

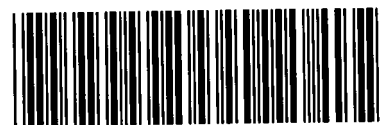
**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU**

Report of the Directors and

Audited Financial Statements

for the Year Ended 31 March 2019

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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 2019

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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 2019**

DIRECTORS:

Mr D E Jones
Mr I Carter
Mrs E Gray-Williams
Mr P Jardine
Ms G Jones - Chair
Ms F Nixon
Mr T Skempton

SECRETARY:

C A Davies

REGISTERED OFFICE:

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

REGISTERED NUMBER:

04391072 (England and Wales)

AUDITORS:

Baldwins Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Chairs Report
for the year ended 31 March 2019


REVIEW OF BUSINESS

Overview from the Chair

The Commission continues to pursue its core purpose to promote good design across all sectors of the built environment in support of sustainable development and good place-making. Overall demand remains strong for service areas and we continue to play a key role in several nationally strategic initiatives such as support for revised Planning Policy Wales which sets out the critical role of design in sound place-making and in addressing the objectives of the Wellbeing of Future Generations and Active Travel legislation. This continuing work, major projects such as the Cyfarthfa Crucible project and other opportunities are set out in our Framework Letter and Funding Agreement for 2019-20. We will use all these opportunities to further promote the value of good design and place making in Wales.

We want to thank Cabinet Secretary Lesley Griffiths AM, for her support and enthusiasm for our work during the year and previous years and extend a welcome to Julie James AM Minister for Housing and Local Government with whom we are building a constructive relationship. Our continued input into the Innovative Housing Programme has evolved in year three from the shared learning in previous years and we have consolidated our relationship with the homes and places division. We have a positive and robust relationship with Welsh Government Planning Directorate and appreciate their help, funding, constructive scrutiny and collaboration.

I am grateful to my fellow Directors, who give their time freely and generously. We are fortunate to have an excellent staff team, the contribution of private sector design professionals through the Design Review Panel and the contributions of many partners, local authorities and professional bodies. 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 2019

DCFW LIMITED
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Report of the Directors
for the year ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

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

About Us

The Design Commission for Wales promotes good design across sectors, pursuing its vision for a Wales that is a better place.

By promoting good design and communicating its benefits, we add value and contribute to the conditions necessary for greater well-being and enhanced quality of life for the people of Wales.

- 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 characterize the kind of organization we strive to be. We nurture a positive, professional and creative culture and work to continuously improve the efficiency and quality of our services. The Design Commission is an expert organization, with an ethos of investment in its people so that each team member is valued and can thrive through creativity, competence and confidence. Professional and personal development and the enhancement of leadership capability, enrich our team, strengthen our performance and the quality of the services we provide.

The Commission promotes good design for good place-making across sectors, in the public interest, to help make Wales a better place. We know that good design:

- Simplifies complexity and aids understanding.
- Makes places, products and buildings more attractive.
- Focuses on users, maximising ease of use, accessibility and inclusiveness.
- Uses resources and energy efficiently.
- Reduces risk, waste and cost due to error or unplanned change.
- Adds value and enhances public good.

The Commission is a private 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. We receive funds from the Welsh Government to carry out activities in pursuit of the Objects of the Company as set out in its Memorandum of Association. These Objects of the company 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.*

Report of the Directors
for the year ended 31 March 2019

The Commission promotes the importance of good design using three distinct but related services:

1. Training & Client support with a focus on strategic items, place-making and securing design quality through the planning process and to assist commissioning clients to identify and achieve their ambitions and requirements, developing the brief and securing high quality integrated design teams.
2. The national Design Review Service encourages early consultation with DCFW on proposals throughout Wales, adding value by providing long term, strategic design advice, expert resources and support.
3. Events, Publications and Networks that help to explore relevant issues, raise awareness, stimulate wider debate and communicate the benefits of good design.

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

Strategic Analysis: Our operating environment

The Commission periodically tests its operating environment by carrying out strategic analysis, the findings of which define and inform our strategic scope, planning and operational activity.

In the year 2018-19 our analysis considered DCFW's strengths, challenges, opportunities and trends identifying external and internal influences on our strategic scope and operational capacity. In this period our internal and external environments were found to be less predictable than at any time since the global financial and structural changes of 2008 – 2011 or during our most extreme internal challenges for the staff team and organizational relocation of 2013.

A snapshot of external and internal risk-based influences include:

- Potential exit from the European Union/European Economic Area (EU/EEA) its impact on public procurement opportunities
- Resultant uncertainty in investment and development activity in Wales and the UK
- Consequential impact of the above on a Wales/UK/pan-European workforce/labour in built environment sectors
- Impact on construction industry related items such as public procurement and the reciprocal recognition of professional qualifications, and the nature of planned new arrangements.
- Changes in Cabinet in Welsh Government and a new Minister, the DCFW's seventh in its lifetime.
- Impact of the integration of Well-being and other legislation with Planning Policy Wales
- Human resource constraints due to a smaller, busier team and recruitment challenges which identified major shifts in workforce skills, career and lifestyle expectations.

