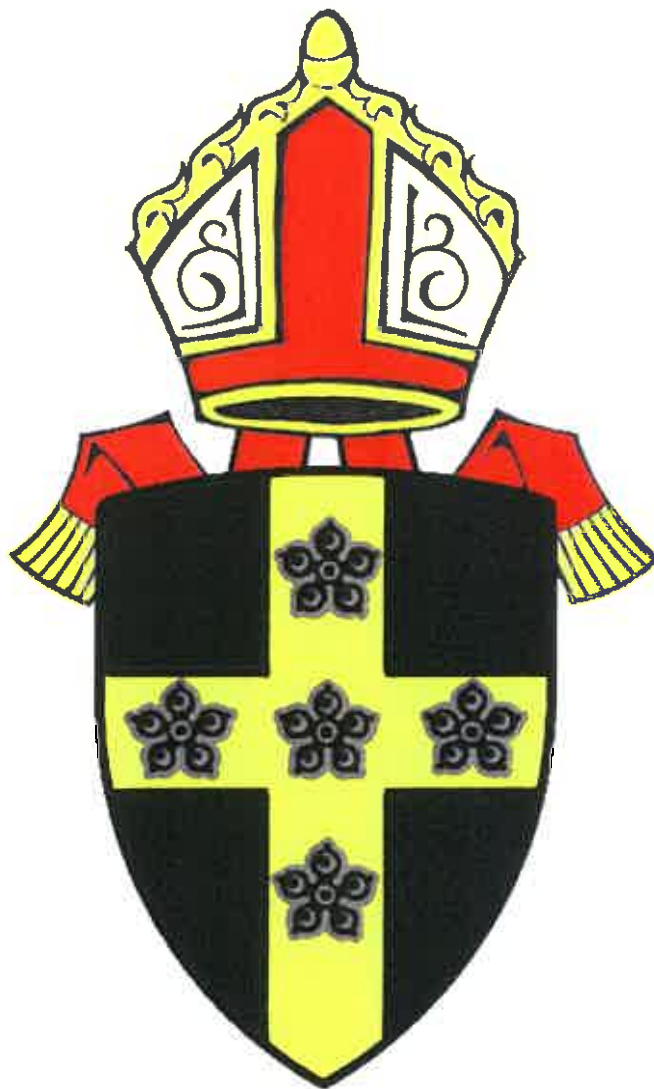


Bwrdd Cyllid Esgobaeth Tyddewi
St Davids Diocesan Board of Finance



Cyfrifon 2016 Accounts

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

<u>CONTENTS</u>	Page
Trustees' Report	1 - 16
Auditors' Report	17 - 18
Statement of Financial Activities	19 - 21
Summary of Income and Expenditure Account and Statement of Total Recognised Gains and Losses	22
Balance Sheet	23
Cashflow Statement	24
Notes to the Accounts	25 - 49

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2016.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- Directors Report of a charitable company
- Strategic Report under the Companies Act 2006 and
- Trustees Annual Report under the Charities Act 2011.

OBJECTIVES AND ACTIVITIES

The principal activity of the charity is to promote, aid and assist the objectives, work and business of the Church in Wales generally in the Diocese of St Davids.

The St Davids Diocesan Board of Finance's (the Board) key objectives are:

- To ensure that there is sufficient revenue to maintain the level of Mission and Ministry for the Diocese
- To manage the Diocesan Portfolio of investments so as to achieve a balance between income and capital growth, without taking undue risk
- To manage the property owned by and vested in the Board
- To enable an efficient, professional and administrative service across a range of administrative functions including:
 - management of trusts and other funds held by the Board
 - organisation of Board Meetings and Diocesan Committees
 - maintenance of databases, management information and legislative compliance.
 - provision of advice and support on a range of issues

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

For 2016 the main objectives were:

- **Fund Performance** – To make an asset return in accordance with the % agreed with the Board's Investment Advisers and which compared favourably against agreed benchmarks.
- **Reserves** – To maintain the agreed level of reserves in the Unrestricted General Fund.
- **Financial Stability** – To continue to ensure financial stability and enable the cost of Ministry to the Diocese.
- **Diocesan Strategy** – To liaise with the Bishop and her senior staff, to assist with the implementation of the Diocesan strategy which will respond to the current financial, economic and ministerial challenges being faced by the Church and meet the needs of the Diocese in conjunction with the separate overall review of the Church in Wales.

The short term objectives of the Board are as stated above.

In the long term, the Board is mindful of ensuring that the ministerial and structural changes proposed in the Diocesan Strategy reflect current thinking.

PUBLIC BENEFIT

The Trustees are aware of their responsibilities in ensuring that the Board delivers identifiable benefits to the public in accordance with established objectives and permitted activities. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. An amount has been committed towards funding projects associated with Social Responsibility in the wider community.

GRANT MAKING POLICIES

All grants made are agreed by the Board.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- **INVESTMENT PERFORMANCE**

- **Diocesan Portfolio Performance**

Rathbones (the Board's Independent Investment Adviser) reported that the beginning of 2016 was extremely volatile, with the UK equity market having its worst start to any year since 1929, driven by concerns that the US economy could go into recession and that Europe could face another banking crisis. These concerns were overdone and markets subsequently rebounded and strengthened further as the year progressed.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Growth over the rest of the year was driven by a number of factors, one of which was the UK's EU referendum and the consequences of the vote to leave. The main casualty from Brexit was the fall in the value of sterling, as investors accounted for expectations of lower economic growth and reduced investment. One impact of the fall in sterling has been to support returns from overseas assets or companies with overseas earnings. More than 70% of the revenues of FTSE 100 companies come from outside the UK, boosting the UK equity market. Overseas equities generally performed even more strongly.

The second major reason for the strong performance from equities during 2016 was the marked improvement in the global economy from the summer onwards. This improvement was across the globe encompassing the UK, Europe, US, Asia and Emerging Markets and has boosted expectations of future corporate profits.

The third major driver of returns, in the fourth quarter of 2016, was the surprise election of Donald Trump as President. Investors focused on the more positive aspects of a Trump Presidency such as tax cuts and infrastructure spending. These policies have been viewed by the investment community as 'reflationary' meaning higher rates of both economic growth and inflation. In the longer term, there are significant concerns that Trump's protectionist policies may negatively impact economic growth.

Global stock had a strong year with the FTSE All-Share and the FTSE World Ex-UK returning 16.75% and 30.35% respectively. The investment portfolio benefitted from this growth and produced a total return of 16.98%, broadly in line with the WMA Balanced Index which returned 17.37%.

At the end of the year the portfolio was worth £7,093,965 with a further £70,320 of cash held in a separately identifiable account.

➤ Investment Property

The investment property has been valued independently by a professional valuer at the open market value of the freehold land and buildings for investment purposes and it exceeds the historical cost by £1,678,765. If sold, there is no known taxation liability.

• SUPPORTING THE MINISTRY

Clergy Stipend Levels	2016	2015
	£	£
Assistant Curate	19,919	19,567
Incumbent and Vicar in Rectorial Benefice	23,434	23,020
Rector of Rectorial Benefice	24,606	24,171
Residentiary Canon	26,950	26,473
Archdeacon	35,855	35,221
Dean	36,323	35,681

The Board received a grant towards the Cost of Ministry from the Representative Body. Up to 31 December 2006, the Representative Body funded the total costs of clergy pensions, thereafter the cost of current clergy pension contributions has been met by the Board. The Board continues to meet the costs of ministerial training in conjunction with the Representative Body.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

The number of stipendiary clergy posts within the Diocese at 31 December 2016 was 91.

The Board received the following support from the Representative Body:

- Administration of payment of Council Tax on Parsonages
- I T Support
- Administration of Stipends
- Advice on Enforced Legislation e.g., Rent Smart Wales
- Human Resources
- Safeguarding

FINANCIAL REVIEW

• OVERALL FINANCIAL POSITION

The results for the year are shown on pages 19 to 21 in the Statement of Financial Activities. The excess of expenditure over income in respect of Unrestricted General Funds amounted to £136,351, which after adjustment for realised gains/(losses), the increase to market value and transfers, resulted in a deficit of £38,525.

The Board received a grant from the Representative Body towards various outgoing resources amounting to £1,159,230 (2015: £1,159,230). It has been agreed that the level of the Block Grant will be maintained at the 2015 figure for 2017 with a 1.47% reduction in 2018.

The other principle source of funding was Ministry Share amounting to £3,417,644.

During the year, £4,460,456 of incoming resources was utilised to meet the key objectives of maintaining the level of ministry and mission in the Diocese.

• RESERVES POLICY

The Trustees continually review the reserves of the Board as a matter of policy. Reviews encompass the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves.

Unrestricted General Reserves

The Board has concluded that its reserves should be a minimum six months of Unrestricted General Fund expenditure to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall.

The total Unrestricted General Funds have decreased from £4,951,567 to £4,913,042. These reserves include a Revaluation Reserve Fund amounting to £1,914,614. The reserves level equates to eight months reserves.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Designated Funds

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. The designated reserves are reviewed on an annual basis and returned to the Unrestricted General Funds in the event that there is no justification for their retention. A description of each fund together with its intended use is set out in Note 24. At the 31 December 2016, the total Designated Funds were £3,302,390 (2015: £3,199,625).

It is anticipated that during the next twelve months £307,622 of these Designated Funds will be spent.

Restricted and Endowment Funds

As set out in Notes 22 and 23 the Board holds and administers a number of Restricted and Endowment Funds. At 31 December, Restricted Funds amounted to £1,647,724 (2015: £1,560,390) and Endowment Funds amounted to £4,629,754 (2015: £4,223,805). None of these funds are available for the general purposes of the Board.

• PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

The risk register has identified four areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and associated mitigation strategies are:

Under Collection of Ministry Share

- Arrears are reported quarterly to and monitored by the Board. In addition, the arrears are reported to the Bishop and senior clerical staff at the monthly meetings.
- The Archdeacons contact a Parish to discuss the arrears when they reach in excess of £2,000. When applicable the Archdeacon and the Diocesan Secretary meet with the Parish to discuss and arrange a Ministry Share Arrears Agreement.
- A provision is made in the accounts for overdue Ministry Share which has a significant risk of proving uncollectable.

Under-Performance of Return on Investments

- Ongoing monitoring by the Board's Investment Adviser.
- Investment Sub Committee meets with the Board's Investment Adviser to discuss the Portfolio's performance twice a year.

Non-Payment and/or Reduction of the Block Grant by the Representative Body

- Ensure that the conditions of the Block Grant are complied with.
- Regular liaison and discussion with the Representative Body regarding any proposed changes.
- The Chairman and the Diocesan Secretary to monitor.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Data Protection

- Employment of a designated employee.
- Regular liaison with the Board's appropriate legal advisers.

• INVESTMENT POLICY

The Diocesan Portfolio is managed on a discretionary management basis by Rathbones. The objective is to place importance on total return rather than a specific return on income or capital appreciation in isolation.

The Board is holding a high level of cash reserves due to the interest rate earned on its current account balances being greater than those offered on short term deposits. These rates were offered by the Board's Banking provider following the completion of the review by the Board of its banking provision. It is not normally the policy of the Board to hold such a significant amount of its assets in cash.

Investment Objectives

The Board seeks to produce the best financial return without taking undue risk. The investment objective is to balance income and capital returns.

The assets should be managed to at least maintain the real capital value, whilst generating a sustainable level of investment income to support St Davids Diocesan Board of Finance activities.

Where possible, the value of the assets should be enhanced as to at least keep pace with inflation over the longer term.

The Board adopts a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the Board investments will still be maintained in accordance with the above investment objective.

The FTSE WMA balanced index has been set as the benchmark against which performance is measured.

Risk

The overall investment direction is to maximise the return consistent with the risks that the Board is willing to accept. The Board recognizes that risk (i.e. the potential for variability of asset values) and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles.

The Board has accepted a medium degree of risk.

The trustees are able to tolerate volatility of the capital value, as long as the Board is able to meet its short-term expenditure commitments.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

The portfolio should be diversified so as to provide reasonable assurance that no single class of investment will have a disproportionate impact on the total portfolio. Assets classes could include cash, bonds, equity, property, private equity, commodities and any other asset that is deemed suitable, bearing in mind the ethical restrictions. Bonds and equities must be quoted on a recognised investment exchange and unit trusts and open-ended investment companies authorised under the Financial Services and Markets Act 2000.

In order to meet its objective, the Board has determined the following range of asset splits:

Cash	0% - 7%
Fixed Interest	15% - 35%
Equities	53% - 80%

Within the equity allocation, overseas holdings are permitted up to 50%.

Asset mix may be changed from time to time, strategically or tactically, based on the economic and securities markets outlook, as well as income requirements and the Chairman and Vice Chairman of St Davids Diocesan Board of Finance may, if considered appropriate, alter the above range of asset split to react to market forces. The overall risk level of the assets in terms of potential for price fluctuations should not be extreme.

