

Company Registration No. 04391072 (England and Wales)

DCFW LIMITED

**(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
COMPANY INFORMATION

Directors

Ms G Jones (Chair)
Dr M Biddulph (Appointed 1 April 2021)
Mr I Carter
Mrs E Gray-Williams
Mr J James (Appointed 1 April 2021)
Ms C Kwiatkowski (Appointed 1 April 2021)
Ms F Nixon
Ms J Rees (Appointed 1 April 2021)

Secretary

C A Davies

Company number

04391072

Registered office

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

Auditor

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

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Income statement	9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 30

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Review of Business

Overview of Chair

These audited financial reports for the year ending 31st March 2021 are set out in the context of the continuing impact of the Coronavirus Covid-19 global pandemic and associated wide-ranging public health measures. As previously reported the Commission moved all key services on-line on 16th March 2020 and DCFW's staff team have since been operating from their homes. In June 2021 a controlled return to office premises is planned subject to health, well-being and safety.

We continue to value and appreciate our constructive working relationship with the Welsh Government. This facilitates the work of the Commission as we respond 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 governance and strategic direction.

The Commission continues to pursue its core purpose to promote good design across all sectors in support of sustainable development and good place-making. We have had a very busy year overall and continue to play a substantial role in several nationally strategic initiatives such as support for a place-led planning policy agenda, which identifies the critical role of good design in sound place-making, and in addressing the objectives of the Wellbeing of Future Generations Act and response to decarbonisation and climate change.

The Design Commission for Wales is fortunate to have maintained the continued support of Welsh Government's Planning Directorate. Our financial reports reflect the accrued impact of IFRS accounting policy toward our leasing arrangements and the effect of actuarial calculations related to the Local Government Pension Scheme to which we are an admitted body. Both items are closely monitored by the Board of Directors and are understood in the wider context of the impact of the pandemic. Our continuing work, major projects and our strategic relationships are noted in our Framework Letter and Funding Agreement for the Term of Government 2021-2025 which is in place and has been considered as part of the audit process and considerations as to going concern.

The Covid-19 pandemic has placed significant pressures and demands upon the lives and livelihoods of so many of us, but it has also shown us how important the places where we live are to our quality of life.

Our annual revenue budget for 2020/21 has enabled us to maintain and enhance operations, along with our ability to provide specialist client support services, training and expert, professional review services, exceeding performance targets set by the Welsh Government.

We have continued to collaborate with our partners and with commissioning clients; promoting design excellence for enhanced, high quality environments throughout Wales. Highlights include:

- Long-term support for Merthyr Tydfil County Borough Council with support for the client in developing and launching the Cyfarthfa Plan.
- Collaboration with Transport for Wales on nationally significant projects including station improvement, core valley lines and Metro.
- Development and support for the Placemaking Wales Partnership; development and launch of the Placemaking Wales Charter and a specialist guide to placemaking in practice.
- Endorsement for Building Better Places as Welsh Government's approach to how the planning system can help deliver a more resilient and brighter future for Wales.
- Work with the South East Wales Transport Commission and.
- Design and facilitation of a collaborative Transit Orientated Development (ToD) charettes
- Publication of Places for Life 2 featuring a series of articles from renowned architects, designers and built environment professionals that address housing and the quality of the places we create to live – endorsed by Ministers.

With a new Welsh Government Framework and remit letter for the Term of Government 2021-2025, we continue to focus on outcomes that represent public value and do all that we can to further strengthen our collaboration with influencers and decision makers across national and local government.

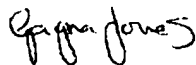
DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Recovery and renewal requires excellence in design, placemaking and development especially as the Covid-19 pandemic has shone such a spotlight on the importance good quality homes, well-connected places and walkable, greener neighbourhoods.

We especially want to thank Julie James AM Minister for Climate Change, for her support and enthusiasm for our work and for the very constructive relationship we have developed which we value highly. We have a positive and robust relationship with our Partner Team in the Welsh Government Planning Directorate and appreciate their help, funding, constructive scrutiny and collaboration. I am grateful to my fellow Commissioners, who give their time freely and generously. This year we express our thanks to Ewan Jones and Philip Jardine who stepped down after three full terms, both making huge contributions to DCFW. From 1st April 2021 we are pleased to be able to welcome four new Directors appointed through the Ministerial public appointments process. We look forward to working with them and benefitting from their contributions.