Similarly, a snapshot of external and internal opportunity-based influences include:

- Impact of the integration of Well-being and other legislation with Planning Policy Wales.
 - Involvement and strategic influence on PPW 10 and its place-making emphasis.
 - Large scale, long term, strategic infrastructure opportunities and emerging relationships.
 - Renewed Welsh Government recognition of the public value of design quality and good place-making.
 - A strengthened capacity in a return to a full staff team.
 - The resolution of fixed budgetary and overhead cost related concerns
 - Settling in of new Directors following a public appointments process which saw a 50% change in the Board of Directors.
 - Increased awareness and action toward better diversity in our own work and in the sectors where we operate, providing a stronger sense of collective efforts toward removing barriers to equality of opportunity.
 - A strengthened profile achieved through well attended events and projects.
-

Report of the Directors
for the year ended 31 March 2019

A closer, stronger, collaborative working relationship with the office of the Well-being of Future Generations Commissioner.

Our analysis and findings cannot be included here in their entirety. However, in short:

- We better understand our strengths and where best to use them to greatest effect;
- Our prioritization of core business, set out in our 2018-19 plan, helped us in challenging times and remains the key to operational resilience;
- Our non-treasury income generation increased as a result of prioritization;
- Large scale, ambitious projects evolving over the long term, present major opportunities for positive, systemic change and impact through design and place-making;
- A renewed focus on outcomes that represent public value has further strengthened our collaboration with influencers and decision makers across national and local government.

Whilst we observed the most uncertain external and internal operating environment for several years, we were able to sustain our services and identify opportunities for the future. As a result of our analysis we are better equipped to examine our performance in the previous year and make informed decisions for the year ahead. Consequently we have been able to hold detailed conversations with our sponsor directorate we have in addition to pursuing our company Objects, been able to:

- Positively resolve budget constraints and pressures of fixed overheads;
- Address human resource constraints and return to a full team;
- Resource a third year of expert input into the Innovative Housing Programme;
- Enter meaningful conversations with both Government and external multi-sector partners regarding opportunities for large scale, economic infrastructure;
- Collaborate with our Directorate to help develop and shape a national place-making programme and series of planning policy related projects.

Our budget profile and activities for the coming year are informed by this further prioritization and by our understanding of our previous year's performance.

Performance 1 April 2018-31 March 2019

All DCFW's services are promoted and delivered throughout Wales, with an independent expert stance. The Commission is not a membership organisation or professional body. It recognises the multi-disciplinary nature of the built environment and the breadth of planning and placemaking activity. DCFW does not represent the interests of any single profession. The Commission focusses on the long-term public value that can be achieved through excellent design and development practice underpinning sound place-making.

The Commission holds:

- A multi-disciplinary remit for the whole of the built environment in Wales
- An expert, multi-disciplinary, multi-sector team delivering specialist services
- A depth and breadth of knowledge, experience and relationships
- The ability to attract and retain the commitment of skilled professionals
- Capacity to stimulate and sustain Wales-wide collaborative networks

DCFW provides advice on small scale day to day developments, residential and neighbourhood proposals, masterplans and development briefs; larger scale major developments and long-term national infrastructure projects, including transport, road, tidal, wind and other renewable energy projects.

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**Report of the Directors
for the year ended 31 March 2019**

We place written independent comment on the public record and promote good design through training and seminars, awareness raising and client support workshops as well as through engagement via our national Design Review Service.

We use all our platforms to share our learning, expertise and experience of live development practice contributing to debate and with a view to influencing positive change. Our experience means that we are well placed to help shape the opportunities for well-designed, well-located and timely development and to promote the value of good design for sustainable place-making.

DCFW's approved Annual Plan 1 April 2018 - 31 March 2019 carries Welsh Government targets against which performance is reported upon at quarterly meetings, at the DCFW Board Meetings and in the Commission's financial year-end reports. All activities stem from DCFW's three main service areas: National Design Review Service; Training & Client Support; Events, Networks & Publications. They address the Objects DCFW LTD, our strategic priorities and the requirements of DCFW Funding Framework Letter 2018-19.