The Investment Sub-Committee are responsible for identifying and monitoring suitable investment managers on a regular quinquennial basis. The basis of the investment managers remuneration will be that detailed at the time of their being appointed investment managers. The advisors should be notified that reasonable notice should be provided to the trustees in the event of the investment managers amending its fee and commission regime.

The base currency of the investment portfolio is Sterling.

Liquidity Requirements

Investment funds are generally not disinvested, their aim is to provide income and capital growth. Money that is required at short notice is held by the investment advisers and not included in the main portfolio. The Portfolio should not hold any significant amounts in cash unless requested for a specific project.

Monies can only be incorporated into the main portfolio on 1 of January, 1 of April, 1 of July and 1 of October in any one year.

Income that has accrued in each month is to be transferred to St Davids Diocesan Board of Finance Legacies bank account within 30 days of the respective month end.

Time Horizon

The Board is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability.

The Board can adopt a long-term investment time horizon.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Ethical Investment

As a Christian Church, we are tasked to co-operate with God's active presence in the world and with proclaiming the values of the kingdom of God. This means that the Church has a particular interest in promoting all that furthers justice and peace, that enables full human flourishing, that honours creation and that builds creative human communities.

The Church in Wales wishes to have an investment policy that is ethical and consistent with the furtherance of our aims and objectives. We believe that it is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investment, and to use our investments as an ethical means of contributing to the cost of ministry and mission in the Province.

Our aim is to invest in successful companies that are committed to developing their business in the interests of their shareholders, customers, local communities and employees by operating:

- Responsible employment practices;
- Conscientious corporate governance;
- Policies and practices which demonstrate a proper regard for the environment and for the well-being of the created order;
- Policies sensitive to the human rights and well-being of individuals and communities in which they operate;
- Fair trading practices.

In its policy for investment, the Church in Wales will use its best endeavours not to be associated with companies whose products or policies conflict with these aims or to invest in companies which:

- Are responsible for the wanton despoliation of the environment;
- Are responsible for anything that threatens peace, security and communal well-being;
- Exploit, demean, corrupt or degrade humankind, especially the poor or the financially vulnerable;
- Are indifferent to the well-being of animals.

We recognise the complexities surrounding the activities or companies in which we can invest, and reserve the right to make investment decisions on a case-by-case basis. We will endeavour to engage with companies which are in actual or potential breach of this policy or where concerns exist over governance and social responsibility issues before considering disinvestment.

The Church in Wales wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations and exercising combined shareholder influence.

A valuable relationship exists between the Investment Committee and the Church in Wales Ethical Investment Group to which the Committee refers problematic cases, and from which it receives an annual report.

The Diocese of St Davids fully concurs with the policy of the Church in Wales as above.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

It is the policy of St Davids Diocesan Board of Finance not normally or knowingly to invest in any company:

- which derives more than 10% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;
- which derives more than 3% of turnover from pornography, predatory lending activities or the proliferation of armaments beyond areas of legitimate defence and international peace-keeping.
- which derives more than 5% of turnover from the extraction of thermal coal or the production of oil from tar sands.

Management, Reporting and Monitoring

The Board has appointed a professional investment management firm to manage the assets on a discretionary basis in line with this policy. An investment management firm will be required to comply with all applicable laws, rules and regulations.

The investment manager provides custody of assets. They are required to produce a valuation and performance reports quarterly. At the end of each calendar quarter a valuation and accompanying report is to be provided encompassing the following:

- A list of all investments held together with their respective book costs, current market value and estimated income and yield
- A performance analysis for the period covered by the report (quarterly)
- A transaction schedule detailing both purchases and sales
- Details of any non-market transactions and rights issues, capitalisations or other corporate actions
- A detailed review of the market environment for the period including specific comment on the individual holdings in the portfolio and any other economic considerations that are relevant

The Investment Sub Committee has responsibility for agreeing strategy and monitoring the investment assets. The Sub Committee meets six times a year to authorise any withdrawals and incorporations and to review the portfolio, including an analysis of return, risk and asset allocation. Performance will be monitored against agreed market benchmarks (WMA balanced index).

The investment manager is required to be present at two of the Investment Sub Committee's meetings. In addition to complying with the specific requirements detailed in the investment policy statement the appointed investment manager must pay heed to the general power of investment embodied in Section 3 of The Trustees Act 2000. All investments should be suitable and overall constitute a degree of diversification as required by Section 4 of the Trustees Act 2000.

The Investment Sub-Committee is to report formally to the Executive Committee in their meeting. The trustees are aware that the ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

PLANS FOR FUTURE PERIODS

The Board is considering the following short to medium term issues:

- **Charities Act 2011**

The Board is aware of the implications of this legislation on individual parishes and, in conjunction with the Representative Body of the Church in Wales, is advising and assisting parishes. Currently only those parishes with an income in excess of £100,000 have had to register. Parishes with an income below £100,000 continue to be excepted and do not need to register with the Charity Commission and this temporary exemption has been extended until 31 March 2021.

- **Land Registration**

Any land identified as being held by the Board will be registered as a matter of policy. The Board continues to proactively identify the basis on which it holds the land/property e.g. as custodian trustee, whether it is subject to a reverter or owned by the Board.

- **Ministry Share**

To endeavour to contain the increases of Ministry Share to ensure that it is sustainable and collectable and to monitor the level of arrears.

- **Diocesan Strategy**

In conjunction with the review of the Church in Wales, the Bishop is liaising with the Board to implement a strategy for the Diocese which will respond to the current financial and economic challenges being faced by the Church and meet the needs of the Diocese.

- **Data Protection**

The Board is currently working to identify and ensure that within the Diocese, all information/data held is in compliance with the Data Protection Act and General Data Protection Regulation.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board is a registered charity and a company limited by guarantee.

On 4 November 2014, the Board adopted a revised Articles of Association, which reduced the membership of the Board and stated that the Board and the Executive Committee would have the same membership. It was agreed that the change in membership would be operative from 1 January 2016 and the directors appointed would hold office until July 2016 to avoid numerous elections and nominations being undertaken in a short time frame and thereafter the three-year rotation may apply.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

• **MEMBERSHIP – COMPOSITION**

Members of the company are appointed for a three-year term. Following adoption of the revised Articles of Association, the membership of the Board consists of:

- The Bishop
- Chairman (Appointed by the Bishop)
- Seven Ex-Officio Members
- Six Nominated Lay members (two from each Archdeaconry)
- Three Elected Lay members (one from each Archdeaconry)
- Three Nominated Clerical Members (one from each Archdeaconry)
- Four Co-Opted Members (of which only one can be a cleric)

• **MEMBERSHIP – INDUCTION AND TRAINING**

The Board provides training for its members appropriate to their duties both as Charity Trustees and as members of one of the Diocesan Committees.

• **COMMITTEES**

The St Davids Diocesan Board of Finance has the following Committees:

- **Executive Committee**
The Executive Committee is responsible for the management of the Diocesan finances and assets.
- **Parsonage Board**
The Parsonage Board is responsible for the maintenance of all parsonages, their upkeep and repair and for buying and selling houses, as appropriate.
- **Endowed Schools Committee**
The Endowed Schools Committee is a statutory committee and is responsible for providing financial support towards repairs and renovation projects in church schools, the direction of new projects and the management/disposal of redundant school properties.
- **Investment Sub-Committee**
The Investment Sub-Committee, with advice from the Board's Investment Advisers, is authorised to take all decisions necessary to manage the investments of the Board within the strategy and policies of the Board.
- **Ministry Share Appeals Committee**
The Ministry Share Appeals Committee is responsible for administering the "Appeals Procedure" for Ministry Share Allocation. The Committee may, at its discretion, where historic Ministry Share arrears exist, but not as a result of former appeals to the Committee or submission of incorrect statistics returned, entertain a submission to consider the historic circumstances that have given rise to the arrears.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

➤ **Human Resources Sub-Committee**

The Human Resources Sub-Committee is responsible for developing policies and procedures for lay staff, in line with the current legislation and good practice. Its remit covers the consideration of staffing levels at the Diocesan Office and the salaries of lay staff.

➤ **Audit Committee**

The Audit Committee is responsible for reviewing the internal controls of the Board and reporting to the Executive Committee any matters which have been raised by/discussed with the Board's Auditors following completion of the annual audit.

➤ **Property Sub-Committee**

The Property Sub-Committee is responsible for the management of the Board's investment properties, properties held as custodian trustee and overseeing the strategic planning of the property portfolio.

REFERENCE AND ADMINISTRATIVE DETAILS

Name	The St Davids Diocesan Board of Finance
Company Registration No	242794
Charity Registration No	231239
Registered Office	Diocesan Office Abergwili Carmarthen SA31 2JG
Telephone Number	01267 236145

• **TRUSTEES/DIRECTORS**

The Trustees/Directors of the Executive Committee of the Board who served in the year to which this report relates are:

➤ Mr N Griffin	Chairman
➤ Mr N Roberts	Vice Chairman (Elected 03.05.16)
➤ The Right Reverend J W Evans The Bishop of St Davids	President (Retired 04.10.16)
➤ The Right Reverend J S Penberthy The Bishop of St Davids	President (Appointed 11.02.17)

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

➤ **Ex-Officio**

The Very Reverend D J R Lean
The Venerable W R Hughes
The Venerable Dr W A Strange
The Venerable D M Wight
Mr M Lewis

Chairman of the Parsonage Board
(Resigned 25.01.17)

Mr N Roberts

Chairman of the Parsonage Board
(Appointed 26.01.17)

Mr A Jenkins

Diocesan Registrar

Revd Canon B D Witt

Diocesan Director of Education

➤ **Directors**

Mrs H Evans
Mr N Evans
Mrs T Hatfield
Mr D G Jones
Mr N D Roberts
Mrs J Hayward
Mrs J Heard
Revd C C Brown
Revd M Farah
Revd Dr J M A Griffiths
Revd Canon P R Mackness
Mr A W Lewis

(Appointed 14.07.16)

(Appointed 08.02.17)

(Co-Opted)

(Co-Opted) (Resigned 25.06.16)

OTHER OFFICERS

➤ **Diocesan Secretary**

Mrs V A Hockey

Solicitors

Ungoed-Thomas & King Limited
The Quay
Carmarthen
SA31 3LN

Carreg Law Limited
74 Rhosmaen Street
Llandeilo
SA19 6EN

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Bankers	Lloyds Bank plc 43 King Street Carmarthen SA31 1BW
Investment Advisers	Rathbones 1 Curzon Street London W1J 5FB
Auditors	Broomfield and Alexander Ltd Waters Lane Chambers 1-3 Waters Lane Newport NP20 1LA

KEY MANAGEMENT PERSONNEL

The key management personnel of the Board are Mrs V A Hockey (Diocesan Secretary), Mrs N M Evans (Accounts Officer) and Miss K H Davies (Accounts Administrator/Office Manager).

The remuneration of the key management personnel is set in line with the Pay and Grading structure adopted in 2012.

The relationship between the Board and related parties is detailed in Note 34 to the accounts.

RISK MANAGEMENT

The Board has established a risk policy. The risk policy identifies the major risks to which the Board is exposed, the scope of the risk, and identifies the systems and procedures that have been established to manage and mitigate those risks.

The risk policy is reviewed annually by the Executive Committee and updated where necessary. The Board considers that the principle risks are the non-collection of Ministry Share, any variance in the agreed level of the Representative Body grant and a potential under performance of the return on investments.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

FUNDS HELD

The Board also holds investments and land and buildings as Custodian Trustee. The Board has commenced work on an exercise which will identify all those assets held as custodian trustee.

The Trustees have identified the risks associated with each type of asset and have put in place a series of control measures which safeguard the assets. These controls are regularly tested and updated or amended accordingly when it is considered necessary.

PERMANENT ENDOWMENT INVESTED ON TOTAL RETURN BASIS

Details of this Fund are included in Note 22 to the accounts.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the St Davids Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP 2016 (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that

the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

AUDITORS

The auditors, Broomfield and Alexander Limited, Chartered Accountants, have indicated that they are willing to be re-appointed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

NICHOLAS GRIFFIN – CHAIRMAN

Date:

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS' REPORT **TO THE MEMBERS OF THE ST DAVIDS DIOCESAN BOARD OF FINANCE**

We have audited the financial statements of The St Davids Diocesan Board of Finance for the year ended 31 December 2016 which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the information and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE ST DAVIDS DIOCESAN BOARD OF FINANCE

- have been prepared in accordance with the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the accounts.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for audit.

