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Bwrdd Cyllid Esgobaeth Tyddewi

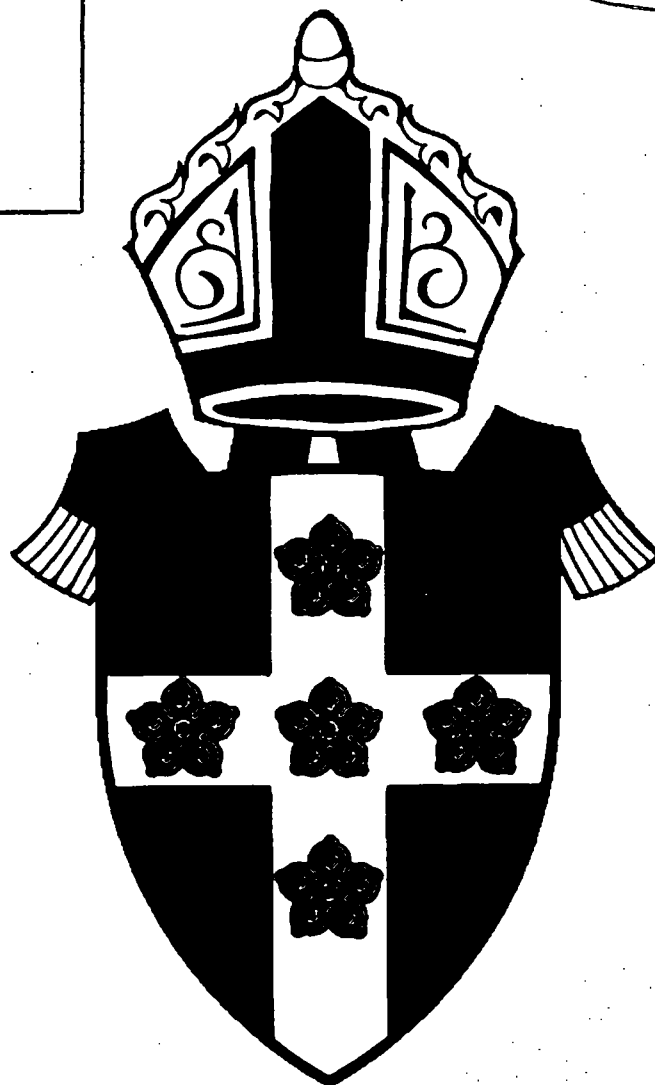
St Davids Diocesan Board of Finance

CHARITY COMMISSION
FIRST CONTACT

16 AUG 2018

ACCOUNTS
RECEIVED

31 DEC 2017



Cyfrifon 2017 Accounts

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

THE ST DAVIDS DIOCESAN BOARD OF FINANCE

REPORT AND FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

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TRUSTEES' REPORT
For the Year Ended 31 December 2017

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Companies Act 2006 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) (as amended for accounting periods commencing from 1 January 2016)

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 2017.

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

TRUSTEES' REPORT
For the Year Ended 31 December 2017

For 2017 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**

Global stock markets had a strong year in 2017 with the FTSE All-Share and the FTSE World Ex-UK returning 13.10% and 13.45% respectively. The main driver of this good performance has been a broad acceleration in growth across the globe encompassing Europe, Asia and the Americas. The US market, boosted by strong earnings, reached record highs. Technology has been the best-performing sector with the rally led by tech giants like Facebook, Amazon and Google's parent Alphabet. The investment portfolio benefitted from this growth and produced a total return of 9.86%, slightly ahead of the benchmark index which returned 9.76%.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

The UK economy grew by 1.8% in 2017, slightly down from 1.9% in 2016. Meanwhile, after dipping slightly to 2.6% in June and July, inflation rose steadily towards 3.1% by the end of the year. In a bid to cool price rises, the Bank of England raised interest rates from 0.25% to 0.5% in November, the first increase since 2007.

The Eurozone economy continued to expand in 2017 on the back of rising confidence and strong growth in manufacturing. The best factory output and order book gains since 2000 pushed the manufacturing Purchasing Managers Index to a record high. An upturn in service sector growth to the highest since early 2011 underscored the broad-based nature of the recovery.

President Trump's administration failed to push through a bill on healthcare reform, and there has been little progress with other pre-election pledges to increase spending on infrastructure, or reduce regulation on Wall Street. However, at the end of the year US legislators passed an overhaul of the tax code, paving the way for Mr Trump's first big legislative victory. The plan sees a sharp cut in statutory corporate tax rates and modest cuts for most earners.

In December, the US Federal Reserve (Fed) increased interest rates by 0.25%, the third rise in 2017. The US central bank said the move, which was widely expected, underscores solid gains in the US economy. Officials also boosted their economic forecasts, projecting 2.5% growth in GDP in 2017 and 2018, due in part to planned tax cuts.

At the end of the year the capital value of the portfolio was £7,422,277 with a further £92,045 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	2017	2016
	£	£
Assistant Curate	20,078	19,919
Incumbent and Vicar in Rectorial Benefice	23,621	23,434
Rector of Rectorial Benefice	24,802	24,606
Residentiary Canon	27,164	26,950
Archdeacon	36,140	35,855
Dean	36,613	36,323

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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

The number of stipendiary clergy posts within the Diocese at 31 December 2017 was 85.