Welsh Government Targets 1 April 2018 - 31 March 2019 were:

- 22 Design Review Days including 4 days in North Wales (where demand requires)
- 8 Professional Development Sessions planned and delivered
- 350 Built Environment Professionals / Local Authority Members attending training / seminars/ events

Performance against targets 1 April 2018 - 31 March 2019:

- Design Review Days Achieved 23 Days
- Total schemes taken through Review 78
- Additional written consultation provided for 7 proposals
- Professional Development Training Sessions delivered 4

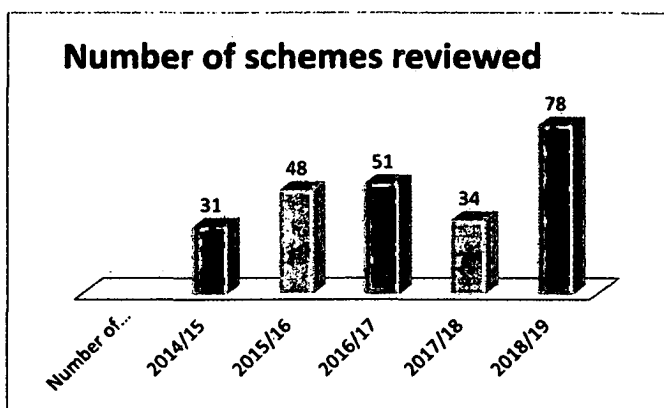
Operating with a reduced staff team of two full time and one part-time, DCFW was unable to accommodate the human resources and direct costs for a physical presence in North Wales in this period. This is the first time in our history we have been unable to meet this objective. However, the Commission provided written or electronic consultation and comment for significant proposals in Flintshire and Conwy North Wales and Pembrokeshire in West Wales.

In addition to the 78 schemes assessed at Review meetings (including 6 Welsh Government major economic infrastructure proposals), the Design Commission provided 7 written responses in total for local authorities. The total number of projects reviewed was therefore 85 in the year 2018-19. Further Design Review Service analysis is in the tables below.

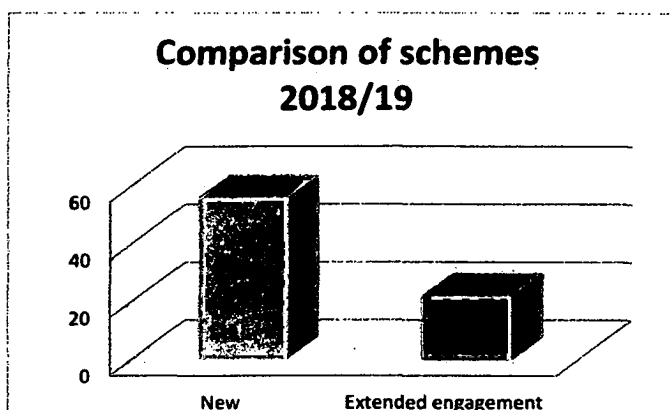
Report of the Directors
for the year ended 31 March 2019

Fig 1. Design Review Service Analysis

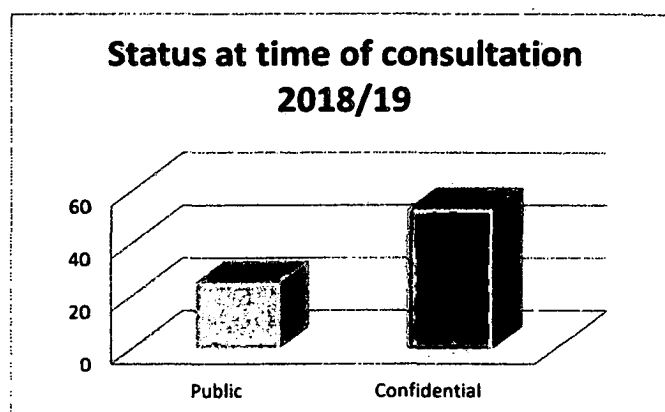
Number of schemes reviewed	
2014/15	31
2015/16	48
2016/17	51
2017/18	34
2018/19	78



Comparison of schemes	
New	56
Extended engagement	22



Status at time of consultation	
Public	25
Confidential	53



Report of the Directors
for the year ended 31 March 2019

The data shows an increase in early engagement – a desirable trend which we have prioritised and promoted for several years. Early confidential consultation with the Commission in line with our promotion of the service provides critical opportunities to work strategically and add value.

Heartened by some of the trends we have observed the Commission remains concerned other areas of practice observed from this practical experience. We are deeply concerned about the quality of new homes and places and continue to champion the need for good housing quality and a place-led approach, supported by the requirements of national planning policy. We will support high quality, value adding design and innovation at every opportunity.

Healthcare and education remain sectors of the public estate, that draw upon our services least. We continue to try to address this and find ways to secure greater input into such a large area of public investment. Procurement processes and the complexities of approaches to education projects present key challenges. Some tourism related projects do not yet benefit from a place-led approach or from DCFW early input and support. The schemes vary in nature and scale and the challenges are often related to a larger picture.