We are also fortunate to continue to have an excellent staff team, the contribution of 36 private sector design professionals through the Design Review Panel and the contributions of many partners and professional bodies. The Commission is strengthened and enabled because of the combined effort of these people, all of whom share a vision for a Wales made better by great design.

On behalf of the board



.....
G Jones

Chair

Design Commission for Wales
13 July 2021
.....

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

We present our annual financial statements and this report for the financial year 1 April 2020-31 March 2021.

Principal activities

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

Results and dividends

The results for the year are set out on page 9.

The company's financial statements currently show that the company has reserves of (£164,886) 2020 £2,369

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.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms G Jones (Chair)	
Dr M Biddulph	(Appointed 1 April 2021)
Mr I Carter	
Mrs E Gray-Williams	
Mr D E Jones	(Resigned 31 March 2021)
Mr J James	(Appointed 1 April 2021)
Mr P Jardine	(Resigned 31 March 2021)
Ms C Kwiatkowski	(Appointed 1 April 2021)
Ms F Nixon	
Ms J Rees	(Appointed 1 April 2021)
Mr T Skempton	(Resigned 31 March 2021)

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

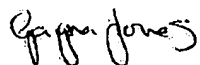
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

On behalf of the board



.....
Ms G Jones (Chair)
Director

Date:13 July 2021.....

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the annual report 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 (IFRSs) 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 profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DCFW LIMITED**

Opinion

We have audited the financial statements of DCFW Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 has been prepared in accordance with applicable legal requirements.

**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF DCFW LIMITED**

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.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF DCFW LIMITED**

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.

Azets Audit Services

**Craig Yearsley FCCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services**

26 July 2021
.....

**Chartered Accountants
Statutory Auditor**

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

DCFV LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	4	400,994	407,388
Gross profit		400,994	407,388
Administrative expenses		(432,857)	(374,400)
Operating (loss)/profit	5	(31,863)	32,988
Investment revenues	9	80	257
Finance costs	10	(2,472)	(27,527)
(Loss)/profit before taxation		(34,255)	5,718
Income tax expense	11	-	-
(Loss)/profit for the year	19	(34,255)	5,718

The income statement has been prepared on the basis that all operations are continuing operations.

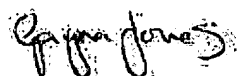
DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
(Loss)/profit for the year	(34,255)	5,718
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit pension schemes	(133,000)	(34,000)
Total comprehensive income for the year	(167,255)	(28,282)

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	12	41,436	62,480
Current assets			
Trade and other receivables	13	4,994	19,278
Current tax recoverable		2	2
Cash and cash equivalents		131,941	279,979
		136,937	299,259
Current liabilities			
Trade and other payables	14	17,160	23,841
Lease liabilities	15	18,480	17,901
Deferred revenue	16	5,558	174,587
		41,198	216,329
Net current assets		95,739	82,930
Non-current liabilities			
Lease liabilities	15	19,061	37,541
Long term provisions	17	45,000	12,500
Retirement benefit obligations	18	238,000	93,000
		302,061	143,041
Net (liabilities)/assets		(164,886)	2,369
Equity			
Retained earnings	19	(164,886)	2,369

The financial statements were approved by the board of directors and authorised for issue on 13 July 2021 and are signed on its behalf by:



 Ms G Jones (Chair)
 Director

Company Registration No. 04391072

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Retained earnings £
Balance at 1 April 2019	30,651
Year ended 31 March 2020:	
Profit for the year	5,718
Other comprehensive income:	
Actuarial gains on defined benefit plans	(34,000)
Total comprehensive income for the year	(28,282)
Balance at 31 March 2020	2,369
Year ended 31 March 2021:	
Loss for the year	(34,255)
Other comprehensive income:	
Actuarial gains on defined benefit plans	(133,000)
Total comprehensive income for the year	(167,255)
Balance at 31 March 2021	(164,886)

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24	(127,222)		311,230	
Interest paid		(2,472)		(27,527)	
Tax paid		-		(2)	
Net cash (outflow)/inflow from operating activities		(129,694)		283,701	
Investing activities					
Purchase of property, plant and equipment		(523)		(146,984)	
Interest received		80		257	
Net cash used in investing activities		(443)		(146,727)	
Financing activities					
Payment of lease liabilities		(17,901)		55,442	
Net cash (used in)/generated from financing activities		(17,901)		55,442	
Net (decrease)/increase in cash and cash equivalents		(148,038)		192,416	
Cash and cash equivalents at beginning of year		279,979		87,563	
Cash and cash equivalents at end of year		131,941		279,979	

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

DCFW Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Cambrian Building, 4th Floor, Mount Stuart Square, CARDIFF, CF10 5FL.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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

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

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the balance sheet, the likely future cash flows of the business and have considered facilities that are in place at the date of signing the report.