Sarah Case FCA DchA
Senior Statutory Auditor
For and on behalf of
Broomfield & Alexander Ltd
Statutory Auditors
Waters Lane Chambers
1-3 Waters Lane
Newport
NP20 1LA

DATE:

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

For the Year Ended 31 December 2016

	Note	Unrestricted		Restricted		Total
		General Funds	Designated Funds	Income Funds	Capital Endowment Funds	Funds
		2016 £	2016 £	2016 £	2016 £	2016 £
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies	2	4,109,352	166,667	708,005	26,511	5,010,535
Charitable Activities	3	58,164	-	-	-	58,164
Investments	4	113,967	55,863	170,403	106,228	446,461
Other Sources	5	30,354	-	12,535	-	42,889
TOTAL		4,311,837	222,530	890,943	132,739	5,558,049

		2015 £	2015 £	2015 £	2015 £	2015 £
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies	2	4,074,053	166,667	837,610	99,291	5,177,621
Charitable Activities	3	48,539	-	-	-	48,539
Investments	4	111,444	55,791	139,274	107,753	414,262
Other Sources	5	17,454	7,101	183,880	-	208,435
TOTAL		4,251,490	229,559	1,160,764	207,044	5,848,857

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

For the Year Ended 31 December 2016

	Note	Unrestricted General Funds	Designated Funds	Restricted Income Funds	Capital Endowment Funds	Total Funds
		2016 £	2016 £	2016 £	2016 £	2016 £
EXPENDITURE ON:						
Raising Funds	6	11,757	9,681	256	25,220	46,914
Charitable Activities						
Support for Ministry	7	3,965,556	-	749,326	-	4,714,882
Support for Parishes	8	152,418	139,800	4,794	7,442	304,454
Church Property	9	121,244	-	83,570	-	204,814
Other Financial Support	10	150,679	-	636	-	151,315
Communication	11	46,534	-	-	-	46,534
Other	12	-	2,102	-	205,873	207,975
TOTAL		4,448,188	151,583	838,582	238,535	5,676,888

		2015 £	2015 £	2015 £	2015 £	2015 £
EXPENDITURE ON:						
Raising Funds	6	10,604	9,225	238	24,597	44,664
Charitable Activities						
Support for Ministry	7	3,826,586	-	775,970	-	4,602,556
Support for Parishes	8	257,700	39,925	1,182	8,868	307,675
Church Property	9	95,779	-	162,825	-	258,604
Other Financial Support	10	142,820	51,737	8,247	-	202,804
Communication	11	45,646	-	-	-	45,646
Other	12	-	-	-	359,939	359,939
TOTAL		4,379,135	100,887	948,462	393,404	5,821,888

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

For the Year Ended 31 December 2016

	Note	Unrestricted General Funds	Designated Funds	Restricted Income Funds	Capital Endowment Funds	Total Funds
		2016 £	2016 £	2016 £	2016 £	2016 £
NET INCOME /(EXPENDITURE) BEFORE INVESTMENT GAINS		(136,351)	70,947	52,361	(105,796)	(118,839)
NET GAINS ON INVESTMENTS	17	(244,068)	207,212	5,473	523,245	491,862
NET INCOME/(EXPENDITURE)		(380,419)	278,159	57,834	417,449	373,023
TRANSFERS BETWEEN FUNDS	23/24	146,894	(175,394)	40,000	(11,500)	-
OTHER RECOGNISED GAINS/(LOSSES)						
Revaluation of Properties				(110,500)		(110,500)
Valuation of Properties Introduced	16	195,000	-	100,000	-	295,000
NET MOVEMENT IN FUNDS		(38,525)	102,765	87,334	405,949	557,523
Total Funds Brought Forward		4,951,567	3,199,625	1,560,390	4,223,805	13,935,387
TOTAL FUNDS CARRIED FORWARD		<u>4,913,042</u>	<u>3,302,390</u>	<u>1,647,724</u>	<u>4,629,754</u>	<u>14,492,910</u>

		2015 £	2015 £	2015 £	2015 £	2015 £
NET INCOME /(EXPENDITURE) BEFORE INVESTMENT GAINS		(127,645)	128,672	212,302	(186,360)	26,969
NET GAIN ON INVESTMENTS	17	261,145	(16,110)	(416)	(44,470)	200,149
NET INCOME/(EXPENDITURE)		133,500	112,562	211,886	(230,830)	227,118
TRANSFERS BETWEEN FUNDS	23/24	231,632	(231,632)			-
OTHER RECOGNISED GAINS/(LOSSES)						
Valuation of Properties Introduced	16	-	-			-
NET MOVEMENT IN FUNDS		365,132	(119,070)	211,886	(230,830)	227,118
Total Funds Brought Forward		4,586,435	3,318,695	1,348,504	4,454,635	13,708,269
TOTAL FUNDS CARRIED FORWARD		<u>4,951,567</u>	<u>3,199,625</u>	<u>1,560,390</u>	<u>4,223,805</u>	<u>13,935,387</u>

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

SUMMARY OF INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the Year Ended 31 December 2016

		2016	2015
		£	£
Gross Income (per SOFA)		5,558,049	5,848,857
Expenditure (per SOFA)		<u>5,676,888</u>	<u>5,821,888</u>
Operating (Deficit)/Surplus For the Year		(118,839)	26,969
Realised Gains on Investments			
Realised Gains on Investments	213,999		67,397
Realised Gains on Investment Properties	20,838		-
Realised (Loss) on Fixed Assets	<u>(5)</u>		<u>-</u>
		<u>234,832</u>	<u>67,397</u>
		115,993	94,366
Unrealised Gains on Investments			
Revaluation (Loss)/Gain on Investment Property	(386,262)		270,403
Unrealised Gains/(Losses) on Investments	643,292		(137,651)
Revaluation (Loss) on Fixed Assets	(110,500)		
Valuation of Properties Introduced	<u>295,000</u>		
		<u>441,530</u>	<u>132,752</u>
SURPLUS FOR THE YEAR		<u><u>557,523</u></u>	<u><u>227,118</u></u>

None of the charity's activities were acquired or discontinued during the above two financial years.

A statement of financial activities is shown on pages 19 to 21 to the financial statements.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<u>FIXED ASSETS</u>					
Tangible Assets	16	278,930		244,187	
Investments	17	9,725,285		9,290,837	
			10,004,215		9,535,024
<u>CURRENT ASSETS</u>					
Debtors	18	950,858		984,764	
Investments	19	1,211,670		1,381,000	
Cash at Bank and in Hand		3,700,260		3,357,428	
		5,862,788		5,723,192	
CREDITORS: Due Within One Year	20	899,818		848,554	
NET CURRENT ASSETS			4,962,970		4,874,638
TOTAL ASSETS LESS CURRENT LIABILITIES			14,967,185		14,409,662
CREDITORS: Due More Than One Year	21		474,275		474,275
NET ASSETS			14,492,910		13,935,387
<u>FUNDS</u>					
Restricted Capital Endowment Funds	22		4,629,754		4,223,805
Restricted Income Funds	23		1,647,724		1,560,390
Designated Funds	24		3,302,390		3,199,625
Unrestricted Funds	25				
Revaluation Reserve Fund		1,914,614		2,261,097	
General Funds		2,998,428		2,690,470	
			4,913,042		4,951,567
			14,492,910		13,935,387

The financial statements were approved by the Trustees on

NICHOLAS GRIFFIN
(CHAIRMAN)

NIGEL ROBERTS
(DIRECTOR)

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

CASHFLOW STATEMENT
For the Year Ended 31 December 2016

Notes	£	2016 £	£	2015 £
27				
Net Cash provided by/(used in) operating activities		(478,681)		(367,897)
Cash flows from investing activities:				
Dividends, interest and rents from investments	446,461		414,262	
Purchase of property, plant and equipment	(73,208)		(8,400)	
Proceeds from the sale of investment property	40,000			
Purchase of investment property	(232,262)		(269,464)	
Proceeds from the sale of investments	535,232		415,817	
Purchase of investments	(1,000)		(182,796)	
Net Cash provided by/(used in) investing activities		715,223		369,419
Cashflows from financing activities:				
Receipt of endowment		26,511		99,291
Change in cash and cash equivalents in the reporting period		263,053		100,813
Cash and cash equivalents at the beginning of the reporting period		4,895,384		4,794,571
Cash and cash equivalents at the end of the reporting period		<u>5,158,437</u>		<u>4,895,384</u>

The notes on pages 25 to 49 form part of the financial statements

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

1 ACCOUNTING POLICIES

Charity information

The charity is a private company limited by guarantee incorporated in England and Wales. The registered office is Diocesan Office, Abergwili, Carmarthen, Carmarthenshire, SA31 2JG.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention with the exception of freehold properties, which are included at their fair value, and fixed asset investments, which are included at their fair value at the Balance Sheet date. The financial statements have been prepared in accordance with the charity's governing document and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (as amended for accounting periods commencing from 1 January 2016) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The charity is a Public Entity as defined by FRS 102.

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

The principle accounting policies are as follows.

INCOME

All income is included in the SOFA when the charity is legally entitled to the income, ultimate receipt is probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Ministry Share

Ministry Share is recognised as income in the year in which it is receivable.

Legacies

Legacies are accounted for when received or, if before receipt, there is sufficient evidence to provide the necessary certainty that the legacy will be received and the value can be measured with sufficient reliability.

Grants Receivable

The charity receives grants from the Welsh Government towards the building costs of church schools and from the Representative Body of the Church in Wales towards the management costs of the Board of Finance. Grants are recognised in full in the SOFA in the year in which they are receivable.

Investment Income

Dividends and interest are accounted for as and when they are receivable.

INVESTMENTS

Marketable investments are shown at fair value (that is their middle market value) at the balance sheet date. The net surplus or deficit on revaluation during the year is pro-rated to the specific fund, based on the number of units, as a percentage of the total units to which the investment relates.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

EXPENDITURE

All expenditure is included on an accruals basis and recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the SOFA with the exception of support costs which comprise management and administration costs. These have been apportioned over charitable activity expenditure on the basis of costs for each category prior to the inclusion of support costs. The charity is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

TANGIBLE FIXED ASSETS

Land And Buildings

Freehold property is included at its revalued amount as the Trustees are of the opinion that this gives an accurate reflection of its fair value, as it is the Trustees' policy to ensure these properties are fully maintained.

No depreciation is provided on freehold property, as the Trustees are of the opinion that these buildings are maintained in such a state of repair that their residual value is at least equal to their fair value. As a result the corresponding depreciation charge would not be material and therefore is not charged in the SOFA.

Leasehold premises are amortised over the term of the lease.

Reverters

Where on the disposal of properties held by the charity as custodian trustee, reverters exist, the proceeds of disposal, net of all costs and taxation, are remitted to the revertee. Investigation into the reverter status is made as and when such properties are returned to the custodian trustee.

Heritage Assets

The Board holds land and buildings as custodian trustee and derives no financial benefit from these assets unless or until disposed of. Other properties held by the Board, which consist of church and school properties, are classified by the trustees as heritage assets under the terms of SORP 2015.

Following the publication of SORP 2015 – section 18 – Heritage Assets, the Executive Committee of the St Davids Diocesan Board of Finance has reconsidered the nature of its heritage assets.

Many of these properties were acquired without cost as a result of bequests or transfers and the Executive Committee does not consider it practical or appropriate to attribute any value to them in view of the significant costs involved in the reconstruction or analysis of past accounting records and the onerous nature of the valuations compared with the additional benefit derived by users of the accounts.

Expenditure which, in the Executive Committee's view, is required to prevent deterioration of these assets is recognised in the Statement of Financial Activities when it is incurred.

Office Furniture And Equipment

Office furniture and equipment is stated at cost less depreciation. Depreciation is provided at a rate calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives at 10% - 33½% straight line.

From 1 January 2010 it has been agreed that office furniture and equipment costing less than £1,000 will be written off in the year of purchase.

Holiday Lets Furnishings and Fittings

Furnishings and Fittings are stated at cost less depreciation. Depreciation is provided at a rate calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives at 10% - 33½% straight line.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

PENSIONS

The charity operates a defined contribution scheme for its employees.

The funds of the defined contribution scheme are held in funds separate to those of the charity in independently administered funds. The pension cost charge represents the amounts payable by the charity to the funds in respect of the year.

BAD DEBTS

A general provision is made for bad debts if recoverable amounts are deemed irrecoverable.

FUND ACCOUNTING

Funds held by the charity are:

Unrestricted General Funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated Funds – these are funds which have been transferred from the Unrestricted General Funds to be used in accordance with the charitable objects at the discretion of the trustees.