In the previous year we observed a wide range of varying practice and professionalism in public sector and local authority decision making and have identified and shared persistent trends in barriers to good design and place-making. Greater investment in officer and member training would assist quality of decision making, particularly with a view to strengthening understanding and commitment to place-making. We continue to emphasize the importance of the design process in achieving the wider public benefits of infrastructure and tourism strategies, local authority strategic partnerships and city deals.

Publicly funded regeneration and infrastructure projects, schools and healthcare must be efficient and of the highest quality, if we are to meet expectations now and for future generations. In these projects the costs of poor design are multiplied through the negative impact on attainment, health and recovery, well-being and safety. It is the well-being of our communities and the public purse that inherit the costs of poor design.

The Mutual Investment Model (MIM) procurement and forms of Private Public Partnerships (PPP) are important means of delivering improved health and educational facilities. Their design and construction quality must be enhanced and protected if public projects are to contribute to the objectives of the Well-being of Future Generations Act. Assets which ultimately return to the public balance sheet must be of sufficiently high quality to capture public value and in the long term, be fit for the future.

In the Welsh economy design practices are important employers and are vital for entrepreneurship and innovation. Such talent needs a scale of and ambition and scope of projects which aspire to the highest quality so that their opportunities and profile at home and abroad can be strengthened.

Perhaps predictably, use of our services is highest in the areas of greatest development concentration in Wales and this is reflected by local authority and by geographical location. A combination of volume of development work varying year by year, available skills and the resources needed from the Commission are also factors. However, through technological or other means we have been able to extend reach and provide input and support in a cost effective and resource efficient manner. We also welcome more of the smaller local authority areas drawing upon our services particularly where planning and regeneration resources are constrained.

The Commission's performance toward engagement with multi-disciplinary built environment professionals through attendance at DCFW workshops, seminars and events throughout 2018-19 is shown below.

It should be noted that delegate attendance figures are recorded and reported upon at quarterly meetings, where DCFW has devised, led or fully resourced an event, workshop or seminar. Where DCFW leads a workshop in a partner event we record only the delegates at the DCFW session. When we are partners, DCFW does not record delegate figures as our own. Three events in this period have not been included as they were partner events in which DCFW played a supportive role.

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Report of the Directors
for the year ended 31 March 2019

The Welsh Government target for engagement for this period was 350 multi-disciplinary professionals attending.

The Design Commission devised, lead or fully resourced 19 events between 27th April 2018 and 28th March 2019 including six events in November alone.

The total number of delegates attending DCFW events in the period was 695.

In addition, starting formally in 2017, the Design Commission opened its Design Review Service to observers for the purposes of Professional Development and Learning. A range of people have attended and recorded CPD hours and benefits. This is unique to DCFW's service and members of the Planning Inspectorate, Public Health Wales, Local Authority Officers, clients, Students and members of the public have taken advantage of the opportunity. In 2018-19 formal full day CPD observation opportunities were used by 12 professionals across a number of reviews. This excludes informal observers such as A Level work experience students and doctoral researchers.

Wider activity includes continued support for the National Eisteddfod Gold Medal for Architecture – a small financial grant includes the DCFW Architecture Scholarship for young talented designers from Wales and the exhibition associated with both awards. Resources for the Eisteddfod 2018 were reluctantly reduced in the context of budgetary constraints.

DCFW also completed its work for the Welsh Government on the consultation draft Planning Policy Wales Edition 10, as well as the Shape the City charette and associated report with Rightacres Property.

Work commissioned by Merthyr Tydfil County Borough Council on the Crucible project, following DCFW's design charette continues and is generating additional project income.

Input and support for strategic sites in Rhondda Cynnon Taf, Bridgend regeneration and Flintshire strategic master-planning are ongoing.

We continue to promote Building for Life 12 (BFL 12) for use in Wales as the industry recognised guide endorsed by the Welsh Government though it is not possible to sufficiently track its use by local authorities or developers. The Commission continues to provide in-kind support to professional membership bodies including the RTPI Cymru and the RSAW through their spring and autumn conferences and the RSAW Wales Festival of

Architecture. Whilst financial awards can no longer be made to these bodies, we remain committed to in-kind support and continued collaboration. A good working relationship has been established with the office of the Commissioner for the Well-being of Future Generations.

Year Ahead Resources & Priorities | April 2019-31 March 2020

The Design Commission is fortunate to have the support of the Planning Directorate and to have received notification of the allocation of a revenue budget £360,000 | April 2019-31 March 2020 addressing fixed operating costs.

Support from the Directorate has been critical to maintaining and enhancing operations in the prior year and to planning for the year ahead. Consequently, we are able to return to a full team and to address rental and service charge overheads as well as pension increases that are beyond our influence.

We have been able to marry our duty toward the company Objects with the requirements of the framework agreement including promoting place-making, providing training and input into wider planning initiatives and policy developments.