The day to day operations of the business have seen some minor disruption due to the impact of COVID-19. However, based on the information that is currently known, the directors have taken steps to manage the company's cash flow requirements during this period of uncertainty.

From review of the balance sheet while it appears to be insolvent this is due a movement in the pension liability during the year. This is a non current liability and moves on a regular basis. The company has net current assets and has seen an improvement in these during the period. The company also has a positive cash balance at the year end.

The company is owned by Welsh Government who has given a commitment to the company to continue to provide funding for the next year. They have also provided them with a plan for a long period to support the company.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources and ongoing support of Welsh Government to continue in operational existence for the foreseeable future.

1.3 Revenue

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.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Duration of lease
Fixtures and fittings	Straight line between 3 and 10 years
Computer equipment	Straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.9 Employee benefits

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.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Leases

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1.11 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.13 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 12 - 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.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

(i) Defined benefit pension scheme

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.

3 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 - Leases

The company adopted IFRS 16 with a transition date of 1 January 2019. The company has restated comparatives on adoption of IFRS 16, and therefore the revised requirements are reflected in the prior year financial statements

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinctions between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases, where the lease term is 12 months or less, and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoptions of IFRS 16 on the company's financial statements is described below.

		31 March 2020 As originally Presented £	IFRS 16 £	31 March 2020 As restated £
	Adjustments			
Assets				
Property, plant and equipment		-	-	-
Right-of-use assets	(a)	-	145,154	145,154
Liabilities				
HP liabilities	(b)	-	(145,154)	(145,154)

(a) Property leases previously recognised as operating leases were capitalised on 1 April 2019 at £145,154.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

3 Adoption of new and revised standards and changes in accounting policies

(Continued)

(b) The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (included in-substance fixed payments) less any lease incentives;
- variable lease payments that depend on an index rate, initially measured using the index rate at the commencement date.
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- the lease has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payment using a revised discount rate; or
- the lease payments change due to change in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification, is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of modification.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

4 Revenue

An analysis of the company's revenue is as follows:

	2021	2020
	£	£
Revenue analysed by class of business		
Welsh Government - Core grant funding	360,000	360,000
Welsh Government - Project grant funding	10,015	7,575
Project income	23,928	31,874
Other income	7,051	7,939
	<u>400,994</u>	<u>407,388</u>

5 Operating (loss)/profit

	2021	2020
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	1,133	-
Fees payable to the company's auditor for the audit of the company's financial statements	5,040	5,040
Depreciation of property, plant and equipment	<u>21,567</u>	<u>108,719</u>

6 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>5,040</u>	<u>5,040</u>

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Administrative	<u>4</u>	<u>4</u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

7 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	163,988	158,330
Social security costs	19,747	17,893
Pension costs	71,737	51,881
	<u>255,472</u>	<u>228,104</u>

8 Directors' remuneration

No directors accrued benefits under the defined benefit pension scheme (2020: none)

During the year key management personnel received emoluments of £83,273 (2020: £80,043) and £15,600 (2020: £15,600) of post employment benefits.

9 Investment income

	2021 £	2020 £
Interest income		
Bank deposits	80	257
	<u>80</u>	<u>257</u>

Total interest income for financial assets that are not held at fair value through profit or loss is £80 (2020 - £257).

10 Finance costs

	2021 £	2020 £
Interest on lease liabilities	1,472	26,527
Other interest payable	1,000	1,000
	<u>2,472</u>	<u>27,527</u>
Total interest expense	<u>2,472</u>	<u>27,527</u>

11 Income tax expense

2021 £	2020 £
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DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Income tax expense

(Continued)

	2021	2020
	£	£
The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:		
	2021	2020
	£	£
(Loss)/profit before taxation	<u>(34,255)</u>	<u>5,718</u>
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(6,508)	1,086
Effect of expenses not deductible in determining taxable profit	6,508	68,331
Income not taxable	-	(71,677)
IFRS 16 adjustment	-	2,260
Taxation charge for the year	<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.

