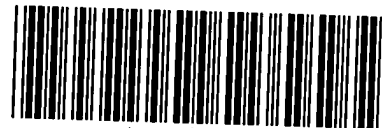


**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU**

**Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2018**

THURSDAY



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COMPANIES HOUSE

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 2018

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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 2018**

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)

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

**Company Information
for the year ended 31 March 2018**

AUDITORS:

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

**Chairmans Report
for the year ended 31 March 2018**

REVIEW OF BUSINESS

Overview from the Chair

Our 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 and neighbourhoods: 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 more skilled, integrated, multi-disciplinary place-making teams in local authorities across Wales.

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.

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, performance against which we report upon in our annual plan. Overall demand remains steady across our service areas and we anticipate further involvement in the emerging National Development Framework and the embedding of revised place-led planning policy, training events as set out in our Framework Letter and Funding Agreement for 2018-19. We will use all these opportunities to further promote the value of good quality design and place making in Wales.

I especially want to thank Cabinet Secretary Lesley Griffiths AM, for her support and enthusiasm for our work. 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 an excellent staff team, the contribution of design professionals through the Design Review Panel, HATCH and the contributions of many partners 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 2018**

**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 2018**

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

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, 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 Limited), 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 services:

- 1 Training & Client support for local authorities with a focus on strategic items, place-making and securing design quality through the planning process and for commissioning clients to help identify and understand their requirements, developing the brief and securing the right team.
- 2 The national Design Review Service encourages early consultation for plans and projects throughout Wales, adding value by providing long term, strategic design advice, expert resources and support.
- 3 Advocacy and Events (including publications, seminars and HATCH networks) that help to raise awareness, stimulate wider debate and communicate the benefits of good design.

Many core services and small scale public seminars are delivered free of charge throughout Wales. Larger scale, major conferences and some types of training may attract fees, wherever possible at a 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 2018

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 characterize the kind of organization 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 organization. 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 and support, in particular to encourage leadership capability, 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
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T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2018

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 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 to achievement 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 was case studied by the Welsh Government's Fairer Futures Division as good practice model. Our recruitment processes and our planned approach to the next board level Public Appointments, allow for familiarisation, shadowing and training opportunities. The case study can be found on our website <https://dcfw.org/board-diversity-case-study-report>.

The Commission continues to pursue its commitment to greater inclusion, equality and diversity. In our aim to reflect the reality of a diverse world, we continue to develop all aspects of governance and operations. We aim to promote opportunities through a range of platforms and underrepresented groups, providing appropriate induction, shadowing, training and mentoring opportunities at all levels.

As we promote good design across sectors, we continue to seek well-designed buildings and places that are inclusive, accessible and safe for everyone to use. Inclusivity is among the most powerful tools we have to help create good places and to draw upon the widest talent pool available to us.

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, where resources allow us to do so. 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 and continue to enhance our approach day to day and across our communication platforms wherever possible.

**DCFW LIMITED
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**Report of the Directors
for the year ended 31 March 2018**

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. 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 and in support 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 through collaborative and systemic action.

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 and sustainable places. The Commission is committed to the objectives of the Act and to its integration in all areas. We have played a significant role in supporting the revision of Planning Policy Wales Edition 10, which integrates the Act into national planning policy for the first time.

We consistently promote the mainstreaming of sustainable development strategies for resource and energy efficiency and high performance in all projects in order to enhance added value. We collaborate wherever possible with the office of the Commissioner for Well-being and Future Generations making our expertise available in support of the legislative requirements and in pursuit of a Wales that is a better place.

In the financial year 2017-18 in addition to its revenue grant DCFW attracted significant project income for major projects in Merthyr Tydfil, Conwy and Cardiff, along with training in the Vale of Glamorgan, Denbighshire, Bridgend and Monmouthshire and with the Planning Inspectorate.

