

Report and Financial Statements Adroddiad a Datganiad o Gyfrifon

For the year ending 31 December 2020

Ar gyfer y flwyddyn a ddaeth i ben 31 Rhagfyr 2020



LLE MAE FFYDD YN CYFRIF

WHERE FAITH MATTERS

**Where Faith Matters
Lle mae Ffydd yn Cyfrif**

**Llandaff Diocesan Board of Finance
Bwrdd Cyllid Esgobaeth Llandaf**

*Llandaff Diocesan Board of Finance is a company
limited by guarantee and not having a share capital.
Registered in England and Wales No. 488549 Registered charity No. 242452*

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)
REPORT AND FINANCIAL STATEMENTS 2020

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LLANDAFF DIOCESAN BOARD OF FINANCE
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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

The trustees, who are also directors for the purposes of company law, are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31st December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The combined report therefore satisfies the legal requirements for:

- A directors' report of a charitable company,
- A strategic report under the Companies Act 2006 and
- A trustees' annual report under the Charities Act 2011

OBJECTIVES AND ACTIVITIES

STRATEGIC REPORT (OBJECTIVES, ACTIVITIES AND RISKS)

The objects of the charity are contained in its Memorandum, namely to organise and provide funds for work in the following areas:

- training for the ministry of The Church in Wales
- maintenance of clergy and other persons of the ministry
- provision and upkeep of parsonages
- support and provision of pensions for the clergy and other persons of the ministry plus widows, widowers, orphans and dependents
- provision of sites for churches and church halls
- religious education
- other purposes within the mission and ministry of the Church in Wales in the Diocese of Llandaff.

The Board provides financial support to the Diocese of Llandaff whose Vision Statement is "Where Faith Matters". Our shared aims are: Telling a joyful story, Growing the Kingdom of God and Building our capacity for good.

The Board's main continuing function is to finance the provision of parochial clergy within the Diocese. The policies concerning clergy, their remuneration, pension, benefits and housing provision are determined by the Bench of Bishops and the Representative Body of the Church in Wales. The Board's responsibility is largely to finance the costs out of funds received both from the Parishes within the Diocese by means of Fairer Share and from grants received from the Representative Body of the Church in Wales. Fairer Share is a vehicle for allocating to Parishes the projected unfunded costs from year to year.

Within the limits imposed by this situation the Board seeks to administer its affairs as economically as possible in order to keep Fairer Share increases to a minimum. The Board has a secondary function in maintaining the provision of Church Schools within the Diocese by the administration and control of capital expenditure on buildings. The Board plays no part in the determination of the amount of such capital expenditure but acts as trustee of the properties.

The Board is able to raise, expend, invest and accumulate funds for the foregoing purposes; and to acquire and hold real and personal property.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

ACHIEVEMENTS AND PERFORMANCE
STRATEGIC REPORT (ACHIEVEMENTS AND PERFORMANCE)

The main charitable activities undertaken were those described under the objectives and activities section of this report and have been grouped under the generic headings of support for ministry, support for parishes, church property, grants and other financial support and communication. In 2020, the total cost of the Board's unrestricted charitable activities was £6.91 million compared with a budget of approximately £6.3 million and was mainly funded by grants from the Representative Body and by means of the Fairer Share from parishes. In 2020 substantial additional covid-19 support was received from the Representative Body which was unbudgeted.

Approximately 54.4% of the Board's unrestricted income came through Fairer Share in 2020 and the support of parishioners thus occupies an important position in the Board's financial affairs. The Board has resourced the diocese with a wide range of diocesan officers, who support all aspects of parish life.

FINANCIAL REVIEW

The principal aim of the Board is to generate sufficient income to fund its activities, predominantly the support of ministry within the Diocese which constituted approximately 65.0% of its unrestricted expenditure in 2020. Conscious of the need to keep demands on parishes to that which is perceived as affordable by those parishes, all expenditure is rigorously scrutinised. The Board budgeted to cover any shortfall in income in 2020 from its reserves. In future years the Board intends to use its reserves to fund the new Diocesan Vision so the Parish Share requirement is likely to rise year on year. In 2020 we used reserves to continue to employ existing staff for the delivery of the Vision. However, due to the Covid-19 pandemic, lockdown restrictions and reduced income from Fairer Share we postponed recruitment of new staff and cancelled or postponed most special projects. The "resourcing church" was planted in Cathays, Cardiff and known as Citizen Church, thanks to significant grant funding from the Evangelism Fund of the Church in Wales, and support from the DBF including a loan towards capital costs. As the restrictions ease in 2021 we have restarted the recruitment of Vision resources and started to consider special projects again. We gratefully benefited from financial support from the Representative Body to cover costs of clergy stipends and contributions to the Parsonage Board Improvement Fund for the second and third quarters of 2020. The DBF disbursed these funds to the parishes as direct grants in proportion to the parishes' Fairer Share contributions, grants towards urgent hardship needs and income reimbursement, and a special grant to Llandaff Cathedral. Fairer share contributions were upheld by almost all parishes throughout 2020.