Our performance in the previous year, outlined above, demonstrates the extent of our reach, our partnerships and multi-sector collaboration. Our further understanding of our operating environment has helped us prioritize for the coming year.

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Report of the Directors
for the year ended 31 March 2019

The Design Commission's company Objects allow scope for the promotion of good design in any manner. Its remit letter and funding framework strengthen this scope and place further requirements for strategic projects and additional work to be carried out to meet objectives of terms of Welsh Government and national strategies. Bringing our knowledge of real, day to day practice to inform our priorities, DCFW operates within these parameters

Critical initiatives for Wales, carrying the most significant public investment also hold the greatest place-making opportunities. The Design Commission's three core service areas - National Design Review Service, Training & Client Support and Events & Publications and Seminars are therefore aligned and prioritized toward identifying, supporting and promoting design excellence for public value through sustainable place-making in the following areas and strategic initiatives:

- In **projects of strategic significance** including energy, transport and development plan areas/sites. Connectivity, movement and transportation projects across Wales which are vital to harnessing economic and social value – the Design Commission's evolving relationship with Transport for Wales is pivotal to this.
- In support for opportunities that integrate a **place-led approach to the public estate** in health and education as well as neighbourhoods and new settlements, particularly those with Welsh Government influence, ownership or investment.
- Where **forms of innovation** can be identified, supported and deployed at scale not least in the Innovative Housing Programme and in wider regeneration projects and strategically important sites.
- Where good practice can help **rural communities** to benefit from distinctive, living landscapes that support social and cultural value.
- Where **good practice and resources** can be created, identified, shared and promoted in the interests of good design and place-making.
- Where **talent is nurtured** and can thrive.

We recognize the limitations of our resources and the need to integrate priorities with the demands of our company Objects, funding framework, commitment to collaboration and the need for non-treasury income generation. Nevertheless, having engaged positively with the Planning Directorate and achieved a positive budget outcome with their support, we believe this strategic approach best serves that integration.

We remain committed to in-kind support and collaboration with an active design community, through stronger partnerships between the Commission and professions and close collaboration with the professional bodies. We also continue to develop a flourishing circle of talented design activists through our expanding HATCH network.

We are committed to public facing activities and services, to promoting resources which help others to understand, engage and get involved in shaping the world around them. We continue to experience strong demand for services and are encouraged by last year's achievements.

We will continue to work alongside the Welsh Government in promoting design excellence and implementing the place-making agenda. We continue to galvanize our networks and strive to better communicate the benefits of good design, underpinning all our activities with expert and strategic design advice continuously learning from real-world practice examples.

All our activities continue to be monitored and reported on a regular basis as required in DCFW's own processes, through its Board of Directors, and through regular meetings with and reporting mechanisms of the Welsh Government.

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Report of the Directors
for the year ended 31 March 2019

We will deliver our activities and core services, as detailed in this plan, at all times responding to our Objects & Powers, our strategic aims and the Welsh Government requirements and Programme, and to meet the needs of our stakeholders including:

- The Public
- Welsh Government and our Sponsor Division
- Commissioning bodies, clients and local authorities
- Professional institutions
- Academic and cultural partners
- Stakeholders across sectors

We value our partners and continue to work with them, recognising that we cannot achieve our vision alone. We will continue to work with our partners in the professional bodies and our wider stakeholders whilst we respond to Welsh Government targets and quarterly reporting requirements including the provision of data as required by our funding framework.

The Design Commission for Wales delivered its programme for 2018-19 in most areas meeting or exceeding targets set by Welsh Government specific to its remit. We will deliver our activities via our three service areas in 2019-20 to the extent that our resources allow and will maximise the impact of those resources wherever possible and maintaining cost efficiency.

We maintain strict financial controls and aim to uphold our sixteen year track record of unqualified audit opinion. We will seek all opportunities to increase our capacity to attract non-treasury income where it is complementary to our Objects, remit and vision.

Our activities will be delivered in line with our strategic aims and our annual remit letter agreed with the Welsh Government. In all service areas we will meet or exceed Welsh Government targets and maintain the high quality of our services across Wales, to promote the value of good design across sectors and 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'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 2019 and up to the date of approval of the financial statements.

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Report of the Directors
for the year ended 31 March 2019

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 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 19 onwards.

The company's financial statements currently show that the company has reserves of £30,651.

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.

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Report of the Directors
for the year ended 31 March 2019

FUTURE DEVELOPMENTS

The company's business plan for 2019/20 and the remit letter for the year confirms the Welsh Government income to be £360,000. For 2019/20, 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 2018 to the date of this report.

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

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.

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Report of the Directors
for the year ended 31 March 2019

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

Baldwins Audit Services Limited were appointed on 5 June 2018. As part of the periodic requirement to review auditors.