All revenue funds are directly allocated to the Commission's overheads and activities. After fixed costs, including salaries, pension fund commitments, administration and premises, the Commission allocates financial resources directly toward its activities throughout Wales.

Our financial reports show total revenue grant income, including committed project funds, to the financial year end 31 March 2018. Internally we record and calculate the value of additional contributions from private sector professionals, which is substantial at a value of £116,950 or 36% of DCFW's turnover. This in-kind private sector commitment supports the unique 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 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 practicing professionals, experienced in all kinds and scales of development projects. Their skills and experience span commercial property, regeneration, architecture, sustainability, urban and landscape design, community engagement, energy infrastructure including coastal and on/offshore wind, as well as engineering, planning and transport. Our Design Review Service is available across the whole of Wales and aims to be peripatetic and flexible where resources allow. This is governed by the level of demand, timing and geographical spread of projects and by the needs of Local Planning Authorities.

**DCFW LIMITED
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T/A DESIGN COMMISSION FOR WALES
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**Report of the Directors
for the year ended 31 March 2018**

The Commission's Design Review service has a reputation for quality, integrity, expertise and robustness. In our risk assessments we have prioritized 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.

We continue to develop and support HATCH, multi-disciplinary, collaborative network for young built environment professionals. 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 will form the future of design talent in Wales and this work directly addresses our priorities towards nurturing talent. HATCH also 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 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 uphold the strategic aims of the Design Commission for Wales, and help DCFW inspire Wales' future generation of designers.

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.

Report of the Directors
for the year ended 31 March 2018

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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Report of the Directors
for the year ended 31 March 2018

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 2018 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 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 15 onwards.

The company's financial statements currently show that the company has negative reserves of £42,112.

DCFW LIMITED
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Report of the Directors
for the year ended 31 March 2018

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 2018/19 and the remit letter for the year confirms the Welsh Government income to be £330,000. For 2018/19, 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 2017 to the date of this report.

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

Other changes in directors holding office are as follows:

M Hallett – Resigned 31 March 2018

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
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T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Report of the Directors
for the year ended 31 March 2018

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, the audit services for DCFW Limited will be put out to tender for 2018/19.

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: 16 July 2018

**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 2018 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 2018 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.

Baldwins Audit Services Limited

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

16 July 2018

**Accountants
Statutory Auditor**

Churchill House
59 Lichfield Street
Wallsall
WS4 2BX

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 2018

	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue	3	390,252	376,681
Administrative expenses		(393,166)	(415,883)
OPERATING DEFICIT		(2,914)	(39,202)
Finance costs	5	<u>(988)</u>	<u>(983)</u>
DEFICIT BEFORE INCOME TAX	6	(3,902)	(40,185)
Income tax	7	<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR		<u>(3,902)</u>	<u>(40,185)</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 2018

	2018 £	2017 £
DEFICIT FOR THE YEAR	(3,902)	(40,185)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Return on plan assets	5,000	123,000
Actuarial losses due to changes in financial assumptions	(1,000)	(232,000)
Actuarial gains due to changes in demographic assumptions	-	94,000
Actuarial (losses)/gains due to liability expense	(2,000)	18,000
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME		
FOR THE YEAR, NET OF INCOME		
TAX	<u>2,000</u>	<u>3,000</u>
TOTAL COMPREHENSIVE INCOME		
FOR THE YEAR	<u>(1,902)</u>	<u>(37,185)</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 2018

	Notes	2018 £	2017 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>10,335</u>	<u>13,019</u>
CURRENT ASSETS			
Trade and other receivables	9	3,004	16,707
Cash and cash equivalents	10	<u>63,894</u>	<u>35,100</u>
		<u>66,898</u>	<u>51,807</u>
TOTAL ASSETS		<u>77,233</u>	<u>64,826</u>
EQUITY			
Retained earnings	11	<u>(42,112)</u>	<u>(40,210)</u>
TOTAL EQUITY		<u>(42,112)</u>	<u>(40,210)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Retirement benefit obligations	15	68,000	55,000
Provisions	14	<u>12,500</u>	<u>10,000</u>
		<u>80,500</u>	<u>65,000</u>
CURRENT LIABILITIES			
Trade and other payables	12	20,360	17,510
Tax payable (deferred revenue)		<u>18,485</u>	<u>22,526</u>
		<u>38,845</u>	<u>40,036</u>
TOTAL LIABILITIES		<u>119,345</u>	<u>105,036</u>
TOTAL EQUITY AND LIABILITIES		<u>77,233</u>	<u>64,826</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 2018