Total incoming resources of £8.7 million included: approximately £3.2 million received from the Representative Body; £4.2 million collected by Parish Share and £0.4m grants received for investment in new and improved church school buildings. Total resources expended were £9.1 million and included £5.3 million for support of the ministry, £0.8m in support of parishes, £1.3m on church property including church schools and £1.6m in grants.

All funds have sufficient income to meet their obligations.

From time to time the charity reviews its fixed assets to ensure that they are all in good condition. This process is ongoing and in the Board's opinion there is no need to amend the value of the fixed assets.

The Board's investments are under the discretionary management of the stockbrokers i.e. movement within the portfolio is undertaken by them without prior reference to the Board. The Board's new Budget & Investment Committee is responsible for monitoring investments. Appropriate benchmarks are set against which performance of the funds is measured. Reasons for any shortfall are discussed at quarterly meetings held with the investment managers.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

FINANCIAL REVIEW (continued)

KEY EVENTS OF 2020

Diocesan Vision and Evangelism Fund

Following the launch of the Diocesan Vision, *Where Faith Matters*, in 2019, planning was undertaken towards the end of 2019 and early 2020 to bring it into being in the lives of the parishes. After only a few months, the emergence of Covid-19 and the imposition of lockdown restrictions enforced changes in these plans, but nonetheless the life of the diocese continued in different, creative ways in responding to the needs of our congregations and wider communities. After a high profile launch in Llandaff Cathedral in early January of the Year of Pilgrimage and consecration of the "pilgrim bears" and their symbols, many of the events for pilgrimage and the 900th Anniversary of the Norman foundation of Llandaff Cathedral had to be cancelled or postponed. However, the bears continued to make their more muted way around the diocese and further afield, with one even reaching Jerusalem. We were very grateful to the Evangelism Fund of the Church in Wales for a grant of £2.97m towards *Young Faith Matters*, which the DBF agreed to match from reserves with up to £2.96m over the next five years. Due to virus control measures preventing gatherings of people, some of the events and projects in *Young Faith Matters* were postponed. The closure of churches to in-person meetings resulted in less income to churches from collections, renting their premises, or fundraising events, threatened payment by parishes of their Fairer Share contributions to the DBF towards the costs of ministry. The DBF therefore reconsidered all unnecessary expenditure, so as to keep funds available to support core ministry and mission at parish level. One third of diocesan staff were put on furlough and took advantage of government support, and recruitment of new staff and clergy was halted over the summer months at the peak of the pandemic, including the new Engagement Workers, Outreach Enablers and Mission Enablers envisaged for delivery of *Where Faith Matters*. We scaled back diocesan operations, cancelled all in-person meetings but held them online instead, and closed the office so that all staff were enabled to work from home for health and safety reasons, which also had the side effect of reducing diocesan costs.

The Representative Body (RB) of the Church in Wales was generous in its financial support, recognising the challenges faced by parishes in raising funds, generating income and collecting donations when churches were closed, church halls unavailable for hire, shops and cafes unable to trade, summer fairs prevented and the occasional offices or life events of baptism, marriages and funeral services postponed, cancelled or at the very least diminished in scale. Accordingly, the RB covered the costs of ministry as noted above, and while this generosity provided great assistance to parish and diocesan cashflows, there is a concern that parish reserves have been impacted. Despite the logistical challenges, parishes across the diocese have demonstrated great agility in continuing with worship, ministry and outreach as further detailed below, and many have managed to continue regular envelope collections or demonstrated even greater financial resilience by increasing direct and online giving.