12 Property, plant and equipment

	Leasehold land and buildings	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2019	-	20,313	26,849	47,162
Additions	145,154	-	1,830	146,984
Disposals	-	-	(6,502)	(6,502)
At 31 March 2020	<u>145,154</u>	<u>20,313</u>	<u>22,177</u>	<u>187,644</u>
Additions	-	523	-	523
At 31 March 2021	<u>145,154</u>	<u>20,836</u>	<u>22,177</u>	<u>188,167</u>
Accumulated depreciation and impairment				
At 1 April 2019	-	10,016	12,931	22,947
Charge for the year	101,607	1,928	5,184	108,719
Eliminated on disposal	-	-	(6,502)	(6,502)
At 31 March 2020	<u>101,607</u>	<u>11,944</u>	<u>11,613</u>	<u>125,164</u>
Charge for the year	<u>14,515</u>	<u>1,950</u>	<u>5,102</u>	<u>21,567</u>
At 31 March 2021	<u>116,122</u>	<u>13,894</u>	<u>16,715</u>	<u>146,731</u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

12 Property, plant and equipment

(Continued)

	Leasehold land and buildings	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Carrying amount				
At 31 March 2021	29,032	6,942	5,462	41,436
At 31 March 2020	43,547	8,369	10,564	62,480
At 31 March 2019	-	10,297	13,918	24,215

13 Trade and other receivables

	2021	2020
	£	£
Trade receivables	377	7,531
Prepayments	4,617	11,747
	<u>4,994</u>	<u>19,278</u>

14 Trade and other payables

	2021	2020
	£	£
Accruals	12,240	19,412
Social security and other taxation	4,920	4,429
	<u>17,160</u>	<u>23,841</u>

15 Lease liabilities

	2021	2020
	£	£
Maturity analysis		
Within one year	18,480	17,901
In two to five years	19,061	37,540
Total undiscounted liabilities	<u>37,541</u>	<u>55,441</u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	18,480	17,901
Non-current liabilities	19,061	37,541
	<u>37,541</u>	<u>55,442</u>

Amounts recognised in profit or loss include the following:

	2021	2020
	£	£
Interest on lease liabilities	<u>1,472</u>	<u>26,527</u>

Other leasing information is included in note .

16 Deferred revenue

	2021	2020
	£	£
Arising from government grants	<u>5,558</u>	<u>174,587</u>

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	<u>5,558</u>	<u>174,587</u>

17 Provisions for liabilities

	2021	2020
	£	£
Dilapidation	<u>45,000</u>	<u>12,500</u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17 Provisions for liabilities

(Continued)

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Non-current liabilities	45,000	12,500
	<u> </u>	<u> </u>
Movements on provisions:		Dilapidation
		£
At 1 April 2020 and 31 March 2021		45,000
		<u> </u>

The company has provided £45,000 (2020: £12,500) in respect of dilapidation costs for the year ended 31 March 2021. The lease term expires in the year ended 31 March 2023 and this is when the provision will crystallise.

18 Retirement benefit schemes

Defined contribution schemes

The company contributes into 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 at 31 March 2019. 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 2021 are estimated to be £47,000 (2020: £38,000). 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.

Defined benefit scheme

	2021	2020
<i>Key assumptions</i>	%	%
Discount rate	2.1	2.3
Pension growth rate	2.7	1.9
Salary growth rate	3.7	2.9
Pension accounts revaluations rate	2.7	1.9
RPI inflation	0	2.5
CPI inflation	2.7	1.9
	<u> </u>	<u> </u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.3	22.2
- Females	24.7	24.6
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	23.3	23.2
- Females	26.1	26
	<u> </u>	<u> </u>
	2021	2020
	£	£
<i>Amounts recognised in other comprehensive income</i>		
Actuarial changes arising from changes in demographic assumptions	-	(13,000)
Actuarial changes arising from changes in financial assumptions	329,000	1,000
Actuarial changes arising from experience adjustments	(9,000)	(92,000)
Past service costs not yet recognised	(187,000)	138,000
	<u> </u>	<u> </u>
Total costs	133,000	34,000
	<u> </u>	<u> </u>