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, Data Protection
- Human Resources
- Safeguarding

FINANCIAL REVIEW

• **OVERALL FINANCIAL POSITION**

The results for the year are shown on pages 20 to 22 in the Statement of Financial Activities. The excess of expenditure over income in respect of Unrestricted General Funds amounted to £37,380, which after adjustment for realised gains/(losses), the increase to market value and transfers, resulted in a surplus of £349,105.

The Board received a grant from the Representative Body towards various outgoing resources amounting to £1,159,230 (2016: £1,159,230). It has been agreed that the level of the Block Grant will be reduced by 1.47% in 2018.

The other principle source of funding was Ministry Share amounting to £3,480,044.

• **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 increased from £4,913,042 to £5,262,147. These reserves include a Revaluation Reserve Fund amounting to £1,678,765. The reserves level equates to nine months reserves.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

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 25. At the 31 December 2017, the total Designated Funds were £3,062,514 (2016: £3,302,390).

Restricted and Endowment Funds

As set out in Notes 23 and 24 the Board holds and administers a number of Restricted and Endowment Funds. At 31 December, Restricted Funds amounted to £1,705,358 (2016: £1,647,724) and Endowment Funds amounted to £4,540,881 (2016: £4,417,894 restated). 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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

General Data Protection Regulation (GDPR)

- GDPR is due to be implemented on May 25th 2018.
- The Diocese adopted the umbrella approach to GDPR under the RB following the May meeting of the Executive Board of Finance (2018).
- If a breach of security occurs it will be reported to the ICO within 72 hours, and if it is likely to result in a high privacy risk for individuals, these individuals will be informed.

• **INVESTMENT POLICY**

The Diocesan Portfolio is managed on a discretionary management basis by Rathbones. Rathbones had been re-appointed for four years after a competitive tendering process in December 2017. 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.

Rathbones had changed the benchmark against which performance is measured to a bespoke benchmark from the FTSE WMA balanced index; due to its volatility.

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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

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

- which derives more than 20% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;
- which derives more than 5% 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 10% 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 benchmark (Rathbones bespoke benchmark).

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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

• **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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

➤ **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 |
| ➤ The Right Reverend J S Penberthy
The Bishop of St Davids | President (Appointed 11.02.17) |

TRUSTEES' REPORT
For the Year Ended 31 December 2017

➤ **Ex-Officio**

The Very Reverend D J R Lean	(Retired 10.09.17)
The Venerable D P Davies	(Appointed 12.11.17)
The Venerable W R Hughes	(Retired 12.11.17)
The Venerable Dr W A Strange	
The Venerable D M Wight	(Retired 28.02.18)
The Venerable P R Mackness	(Appointed 22.03.18)
Mr N Roberts	Chairman of the Parsonage Board
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	
Mrs J Hayward	
Mrs J Heard	(Appointed 08.02.17)
Revd C C Brown	
Revd M Farah	
Revd Dr J M A Griffiths	
Mr D W J Thomas	(Appointed 18.07.17)

OTHER OFFICERS

➤ **Diocesan Secretary**

Mrs V A Hockey	(Retired 31.12.17)
Mr H N Llewellyn	(Appointed 08.01.18)

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

TRUSTEES' REPORT
For the Year Ended 31 December 2017

Bankers	Lloyds Bank plc 43 King Street Carmarthen SA31 1BW
Investment Advisers	Rathbones 1 Curzon Street London W1J 5FB
Auditors	MHA Broomfield Alexander 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 35 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.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

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 St. Davids Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 income and expenditure, of the charitable company for that period. 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;
- make judgments and accounting 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which 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; and
- 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 auditors are aware of that information.

TRUSTEES' REPORT
For the Year Ended 31 December 2017

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

The auditors, MHA Broomfield Alexander, 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 black ink, appearing to read 'NCP Griffin', followed by a horizontal line.

NICHOLAS GRIFFIN – CHAIRMAN

Date: 24/07/18

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

Opinion

We have audited the financial statements of The St Davids Diocesan Board of Finance (the "Charity") for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity'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 Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report [including the Strategic Report].

We have nothing to report in respect of the following matters in relation to which 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

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

Responsibilities of the trustees

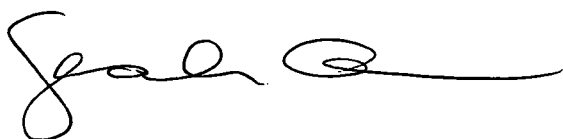
As explained more fully in the trustees' responsibilities statement set out on page xx, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.