Meanwhile the essential work of the church continued, including delivery of *Where Faith Matters* wherever possible, both to reach and serve people in a time of great need, and to prepare and build a more effective Church for the future. Citizen Church was planted in St Teilo's Church in Cathays, Cardiff: a team moved from Portsmouth to join with enthusiastic locals, led by Revd Ryan Forey and Revd Mark Simpson who were licensed in June. Capital works on the building of St Teilo's Church were a little slower than planned, but the garden was cleared and revitalised, a coffee van installed as a place of welcome, repairs made to the roof and fabric of the building, and heating, electrical, audio-visual and decorations work completed by the end of the year. In February 2021 socially-distanced worship in person, recorded and streamed online, joined the virtual services, connections, and community service that started in late 2020, such as the "Love Christmas" initiative delivering 3,000 gift boxes, 100 meals for the homeless, and other gifts to the isolated and vulnerable. In other *Young Faith Matters* work, a further commitment was made to the Church Army team which has been working in a Centre for Mission based in Neath for the last five years, and has now broadened its remit to include mission to young people across the diocese. A Senior Engagement Worker, Steve Lock, was recruited in late 2020 and took up his role in January 2021, adjusting the strategic planning for the delivery of *Young Faith Matters* in parishes reaching out to young people and engaging with schools throughout the diocese.

LLANDAFF DIOCESAN BOARD OF FINANCE
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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

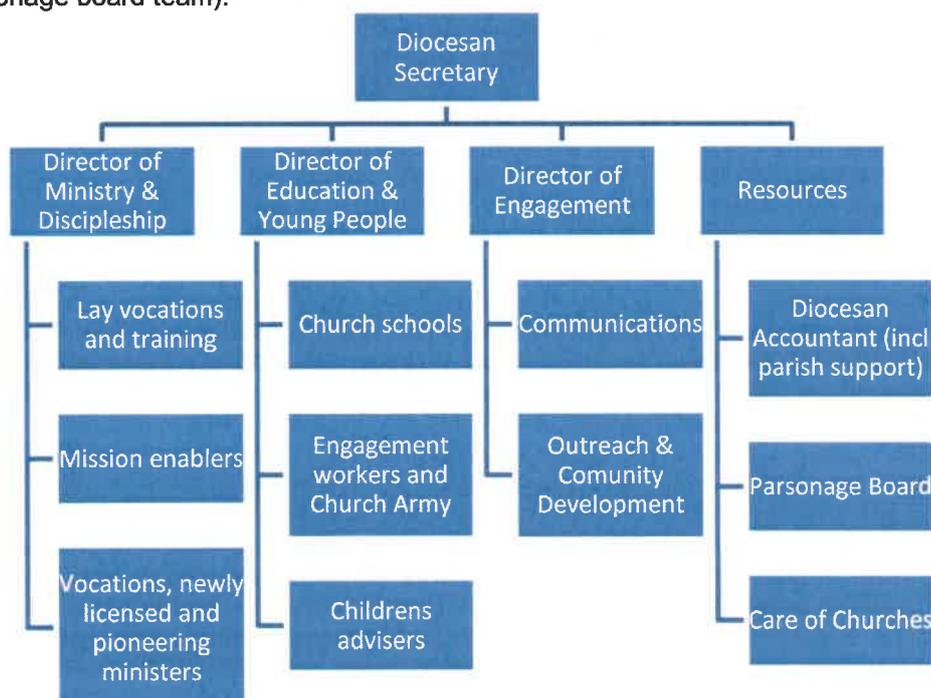
FINANCIAL REVIEW (continued)

KEY EVENTS OF 2020 (continued)

Digital church and communications were areas of work that were present in the Diocesan Vision but assumed a much greater importance during 2020. While churches were closed for corporate worship, and meetings for governance, conferences and social events could not happen in person, the need to connect in other ways increased. The diocese's own website was relaunched, and greater advice and support made available to clergy and local church leadership in developing their online offerings, including live streamed or recorded worship, technology to enable online giving in the moment as well as regular Gift Direct supported by the Church in Wales, prayer and bible study groups using online conference call platforms, and newsletters (both electronic and sent in hard copy) and telephone call networks to keep in touch – the resilience and creativity of our parishes was a truly joyful story. In the autumn we recruited a new Digital Communications Officer to support this work.

At the end of 2020 we bade farewell to Revd Canon Richard Lowndes, the Director of Ministry and Discipleship. He has served the diocese well, caring deeply for the work and mission of God's church in Llandaff, and no less fervently for the personal well being and development of the clergy. At the start of the year he oversaw the commissioning of the new vocations team, and in the later months set things up well for the future work of Ministry and Discipleship. He was succeeded by Revd Canon Tim Llewellyn Jones who returns with his family from Suffolk to roots in South Wales, and started work on St David's Day, 1st March 2021.