The financial statements were approved by the Board of Directors and authorised for issue on 16 July 2018
and were signed on its behalf by:

Gwyneth Jones
G Jones - Chair - Director

The notes form part of these financial statements

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

Statement of Changes in Equity
for the year ended 31 March 2018

	Retained earnings £	Total equity £
Balance at 1 April 2016	(3,025)	(3,025)
Loss for the year	(40,185)	(40,185)
Other comprehensive income	3,000	3,000
Balance at 31 March 2017	<u>(40,210)</u>	<u>(40,210)</u>
Loss for the year	(3,902)	(3,902)
Other comprehensive income	2,000	2,000
Balance at 31 March 2018	<u><u>(42,112)</u></u>	<u><u>(42,112)</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 2018

	2018	2017
	£	£
Cash flows from operating activities		
Cash generated from/(absorbed by) operations 1	28,930	(18,894)
Tax paid	<u>-</u>	<u>(8)</u>
Net cash inflow/(outflow) from operating activities	<u>28,930</u>	<u>(18,902)</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(148)	(2,044)
Interest received	<u>12</u>	<u>17</u>
Net cash from investing activities	<u>(136)</u>	<u>(2,027)</u>
Increase/(Decrease) in cash and cash equivalents	28,794	(20,929)
Cash and cash equivalents at beginning of year 2	35,100	56,029
	<u> </u>	<u> </u>
Cash and cash equivalents at end of year 2	<u>63,894</u>	<u>35,100</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 2018

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

	2018	2017
	£	£
Deficit before income tax	(3,902)	(40,185)
Depreciation charges	2,832	3,608
Pension scheme non cash movement	14,000	12,000
Provision movement	2,500	10,000
Finance costs	988	983
	16,418	(13,594)
Decrease in trade and other receivables	13,703	1,588
Decrease in trade and other payables	(1,191)	(6,888)
Cash generated from/ (absorbed by) operations	<u>28,930</u>	<u>(18,894)</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 2018

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

Year ended 31 March 2017

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

The notes form part of these financial statements

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.

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 2018

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
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T/A DESIGN COMMISSION FOR WALES
COMISIWN DYLUNIO CYMRU

Notes to the Financial Statements - continued
for the year ended 31 March 2018

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:-

	2018 £	2017 £
Welsh Government - Core Grant Funding	330,817	329,136
Welsh Government - Project Grant Funding	17,700	37,170
Project Income	35,582	6,255
Other income	<u>6,153</u>	<u>4,120</u>
	<u>390,252</u>	<u>376,681</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	176,177	176,946
Social security costs	16,768	16,892
Other pension costs	<u>56,035</u>	<u>47,849</u>
	<u>248,980</u>	<u>241,687</u>

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

	2018	2017
Administrative	<u>4</u>	<u>4</u>

	2018 £	2017 £
Directors' remuneration	<u>-</u>	<u>-</u>

No directors accrued benefits under the defined benefit pension scheme (2017: none).