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

DATE:

24/7/18

STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended 31 December 2017

	Note	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Income Funds	Restricted Capital Endowment Funds	Total Funds
		2017 £	2017 £	2017 £	2017 £	2017 £
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies	3	4,192,683	175,000	618,135	24,938	5,010,756
Charitable Activities	4	57,783	-	-	-	57,783
Investments	5	160,497	54,532	149,267	104,372	468,668
Other Sources	6	7,235	-	9,184	-	16,419
TOTAL		4,418,198	229,532	776,586	129,310	5,553,626

		2016 £	2016 £	2016 £	2016 £	2016 £
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies	3	4,109,352	166,667	708,005	26,511	5,010,535
Charitable Activities	4	58,164	-	-	-	58,164
Investments	5	113,967	55,863	170,403	106,228	446,461
Other Sources	6	30,354	-	12,535	-	42,889
TOTAL		4,311,837	222,530	890,943	132,739	5,558,049

STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended 31 December 2017

	Note	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Income Funds	Restricted Capital Endowment Funds	Total Funds
		2017 £	2017 £	2017 £	2017 £	2017 £
EXPENDITURE ON:						
Raising Funds	7	4,612	7,243	724	20,201	32,780
Charitable Activities						
Support for Ministry	8	3,841,783	-	653,386	-	4,495,169
Support for Parishes	9	222,295	276,840	1,069	-	500,204
Church Property	10	132,080	-	20,156	-	152,236
Other Financial Support	11	135,912	-	1,091	-	137,003
Communication	12	44,136	-	-	-	44,136
Other	13	-	-	-	342,805	342,805
TOTAL		4,380,818	284,083	676,426	363,006	5,704,333

		2016 £	2016 £	2016 £	2016 £	2016 £
EXPENDITURE ON:						
Raising Funds	7	11,757	9,681	256	25,220	46,914
Charitable Activities						
Support for Ministry	8	3,965,556	-	749,326	-	4,714,882
Support for Parishes	9	152,418	139,800	4,794	7,442	304,454
Church Property	10	121,244	-	83,570	-	204,814
Other Financial Support	11	150,679	-	636	-	151,315
Communication	12	46,534	-	-	-	46,534
Other	13	-	2,102	-	205,873	207,975
TOTAL		4,448,188	151,583	838,582	238,535	5,676,888

STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended 31 December 2017

	Note	Unrestricted General Funds	Designated Funds	Restricted Income Funds	Capital Endowment Funds	Total Funds
		2017 £	2017 £	2017 £	2017 £	2017 £
NET INCOME /(EXPENDITURE) BEFORE INVESTMENT GAINS		37,380	(54,551)	100,160	(233,696)	(150,707)
NET GAINS ON INVESTMENTS	18	67,400	105,844	3,472	263,841	440,557
NET INCOME/(EXPENDITURE)		104,780	51,293	103,632	30,145	289,850
TRANSFERS BETWEEN FUNDS	24/25	244,325	(291,169)	(45,998)	92,842	-
NET MOVEMENT IN FUNDS		349,105	(239,876)	57,634	122,987	289,850
Total Funds Brought Forward		4,913,042	3,302,390	1,647,724	4,417,894	14,281,050
TOTAL FUNDS CARRIED FORWARD		5,262,147	3,062,514	1,705,358	4,540,881	14,570,900

		2016 £	2016 £	2016 £	2016 £ Restated	2016 £ Restated
NET INCOME /(EXPENDITURE) BEFORE INVESTMENT GAINS		(136,351)	70,947	52,361	(105,796)	(118,839)
NET GAIN ON INVESTMENTS	18	(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	24/25	146,894	(175,394)	40,000	(11,500)	
OTHER RECOGNISED GAINS/(LOSSES)						
Revaluation of Properties				(110,500)		(110,500)
Valuation of Properties Introduced	17	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	4,011,945	13,723,527
TOTAL FUNDS CARRIED FORWARD		4,913,042	3,302,390	1,647,724	4,417,894	14,281,050

SUMMARY OF INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the Year Ended 31 December 2017

	2017 £	2016 £
Gross Income (per SOFA)	5,553,626	5,558,049
Expenditure (per SOFA)	<u>5,704,333</u>	<u>5,676,888</u>
Operating (Deficit)/Surplus For the Year	(150,707)	(118,839)
Realised Gains on Investments		
Realised Gains on Investments	120,049	213,999
Realised Gains on Investment Properties	-	20,838
Realised (Loss) on Fixed Assets	<u>-</u>	<u>(5)</u>
	<u>120,049</u>	<u>234,832</u>
	(30,658)	115,993
Unrealised Gains on Investments		
Revaluation (Loss)/Gain on Investment Property	-	(386,262)
Unrealised Gains/(Losses) on Investments	320,508	643,292
Revaluation (Loss) on Fixed Assets	-	(110,500)
Valuation of Properties Introduced	<u>-</u>	<u>295,000</u>
	320,508	441,530
SURPLUS FOR THE YEAR	<u><u>289,850</u></u>	<u><u>557,523</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 20 to 22 to the financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £ Restated	2016 £ Restated
<u>FIXED ASSETS</u>					
Tangible Assets	17	270,746		278,930	
Investments	18	9,733,302		9,513,425	
			10,004,048		9,792,355
<u>CURRENT ASSETS</u>					
Debtors	19	933,480		950,858	
Investments	20	80,933		1,211,670	
Cash at Bank and in Hand		4,933,644		3,700,260	
		5,948,057		5,862,788	
CREDITORS: Due Within One Year	21	940,930		899,818	
NET CURRENT ASSETS			5,007,127		4,962,970
TOTAL ASSETS LESS CURRENT LIABILITIES			15,011,175		14,755,325
CREDITORS: Due More Than One Year	22		440,275		474,275
NET ASSETS			14,570,900		14,281,050
<u>FUNDS</u>					
Restricted Capital Endowment Funds	23		4,540,881		4,417,894
Restricted Income Funds	24		1,705,358		1,647,724
Designated Funds	25		3,062,514		3,302,390
Unrestricted Funds	26				
Revaluation Reserve Fund		1,678,765		1,914,614	
General Funds		3,583,382		2,998,428	
			5,262,147		4,913,042
			14,570,900		14,281,050