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2021	2020
	£	£
Present value of defined benefit obligations	1,596,000	1,181,000
Fair value of plan assets	(1,171,000)	(1,226,000)
	<u> </u>	<u> </u>
Deficit/(surplus) in scheme	425,000	(45,000)
Past service costs not yet recognised	(187,000)	138,000
	<u> </u>	<u> </u>
Liability recognised in statement of financial position	238,000	93,000
	<u> </u>	<u> </u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

(Continued)

	2021	2020
	£	£
<i>Movements in the present value of defined benefit obligations</i>		
At 1 April 2020	1,181,000	1,195,000
Current service cost	58,000	51,000
Past service cost	-	1,000
Benefits paid	(4,000)	(5,000)
Contributions from scheme members	14,000	13,000
Actuarial gains and losses	320,000	(104,000)
Interest cost	27,000	30,000
At 31 March 2021	<u>1,596,000</u>	<u>1,181,000</u>

	2021	2020
	£	£
<i>Movements in the fair value of plan assets:</i>		
At 1 April 2020	1,088,000	1,151,000
Benefits paid	(4,000)	(5,000)
Contributions by the employer	47,000	38,000
Contributions by scheme members	14,000	13,000
Remeasurment gain on assets	(138,000)	46,000
Other	26,000	29,000
At 31 March 2021	<u>1,088,000</u>	<u>1,151,000</u>

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

	2021	2020
	%	%
Equities	66	66
Government bonds	11	10
Corporate bonds	16	16
Property	7	7
Cash/other	1	1
	<u>100%</u>	<u>100%</u>

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

(Continued)

Sensitivity Analysis

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

	2021	2020
Discount rate assumption		
Adjustment to discount rate	+0.1%	+0.1%
Present value of total obligation (£M's)	1.154	1.116
% change in present value of obligation	(2.3%)	(2.4%)
Projected service cost (£M's)	0.051	0.050
Approximate % change in projected service cost	(3.2%)	(3.1%)
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1%	+0.1%
Present value of total obligation (£M's)	1.185	1.206
% change in present value of obligation	0.4%	0.9%
Projected service cost (£M's)	0.053	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)	1.207	1.213
% change in present value of obligation	2.2%	1.5%
Projected service cost (£M's)	0.055	0.054
Approximate % change in projected service cost	3.3%	3.2%
Post retirement mortality assumption		
Adjustment to mortality age rating assumption	-1 year	-1 year
Present value of total obligation (£M's)	1.219	1.233
% change in present value of obligation	3.2%	3.2%
Projected service cost (£M's)	0.055	0.054
Approximate % change in projected service cost	4.0%	3.9%

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Retained earnings

	2021	2020
	£	£
At the beginning of the year	2,369	30,651
(Loss)/profit for the year	(34,255)	5,718
Actuarial differences recognised in other comprehensive income	(133,000)	(34,000)
At the end of the year	<u>(164,886)</u>	<u>2,369</u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

Other information

Key management personnel during the year received emoluments of £83,273 (2020: £80,163) and £15,699 (2020: £15,699) of post-employment benefits.

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 £360,000 (2020: £360,000) of core grant funding from the Welsh Government and recognised £7,051 (2020: £7,939) of Capital Grant, £2,044 (2020: £7,575) of Project Grant Funding and £31,899 (2020: £31,874) of Project Income. At the year end, of the grants received in the current and preceding years £5,558 (2020: £174,587) was deferred at the year-end.

21 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.

22 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.

23 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 2021/22 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.

DCFW LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRADING AS DESIGN COMMISSION FOR WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

24 Cash (absorbed by)/generated from operations

	2021	2020
	£	£
(Loss)/profit for the year after tax	(34,255)	5,718
Adjustments for:		
Finance costs	2,472	27,527
Investment income	(80)	(257)
Depreciation and impairment of property, plant and equipment	21,567	108,719
Pension scheme non-cash movement	12,000	15,000
Increase in provisions	32,500	-
Movements in working capital:		
Decrease in trade and other receivables	14,284	3,548
(Decrease)/increase in trade and other payables	(6,681)	4,926
(Decrease)/increase in deferred revenue outstanding	(169,029)	146,049
Cash (absorbed by)/generated from operations	(127,222)	311,230