corporate bonds | 5.80% | 7.20% |
| Property | 6.30% | 7.30% |
| Cash/other | 1.30% | 2.30% |
| | <u>100.00%</u> | <u>100.00%</u> |

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

| | 2017 | 2016 |
|---|--------------|-------------|
| Discount rate | 2.60% | 3.50% |
| RPI Inflation | 3.10% | 3.00% |
| CPI Inflation | 2.00% | 1.90% |
| Rate of increase to pensions in payment | 2.00% | 1.90% |
| Rate of general increase in salaries | 3.00% | 2.90% |
| Pension accounts revaluations rate | 2.00% | 1.90% |

The mortality assumptions are based on the recent actual mortality experience by members within the Fund and allow for expected future mortality improvements.

| | | |
|---|-------------|-------------|
| Assumed life expectancy at age 65 | | |
| Future lifetime from age 65 (aged 65 at accounting date): | 2017 | 2016 |
| - Male | 23.0 | 23.8 |
| - Female | 25.7 | 26.8 |
| Future lifetime from age 65 (aged 45 at accounting date): | | |
| - Male | 24.0 | 25.9 |
| - Female | 27.1 | 29.1 |

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Sensitivity Analysis

The sensitivities below consider the impact of the single change shown, with the other assumptions remaining unchanged.

Discounted rate assumption

| | | |
|--|---------------|--------------|
| Adjustment to discount rate | +0.1% | -0.1% |
| Present value of total obligation (£M's) | 0.982 | 1.031 |
| % change in present value of obligation | (2.4%) | 2.5% |
| Projected service cost (£M's) | 0.056 | 0.060 |
| Approximate % change in projected service cost | (3.2%) | 3.2% |

Rate of general increase in salaries

| | | |
|--|--------------|---------------|
| Adjustment to salary increase rate | +0.1% | -0.1% |
| Present value of total obligation (£M's) | 1.016 | 0.997 |
| % change in present value of obligation | 0.9% | (0.9%) |
| Projected service cost (£M's) | 0.058 | 0.058 |
| Approximate % change in projected service cost | 0.0% | 0.0% |

Rate of increase to pensions in payment and deferred pensions assumptions, and rate of revaluation of pension accounts assumption

| | | |
|--|--------------|---------------|
| Adjustment to pension increase rate | +0.1% | -0.1% |
| Present value of total obligation (£M's) | 1.021 | 0.991 |
| % change in present value of obligation | 1.5% | (1.5%) |
| Projected service cost (£M's) | 0.060 | 0.056 |
| Approximate % change in projected service cost | 3.2% | (3.2%) |

Post retirement mortality assumption

| | | |
|--|----------------|----------------|
| Adjustment to mortality age rating assumption | -1 year | +1 year |
| Present value of total obligation (£M's) | 1.036 | 0.976 |
| % change in present value of obligation | 3.0% | (3.0%) |
| Projected service cost (£M's) | 0.060 | 0.056 |
| Approximate % change in projected service cost | 3.7% | (3.7%) |

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16. RELATED PARTY DISCLOSURES

Key management personnel during the year received emoluments of £73,630 (2016: £69,939) and £13,334 (2016: £12,883) of post-employment benefits.

Blake Morgan LLP is a related party due to one of their members being a director of DCFW Limited. During the year the company paid £Nil (2016: £666) to Blake Morgan LLP. At the year end £Nil (2016: £Nil) was owed to Blake Morgan LLP.

The Welsh Government is a related party as DCFW Limited is a wholly owned subsidiary of the Welsh Government. During the year the company received £327,750 (2016: £345,000) of core grant funding from the Welsh Government and recognised £1,386 (2016: £1,913) of Capital Grant, £37,710 (2016: £17,860) of Project Grant Funding and £6,255 (2016: £7,300) of Project Income. At the year end, of the grants received in the current and preceding years £22,526 (2016: £28,308) was deferred at the year-end as disclosed in note 12.

17. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of the Welsh Government. The company's results are not consolidated into the financial statements of the Welsh Government.

18. SHARE CAPITAL

The company was incorporated as being limited by guarantee and has no share capital. The liability of the members is limited to £1 each.

19. FINANCIAL RISK FACTORS

The company is satisfied that it has sufficient liquid resources, in the form of cash and cash equivalents and agreed funding for 2017/18 to meet all current contractual commitments. The company considers that other than the risk of grant clawback, which is actively managed, it is not exposed to significant liquidity, credit or cashflow risks.

20. GOING CONCERN

DCFW Limited has a confirmed budget for the year to 31 March 2018 in the form of its remit letter and funding framework from the Welsh Government. DCFW Limited works closely with its Sponsor Directorate, the planning directorate at Welsh Government and its agreed programme in addition to the objects of the company are set out in its remit and framework documents.