The financial statements were approved by the Trustees on

24-7-18

NICHOLAS GRIFFIN
(CHAIRMAN)



NIGEL ROBERTS
(DIRECTOR)



CASHFLOW STATEMENT
For the Year Ended 31 December 2017

	Notes	£	2017 £	£	2016 £
	28				
Net Cash provided by/(used in) operating activities			(569,493)		(478,681)
Cash flows from investing activities:					
Dividends, interest and rents from investments		468,667		446,461	
Purchase of property, plant and equipment		24,700		(73,208)	
Proceeds from the sale of investment property		-		40,000	
Purchase of investment property		-		(232,262)	
Proceeds from the sale of investments		235,384		535,232	
Purchase of investments		(12,520)		(1,000)	
Net Cash provided by/(used in) investing activities			716,231		715,223
Cashflows from financing activities:					
Receipt of endowment			7,458		26,511
Change in cash and cash equivalents in the reporting period			154,196		263,053
Cash and cash equivalents at the beginning of the reporting period	28		5,158,437		4,895,384
Cash and cash equivalents at the end of the reporting period			<u>5,312,633</u>		<u>5,158,437</u>

The notes on pages 26 to 51 form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

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.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

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 2017

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% - 33% 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% - 33% straight line.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

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.

Prior Period Adjustment

The comparative figures have been restated due to a prior period adjustment, as a result of identifying historical restricted capital funds of £211,860 which were in fact custodian funds and were therefore not the charity's assets.

2 Critical accounting estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
3 Donations and Legacies	2017	2017	2017	2017	2017
	£	£	£	£	£
Ministry Share	3,480,044	-	-	-	3,480,044
RB: Block Grant	696,648	-	462,582	-	1,159,230
RB : Improvement Fund	-	-	137,895	-	137,895
Grants	15,124	175,000	16,603	-	206,727
Legacies	-	-	-	24,938	24,938
Donations	867	-	580	-	1,447
Contributions	-	-	475	-	475
	4,192,683	175,000	618,135	24,938	5,010,756

In 2017 £12,124 (2016: £11,828) was received as a grant from the Allchurches Trust Limited.

3 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

4 Charitable Activities	2017	2017	2017	2017	2017
	£	£	£	£	£
Chaplaincy Fees	57,029	-	-	-	57,029
Sale of Publications	754	-	-	-	754
	57,783	-	-	-	57,783

4 Charitable Activities	2016	2016	2016	2016	2016
	£	£	£	£	£
Chaplaincy Fees	56,444	-	-	-	56,444
Sale of Publications	1,720	-	-	-	1,720
	58,164	-	-	-	58,164

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
5 Investments	2017	2017	2017	2017	2017
	£	£	£	£	£
Rents Received	100,328	-	17,869	-	118,197
DBF Common Investment Fund	50,460	46,834	1,825	102,242	201,361
Rents Received: Parsonage Board	-	-	123,260	-	123,260
Interest	9,709	7,698	6,313	2,130	25,850
	160,497	54,532	149,267	104,372	468,668

5 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

6 Other Sources	2017	2017	2017	2017	2017
	£	£	£	£	£
Contribution:Housing Association	5,795	-	-	-	5,795
Marriage Licences	1,440	-	-	-	1,440
Sundry Income	-	-	9,184	-	9,184
	7,235	-	9,184	-	16,419

6 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
7 Raising Funds	2017	2017	2017	2017	2017
	£	£	£	£	£
	4,612	7,243	724	20,201	32,780
7 Raising Funds	2016	2016	2016	2016	2016
	£	£	£	£	£
	11,757	9,681	256	25,220	46,914
8 Support for Ministry	2017	2017	2017	2017	2017
	£	£	£	£	£
Stipends, Fees & Pensions					
Stipends	2,304,793	-	-	-	2,304,793
Pension-Employers Contribution	802,801	-	-	-	802,801
Vacancy Fees	46,843	-	-	-	46,843
Sundry	1,700	-	-	-	1,700
Property					
Council Tax	154,725	-	-	-	154,725
Parsonage Board	-	-	650,289	-	650,289
Insurance on Parsonages	25,602	-	-	-	25,602
Centre of Mission	63,861	-	-	-	63,861
Clergy Expenses					
Clergy/Chaplains Expenses	7,820	-	-	-	7,820
Removal/Disturbance Allowance	45,333	-	-	-	45,333
Archdeacons and Area Deans	28,515	-	-	-	28,515
Recruitment Costs	625	-	-	-	625
Training					
Ordinands/NSM	87,530	-	-	-	87,530
Lay Training	4,085	-	-	-	4,085
CMD/Vocations Advisers	13,060	-	-	-	13,060
Spiritual Directors	287	-	-	-	287
Support Costs (Direct)	7,565	-	3,097	-	10,662
Support Cost Allocation	246,638	-	-	-	246,638
	3,841,783	-	653,386	-	4,495,169