Restricted Income Funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted Capital Endowment Funds – these are funds which have been entailed over many years and relate in the main to funds held on behalf of parishes. Investment returns are released to the parishes, where applicable. When returns are not released, they are retained by the Board within this Fund. Any capital gains or losses arising on the investments form part of that fund. Investment management charges relating to the fund are charged against the fund.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

Financial Instruments

Financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at transaction price (including transaction costs). The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. With the exception of fixed asset investments, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
2 Donations and Legacies	2016	2016	2016	2016	2016
	£	£	£	£	£
Ministry Share	3,417,644	-	-	-	3,417,644
RB: Block Grant	664,330	-	494,900	-	1,159,230
RB : Improvement Fund	-	-	115,448	-	115,448
Grants	20,457	166,667	61,195	-	248,319
Legacies	83	-	-	26,511	26,594
Isla Johnson	3,000	-	-	-	3,000
Donations	610	-	890	-	1,500
Contributions	3,228	-	35,572	-	38,800
	4,109,352	166,667	708,005	26,511	5,010,535

In 2016 £12,124 (2015: £11,828) was received as a grant from the Allchurches Trust Limited.

2 Donations and Legacies	2015	2015	2015	2015	2015
	£	£	£	£	£
Ministry Share	3,399,181	-	-	-	3,399,181
RB: Block Grant	650,430	-	508,800	-	1,159,230
RB :Improvement Fund	-	-	243,674	-	243,674
Grants	20,162	166,667	82,335	-	269,164
Legacies	-	-	-	99,291	99,291
Isla Johnson	3,000	-	-	-	3,000
Donations	1,280	-	2,174	-	3,454
Contributions	-	-	627	-	627
	4,074,053	166,667	837,610	99,291	5,177,621

3 Charitable Activities	2016	2016	2016	2016	2016
	£	£	£	£	£
Chaplaincy Fees	56,444	-	-	-	56,444
Exploring Faith:Fees/Resource Sales	-	-	-	-	-
Sale of Publications	1,720	-	-	-	1,720
	58,164	-	-	-	58,164

3 Charitable Activities	2015	2015	2015	2015	2015
	£	£	£	£	£
Chaplaincy Fees	48,539	-	-	-	48,539
Exploring Faith:Fees/Resource Sales	-	-	-	-	-
Sale of Publications	-	-	-	-	-
	48,539	-	-	-	48,539

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
4 Investments	2016	2016	2016	2016	2016
	£	£	£	£	£
Rents Received	56,963	-	24,322	-	81,285
RB Common Investment Fund	80	-	-	-	80
DBF Common Investment Fund	44,883	46,759	9,643	104,380	205,665
Rents Received: Parsonage Board	-	-	125,368	-	125,368
Interest	11,835	9,104	7,100	1,848	29,887
Realisation of Trusts	206	-	3,970	-	4,176
	113,967	55,863	170,403	106,228	446,461
4 Investments	2015	2015	2015	2015	2015
	£	£	£	£	£
Rents Received	53,923	-	17,669	-	71,592
RB Common Investment Fund	78	-	-	-	78
DBF Common Investment Fund	46,875	46,064	1,497	106,047	200,483
Rents Received: Parsonage Board	-	-	113,907	-	113,907
Interest	10,568	9,727	6,201	1,706	28,202
	111,444	55,791	139,274	107,753	414,262
5 Other Sources	2016	2016	2016	2016	2016
	£	£	£	£	£
Contribution:Housing Association	5,625	-	-	-	5,625
Sale of Properties	22,000	-	-	-	22,000
Administration Fee:Sale of Property	1,200	-	1,275	-	2,475
Marriage Licences	1,320	-	-	-	1,320
Sundry Income	209	-	11,260	-	11,469
	30,354	-	12,535	-	42,889
5 Other Sources	2015	2015	2015	2015	2015
	£	£	£	£	£
Contribution:Housing Association	5,515	-	-	-	5,515
Sale of Properties	-	-	165,000	-	165,000
Administration Fee:Sale of Property	5,600	-	8,000	-	13,600
Marriage Licences	580	-	-	-	580
Sundry Income	5,759	7,101	10,880	-	23,740
	17,454	7,101	183,880	-	208,435

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
6 Raising Funds	2016	2016	2016	2016	2016
	£	£	£	£	£
	11,757	9,681	256	25,220	46,914
6 Raising Funds	2015	2015	2015	2015	2015
	£	£	£	£	£
	10,604	9,225	238	24,597	44,664
7 Support for Ministry	2016	2016	2016	2016	2016
	£	£	£	£	£
Stipends, Fees & Pensions					
Stipends	2,405,454	-	-	-	2,405,454
Pension-Employers Contribution	700,718	-	-	-	700,718
Vacancy Fees	60,125	-	-	-	60,125
Death in Service Insurance	-	-	-	-	-
Property					
Council Tax	152,943	-	-	-	152,943
Parsonage Board	-	-	712,971	-	712,971
Rent	3,600	-	-	-	3,600
Insurance on Parsonages	23,668	-	-	-	23,668
Centre of Mission	46,010	-	-	-	46,010
Clergy Expenses					
Clergy/Chaplains Expenses	6,667	-	-	-	6,667
Removal/Disturbance Allowance	47,598	-	-	-	47,598
Archdeacons and Area Deans	28,189	-	-	-	28,189
Recruitment Costs	3,708	-	-	-	3,708
Training					
Ordinands/NSM	87,297	-	-	-	87,297
Lay Training	15,257	-	-	-	15,257
CMD/Vocations Advisers	12,403	-	-	-	12,403
Spiritual Directors	116	-	-	-	116
Clergy School	25,000	-	9,084	-	34,084
Support Costs	346,803	-	27,271	-	374,074
	3,965,556	-	749,326	-	4,714,882

THE ST DAVIDS DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
7 Support for Ministry	2015	2015	2015	2015	2015
	£	£	£	£	£
Stipends, Fees & Pensions					
Stipends	2,384,431	-	-	-	2,384,431
Pension-Employers Contribution	706,936	-	-	-	706,936
Vacancy Fees	63,081	-	-	-	63,081
Death in Service Insurance	-	-	-	-	-
Property					
Council Tax	146,800	-	-	-	146,800
Parsonage Board	-	-	754,855	-	754,855
Insurance on Parsonages	25,545	-	-	-	25,545
Clergy Expenses					
Clergy/Chaplains Expenses	5,215	-	-	-	5,215
Removal/Disturbance Allowance	58,701	-	-	-	58,701
Archdeacons and Area Deans	20,325	-	-	-	20,325
Recruitment Costs	2,383	-	-	-	2,383
Training					
Ordinands/NSM	100,526	-	-	-	100,526
Lay Training	28,183	-	-	-	28,183
CMD/Vocations Advisers	6,378	-	-	-	6,378
Spiritual Directors	198	-	-	-	198
Clergy School	-	-	-	-	-
Support Costs	277,884	-	21,115	-	298,999
	3,826,586	-	775,970	-	4,602,556

THE ST DAVIDS DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
8 Support for Parishes	2016 £	2016 £	2016 £	2016 £	2016 £
Sector Ministry Costs	6,530	-	1,414	-	7,944
Safeguarding	(2,641)	-	-	-	(2,641)
Local Ministry Area Initiative Grants	-	13,936	-	-	13,936
Grants to Parishes	-	53,350	3,380	-	56,730
Legal and Professional Fees	1,570	-	-	-	1,570
Diocesan Strategy	-	10,558	-	-	10,558
Children and Youth	-	61,956	-	-	61,956
Funding and Parish Support	129,015	-	-	-	129,015
Support Costs	17,944	-	-	7,442	25,386
	152,418	139,800	4,794	7,442	304,454

8 Support for Parishes	2015 £	2015 £	2015 £	2015 £	2015 £
Sector Ministry Costs	6,280	-	1,134	-	7,414
Child Protection Expenses	22,081	-	-	-	22,081
Local Ministry Area Initiative Grants	-	12,606	-	-	12,606
Grants to Parishes	-	9,710	48	-	9,758
Legal and Professional Fees	2,592	-	-	-	2,592
Diocesan Strategy	-	17,609	-	-	17,609
Funding and Parish Support	204,669	-	-	-	204,669
Support Costs	22,078	-	-	8,868	30,946
	257,700	39,925	1,182	8,868	307,675

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
9 Church Property	2016	2016	2016	2016	2016
	£	£	£	£	£
Custodian Expenses	6,952	-	-	-	6,952
Quinquennial Inspections	31,104	-	-	-	31,104
Diocesan Advisory Committee	18,000	-	-	-	18,000
Investment Property:	-	-	-	-	-
Maintenance Expenses	26,827	-	-	-	26,827
Insurance Premiums	1,173	-	-	-	1,173
Legal & Professional Fees	21,760	-	-	-	21,760
Other Buildings: Repairs/Insurance	4,263	-	-	-	4,263
Church Schools (Open and Closed)	-	-	60,920	-	60,920
Support Costs	11,165	-	22,650	-	33,815
	121,244	-	83,570	-	204,814

9 Church Property	2015	2015	2015	2015	2015
	£	£	£	£	£
Custodian Expenses	3,973	-	-	-	3,973
Quinquennial Inspections	44,950	-	-	-	44,950
Diocesan Advisory Committee	18,000	-	-	-	18,000
Investment Property:	-	-	-	-	-
Maintenance Expenses	8,710	-	-	-	8,710
Insurance Premiums	1,925	-	-	-	1,925
Legal & Professional Fees	10,825	-	26,750	-	37,575
Other Buildings: Repairs/Insurance	-	-	-	-	-
Church Schools (Open and Closed)	-	-	113,904	-	113,904
Support Costs	7,396	-	22,171	-	29,567
	95,779	-	162,825	-	258,604

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total
	General	Designated	Income	Capital	Funds
	Funds	Fund	Funds	Endowment	
				Funds	
10 Other Financial Support	2016	2016	2016	2016	2016
	£	£	£	£	£
Grants: Church in Wales Bodies	103,877	-	-	-	103,877
Grants: Anglican/Ecumenical/Other	500	-	-	-	500
Other Grants	33,200	-	636	-	33,836
Support Costs	13,102	-	-	-	13,102
	150,679	-	636	-	151,315
10 Other Financial Support	2015	2015	2015	2015	2015
	£	£	£	£	£
Grants: Church in Wales Bodies	102,269	-	-	-	102,269
Grants: Anglican/Ecumenical/Other	500	-	-	-	500
Other Grants	29,650	51,737	8,247	-	89,634
Support Costs	10,401	-	-	-	10,401
	142,820	51,737	8,247	-	202,804
11 Communication	2016	2016	2016	2016	2016
	£	£	£	£	£
Newsletters/Diocesan Publications	12,698	-	-	-	12,698
Year Book	2,877	-	-	-	2,877
Pembrokeshire Show	2,928	-	-	-	2,928
Support Costs	28,031	-	-	-	28,031
	46,534	-	-	-	46,534
11 Communication	2015	2015	2015	2015	2015
	£	£	£	£	£
Newsletters/Diocesan Publications	13,786	-	-	-	13,786
Year Book	-	-	-	-	-
Pembrokeshire Show	4,164	-	-	-	4,164
Support Costs	27,696	-	-	-	27,696
	45,646	-	-	-	45,646

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
12 Other	2016	2016	2016	2016	2016
	£	£	£	£	£
Payment of Trust Income	-	-	-	85,609	85,609
Realisation of Trust Capital	-	2,102	-	34,497	36,599
Payment of Legacies	-	-	-	85,767	85,767
	-	2,102	-	205,873	207,975

12 Other	2015	2015	2015	2015	2015
	£	£	£	£	£
Payment of Trust Income	-	-	-	87,325	87,325
Realisation of Trust Capital	-	-	-	197,478	197,478
Payment of Legacies	-	-	-	75,136	75,136
	-	-	-	359,939	359,939

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

13 FUNDING AND PARISH SUPPORT	2016	2015
	£	£
Prompt Payment Discount	129,015	118,901
Increase in Unpaid Ministry Share Provision	-	85,768
	<u>129,015</u>	<u>204,669</u>

In 2013, the Board adopted a policy to mitigate arrears of ministry share which could be identified as due from churches which had closed and where there were no other available funds to meet the arrears.