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: 15/7/2019

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

Opinion

We have audited the financial statements of DCFW Limited (the 'company') for the year ended 31 March 2019 which comprise the Income statement, the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- 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 company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The directors 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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

**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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors 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 directors 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Use of our report

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Baldwins Audit Services

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

15 July 19

**Accountants
Statutory Auditor**

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

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 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue	3	357,028	390,252
Administrative expenses		(321,392)	(393,166)
OPERATING SURPLUS/ (DEFICIT)		35,636	(2,914)
Finance costs	5	<u>(1,873)</u>	<u>(988)</u>
SURPLUS/ (DEFICIT) BEFORE INCOME TAX	6	33,763	(3,902)
Income tax	7	<u>-</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>33,763</u>	<u>(3,902)</u>

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 2019

	2019	2018
	£	£
SURPLUS/ (DEFICIT) FOR THE YEAR	33,763	(3,902)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Return on plan assets	46,000	5,000
Actuarial losses due to changes in financial assumptions	(55,000)	(1,000)
Actuarial gains due to changes in demographic assumptions	49,000	-
Actuarial losses due to liability expense	(1,000)	(2,000)
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME		
FOR THE YEAR, NET OF INCOME		
TAX	<u>39,000</u>	<u>2,000</u>
TOTAL COMPREHENSIVE INCOME		
FOR THE YEAR	<u><u>72,763</u></u>	<u><u>(1,902)</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 Financial Position
31 March 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>24,215</u>	<u>10,335</u>
CURRENT ASSETS			
Trade and other receivables	9	22,826	3,004
Cash and cash equivalents	10	<u>87,563</u>	<u>63,894</u>
		<u>110,389</u>	<u>66,898</u>
TOTAL ASSETS		<u>134,604</u>	<u>77,233</u>
EQUITY			
Retained earnings	11	<u>30,651</u>	<u>(42,112)</u>
TOTAL EQUITY		<u>30,651</u>	<u>(42,112)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Retirement benefit obligations	15	44,000	68,000
Provisions	14	<u>12,500</u>	<u>12,500</u>
		<u>56,500</u>	<u>80,500</u>
CURRENT LIABILITIES			
Trade and other payables	12	18,915	20,360
Deferred revenue		<u>28,538</u>	<u>18,485</u>
		<u>47,453</u>	<u>38,845</u>
TOTAL LIABILITIES		<u>103,953</u>	<u>119,345</u>
TOTAL EQUITY AND LIABILITIES		<u>134,604</u>	<u>77,233</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15/7/2019 and were signed on its behalf by:


 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 2019

	Retained earnings £	Total equity £
Balance at 1 April 2017	(40,210)	(40,210)
Loss for the year	(3,902)	(3,902)
Other comprehensive income	2,000	2,000
Balance at 31 March 2018	<u>(42,112)</u>	<u>(42,112)</u>
Gain/ (Loss) for the year	33,763	33,763
Other comprehensive income	39,000	39,000
Balance at 31 March 2019	<u><u>30,651</u></u>	<u><u>30,651</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 2019

		2019	2018
		£	£
Cash flows from operating activities			
Cash generated from operations	1	40,027	28,930
Tax paid		<u>-</u>	<u>-</u>
Net cash inflow from operating activities		<u>40,027</u>	<u>28,930</u>
Cash flows from investing activities			
Purchase of property, plant & equipment		(16,485)	(148)
Interest received		<u>127</u>	<u>12</u>
Net cash from investing activities		<u>(16,358)</u>	<u>(136)</u>
Increase in cash and cash equivalents		23,669	28,794
Cash and cash equivalents at beginning of year	2	63,894	35,100
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	<u>87,563</u>	<u>63,894</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 2019

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

	2019	2018
	£	£
Surplus/ (Deficit) before income tax	33,763	(3,902)
Depreciation charges	2,605	2,832
Pension scheme non cash movement	13,000	14,000
Provision movement	-	2,500
Finance costs	1,873	988
	51,241	16,418
Decrease/(increase) in trade and other receivables	(19,822)	13,703
(Decrease)/ increase in trade and other payables	8,608	(1,191)
Cash generated from operations	40,027	28,930

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 2019

	31/3/19	1/4/18
	£	£
Cash and cash equivalents	87,563	63,894

Year ended 31 March 2018

	31/3/18	1/4/17
	£	£
Cash and cash equivalents	63,894	35,100

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 March 2019

1. STATUTORY INFORMATION

DCFW Limited (a Company Limited by Guarantee) is a company 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 2019 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.

Notes to the Financial Statements - continued
for the year ended 31 March 2019

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.

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.

Notes to the Financial Statements - continued
for the year ended 31 March 2019

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.