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
8 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
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
9 Support for Parishes	2017	2017	2017	2017	2017
	£	£	£	£	£
Sector Ministry Costs	7,147	-	1,069	-	8,216
Safeguarding	18,161	-	-	-	18,161
Local Ministry Area Initiative Grants	-	18,709	-	-	18,709
Grants to Parishes	-	83,766	-	-	83,766
Legal and Professional Fees	10,826	-	-	-	10,826
Diocesan Strategy	-	24,926	-	-	24,926
Children and Youth	-	149,439	-	-	149,439
Funding and Parish Support	144,176	-	-	-	144,176
Support cost allocation	41,985	-	-	-	41,985
	222,295	276,840	1,069	-	500,204

9 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes

	Unrestricted		Restricted		Total
	General	Designated	Income	Capital	Funds
	Funds	Fund	Funds	Endowment	
				Funds	
10 Church Property	2017	2017	2017	2017	2017
	£	£	£	£	£
Custodian Expenses	5,992	-	-	-	5,992
Quinquennial Inspections	30,499	-	-	-	30,499
Diocesan Advisory Committee	18,000	-	-	-	18,000
Investment Property:					
Maintenance Expenses	37,913	-	-	-	37,913
Insurance Premiums	4,519	-	-	-	4,519
Legal & Professional Fees	18,982	-	-	-	18,982
Other Buildings: Repairs/Insurance	4,415	-	-	-	4,415
Church Schools (Open and Closed)	-	-	20,156	-	20,156
Support Costs (Direct)	463	-	-	-	463
Support cost allocation	11,297	-	-	-	11,297
	132,080	-	20,156	-	152,236

10 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
11 Other Financial Support	2017	2017	2017	2017	2017
	£	£	£	£	£
Grants: Church in Wales Bodies	103,500	-	-	-	103,500
Grants: Anglican/Ecumenical/Other	500	-	-	-	500
Other Grants	21,550	-	1,091	-	22,641
Support Costs (Direct)	176	-	-	-	176
Support cost allocation	10,186	-	-	-	10,186
	135,912	-	1,091	-	137,003

11: 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

12 Communication	2017	2017	2017	2017	2017
	£	£	£	£	£
Newsletters/Diocesan Publications	13,583	-	-	-	13,583
Year Book	68	-	-	-	68
Pembrokeshire Show	3,017	-	-	-	3,017
Support Costs (Direct)	26,106	-	-	-	26,106
Support cost allocation	1,362	-	-	-	1,362
	44,136	-	-	-	44,136

12 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

Notes	Unrestricted		Restricted		Total Funds
	General Funds	Designated Fund	Income Funds	Capital Endowment Funds	
13 Other	2017	2017	2017	2017	2017
	£	£	£	£	£
Payment of Trust Income	-	-	-	165,247	165,247
Payment of Legacies	-	-	-	177,558	177,558
	-	-	-	342,805	342,805

13 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

14 <u>FUNDING AND PARISH SUPPORT</u>	2017	2016
	£	£
Prompt Payment Discount	125,450	129,015
Increase in Unpaid Ministry Share Provision	18,727	-
	<u>144,177</u>	<u>129,015</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.

15 <u>SUPPORT COSTS</u>	2017	2016
	£	£
Salaries and Related Payments	252,084	239,656
Travelling Expenses	5,835	7,891
Expenses Staff Members	636	4,461
Office Cleaning	2,761	2,251
Heating and Lighting	5,419	6,809
Telephone	2,553	2,600
Printing, Stationery and Office Sundries	6,102	6,961
Postage	3,553	4,486
Ground Rent of Offices	18,000	18,000
Water Rates	1,387	1,023
Office Security	528	1,353
Insurances (including Trustees Indemnity Insurance)	8,307	7,995
Depreciation	32,853	27,960
Repairs and Renewals	4,102	13,011
Legal and Professional	4,710	35,944
Audit Fee	11,970	11,770
Training Courses	227	2,633
Bank Charges and Interest	30	63
Miscellaneous	6,133	7,145
Diocesan and Archdeacons Registrars Expenses	25,906	26,302
Computer Software and Support	8,015	4,424
Land Registry Charges	-	28
Tourism Group	-	1,879
Office Equipment	4,332	368
Grantfinder	908	2,107
Governing Body Meeting Expenses	11,750	11,819
Translation Fees	1,229	1,213
Diocesan Conference	4,940	4,712
Other Sundry Expenses	(9,446)	3,297
Anglican Database	-	500
Companies House and ICO Fees	-	48
Advertising	-	120
Medical Fees	600	3,141
Contribution to Support Costs from Restricted Funds	(57,330)	(44,925)
	<u>358,094</u>	<u>417,045</u>
Governance costs included within the above support costs	<u>54,566</u>	<u>79,403</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