14 SUPPORT COSTS	2016	2015
	£	£
Salaries and Related Payments	239,656	224,440
Travelling Expenses	7,891	6,247
Expenses Staff Members	4,461	5,171
Office Cleaning	2,251	2,810
Hire of Rooms	-	250
Heating and Lighting	6,809	5,601
Telephone	2,600	1,979
Printing, Stationery and Office Sundries	6,961	5,557
Postage	4,486	5,048
Ground Rent of Offices	18,000	18,000
Water Rates	1,023	1,004
Office Security	1,353	1,401
Insurances (including Trustees Indemnity Insurance)	7,995	8,194
Depreciation	27,960	3,945
Repairs and Renewals	13,011	4,643
Legal and Professional	35,944	20,447
Audit Fee	11,770	18,400
Training Courses	2,633	399
Bank Charges and Interest	63	30
Miscellaneous	7,145	6,032
Diocesan and Archdeacons Registrars Expenses	26,302	25,534
Computer Software and Support	4,424	3,828
Land Registry Charges	28	40
Tourism Group	1,879	1,528
Office Equipment	368	4,968
Grantfinder	2,107	2,046
Governing Body Meeting Expenses	11,819	9,388
Translation Fees	1,213	1,123
Diocesan Conference	4,712	3,839
Other Sundry Expenses	3,297	4,842
Anglican Database	500	875
Companies House and ICO Fees	48	
Advertising	120	
Medical Fees	3,141	
Contribution to Support Costs from Restricted Funds	(44,925)	(52,154)
	<u>417,045</u>	<u>345,455</u>
Governance costs included within the above support costs	<u>79,403</u>	<u>61,733</u>

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

15 MINISTRY SHARE RECEIVABLE

	Opening Balance 1 January 2016 £	Ministry Share 2016 £	Paid 2016 £	Closing Balance 31 December 2016 £	Ministry Share 2015 £
ST DAVIDS ARCHDEACONRY					
Dewisland & Fishguard Deanery	15,416	220,126	(215,976)	19,566	211,569
Daugleddau Deanery	6,554	199,015	(190,029)	15,540	201,015
Pembroke Deanery	41,912	485,815	(464,078)	63,649	473,455
Roose Deanery	26,695	287,965	(287,970)	26,690	275,458
TOTAL	90,577	1,192,921	(1,158,053)	125,445	1,161,497
CARDIGAN ARCHDEACONRY					
Emlyn Deanery	384	95,601	(96,006)	(21)	92,674
Glyn Aeron Deanery	5,103	193,992	(187,967)	11,128	192,913
Cemais & Sub Aeron Deanery	52,663	168,232	(217,371)	3,524	172,074
Lampeter & Ultra Aeron Deanery	42,557	133,037	(138,088)	37,506	129,213
Llanbadarn Fawr Deanery	50,461	426,437	(434,837)	42,061	438,413
TOTAL	151,168	1,017,299	(1,074,269)	94,198	1,025,287
CARMARTHEN ARCHDEACONRY					
Carmarthen Deanery	64,951	344,241	(334,762)	74,430	354,583
Dyffryn Aman Deanery	9,470	192,422	(193,439)	8,453	192,802
Kidwelly Deanery	47,540	422,739	(438,222)	32,057	417,660
Llandeilo & Llandovery Deanery	33,840	248,022	(242,530)	39,332	247,353
TOTAL	155,801	1,207,424	(1,208,953)	154,272	1,212,398
ARCHDEACONRY TOTALS					
ST DAVIDS ARCHDEACONRY	90,577	1,192,921	(1,158,053)	125,445	1,161,497
CARDIGAN ARCHDEACONRY	151,168	1,017,299	(1,074,269)	94,198	1,025,287
CARMARTHEN ARCHDEACONRY	155,801	1,207,424	(1,208,953)	154,272	1,212,398
DIOCESAN TOTAL	397,546	3,417,644	(3,441,275)	373,915	3,399,182

Opening and closing balances include amounts received in advance. Paid amounts represent cash received and discounts allowed.

The opening balances at 1 January 2016 together with the 2016 and 2015 Ministry Share allocation figures have been amended to reflect boundary changes.

* Signifies that within this Deanery, some churches have entered into a 'Ministry Share Arrears Agreement' to repay the arrears over an agreed repayment period.

The amount of arrears covered by these agreements at 31 December 2016 amounted to £44,119 (2015 £92,184).

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

15 MINISTRY SHARE RECEIVABLE (Cont'd)

	Opening Balance 1 January 2015 £	Ministry Share 2015 £	Paid 2015 £	Closing Balance 31 December 2015 £	Ministry Share 2014 £
ST DAVIDS ARCHDEACONRY					
Dewisland & Fishguard Deanery	15,458	181,236	(185,619)	11,075	191,116
Daugleddau Deanery	5,356	201,015	(199,817)	6,554	216,488
Pembroke Deanery	54,216	499,977	(510,097)	44,096	551,175
Roose Deanery	20,727	275,458	(269,490)	26,695	294,513
TOTAL	95,757	1,157,686	(1,165,023)	88,420	1,253,292
CARDIGAN ARCHDEACONRY					
Emlyn Deanery	-	92,674	(92,290)	384	101,996
Glyn Aeron Deanery	(1,934)	192,913	(185,876)	5,103	209,095
Cemais & Sub Aeron Deanery	63,798	202,407	(209,201)	57,004	218,510
Lampeter & Ultra Aeron Deanery	38,600	129,213	(125,256)	42,557	134,505
Llanbadarn Fawr Deanery	56,009	438,413	(443,961)	50,461	438,720
TOTAL	156,473	1,055,620	(1,056,584)	155,509	1,102,826
CARMARTHEN ARCHDEACONRY					
Carmarthen Deanery	55,148	328,061	(320,442)	62,767	373,354
Dyffryn Aman Deanery	19,538	192,801	(202,869)	9,470	202,751
Kidwelly Deanery	57,624	417,660	(427,744)	47,540	417,547
Llandeilo & Llandovery Deanery	26,089	247,353	(239,602)	33,840	257,391
TOTAL	158,399	1,185,875	(1,190,657)	153,617	1,251,043
ARCHDEACONRY TOTALS					
ST DAVIDS ARCHDEACONRY	95,757	1,157,686	(1,165,023)	88,420	1,253,292
CARDIGAN ARCHDEACONRY	156,473	1,055,620	(1,056,584)	155,509	1,102,826
CARMARTHEN ARCHDEACONRY	158,399	1,185,875	(1,190,657)	153,617	1,251,043
DIOCESAN TOTAL	410,629	3,399,181	(3,412,264)	397,546	3,607,161

Opening and closing balances include amounts received in advance. Paid amounts represent cash received and discounts allowed.

The opening balances at 1 January 2015 and the 2015 and 2014 Ministry Share allocation figures have been amended to reflect boundary changes.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

16 TANGIBLE ASSETS

	Freehold Property Restricted	Leasehold Premises (More Than 50 Years)	Office Equipment/ Furniture & Fittings	Total
	£	£	£	£
FAIR VALUE				
At 1 January	175,000	94,418	35,278	304,696
Additions	100,000	-	73,208	173,208
Revaluations	(110,500)	-	-	(110,500)
Disposals	-	-	(1,284)	(1,284)
At 31 December	<u>164,500</u>	<u>94,418</u>	<u>107,202</u>	<u>366,120</u>
DEPRECIATION				
At 1 January	-	30,867	29,642	60,509
Charge for Year	-	1,145	26,815	27,960
Charge on Disposals	-	-	(1,279)	(1,279)
At 31 December	<u>-</u>	<u>32,012</u>	<u>55,178</u>	<u>87,190</u>
FAIR VALUE				
At 31 December	<u>164,500</u>	<u>62,406</u>	<u>52,024</u>	<u>278,930</u>
At 1 January	<u>175,000</u>	<u>63,551</u>	<u>5,636</u>	<u>244,187</u>

No depreciation is provided in freehold property as the Trustees are of the opinion that these buildings are maintained in such a state of repair that their residual value is at least equal to their fair value. As a result the corresponding depreciation charge would not be material and therefore is not charged to the SOFA. A valuation of the freehold property was undertaken at 31 December 2016, in accordance with the requirements of FRS102 and the fair value was adjusted to reflect the valuations.

Fair Value is Represented by:

	Freehold Property Unrestricted	Freehold Property Restricted	Leasehold Premises (More Than 50 Years)	Office Equipment/ Furniture & Fittings	Total
	£	£	£	£	£
Cost/Valuation	-	164,500	94,418	107,202	366,120
	<u>-</u>	<u>164,500</u>	<u>94,418</u>	<u>107,202</u>	<u>366,120</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

16 TANGIBLE ASSETS (Cont'd)

FREEHOLD PROPERTY VALUATION

Numerous properties are registered with the Land Registry in the name of the Board. Exact ownership of some of these properties and any trustee status has, to date, been investigated on a case by case basis, with the Charity Commission and/or the Welsh Government.

In 2014 the Board awarded a contract to seek to ascertain the ownership of those properties with the intention of including those identified as being owned by the Board in its financial accounts. This work was completed in 2016. There is still additional work to be undertaken to ascertain the ownership of several properties. No value has been placed on properties which are either subject to a reverter or where it has not been possible to ascertain its status.

The freehold property relates to properties owned by the Endowed Schools Fund and includes one property which is leased and four former schools which are either used as church halls or a Community Association.

The leased property was valued at 31 December 2016 by an independent valuer, while the other four properties have been valued by Directors/Trustees.

LEASEHOLD PREMISES

The leasehold was taken out on 10 September 1973 for a period of 99 years and any improvements are written off over the unexpired period of the lease.

Following the renovation works on the Diocesan Office, which were completed late 2011, a new lease was to be re-drafted. It has now been agreed that the Board will purchase the property during 2017.

HERITAGE ASSETS

The Board holds land and buildings as Custodian Trustee which the Charities SORP 2015 (FRS 102) classed as inalienable assets.

The land and buildings are primarily used as schools and church halls. Due to the nature of the assets the Trustees of the Board are of the opinion that they fall within the scope of heritage assets given in the Charities SORP 2015 (FRS 102).

The age of the buildings vary significantly but the Board became Custodian Trustee of the majority of the properties between 1944 and 1947.

17 INVESTMENTS

	2016		2015	
	Market Value £	Cost £	Market Value £	Cost £
Restricted Capital Endowment Fund	<u>4,407,236</u>	<u>3,615,669</u>	<u>4,033,609</u>	<u>3,308,552</u>
Restricted Income Funds:				
Diocesan Ordinands Fund	1,294	993	1,146	895
Endowed Schools Fund	<u>44,373</u>	<u>34,039</u>	<u>39,295</u>	<u>30,704</u>
	<u>45,667</u>	<u>35,032</u>	<u>40,441</u>	<u>31,599</u>
Designated Funds:				
M H Jones Olszowski	<u>1,698,660</u>	<u>1,303,065</u>	<u>1,564,956</u>	<u>1,588,000</u>
Unrestricted General Fund	<u>1,012,722</u>	<u>776,873</u>	<u>896,831</u>	<u>700,761</u>
	<u>7,164,285</u>	<u>5,730,639</u>	<u>6,535,837</u>	<u>5,628,912</u>

THE ST DAVIDS DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2016

17 INVESTMENTS (Cont'd)

The above investments can also be analysed as follows:

	2016	2015
Listed Investments	5,780,562	5,328,534
Government Securities and Fixed Interest	1,137,216	1,050,347
Cash Held on Deposit	246,507	156,956
	<u>7,164,285</u>	<u>6,535,837</u>

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
	£	£	£	£
Investment Properties - Unrestricted Funds	<u>2,561,000</u>	<u>882,235</u>	<u>2,755,000</u>	<u>689,973</u>
	Investments	Investment Properties		Total Investments
	£	£		£
At 1 January	6,535,837	2,755,000		9,290,837
Additions	6,512	232,262		238,774
Revaluations	-	(386,262)		(386,262)
Disposals	(161,120)	(40,000)		(201,120)
Realisation of Trust Capital	(34,497)	-		(34,497)
Realised Gains/(Losses)	213,999	-		213,999
Unrealised Gains/(Losses)	643,292	-		643,292
Investment Managers Fee	(39,738)	-		(39,738)
At 31 December	<u>7,164,285</u>	<u>2,561,000</u>		<u>9,725,285</u>

The freehold investment properties of the Board have been valued at fair value for investment purposes at £2,561,000 by a qualified independent valuer at 31 December 2016 and show a surplus of £1,678,765 over the cost. Four of the investment properties are leased. The land pertaining to two other properties are also leased. Two properties valued at £195,000 have been included in the accounts for 2016 having been identified as being owned by the Board.

The conversion of the farmhouse, one of the Board's investment properties, into two holiday lets was completed in September 2016 and are now actively being marketed.

Realised gains or losses arising from disposal of investments are included in the SOFA under the relevant funds.

The market value of investments has been taken at 31 December 2016 and includes all monies on deposit at cost.