Notes to the Financial Statements - continued
for the year ended 31 March 2019

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:-

	2019 £	2018 £
Welsh Government - Core Grant Funding	330,000	330,817
Welsh Government - Project Grant Funding	-	17,700
Project Income	24,522	35,582
Other income	<u>2,506</u>	<u>6,153</u>
	<u>357,028</u>	<u>390,252</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	129,646	176,177
Social security costs	15,515	16,768
Other pension costs	<u>50,352</u>	<u>56,035</u>
	<u>195,513</u>	<u>248,980</u>

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

	2019	2018
Administrative	<u>3</u>	<u>4</u>

	2019 £	2018 £
Directors' remuneration	<u>-</u>	<u>-</u>

No directors accrued benefits under the defined benefit pension scheme (2018: 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 2019

5. NET FINANCE COSTS

	2019	2018
	£	£
Finance (costs)/ income:		
Interest received on short term bank deposits	127	12
Interest cost pension scheme assets	<u>(2,000)</u>	<u>(1,000)</u>
	<u>(1,873)</u>	<u>(988)</u>

6. SURPLUS/(DEFICIT) BEFORE INCOME TAX

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

	2019	2018
	£	£
Other operating leases	24,295	27,732
Depreciation - owned assets	2,605	2,832
Auditor's remuneration	5,048	3,969
Taxation compliance services	350	336
Grant amortisation	<u>(2,725)</u>	<u>(3,067)</u>

The surplus (2018 – 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:

	2019	2018
	£	
Surplus/(deficit) after income tax prior to IAS 19 adjustments	48,763	11,098
Current service cost	(50,000)	(56,000)
Interest cost	(2,000)	(1,000)
Employer contributions	<u>37,000</u>	<u>42,000</u>
Surplus/(Deficit) after income tax post IAS 19 adjustments	<u>33,763</u>	<u>(3,902)</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2019

7. INCOME TAX

Analysis of tax expense

	2019	2018
	£	£
Current tax:		
Tax charge	—	—
Total tax expense in income statement	<u>—</u>	<u>—</u>

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:

	2019	2018
	£	£
Surplus/(Deficit) before income tax	33,763	(3,902)
Deficit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	6,415	(741)
Effects of:		
Depreciation	495	538
Non-trade expenses	61,076	66,430
Non-trade income	(67,990)	(66,218)
Effect of change in tax rate	4	20
Losses carried forward	<u>—</u>	<u>(29)</u>
Tax expense	<u>—</u>	<u>—</u>

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 2019

8. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & Fittings £	Computer equipment £	Totals £
COST			
At 1 April 2018	17,362	13,315	30,677
Additions	<u>2,951</u>	<u>13,534</u>	<u>16,485</u>
At 31 March 2019	<u>20,313</u>	<u>26,849</u>	<u>47,162</u>
DEPRECIATION			
At 1 April 2018	8,383	11,959	20,342
Charge for year	<u>1,633</u>	<u>972</u>	<u>2,605</u>
At 31 March 2019	<u>10,016</u>	<u>12,931</u>	<u>22,947</u>
NET BOOK VALUE			
At 31 March 2019	<u>10,297</u>	<u>13,918</u>	<u>24,215</u>
At 31 March 2018	<u>8,979</u>	<u>1,356</u>	<u>10,335</u>

9. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Current:		
Trade receivables	-	1,800
Prepayments and accrued income	<u>22,826</u>	<u>1,204</u>
	<u>22,826</u>	<u>3,004</u>

10. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	24	210
Bank accounts	<u>87,539</u>	<u>63,684</u>
	<u>87,563</u>	<u>63,894</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 2019

11. RESERVES

	Retained earnings £
At 1 April 2018	(42,112)
Surplus/ (Deficit) for the year	33,763
Return on plan assets in excess of that recognised in net interest	46,000
Actuarial (gains)/losses on liabilities	<u>(7,000)</u>
At 31 March 2019	<u><u>30,651</u></u>

12. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Current:		
Social security and other taxes	3,963	5,378
Accruals and deferred income	14,952	14,982
Deferred government grants	<u>28,538</u>	<u>18,485</u>
	<u><u>47,453</u></u>	<u><u>38,845</u></u>

Deferred government grants are receivable from the Welsh Government:

	2019 £	2018 £
Deferred grant at 1 April	18,485	22,526
Grants deferred in the year	20,887	8,355
Deferred grants released in the year	<u>(10,834)</u>	<u>(12,396)</u>
Deferred grant at 31 March	<u><u>28,538</u></u>	<u><u>18,485</u></u>

Included within deferred government grants are capital grants totalling £20,427 (2018: £10,128).