16 MINISTRY SHARE RECEIVABLE

	Opening Balance 1 January 2017 £	Ministry Share 2017 £	Paid 2017 £	Closing Balance 31 December 2017 £	Ministry Share 2016 £
ST DAVIDS ARCHDEACONRY					
Dewisland & Fishguard Deanery	19,566	227,374	(217,030)	29,910	220,126
Daugleddau Deanery	15,540	206,045	(208,520)	13,065	199,015
Pembroke Deanery	63,649	505,699	(475,478)	93,870	485,815
Roose Deanery	26,690	305,630	(298,761)	33,559	287,965
TOTAL	125,445	1,244,748	(1,199,789)	170,404	1,192,921
CARDIGAN ARCHDEACONRY					
Emlyn Deanery	(21)	102,113	(102,438)	(346)	95,601
Glyn Aeron Deanery	11,128	194,564	(187,994)	17,698	193,992
Cemais & Sub Aeron Deanery	3,524	164,779	(164,189)	4,114	168,232
Lampeter & Ultra Aeron Deanery	37,506	131,434	(137,941)	30,999	133,037
Llanbadarn Fawr Deanery	42,061	430,974	(436,216)	36,819	426,437
TOTAL	94,198	1,023,864	(1,028,778)	89,284	1,017,299
CARMARTHEN ARCHDEACONRY					
Carmarthen Deanery	74,430	416,482	(457,016)	33,896	344,241
Dyffryn Aman Deanery	8,453	190,493	(197,687)	1,259	192,422
Kidwelly Deanery	32,057	354,608	(383,257)	3,408	422,739
Llandeilo & Llandovery Deanery	39,332	247,150	(240,881)	45,601	248,022
TOTAL	154,272	1,208,733	(1,278,841)	84,164	1,207,424
ARCHDEACONRY TOTALS					
ST DAVIDS ARCHDEACONRY	125,445	1,244,748	(1,199,789)	170,404	1,192,921
CARDIGAN ARCHDEACONRY	94,198	1,023,864	(1,028,778)	89,284	1,017,299
CARMARTHEN ARCHDEACONRY	154,272	1,208,733	(1,278,841)	84,164	1,207,424
DIOCESAN TOTAL	373,915	3,477,345	(3,507,408)	343,852	3,417,644

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 Ministry Share allocation figure 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 2017 amounted to £31,820 (2016 £44,119).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

16 MINISTRY SHARE RECEIVABLE (Cont'd)

	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 and the 2016 and 2015 Ministry Share allocation figures have been amended to reflect boundary changes.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

17 TANGIBLE ASSETS

	Freehold Property Restricted	Leasehold Premises (More Than 50 Years)	Office Equipment/ Furniture & Fittings	Total
	£	£	£	£
FAIR VALUE				
At 1 January 2017	164,500	94,418	107,202	366,120
Additions	-	-	24,700	24,700
Revaluations	-	-	(25,595)	(25,595)
At 31 December 2017	<u>164,500</u>	<u>94,418</u>	<u>106,307</u>	<u>365,225</u>
DEPRECIATION				
At 1 January 2017	-	32,012	55,178	87,190
Charge for Year	-	1,145	31,708	32,853
Charge on Disposals	-	-	(25,564)	(25,564)
At 31 December 2017	<u>-</u>	<u>33,157</u>	<u>61,322</u>	<u>94,479</u>
FAIR VALUE				
At 31 December 2017	<u>164,500</u>	<u>61,261</u>	<u>44,985</u>	<u>270,746</u>
At 1 January 2017	<u>164,500</u>	<u>62,406</u>	<u>52,024</u>	<u>278,930</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	106,307	365,225
	<u>-</u>	<u>164,500</u>	<u>94,418</u>	<u>106,307</u>	<u>365,225</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

17 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 2018.

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.

18 INVESTMENTS

	2017		2016	
	Market Value £	Cost £	Market Value £ Restated	Cost £ Restated
Restricted Capital Endowment Fund	<u>4,352,281</u>	<u>3,656,215</u>	<u>4,195,376</u>	<u>3,483,109</u>
Restricted Income Funds:				
Diocesan Ordinands Fund	12,355	904	1,294	993
Endowed Schools Fund	<u>47,058</u>	<u>33,493</u>	<u>44,373</u>	<u>34,039</u>
	<u>59,413</u>	<u>34,397</u>	<u>45,667</u>	<u>35,032</u>
Designated Funds:				
M H Jones Olszwelski	<u>1,686,602</u>	<u>1,283,493</u>	<u>1,698,660</u>	<u>1,303,065</u>
Unrestricted General Fund	<u>1,074,006</u>	<u>764,410</u>	<u>1,012,722</u>	<u>776,873</u>
	<u>7,172,302</u>	<u>5,738,515</u>	<u>6,952,425</u>	<u>5,598,079</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

18 INVESTMENTS (Cont'd)

The above investments can also be analysed as follows:

	2017	2016
		Restated
Listed Investments	6,016,966	5,568,702
Government Securities and Fixed Interest	857,280	1,137,216
Cash Held on Deposit	298,056	246,507
	<u>7,172,302</u>	<u>6,952,425</u>

	2017		2016
	Fair Value	Cost	Fair Value
	£	£	£
Investment Properties - Unrestricted Funds	<u>2,561,000</u>	<u>882,235</u>	<u>2,561,000</u>