Over the summer of 2020 the DBF reviewed its management and governance structures, in order to be more streamlined and effective in directing the implementation of *Where Faith Matters* and ongoing running of the diocese. We restructured the staff into teams focused on each delivery group of the Vision, each led by a Director: Education & Young People, Outreach & Engagement, Ministry & Discipleship, and Resources (under the Diocesan Secretary, and including finance, parish support and stewardship, care of churches, and the parsonage board team).



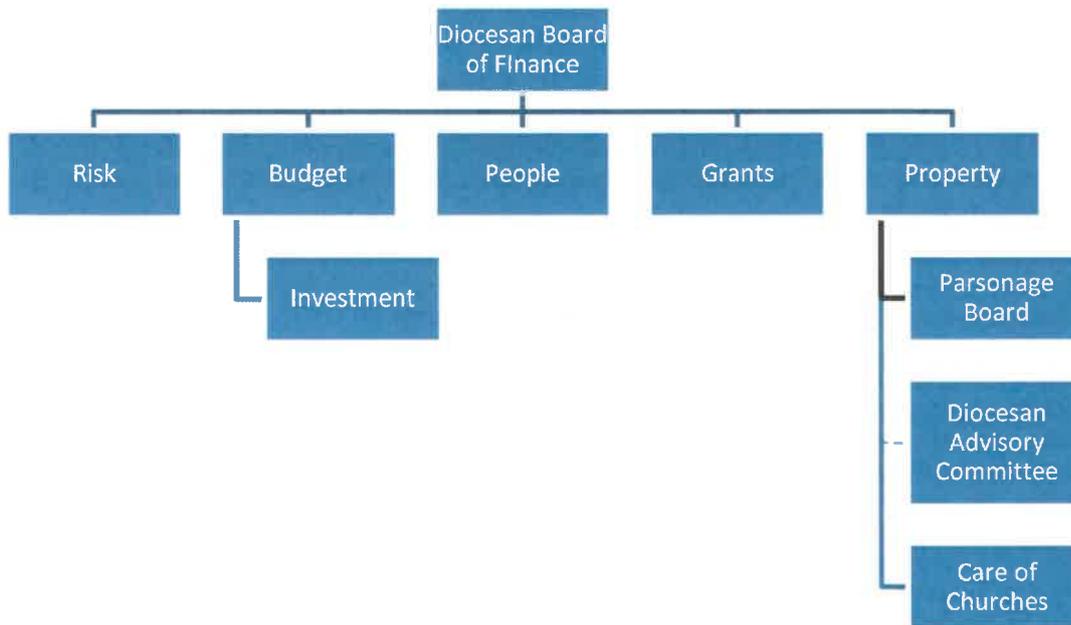
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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

FINANCIAL REVIEW (continued)

KEY EVENTS OF 2020 (continued)

The DBF reviewed its constitution during 2020 and approved new Articles of Association, to be fit for the modern era and better govern the diocese. This included changes to permit electronic meetings, and revise the elected members to permit a better balance of representation, skills and experience and allow the Board to co-opt members if there are any skills gaps. The new membership structure is detailed under "Structure, Governance and Management on page 8 below. The DBF also revised its committees, according to areas of work: risk, budget & investment, property, grants and people (including safeguarding). The new structure is below, and the new committees had their first meetings following the Annual General Meeting towards the end of 2020.



Finally, and key to delivering the forward-looking vision of the diocese, the Diocesan Conference agreed in October at the recommendation of its Standing Committee, to restructure the diocese's 106 parishes into 29 Ministry Areas, in accordance with the Church in Wales transformations agenda to which the Diocese committed following the 2012 Harries Report. 11 of these Ministry Areas had already been established, and the others will be established by 1 January 2022, bringing together churches and parishes under teams of clergy. This will enable greater collaboration, calling out of complementary skills and giftings, diversity and choice of theological emphasis, ecclesiology or liturgical style within each Ministry Area, and the opportunity to explore more ambitious outreach projects together. This is hoped to lead to growth in numbers, strategic use of assets and resources (human, financial and property), and greater financial resilience in time. Detailed plans and supporting guidance and resources were drawn up during late 2020 and introduced to the Ministry Areas in a series of online roadshows which were completed in early 2021. The Senior Leadership Team and diocesan staff continue to provide advice to Ministry Areas in the process of formation.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

FINANCIAL REVIEW (continued)

COVID-19

The coronavirus Covid-19 and the consequent social restrictions have had both negative and positive impacts on the operations and finances of the Charity. By the end of the year the value of the investment portfolio had recovered almost to the level at which it stood at the end of 2019, but the investment income during 2020 was lower than budgeted. Since places of worship were closed and public fundraising events were cancelled, income to the parishes (from which they pay parish share income to the Charity) declined but parish share contributions to the Charity were mostly maintained almost at budgeted levels. This is partly due to the RB support, but it is also expected that many parishes had to pay some of their share from their own reserves.