In accordance with the Charities SORP 2015 the figures in the accounts are the market value of the investments.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

18 DEBTORS

	2016	2015
	£	£
Loans	590,853	600,104
Ministry Share Receivable from Benefices (Less Provision)	161,533	164,513
Sundry Debtors and Prepayments	198,472	220,147
	<u>950,858</u>	<u>984,764</u>

LOANS AS AT 31 DECEMBER 2016

	Balance 1 January 2016	Advance 2016	Interest 2016	Repaid 2016	Balance 31 December 2016
Diocesan Loans:					
St Davids Diocesan Housing Assn	40,352	-	522	(5,602)	35,272
Other Loans	957	850	-	(400)	1,407
Retired Clergy 1.5% Housing Loans	84,520	-	1,142	(5,763)	79,899
	<u>125,829</u>	<u>850</u>	<u>1,664</u>	<u>(11,765)</u>	<u>116,578</u>
Provincial Housing Loans:					
Equity Linked	474,275	-	-	-	474,275
	<u>474,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>474,275</u>
Totals	<u>600,104</u>	<u>850</u>	<u>1,664</u>	<u>(11,765)</u>	<u>590,853</u>

Provincial and Clergy Housing Loans are repayable on death or sale of property

19 CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Short Term Deposits	<u>1,211,670</u>	<u>1,381,000</u>

20 CREDITORS DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other Creditors	293,221	287,584
Ministry Share Received in Advance	18,892	16,967
Restricted Funds Creditors	587,705	544,003
	<u>899,818</u>	<u>848,554</u>

21 CREDITORS DUE MORE THAN ONE YEAR

	2016	2015
	£	£
Due to the Representative Body of The Church in Wales	<u>474,275</u>	<u>474,275</u>

Provincial Housing Loans are repayable on death or sale of property

Amounts due to the Representative Body of The Church in Wales have no specific repayment terms. However, repayment is immediate on death or sale of property.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

22 RESTRICTED CAPITAL ENDOWMENT FUND	2016	2015
	£	£
Balance as at 1 January	4,223,805	4,454,635
(Deficit) for the Year	(117,296)	(186,360)
Net Gain/(Loss) on Investments	523,245	(44,470)
Balance as at 31 December	<u>4,629,754</u>	<u>4,223,805</u>
Represented by:		
Capital	3,615,669	3,308,552
Income	222,518	190,196
Unrealised Profit (Market Value less Cost)	791,567	725,057
	<u>4,629,754</u>	<u>4,223,805</u>

Endowment funds have been entailed over many years and relate in the main to funds held on behalf of parishes. Investment returns are released to the parishes, where applicable. When returns are not released, they are retained by the Board within this Fund.

The Trustees have reference to legal advice provided by Carreg Law, solicitors; one of the Board's legal advisers.

	2016	2015
	£	£
At 1 January	4,223,805	4,454,635
Capital Introduced	26,511	99,291
Trust Income Received	106,228	107,753
Realisation of Trusts	(34,497)	(197,478)
Payment of Trust Income to Parishes etc.	(85,609)	(87,325)
Capital Withdrawn	(97,267)	(75,136)
Realised Gains	131,069	41,319
Unrealised Gains/ (Losses)	392,176	(85,789)
Investment Managers and Administration Fees	(32,662)	(33,465)
	<u>4,629,754</u>	<u>4,223,805</u>

23 RESTRICTED INCOME FUNDS

The Restricted Income Funds are restricted funds and are used for the following purposes:

Diocesan Ordinands Fund - For training for the Ministry in the Church in Wales

Mutual Responsibility and Interdependence (MRI) Fund - For grants to other Charitable Bodies and Causes (National and International)

Diocesan Endowed Schools Fund - For the erection, construction and/or repairs to Church Schools in the Diocese

Diocesan Endowed Schools (Welsh Government) Fund - For the repair and maintenance of specific agreed projects to Church Schools

Spirituality Fund - For specific missionary purposes including the payment for retreat and quiet days

Community Project Fund - For financing community projects including the building of community centres

Parsonage Board Fund - For the repair, maintenance and refurbishment of parsonages. Financed by the Diocesan Board of Finance and the Representative Body of the Church in Wales

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

23 RESTRICTED INCOME FUNDS (Cont'd)

Church Insurance Contingency Fund - Additional contributions from parishes to provide a working fund to ensure the block insurance is paid on time

	1 January 2016 £	Movement in Resources			31 December 2016 £
		Income £	Transfers £	Expenditure £	
Diocesan Ordinands Fund	13,657	2,558	-	(7)	16,208
Mutual Responsibility and Interdependence (MRI) Fund	1,727	-	-	(636)	1,091
Diocesan Endowed Schools Fund	912,398	178,356	40,000	(143,933)	986,821
Diocesan Endowed Schools (Welsh Government) Fund	-	50,385	-	(50,385)	-
Spirituality Fund	48,094	4,871	-	(10,498)	42,467
Community Project Fund	5,568	-	-	-	5,568
Parsonage Board Fund	517,432	759,842	-	(740,243)	537,031
Church Insurance Contingency Fund	61,514	404	-	(3,380)	58,538
	<u>1,560,390</u>	<u>996,416</u>	<u>40,000</u>	<u>(949,082)</u>	<u>1,647,724</u>

	1 January 2015 £	Movement in Resources			31 December 2015 £
		Income £	Transfers £	Expenditure £	
Diocesan Ordinands Fund	11,327	2,348	-	(18)	13,657
Mutual Responsibility and Interdependence (MRI) Fund	9,974	-	-	(8,247)	1,727
Diocesan Endowed Schools Fund	804,917	196,086	-	(88,605)	912,398
Diocesan Endowed Schools (Welsh Government) Fund	-	74,855	-	(74,855)	-
Spirituality Fund	48,318	910	-	(1,134)	48,094
Community Project Fund	5,568	-	-	-	5,568
Parsonage Board Fund	407,246	886,156	-	(775,970)	517,432
Church Insurance Contingency Fund	61,154	409	-	(49)	61,514
	<u>1,348,504</u>	<u>1,160,764</u>	<u>-</u>	<u>(948,878)</u>	<u>1,560,390</u>

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

24 DESIGNATED FUNDS

The Designated Funds are used for the following:

Redundant Churches Fund - To assist with the financial consequences of church closure

Bishop's Strategy for Ministry Fund - For new Mission and Ministry in the Diocese

Penlan Farm Fund - For Renovation/Restoration work

Local Ministry Area Initiative Fund - To assist Benefices with Mission Initiatives in Local Ministry Areas

M H Jones-Olszewski Fund - A memorial fund for the maintenance of mission and ministry

Transfers enacted in the year were £166,667 to the Children & Youth Mission Work Fund, £40,000 to Endowed Schools Fund and £114,431 to Unrestricted General Funds.

Children & Youth Mission Work Fund - To fund Children and Youth Mission and Outreach initiatives.

A transfer of £166,667 was received from the M H Jones-Olszewski Fund.

Pensions & Assistance Fund - To provide additional grants to Widows, Orphans and Dependents

Safeguarding Fund- To assist with costs incurred in the event of an investigation.

	1 January 2016 £	Income £	Transfers £	Expenditure £	31 December 2016 £
Redundant Churches Fund	36,797	167	(10,977)	-	25,987
Bishop's Strategy for Ministry Fund	359,216	2,764	23,296	(23,757)	361,519
Penlan Farm Fund	50,312	376	15	-	50,703
Local Ministry Area Initiative Fund	73,068	228	(73,296)	-	-
M H Jones-Olszewski Fund	2,340,215	257,086	(321,098)	(63,032)	2,213,171
Children & Youth Mission Work Fund	334,209	169,110	166,666	(62,693)	607,292
Pensions & Assistance Fund	5,808	11	-	(2,101)	3,718
Safeguarding Fund	-	-	40,000	-	40,000
	3,199,625	429,742	(175,394)	(151,583)	3,302,390

	1 January 2015 £	Income £	Transfers £	Expenditure £	31 December 2015 £
Redundant Churches Fund	99,547	578	(63,328)	-	36,797
Bishop's Strategy for Ministry Fund	346,445	2,508	40,000	(29,737)	359,216
Penlan Farm Fund	101,842	105	(51,635)	-	50,312
Local Ministry Area Initiative Fund	38,237	309	35,000	(478)	73,068
M H Jones-Olszewski Fund	2,732,624	51,360	(358,336)	(85,433)	2,340,215
Children & Youth Mission Work Fund	-	167,542	166,667	-	334,209
Pensions & Assistance Fund	-	7,157	-	(1,349)	5,808
	3,318,695	229,559	(231,632)	(116,997)	3,199,625

In 2014, a legacy from M H Jones-Olszewski of £2,651,746 was transferred from Unrestricted General Funds to a Designated Fund.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

25 GENERAL PURPOSES FUND	2016	2015
	£	£
Balance as at 1 January	4,951,567	4,586,435
Surplus/(Deficit) for the Year	10,543	103,987
Net (Loss)/Gain on Investments	(244,068)	261,145
Properties Introduced	195,000	
Balance as at 31 December	<u>4,913,042</u>	<u>4,951,567</u>

26 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund Balances at 31 December 2016 are represented by:					
Tangible Fixed Assets	114,430	-	164,500	-	278,930
Investment Assets	3,573,722	1,698,660	45,667	4,407,236	9,725,285
Current Assets	1,987,983	1,627,025	2,018,705	229,075	5,862,788
Current Liabilities	(288,818)	(23,295)	(581,148)	(6,557)	(899,818)
Long Term Liabilities	(474,275)	-	-	-	(474,275)
	<u>4,913,042</u>	<u>3,302,390</u>	<u>1,647,724</u>	<u>4,629,754</u>	<u>14,492,910</u>

27 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE UNREALISED GAINS

	2016	2015
Net Income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	115,993	94,366
Adjustments for:		
Depreciation charges	27,960	3,945
Realised (gains)/losses on investments	(213,999)	(67,397)
Realised (gains)/losses on investment properties	(20,838)	-
Dividends, interest and rents from investments	(446,461)	(414,262)
Loss/(profit) on the sale of fixed assets	5	-
(Increase)/decrease in debtors	33,906	(33,066)
Increase/(decrease) in creditors	51,264	147,808
Donations received for Endowment Fund Assets	(26,511)	(99,291)
Net Cash provided by/(used in) operating activities	<u>(478,681)</u>	<u>(367,897)</u>
Analysis of cash and cash equivalents		
Cash in hand	3,700,260	3,357,428
Short Term investments	1,211,670	1,381,000
Cash held within investments	246,507	156,956
Total Cash and Cash Equivalents	<u>5,158,437</u>	<u>4,895,384</u>

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

28 TRUSTEES AND EMPLOYEES

Payments amounting, in total, to £3,307 were made to ten Trustees during the year for travelling expenses when attending Board Meetings or other Diocesan matters.

No payments were made to Trustees in respect of their duties as Trustees of the Board. However, payments were made to eight Trustees for other duties amounting to £30,499. Payments of £25,653 were paid to the Diocesan Registrar.

	2016	2015
	£	£
EMPLOYEES:		
Staff Costs		
Gross Wages and Salaries	249,995	184,313
Employers NI	19,752	15,477
Other Pension Costs	33,544	24,650
	<hr/>	<hr/>
	303,291	224,440
	<hr/>	<hr/>
	2016	2015
The number of employees whose total employee benefits (excluding employers pension costs) purposes was as follows:		
£60,000 - £70,000	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>
	2016	2015
	£	£
The remuneration for Key Management personnel was	<hr/>	<hr/>
	158,750	136,458
	<hr/>	<hr/>
Average number of persons employed:		
Head Count	<hr/>	<hr/>
	12	8
Full Time Equivalent	<hr/>	<hr/>
	10	6
	<hr/>	<hr/>

29 PENSION COSTS

Defined Contribution Scheme:

The pension cost charge for the year is £33,544 (2015: £24,650). Unpaid contributions to the scheme at 31 December 2016 amounted to £Nil (2015: £Nil).

30 AUDITORS REMUNERATION

The auditors remuneration as auditors amounted to £11,770 (2015: £18,400)

31 TAXATION

The company is a registered charity and as such is not subject to United Kingdom taxation.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

32 CAPITAL AND OTHER COMMITMENTS

Capital Commitments

In 2016, a commitment of £380,000 has been made towards the provision of a new 3-16 year old Voluntary Aided School in St Davids/Solva.

This commitment represents the 15% Governors' contribution to the project. The Endowed Schools Restricted Fund will provide the majority of the funding for this commitment. The balance will be funded from three other sources.

In 2016, it was agreed that the Board would purchase the freehold of the Diocesan Office from the Representative Body of the Church in Wales for £300,000 plus an additional figure in respect of the background rent due. An accrual in respect of the ground rent due has been provided in the accounts.

Other Commitments

At the Balance Sheet date the Board had contracted for the following expenditure:

- The Board has agreed for additional legal work to be undertaken in relation to the Trusts and to obtain the basis on which they are held by the Board. The cost of this work will be billed at the usual hourly rate.
- The Board has agreed for additional legal work to be undertaken in relation to the properties vested in the Board to ascertain the basis on which they are held by the Board. The cost of this work will be billed at the usual hourly rate.
- The Board has instructed two independent valuers/surveyors to undertake a valuation of all the Board's properties at the Balance Sheet date. It is anticipated that the cost will be in the region of £5,000.