	Investments	Investment Properties	Total Investments
	£	£	£
At 1 January	6,952,425	2,561,000	9,513,425
Additions	811,007	-	811,007
Disposals	(1,070,397)	-	(1,070,397)
Realisation of Trust Capital	51,550	-	51,550
Realised Gains/(Losses)	101,912	-	101,912
Unrealised Gains/(Losses)	225,818	-	225,818
Investment Managers Fee	99,987	-	99,987
At 31 December	<u>7,172,302</u>	<u>2,561,000</u>	<u>9,733,302</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 2017 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

19 DEBTORS	2017	2016
	£	£
Loans	521,169	590,853
Ministry Share Receivable from Benefices (Less Provision)	161,575	161,533
Sundry Debtors and Prepayments	250,736	198,472
	<u>933,480</u>	<u>950,858</u>

LOANS AS AT 31 DECEMBER 2017

	Balance 1 January 2017	Advance 2017	Interest 2017	Repaid 2017	Balance 31 December 2017
Diocesan Loans:					
St Davids Diocesan Housing Assn	35,272	-	426	(5,698)	30,000
Other Loans	1,407	-	-	(457)	950
Retired Clergy 1.5% Housing Loans	79,899	-	1,024	(30,979)	49,944
	<u>116,578</u>	<u>-</u>	<u>1,450</u>	<u>(37,134)</u>	<u>80,894</u>
Provincial Housing Loans:					
Equity Linked	474,275	-	-	(34,000)	440,275
	<u>474,275</u>	<u>-</u>	<u>-</u>	<u>(34,000)</u>	<u>440,275</u>
Totals	<u>590,853</u>	<u>-</u>	<u>1,450</u>	<u>(71,134)</u>	<u>521,169</u>

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

20 CURRENT ASSET INVESTMENTS	2017	2016
	£	£
Short Term Deposits	<u>80,933</u>	<u>1,211,670</u>

21 CREDITORS DUE WITHIN ONE YEAR	2017	2016
	£	£
Other Creditors	250,099	293,221
Ministry Share Received in Advance	14,750	18,892
Restricted Funds Creditors	676,081	587,705
	<u>940,930</u>	<u>899,818</u>

22 CREDITORS DUE MORE THAN ONE YEAR	2017	2016
	£	£
Due to the Representative Body of The Church in Wales	<u>440,275</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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2017

23 RESTRICTED CAPITAL ENDOWMENT FUND	2017	2016
	£	£
		Restated
Balance as at 1 January	4,417,894	4,223,805
(Deficit) for the Year	(140,854)	(117,296)
Net Gain/(Loss) on Investments	263,841	523,245
Prior period adjustment	-	(211,860)
Balance as at 31 December	<u>4,540,881</u>	<u>4,417,894</u>
Represented by:		
Capital	3,656,215	3,403,809
Income	188,600	222,518
Unrealised Profit (Market Value less Cost)	<u>696,066</u>	<u>791,567</u>
	<u>4,540,881</u>	<u>4,417,894</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.

	2017	2016
	£	£
		Restated
At 1 January	4,417,894	4,223,805
Capital Introduced	24,938	26,511
Trust Income Received	204,964	106,228
Realisation of Trusts	-	(34,497)
Payment of Trust Income to Parishes etc.	(165,247)	(85,609)
Capital Withdrawn	(177,558)	(97,267)
Realised Gains	118,834	131,069
Unrealised Gains/ (Losses)	145,007	392,176
Investment Managers and Administration Fees	(27,951)	(32,662)
Prior period adjustment	-	(211,860)
	<u>4,540,881</u>	<u>4,417,894</u>

24 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

24 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 2017 £	Income £	Transfers £	Expenditure £	31 December 2017 £
Diocesan Ordinands Fund	16,208	1,435	582	(38)	18,187
Mutual Responsibility and Interdependence (MRI) Fund	1,091	-	-	(1,091)	-
Diocesan Endowed Schools Fund	986,821	32,347	(24,580)	(20,847)	973,741
Spirituality Fund	42,467	820	3,000	(1,064)	45,223
Community Project Fund	5,568	-	-	-	5,568
Parsonage Board Fund	537,031	745,077	(25,000)	(652,699)	604,409
Church Insurance Contingency Fund	58,538	379	-	(687)	58,230
	<u>1,647,724</u>	<u>780,058</u>	<u>(45,998)</u>	<u>(676,426)</u>	<u>1,705,358</u>

	1 January 2016 £	Income £	Transfers £	Expenditure £	31 December 2016 £
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>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

25 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 2017 £	Income £	Movement in Resources Transfers £	Expenditure £	31 December 2017 £
Redundant Churches Fund	25,987	91	-	-	26,078
Bishop's Strategy for Ministry Fund	361,519	1,690	(50,000)	(40,481)	272,728
Penlan Farm Fund	50,703	341	-	-	51,044
M H Jones-Olszewski Fund	2,213,171	152,679	(399,503)	(27,148)	1,939,199
Children & Youth Mission Work Fund	607,292	180,454	158,334	(216,454)	729,626
Pensions & Assistance Fund	3,718	13	-	-	3,731
Safeguarding Fund	40,000	108	-	-	40,108
	<u>3,302,390</u>	<u>335,376</u>	<u>(291,169)</u>	<u>(284,083)</u>	<u>3,062,514</u>