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T/A DESIGN COMMISSION FOR WALES
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Notes to the Financial Statements - continued
for the year ended 31 March 2018

5. NET FINANCE COSTS

	2018 £	2017 £
Finance (costs)/ income:		
Interest received on short term bank deposits	12	17
Interest cost pension scheme assets	<u>(1,000)</u>	<u>(1,000)</u>
	<u>(988)</u>	<u>(983)</u>

6. DEFICIT BEFORE INCOME TAX

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

	2018 £	2017 £
Other operating leases	27,732	24,855
Depreciation - owned assets	2,832	3,608
Auditor's remuneration	3,969	3,780
Taxation compliance services	336	336
Grant amortisation	<u>(3,067)</u>	<u>(1,386)</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:

	2018 £	2017
Surplus/(deficit) after income tax prior to IAS 19 adjustments	11,098	(27,319)
Current service cost	(56,000)	(48,000)
Interest cost	(1,000)	(1,000)
Employer contributions	<u>42,000</u>	<u>36,000</u>
(Deficit) after income tax post IAS 19 adjustments	<u>(3,902)</u>	<u>(40,319)</u>

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Notes to the Financial Statements - continued
for the year ended 31 March 2018

7. INCOME TAX

Analysis of tax expense

	2018	2017
	£	£
Current tax:		
Tax charge	-	-
Total tax expense in income statement	-	-

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:

	2018	2017
	£	£
Deficit before income tax	(3,902)	(40,185)
Deficit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(741)	(8,037)
Effects of:		
Depreciation	538	312
Non-trade expenses	66,430	80,782
Non-trade income	(66,218)	(73,261)
Effect of change in tax rate	20	-
Losses carried forward	(29)	204
Tax expense	-	-

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.

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Notes to the Financial Statements - continued
for the year ended 31 March 2018

8. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & Fittings £	Computer equipment £	Totals £
COST			
At 1 April 2017	17,362	13,167	30,529
Additions	-	148	148
At 31 March 2018	<u>17,362</u>	<u>13,315</u>	<u>30,677</u>
DEPRECIATION			
At 1 April 2017	6,750	10,760	17,510
Charge for year	<u>1,633</u>	<u>1,199</u>	<u>2,832</u>
At 31 March 2018	<u>8,383</u>	<u>11,959</u>	<u>20,342</u>
NET BOOK VALUE			
At 31 March 2018	<u>8,979</u>	<u>1,356</u>	<u>10,335</u>
At 31 March 2017	<u>10,612</u>	<u>2,407</u>	<u>13,019</u>

9. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Current:		
Trade receivables	1,800	7,325
Prepayments and accrued income	<u>1,204</u>	<u>9,382</u>
	<u>3,004</u>	<u>16,707</u>

10. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	210	411
Bank accounts	<u>63,684</u>	<u>34,689</u>
	<u>63,894</u>	<u>35,100</u>

DCFW LIMITED
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Notes to the Financial Statements - continued
for the year ended 31 March 2018

11. RESERVES

	Retained earnings £
At 1 April 2017	(40,210)
Deficit for the year	(3,902)
Return on plan assets in excess of that recognised in net interest	5,000
Actuarial (gains)/losses on liabilities	<u>(3,000)</u>
At 31 March 2018	<u><u>(42,112)</u></u>

12. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Current:		
Social security and other taxes	5,378	5,438
Accruals and deferred income	14,982	12,072
Deferred government grants	<u>18,485</u>	<u>22,526</u>
	<u><u>38,845</u></u>	<u><u>40,036</u></u>

Deferred government grants are receivable from the Welsh Government:

	2018	2017
Deferred grant at 1 April	22,526	28,308
Grants deferred in the year	8,355	9,330
Deferred grants released in the year	<u>(12,396)</u>	<u>(15,112)</u>
Deferred grant at 31 March	<u><u>18,485</u></u>	<u><u>22,526</u></u>

Included within deferred government grants are capital grants totalling £10,128 (2017: £13,195).