At the Balance Sheet date the Board had authorised but not contracted for the following expenditure:

- The Board has agreed to pay a contribution of £16,667 to the Emergency Aid Fund held by the Representative Body of the Church in Wales. This Fund is used to help Parishes meet the cost of emergency repairs to churchyard walls etc. where there are no other funding sources available.
- The Board has agreed to fund a project for five years. It will be known as a 'Centre of Mission' and will be situated in Haverfordwest. The project, which commenced in April 2016, will be funded, over the five years, by a £50,000 grant from the M H Jones-Olszwelski Designated Fund and a contribution from the Board of £336,750.
- The Board has agreed to provide grants amounting to £12,200, from the Bishop's Strategy for Ministry Fund to facilitate the formation of and projects in Local Ministry Areas.
- The Board has also agreed to fund the following commitments from the M H Jones-Olszwelski Designated Fund:
 - > A grant of £10,000 to the church at Saron, where the deceased used to worship, for the erection of a commemorative plaque and necessary alterations. The balance of this grant, amounting to £3,540, is anticipated to be paid out in 2017.
 - > £100,000 to be given to St Davids Diocesan Housing Association for renovation works. These properties are currently used to house retired clergy. During 2015, £50,388 of this grant was requested leaving the balance of £49,612 to be claimed in future years.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2016

- > £166,667 to be used annually for the three years, commencing in 2015, to match fund the additional grant from the Representative Body. This money, amounting to almost £1,000,000, is to be used towards children, youth and mission projects.
- > Grants in respect of Social Responsibility projects, amounting to £302,350, were awarded during 2015. At the Balance Sheet date £60,516 had been paid out. The remaining grants awarded, are scheduled to be released as follows: £140,750 in 2017, £55,000 in 2017 and the balance in 2018/19.

These amounts have not been provided for in the accounts.

The Parsonage Board Fund had commitments of £79,077 at the Balance Sheet date relating to repair work of which £5,502 will be reclaimed from the Representative Body of the Church in Wales.

32 CAPITAL AND OTHER COMMITMENTS (Cont'd)

Other Commitments (Cont'd)

The Endowed Schools Fund had commitments of £7,500 at the Balance Sheet date in respect of the purchase of land and legal fees relating to the obtaining of Welsh Government Consent Orders.

These amounts have not been provided for in the accounts.

33 CONTINGENT LIABILITIES

A potential claim has been lodged for £50,000 in respect of the sales proceeds from Burrows Field, St Davids. The proceeds of sale have been transferred into the Penlan Farm Designated Fund and ring fenced.

34 RELATED PARTY TRANSACTIONS

The Diocesan Registrar received a retainer amounting to £12,000 during the year which had been arranged under normal commercial terms.

The St Davids Diocesan Housing Association

In 2013, the Board advanced £50,000 in the form of a loan to the St Davids Diocesan Housing Association. The loan is repayable over 10 years at a rate of 1% over base. The loan balance owing at the Balance Sheet date amounted to £35,272 which is included in debtors.

The Board agreed in 2014 to grant £100,000 from the M H Jones-Olszweski Designated Fund to the Housing Association towards renovation works to be undertaken to its properties during 2015. The properties are currently used to house retired clergy. £50,388 of the grant has been utilised with the balance due to be spent in 2017/8.

The Housing Association pays ground rent to the Representative Body amounting to £7,100 per annum. The ground rent is credited to the Parsonage Board Restricted Income Fund. The debtor balance at the balance sheet date is £33,000.

The following Directors are also Directors of the St Davids Diocesan Housing Association: Mr N C P Griffin, Ven Dr W A Strange and Mr A Jenkins.

35 ULTIMATE CONTROLLING PARTY

There is no individual controlling party as the charity is managed by a Board of Trustees as detailed on pages 12 and 13.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2016.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- Directors Report of a charitable company
- Strategic Report under the Companies Act 2006 and
- Trustees Annual Report under the Charities Act 2011.

OBJECTIVES AND ACTIVITIES

The principal activity of the charity is to promote, aid and assist the objectives, work and business of the Church in Wales generally in the Diocese of St Davids.

The St Davids Diocesan Board of Finance's (the Board) key objectives are:

- To ensure that there is sufficient revenue to maintain the level of Mission and Ministry for the Diocese
- To manage the Diocesan Portfolio of investments so as to achieve a balance between income and capital growth, without taking undue risk
- To manage the property owned by and vested in the Board
- To enable an efficient, professional and administrative service across a range of administrative functions including:
 - management of trusts and other funds held by the Board
 - organisation of Board Meetings and Diocesan Committees
 - maintenance of databases, management information and legislative compliance.
 - provision of advice and support on a range of issues

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

For 2016 the main objectives were:

- **Fund Performance** – To make an asset return in accordance with the % agreed with the Board's Investment Advisers and which compared favourably against agreed benchmarks.
- **Reserves** – To maintain the agreed level of reserves in the Unrestricted General Fund.
- **Financial Stability** – To continue to ensure financial stability and enable the cost of Ministry to the Diocese.
- **Diocesan Strategy** – To liaise with the Bishop and her senior staff, to assist with the implementation of the Diocesan strategy which will respond to the current financial, economic and ministerial challenges being faced by the Church and meet the needs of the Diocese in conjunction with the separate overall review of the Church in Wales.

The short term objectives of the Board are as stated above.

In the long term, the Board is mindful of ensuring that the ministerial and structural changes proposed in the Diocesan Strategy reflect current thinking.

PUBLIC BENEFIT

The Trustees are aware of their responsibilities in ensuring that the Board delivers identifiable benefits to the public in accordance with established objectives and permitted activities. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. An amount has been committed towards funding projects associated with Social Responsibility in the wider community.

GRANT MAKING POLICIES

All grants made are agreed by the Board.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- **INVESTMENT PERFORMANCE**

- **Diocesan Portfolio Performance**

Rathbones (the Board's Independent Investment Adviser) reported that the beginning of 2016 was extremely volatile, with the UK equity market having its worst start to any year since 1929, driven by concerns that the US economy could go into recession and that Europe could face another banking crisis. These concerns were overdone and markets subsequently rebounded and strengthened further as the year progressed.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Growth over the rest of the year was driven by a number of factors, one of which was the UK's EU referendum and the consequences of the vote to leave. The main casualty from Brexit was the fall in the value of sterling, as investors accounted for expectations of lower economic growth and reduced investment. One impact of the fall in sterling has been to support returns from overseas assets or companies with overseas earnings. More than 70% of the revenues of FTSE 100 companies come from outside the UK, boosting the UK equity market. Overseas equities generally performed even more strongly.

The second major reason for the strong performance from equities during 2016 was the marked improvement in the global economy from the summer onwards. This improvement was across the globe encompassing the UK, Europe, US, Asia and Emerging Markets and has boosted expectations of future corporate profits.

The third major driver of returns, in the fourth quarter of 2016, was the surprise election of Donald Trump as President. Investors focused on the more positive aspects of a Trump Presidency such as tax cuts and infrastructure spending. These policies have been viewed by the investment community as 'reflationary' meaning higher rates of both economic growth and inflation. In the longer term, there are significant concerns that Trump's protectionist policies may negatively impact economic growth.

Global stock had a strong year with the FTSE All-Share and the FTSE World Ex-UK returning 16.75% and 30.35% respectively. The investment portfolio benefitted from this growth and produced a total return of 16.98%, broadly in line with the WMA Balanced Index which returned 17.37%.

At the end of the year the portfolio was worth £7,093,965 with a further £70,320 of cash held in a separately identifiable account.

➤ **Investment Property**

The investment property has been valued independently by a professional valuer at the open market value of the freehold land and buildings for investment purposes and it exceeds the historical cost by £1,678,765. If sold, there is no known taxation liability.

● **SUPPORTING THE MINISTRY**

Clergy Stipend Levels	2016	2015
	£	£
Assistant Curate	19,919	19,567
Incumbent and Vicar in Rectorial Benefice	23,434	23,020
Rector of Rectorial Benefice	24,606	24,171
Residentiary Canon	26,950	26,473
Archdeacon	35,855	35,221
Dean	36,323	35,681

The Board received a grant towards the Cost of Ministry from the Representative Body. Up to 31 December 2006, the Representative Body funded the total costs of clergy pensions, thereafter the cost of current clergy pension contributions has been met by the Board. The Board continues to meet the costs of ministerial training in conjunction with the Representative Body.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

The number of stipendiary clergy posts within the Diocese at 31 December 2016 was 91.

The Board received the following support from the Representative Body:

- Administration of payment of Council Tax on Parsonages
- I T Support
- Administration of Stipends
- Advice on Enforced Legislation e.g., Rent Smart Wales
- Human Resources
- Safeguarding

FINANCIAL REVIEW

• OVERALL FINANCIAL POSITION

The results for the year are shown on pages 19 to 21 in the Statement of Financial Activities. The excess of expenditure over income in respect of Unrestricted General Funds amounted to £136,351, which after adjustment for realised gains/(losses), the increase to market value and transfers, resulted in a deficit of £38,525.

The Board received a grant from the Representative Body towards various outgoing resources amounting to £1,159,230 (2015: £1,159,230). It has been agreed that the level of the Block Grant will be maintained at the 2015 figure for 2017 with a 1.47% reduction in 2018.

The other principle source of funding was Ministry Share amounting to £3,417,644.

During the year, £4,460,456 of incoming resources was utilised to meet the key objectives of maintaining the level of ministry and mission in the Diocese.

• RESERVES POLICY

The Trustees continually review the reserves of the Board as a matter of policy. Reviews encompass the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves.

Unrestricted General Reserves

The Board has concluded that its reserves should be a minimum six months of Unrestricted General Fund expenditure to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall.

The total Unrestricted General Funds have decreased from £4,951,567 to £4,913,042. These reserves include a Revaluation Reserve Fund amounting to £1,914,614. The reserves level equates to eight months reserves.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Designated Funds

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. The designated reserves are reviewed on an annual basis and returned to the Unrestricted General Funds in the event that there is no justification for their retention. A description of each fund together with its intended use is set out in Note 24. At the 31 December 2016, the total Designated Funds were £3,302,390 (2015: £3,199,625).

It is anticipated that during the next twelve months £307,622 of these Designated Funds will be spent.

Restricted and Endowment Funds

As set out in Notes 22 and 23 the Board holds and administers a number of Restricted and Endowment Funds. At 31 December, Restricted Funds amounted to £1,647,724 (2015: £1,560,390) and Endowment Funds amounted to £4,629,754 (2015: £4,223,805). None of these funds are available for the general purposes of the Board.

• PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

The risk register has identified four areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and associated mitigation strategies are:

Under Collection of Ministry Share

- Arrears are reported quarterly to and monitored by the Board. In addition, the arrears are reported to the Bishop and senior clerical staff at the monthly meetings.
- The Archdeacons contact a Parish to discuss the arrears when they reach in excess of £2,000. When applicable the Archdeacon and the Diocesan Secretary meet with the Parish to discuss and arrange a Ministry Share Arrears Agreement.
- A provision is made in the accounts for overdue Ministry Share which has a significant risk of proving uncollectable.

Under-Performance of Return on Investments

- Ongoing monitoring by the Board's Investment Adviser.
- Investment Sub Committee meets with the Board's Investment Adviser to discuss the Portfolio's performance twice a year.

Non-Payment and/or Reduction of the Block Grant by the Representative Body

- Ensure that the conditions of the Block Grant are complied with.
- Regular liaison and discussion with the Representative Body regarding any proposed changes.
- The Chairman and the Diocesan Secretary to monitor.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Data Protection

- Employment of a designated employee.
- Regular liaison with the Board's appropriate legal advisers.

• **INVESTMENT POLICY**

The Diocesan Portfolio is managed on a discretionary management basis by Rathbones. The objective is to place importance on total return rather than a specific return on income or capital appreciation in isolation.

The Board is holding a high level of cash reserves due to the interest rate earned on its current account balances being greater than those offered on short term deposits. These rates were offered by the Board's Banking provider following the completion of the review by the Board of its banking provision. It is not normally the policy of the Board to hold such a significant amount of its assets in cash.

Investment Objectives

The Board seeks to produce the best financial return without taking undue risk. The investment objective is to balance income and capital returns.

The assets should be managed to at least maintain the real capital value, whilst generating a sustainable level of investment income to support St Davids Diocesan Board of Finance activities.

Where possible, the value of the assets should be enhanced as to at least keep pace with inflation over the longer term.

The Board adopts a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the Board investments will still be maintained in accordance with the above investment objective.

The FTSE WMA balanced index has been set as the benchmark against which performance is measured.

Risk

The overall investment direction is to maximise the return consistent with the risks that the Board is willing to accept. The Board recognizes that risk (i.e. the potential for variability of asset values) and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles.

The Board has accepted a medium degree of risk.

The trustees are able to tolerate volatility of the capital value, as long as the Board is able to meet its short-term expenditure commitments.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

The portfolio should be diversified so as to provide reasonable assurance that no single class of investment will have a disproportionate impact on the total portfolio. Assets classes could include cash, bonds, equity, property, private equity, commodities and any other asset that is deemed suitable, bearing in mind the ethical restrictions. Bonds and equities must be quoted on a recognised investment exchange and unit trusts and open-ended investment companies authorised under the Financial Services and Markets Act 2000.