	1 January 2016 £	Income £	Movement in Resources 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
	<u>3,199,625</u>	<u>429,742</u>	<u>(175,394)</u>	<u>(151,583)</u>	<u>3,302,390</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

26 GENERAL PURPOSES FUND

	2017 £	2016 £
Balance as at 1 January	4,913,042	4,951,567
Surplus/(Deficit) for the Year	37,380	10,543
Net (Loss)/Gain on Investments	67,400	(244,068)
Transfer between funds	244,325	-
Properties Introduced	-	195,000
Balance as at 31 December	<u>5,262,147</u>	<u>4,913,042</u>

27 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Restricted Capital Endowment Funds £	Total Funds £
Fund Balances at 31 December 2017 are represented by:					
Tangible Fixed Assets	106,246	-	164,500	-	270,746
Investment Assets	3,635,006	1,686,602	59,413	4,352,281	9,733,302
Net Current Assets	1,961,170	1,375,912	1,481,445	188,600	5,007,127
Long Term Liabilities	(440,275)	-	-	-	(440,275)
	<u>5,262,147</u>	<u>3,062,514</u>	<u>1,705,358</u>	<u>4,540,881</u>	<u>14,570,900</u>

2016 prior year					
	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Restricted Capital 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	4,195,376	9,513,425
Net Current Assets	1,699,165	1,603,730	1,437,557	222,518	4,962,970
Long Term Liabilities	(474,275)	-	-	-	(474,275)
	<u>4,913,042</u>	<u>3,302,390</u>	<u>1,647,724</u>	<u>4,417,894</u>	<u>14,281,050</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

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

	2017	2016
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(30,662)	115,993
<i>Adjustments for:</i>		
Depreciation charges	32,853	27,960
Realised (gains)/losses on investments	(120,049)	(213,999)
Realised (gains)/losses on investment properties	-	(20,838)
Dividends, interest and rents from investments	(468,667)	(446,461)
Loss/(profit) on the sale of fixed assets	-	5
(Increase)/decrease in debtors	17,378	33,906
Increase/(decrease) in creditors	7,112	51,264
Donations received for Endowment Fund Assets	(7,458)	(26,511)
Net Cash provided by/(used in) operating activities	<u>(569,493)</u>	<u>(478,681)</u>
Analysis of cash and cash equivalents		
Cash in hand	4,933,644	3,700,260
Short Term investments	80,933	1,211,670
Cash held within investments	298,056	246,507
Total Cash and Cash Equivalents	<u>5,312,633</u>	<u>5,158,437</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

29 TRUSTEES AND EMPLOYEES

Payments amounting, in total, to £5,230 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 £2,8759. Payments of £25,906 were paid to the Diocesan Registrar.

	2017 £	2016 £
EMPLOYEES:		
Staff Costs		
Gross Wages and Salaries	208,155	249,995
Redundancy costs	2,000	-
Employers NI	16,011	19,752
Other Pension Costs	25,918	33,544
	<u>252,084</u>	<u>303,291</u>
	2017	2016
The number of employees whose total employee benefits (excluding employers pension costs) purposes was as follows:		
£60,000 - £70,000	<u>1</u>	<u>1</u>
	2017 £	2016 £
The remuneration for Key Management personnel was	<u>156,829</u>	<u>158,750</u>
Average number of persons employed:		
Head Count	<u>13</u>	<u>12</u>
Full Time Equivalent	<u>13</u>	<u>10</u>

30 PENSION COSTS

Defined Contribution Scheme:

The pension cost charge for the year is £25,918 (2016: £33,544). Unpaid contributions to the scheme at 31 December 2017 amounted to £4,349 (2016: £Nil).

31 AUDITORS REMUNERATION

The auditors remuneration as auditors amounted to £11,970 (2016: £11,770)

32 TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

33 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 the Transformation Fund.
- The Board has agreed to provide grants amounting to £14,100, 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 £144, is anticipated to be paid out in 2018.
 - > £100,000 to be given to St Davids Diocesan Housing Association for renovation works. These properties are currently used to house retired clergy. £68,682.64 of this grant was requested leaving the balance of £31,317.36 to be claimed in future years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
For the Year Ended 31 December 2017

33 CAPITAL AND OTHER COMMITMENTS (Cont'd)

Other Commitments (Cont'd)

- > £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 £122,591.46 had been paid out. The remaining grants awarded £179,758.54, are scheduled to be released in 2018/19.

These amounts have not been provided for in the accounts.

The Parsonage Board Fund had commitments of £110,418.98 at the Balance Sheet date relating to repair work of which £35,428.74 will be reclaimed from the Representative Body of the Church in Wales.

The Endowed Schools Fund had commitments of £9,000 at the Balance Sheet date in respect of legal fees relating to the obtaining of Welsh Government Consent Orders.

These amounts have not been provided for in the accounts.

34 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.

35 RELATED PARTY TRANSACTIONS

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 £30,245 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. £68,683 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 £40,100.

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.

36 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.