DCFW LIMITED
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Notes to the Financial Statements - continued
for the year ended 31 March 2018

13. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	27,216	27,565
Between one and five years	101,688	94,512
In more than five years	-	23,628
	<u>128,904</u>	<u>145,705</u>

14. PROVISIONS

	2018	2017
	£	£
Other provisions	<u>12,500</u>	<u>10,000</u>
Analysed as follows:		
Non-current	<u>12,500</u>	<u>10,000</u>

The company has provided £12,500 (2017: £10,000) in respect of dilapidation costs for the year ended 31 March 2018. 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 2018

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 2018 are estimated to be £42,000. 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	
	2018	2017
	£	£
Present value of funded obligations	(1,101,000)	(1,006,000)
Fair value of plan assets	1,033,000	951,000
	(68,000)	(55,000)
Present value of unfunded obligations	-	-
Deficit	(68,000)	(55,000)
Net liability	(68,000)	(55,000)

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Notes to the Financial Statements - continued
for the year ended 31 March 2018

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in surplus or deficit are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Current service cost	56,000	48,000
Net interest from net defined benefit liability	1,000	1,000
Past service cost	-	-
	<u>57,000</u>	<u>49,000</u>
Actual return on plan assets	<u>(30,000)</u>	<u>(150,000)</u>

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

	Defined benefit pension plans	
	2018	2017
	£	£
Opening defined benefit obligation	1,006,000	800,000
Current service cost	56,000	48,000
Contributions by scheme participants	14,000	14,000
Interest cost	26,000	28,000
Benefits paid	(4,000)	(4,000)
Remeasurements:		
Actuarial gains - changes demographic assumptions	-	(94,000)
Actuarial gains - changes in financial assumptions	1,000	232,000
Actuarial gains due to liability experience	2,000	(18,000)
	<u>1,101,000</u>	<u>1,006,000</u>

DCFW LIMITED
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Notes to the Financial Statements - continued
for the year ended 31 March 2018

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2018	2017
	£	£
Opening fair value of scheme assets	951,000	755,000
Contributions by employer	42,000	36,000
Contributions by scheme participants	14,000	14,000
Interest income	25,000	27,000
Remeasurement gain on assets	5,000	123,000
Benefits paid	(4,000)	(4,000)
	<u>1,033,000</u>	<u>951,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Actuarial gains - changes demographic assumptions	-	94,000
Actuarial losses - changes in financial assumptions	(1,000)	(232,000)
Actuarial (losses)/gains due to liability experience	(2,000)	18,000
	<u>(3,000)</u>	<u>(120,000)</u>

DCFW LIMITED
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Notes to the Financial Statements - continued
for the year ended 31 March 2018

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	
	2018	2017
Equities	66.50%	78.10%
Government bonds	15.40%	8.50%
Corporate bonds	10.40%	5.80%
Property	6.30%	6.30%
Cash/other	1.40%	1.30%
	<u>100.00%</u>	<u>100.00%</u>

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

	2018	2017
Discount rate	2.60%	2.60%
RPI Inflation	3.10%	3.10%
CPI Inflation	2.00%	2.00%
Rate of increase to pensions in payment	2.00%	2.00%
Rate of general increase in salaries	3.00%	3.00%
Pension accounts revaluations rate	2.00%	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):	2018	2017
- Male	23.1	23.0
- Female	25.8	25.7
Future lifetime from age 65 (aged 45 at accounting date):		
- Male	24.2	24.0
- Female	27.2	27.1

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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)	1.075	1.128
% 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)	1.111	1.091
% 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)	1.117	1.085
% 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)	1.134	1.068
% 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 £81,384 (2017: £73,630) and £15,699 (2017: £13,334) 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 £1,236 (2017: £Nil) to Blake Morgan LLP. At the year end £Nil (2017: £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 (2017: £327,750) of core grant funding from the Welsh Government and recognised £3,067 (2017: £1,386) of Capital Grant, £17,700 (2017: £37,710) of Project Grant Funding and £35,582 (2017: £6,255) of Project Income. At the year end, of the grants received in the current and preceding years £18,485 (2017: £22,526) 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 2018/19 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 2019 in the form of its remit letter and funding framework from the Welsh Government to 31 March 2020. 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.