In order to meet its objective, the Board has determined the following range of asset splits:

Cash	0% - 7%
Fixed Interest	15% - 35%
Equities	53% - 80%

Within the equity allocation, overseas holdings are permitted up to 50%.

Asset mix may be changed from time to time, strategically or tactically, based on the economic and securities markets outlook, as well as income requirements and the Chairman and Vice Chairman of St Davids Diocesan Board of Finance may, if considered appropriate, alter the above range of asset split to react to market forces. The overall risk level of the assets in terms of potential for price fluctuations should not be extreme.

The Investment Sub-Committee are responsible for identifying and monitoring suitable investment managers on a regular quinquennial basis. The basis of the investment managers remuneration will be that detailed at the time of their being appointed investment managers. The advisors should be notified that reasonable notice should be provided to the trustees in the event of the investment managers amending its fee and commission regime.

The base currency of the investment portfolio is Sterling.

Liquidity Requirements

Investment funds are generally not disinvested, their aim is to provide income and capital growth. Money that is required at short notice is held by the investment advisers and not included in the main portfolio. The Portfolio should not hold any significant amounts in cash unless requested for a specific project.

Monies can only be incorporated into the main portfolio on 1 of January, 1 of April, 1 of July and 1 of October in any one year.

Income that has accrued in each month is to be transferred to St Davids Diocesan Board of Finance Legacies bank account within 30 days of the respective month end.

Time Horizon

The Board is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability.

The Board can adopt a long-term investment time horizon.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Ethical Investment

As a Christian Church, we are tasked to co-operate with God's active presence in the world and with proclaiming the values of the kingdom of God. This means that the Church has a particular interest in promoting all that furthers justice and peace, that enables full human flourishing, that honours creation and that builds creative human communities.

The Church in Wales wishes to have an investment policy that is ethical and consistent with the furtherance of our aims and objectives. We believe that it is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investment, and to use our investments as an ethical means of contributing to the cost of ministry and mission in the Province.

Our aim is to invest in successful companies that are committed to developing their business in the interests of their shareholders, customers, local communities and employees by operating:

- Responsible employment practices;
- Conscientious corporate governance;
- Policies and practices which demonstrate a proper regard for the environment and for the well-being of the created order;
- Policies sensitive to the human rights and well-being of individuals and communities in which they operate;
- Fair trading practices.

In its policy for investment, the Church in Wales will use its best endeavours not to be associated with companies whose products or policies conflict with these aims or to invest in companies which:

- Are responsible for the wanton despoliation of the environment;
- Are responsible for anything that threatens peace, security and communal well-being;
- Exploit, demean, corrupt or degrade humankind, especially the poor or the financially vulnerable;
- Are indifferent to the well-being of animals.

We recognise the complexities surrounding the activities or companies in which we can invest, and reserve the right to make investment decisions on a case-by-case basis. We will endeavour to engage with companies which are in actual or potential breach of this policy or where concerns exist over governance and social responsibility issues before considering disinvestment.

The Church in Wales wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations and exercising combined shareholder influence.

A valuable relationship exists between the Investment Committee and the Church in Wales Ethical Investment Group to which the Committee refers problematic cases, and from which it receives an annual report.

The Diocese of St Davids fully concurs with the policy of the Church in Wales as above.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

It is the policy of St Davids Diocesan Board of Finance not normally or knowingly to invest in any company:

- which derives more than 10% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;
- which derives more than 3% of whose turnover derives from pornography, predatory lending activities or the proliferation of armaments beyond areas of legitimate defence and international peace-keeping.
- which derives more than 5% of turnover from the extraction of thermal coal or the production of oil from tar sands.

Management, Reporting and Monitoring

The Board has appointed a professional investment management firm to manage the assets on a discretionary basis in line with this policy. An investment management firm will be required to comply with all applicable laws, rules and regulations.

The investment manager provides custody of assets. They are required to produce a valuation and performance reports quarterly. At the end of each calendar quarter a valuation and accompanying report is to be provided encompassing the following:

- A list of all investments held together with their respective book costs, current market value and estimated income and yield
- A performance analysis for the period covered by the report (quarterly)
- A transaction schedule detailing both purchases and sales
- Details of any non-market transactions and rights issues, capitalisations or other corporate actions
- A detailed review of the market environment for the period including specific comment on the individual holdings in the portfolio and any other economic considerations that are relevant

The Investment Sub Committee has responsibility for agreeing strategy and monitoring the investment assets. The Sub Committee meets six times a year to authorise any withdrawals and incorporations and to review the portfolio, including an analysis of return, risk and asset allocation. Performance will be monitored against agreed market benchmarks (WMA balanced index).

The investment manager is required to be present at two of the Investment Sub Committee's meetings. In addition to complying with the specific requirements detailed in the investment policy statement the appointed investment manager must pay heed to the general power of investment embodied in Section 3 of The Trustees Act 2000. All investments should be suitable and overall constitute a degree of diversification as required by Section 4 of the Trustees Act 2000.

The Investment Sub-Committee is to report formally to the Executive Committee in their meeting. The trustees are aware that the ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

PLANS FOR FUTURE PERIODS

The Board is considering the following short to medium term issues:

- **Charities Act 2011**

The Board is aware of the implications of this legislation on individual parishes and, in conjunction with the Representative Body of the Church in Wales, is advising and assisting parishes. Currently only those parishes with an income in excess of £100,000 have had to register. Parishes with an income below £100,000 continue to be excepted and do not need to register with the Charity Commission and this temporary exemption has been extended until 31 March 2021.

- **Land Registration**

Any land identified as being held by the Board will be registered as a matter of policy. The Board continues to proactively identify the basis on which it holds the land/property e.g. as custodian trustee, whether it is subject to a reverter or owned by the Board.

- **Ministry Share**

To endeavour to contain the increases of Ministry Share to ensure that it is sustainable and collectable and to monitor the level of arrears.

- **Diocesan Strategy**

In conjunction with the review of the Church in Wales, the Bishop is liaising with the Board to implement a strategy for the Diocese which will respond to the current financial and economic challenges being faced by the Church and meet the needs of the Diocese.

- **Data Protection**

The Board is currently working to identify and ensure that within the Diocese, all information/data held is in compliance with the Data Protection Act and General Data Protection Regulation.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board is a registered charity and a company limited by guarantee.

On 4 November 2014, the Board adopted a revised Articles of Association, which reduced the membership of the Board and stated that the Board and the Executive Committee would have the same membership. It was agreed that the change in membership would be operative from 1 January 2016 and the directors appointed would hold office until July 2016 to avoid numerous elections and nominations being undertaken in a short time frame and thereafter the three-year rotation may apply.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

- **MEMBERSHIP – COMPOSITION**

Members of the company are appointed for a three-year term. Following adoption of the revised Articles of Association, the membership of the Board consists of:

- The Bishop
- Chairman (Appointed by the Bishop)
- Seven Ex-Officio Members
- Six Nominated Lay members (two from each Archdeaconry)
- Three Elected Lay members (one from each Archdeaconry)
- Three Nominated Clerical Members (one from each Archdeaconry)
- Four Co-Opted Members (of which only one can be a cleric)

- **MEMBERSHIP – INDUCTION AND TRAINING**

The Board provides training for its members appropriate to their duties both as Charity Trustees and as members of one of the Diocesan Committees.

- **COMMITTEES**

The St Davids Diocesan Board of Finance has the following Committees:

- **Executive Committee**

The Executive Committee is responsible for the management of the Diocesan finances and assets.

- **Parsonage Board**

The Parsonage Board is responsible for the maintenance of all parsonages, their upkeep and repair and for buying and selling houses, as appropriate.

- **Endowed Schools Committee**

The Endowed Schools Committee is a statutory committee and is responsible for providing financial support towards repairs and renovation projects in church schools, the direction of new projects and the management/disposal of redundant school properties.

- **Investment Sub-Committee**

The Investment Sub-Committee, with advice from the Board's Investment Advisers, is authorised to take all decisions necessary to manage the investments of the Board within the strategy and policies of the Board.

- **Ministry Share Appeals Committee**

The Ministry Share Appeals Committee is responsible for administering the "Appeals Procedure" for Ministry Share Allocation. The Committee may, at its discretion, where historic Ministry Share arrears exist, but not as a result of former appeals to the Committee or submission of incorrect statistics returned, entertain a submission to consider the historic circumstances that have given rise to the arrears.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

➤ **Human Resources Sub-Committee**

The Human Resources Sub-Committee is responsible for developing policies and procedures for lay staff, in line with the current legislation and good practice. Its remit covers the consideration of staffing levels at the Diocesan Office and the salaries of lay staff.

➤ **Audit Committee**

The Audit Committee is responsible for reviewing the internal controls of the Board and reporting to the Executive Committee any matters which have been raised by/discussed with the Board's Auditors following completion of the annual audit.

➤ **Property Sub-Committee**

The Property Sub-Committee is responsible for the management of the Board's investment properties, properties held as custodian trustee and overseeing the strategic planning of the property portfolio.

REFERENCE AND ADMINISTRATIVE DETAILS

Name	The St Davids Diocesan Board of Finance
Company Registration No	242794
Charity Registration No	231239
Registered Office	Diocesan Office Abergwili Carmarthen SA31 2JG
Telephone Number	01267 236145

• **TRUSTEES/DIRECTORS**

The Trustees/Directors of the Executive Committee of the Board who served in the year to which this report relates are:

- | | |
|---|-------------------------------------|
| ➤ Mr N Griffin | Chairman |
| ➤ Mr N Roberts | Vice Chairman
(Elected 03.05.16) |
| ➤ The Right Reverend J W Evans
The Bishop of St Davids | President (Retired 04.10.16) |
| ➤ The Right Reverend J S Penberthy
The Bishop of St Davids | President (Appointed 11.02.17) |

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

➤ **Ex-Officio**

The Very Reverend D J R Lean

The Venerable W R Hughes

The Venerable Dr W A Strange

The Venerable D M Wight

Mr M Lewis

Chairman of the Parsonage Board
(Resigned 25.01.17)

Mr N Roberts

Chairman of the Parsonage Board
(Appointed 26.01.17)

Mr A Jenkins

Diocesan Registrar

Revd Canon B D Witt

Diocesan Director of Education

➤ **Directors**

Mrs H Evans

Mr N Evans

Mrs T Hatfield

Mr D G Jones

Mr N D Roberts

Mrs J Hayward

(Appointed 14.07.16)

Mrs J Heard

(Appointed 08.02.17)

Revd C C Brown

Revd M Farah

Revd Dr J M A Griffiths

Revd Canon P R Mackness

(Co-Opted)

Mr A W Lewis

(Co-Opted) (Resigned 25.06.16)

OTHER OFFICERS

➤ **Diocesan Secretary**

Mrs V A Hockey

Solicitors

Ungoed-Thomas & King Limited

The Quay

Carmarthen

SA31 3LN

Carreg Law Limited

74 Rhosmaen Street

Llandeilo

SA19 6EN

Geldards LLP

Dumfries House

Dumfries Place

Cardiff

CF10 3ZF

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

Bankers	Lloyds Bank plc 43 King Street Carmarthen SA31 1BW
Investment Advisers	Rathbones 1 Curzon Street London W1J 5FB
Auditors	Broomfield and Alexander Ltd Waters Lane Chambers 1-3 Waters Lane Newport NP20 1LA

KEY MANAGEMENT PERSONNEL

The key management personnel of the Board are Mrs V A Hockey (Diocesan Secretary), Mrs N M Evans (Accounts Officer) and Miss K H Davies (Accounts Administrator/Office Manager).

The remuneration of the key management personnel is set in line with the Pay and Grading structure adopted in 2012.

The relationship between the Board and related parties is detailed in Note 34 to the accounts.

RISK MANAGEMENT

The Board has established a risk policy. The risk policy identifies the major risks to which the Board is exposed, the scope of the risk, and identifies the systems and procedures that have been established to manage and mitigate those risks.

The risk policy is reviewed annually by the Executive Committee and updated where necessary. The Board considers that the principle risks are the non-collection of Ministry Share, any variance in the agreed level of the Representative Body grant and a potential under performance of the return on investments.

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

FUNDS HELD

The Board also holds investments and land and buildings as Custodian Trustee. The Board has commenced work on an exercise which will identify all those assets held as custodian trustee.

The Trustees have identified the risks associated with each type of asset and have put in place a series of control measures which safeguard the assets. These controls are regularly tested and updated or amended accordingly when it is considered necessary.

PERMANENT ENDOWMENT INVESTED ON TOTAL RETURN BASIS

Details of this Fund are included in Note 22 to the accounts.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the St Davids Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP 2016 (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that

the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the Year Ended 31 December 2016

AUDITORS

The auditors, Broomfield and Alexander Limited, Chartered Accountants, have indicated that they are willing to be re-appointed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'Nick Griffin', written in a cursive style.

NICHOLAS GRIFFIN – CHAIRMAN

Date: 18th July 2017