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13. LEASING AGREEMENTS

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

	2019	2018
	£	£
Within one year	27,216	27,216
Between one and five years	74,472	101,688
In more than five years	-	-
	<u>101,688</u>	<u>128,904</u>

14. PROVISIONS

	2019	2018
	£	£
Other provisions	<u>12,500</u>	<u>12,500</u>
Analysed as follows:		
Non-current	<u>12,500</u>	<u>12,500</u>

The company has provided £12,500 (2018: £12,500) in respect of dilapidation costs for the year ended 31 March 2019. The lease term expires in the year ended 31 March 2023 and this is when the provision is expected to crystallise.

Notes to the Financial Statements - continued
for the year ended 31 March 2019

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 2020 are estimated to be £37,000. 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	
	2019	2018
	£	£
Present value of funded obligations	(1,195,000)	(1,101,000)
Fair value of plan assets	1,151,000	1,033,000
	(44,000)	(68,000)
Present value of unfunded obligations	-	-
Deficit	(44,000)	(68,000)
Net liability	(44,000)	(68,000)

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15. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in surplus or deficit are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	50,000	56,000
Net interest from net defined benefit liability	2,000	1,000
Past service cost	-	-
	<u>52,000</u>	<u>57,000</u>
Actual return on plan assets	<u>(73,000)</u>	<u>(30,000)</u>

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

	Defined benefit pension plans	
	2019	2018
	£	£
Opening defined benefit obligation	1,101,000	1,006,000
Current service cost	50,000	56,000
Contributions by scheme participants	12,000	14,000
Interest cost	29,000	26,000
Benefits paid	(4,000)	(4,000)
Remeasurements:		
Actuarial gains - changes demographic assumptions	(49,000)	-
Actuarial gains - changes in financial assumptions	55,000	1,000
Actuarial gains due to liability experience	1,000	2,000
	<u>1,195,000</u>	<u>1,101,000</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	
	2019	2018
	£	£
Opening fair value of scheme assets	1,033,000	951,000
Contributions by employer	37,000	42,000
Contributions by scheme participants	12,000	14,000
Interest income	27,000	25,000
Remeasurement gain on assets	46,000	5,000
Benefits paid	(4,000)	(4,000)
	<u>1,151,000</u>	<u>1,033,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Return on plan assets in excess of that recognised in net interest	(46,000)	(5,000)
Actuarial gains - changes demographic assumptions	(49,000)	-
Actuarial losses - changes in financial assumptions	55,000	1,000
Actuarial (losses)/gains due to liability experience	<u>1,000</u>	<u>2,000</u>
	<u>(39,000)</u>	<u>(2,000)</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	
	2019	2018
Equities	63.70%	66.50%
Government bonds	10.70%	15.40%
Corporate bonds	11.00%	10.40%
Property	7.70%	6.30%
Cash/other	6.9%	1.40%
	<u>100.00%</u>	<u>100.00%</u>

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

	2019	2018
Discount rate	2.50%	2.60%
RPI Inflation	3.20%	3.10%
CPI Inflation	2.10%	2.00%
Rate of increase to pensions in payment	2.10%	2.00%
Rate of general increase in salaries	3.10%	3.00%
Pension accounts revaluations rate	2.10%	2.00%

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):	2019	2018
- Male	22.4	23.1
- Female	24.8	25.8
Future lifetime from age 65 (aged 45 at accounting date):		
- Male	23.0	24.2
- Female	25.9	27.2

Notes to the Financial Statements - continued
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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)	1.166	1.224
% change in present value of obligation	(2.4%)	2.5%
Projected service cost (£M's)	0.050	0.054
Approximate % change in projected service cost	(3.1%)	3.2%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1%	-0.1%
Present value of total obligation (£M's)	1.206	1.184
% change in present value of obligation	0.9%	(0.9%)
Projected service cost (£M's)	0.052	0.052
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)	1.213	1.177
% change in present value of obligation	1.5%	(1.5%)
Projected service cost (£M's)	0.054	0.050
Approximate % change in projected service cost	3.2%	(3.1%)

Post retirement mortality assumption

Adjustment to mortality age rating assumption	-1 year	-1 year
Present value of total obligation (£M's)	1.233	1.158
% change in present value of obligation	3.2%	(3.1%)
Projected service cost (£M's)	0.054	0.050
Approximate % change in projected service cost	3.9%	(3.9%)

16. RELATED PARTY DISCLOSURES

Key management personnel during the year received emoluments of £99,867 (2018: £81,384) and £15,699 (2018: £15,699) 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 (2018: £1,236) to Blake Morgan LLP. At the year end £Nil (2018: £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 £330,000 (2018: £327,750) of core grant funding from the Welsh Government and recognised £2,725 (2018: £3,067) of Capital Grant, £Nil (2018: £17,700) of Project Grant Funding and £24,522 (2018: £35,582) of Project Income. At the year end, of the grants received in the current and preceding years £15,760 (2018: £18,485) 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 2020/21 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 2021 in the form of its remit letter and funding framework from the Welsh Government to 31 March 2021. 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.