PLANS FOR THE FUTURE

The Board will continue to undertake its main functions as described in the objectives and activities. Fairer share for 2021 was not increased due to the strain on parishes as a result of the Covid-19 pandemic. However, the Board's projections for the next five years suggest increases will be necessary. This will bring the Fairer Share income closer to the support for ministry costs and allow the Board's reserves to be used to fund the Diocesan Vision.

As expenditure also follows closely in line with clergy numbers, a continuous review of requirements in that area is undertaken by the Bishop and her senior staff, together with a consideration of the age profile of serving clerics and the opportunities for the training of new ordinands.

Diocesan Vision and Rebuilding the Church for the Future

The Diocese remains committed to its Vision, Where Faith Matters. The pandemic during 2020 accelerated implementation of parts of it, including digital ministry in particular, and also underlined the importance of community and of the Church's role in loving our neighbours and bringing the good news of Jesus to people in their suffering. We need to recognise that some communities and congregations may be permanently impacted, whether financially, or through depleted numbers due to deaths or people losing the habit of going to church, or simply staying online. While some of the diocese's activities and Vision plans were paused, they now resume. But we will also learn lessons from the crisis in order to be more resilient in practical ways in the future, and provide the necessary support for Ministry Areas to engage with their society, proclaim the gospel, and transform communities. While some of this will be consistent with what was previously planned, some will be amended in the light of experience. The RB has generously offered to continue financial support for the first six months of 2021, tapering that support to help dioceses, Ministry Areas and parishes in addressing the financial legacy of the lockdown control measures until they are lifted later in the year.

After taking time to get to know the diocese well, its people, places and projects, the new Director of Ministry and Discipleship Revd Tim Jones will focus on ensuring that we transition well into Ministry Areas, addressing any remaining concerns. The purpose of Ministry Areas is to better enable ministry to flourish within the whole church community, so we will want to address the entwined themes of lay ministry development, vocation to ministry as an element of discipleship, and the developing nature of leadership (lay and ordained) in a new ministry context. Change always brings added pressures at least temporarily, even when the necessary purpose of the change is to relieve pressure: we will need to attend carefully to ministerial well-being as we emerge from the pandemic and engage with what we find.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

PLANS FOR THE FUTURE (continued)

As part of the delivery of the Vision, funded by the budget previously approved by the DBF, we will continue with the recruitment of Engagement Workers in 2021 to help Ministry Areas in reaching young people and schools, with an increased focus on digital ministry. We will also recruit Outreach Enablers to facilitate initiatives in service to the community, and Mission Enablers to work with Ministry Areas on their plans for local mission. Centrally we will support these roles with a Ministry Area Finance Adviser who will work in the Finance Team with the current Parish Resources Adviser (who intends to move to part time) to help parishes in the transition to Ministry Areas, implementing new accounting software and consolidated accounts, and establishing robust governance structures. Finally, we are recruiting the Vision Programme Manager to maintain oversight of the establishment of Ministry Areas and delivery of the Vision, reporting directly to the Diocesan Secretary. This will be supported by the establishment of systems and structures of evaluation and accountability to ensure we continue to make progress in the right direction and hold fast to our goal of transforming lives and societies in the love of Jesus, building a future in Llandaff *Where Faith Matters*.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Llandaff Diocesan Board of Finance is a registered charity and a company limited by guarantee. It is governed in its activities by its Memorandum and Articles of Association dated 8th January 2021.

Principal Objective

Its principal objective is to promote, aid, and further assist the charitable objects and work of the Church in Wales within the Diocese of Llandaff.

Structure

The Board is one of six Boards of Finance operating within the Province of the Church in Wales, and annual meetings of the Board Chairs and Secretaries with the Representative Body of the Church in Wales are held to discuss matters of mutual concern and where a commonality of approach is required. Other meetings at officer level are held as necessary during the year.

Much of the policy for the Church in Wales is determined under its Constitution by the Bench of Bishops, the Governing Body of the Church in Wales, and the Representative Body of the Church in Wales (who are responsible for the management of the Church's central funds, out of which grants are made to the six Diocesan Boards of Finance). The Board works closely with these bodies and, in its main functions concerned with the maintenance of ministers and clergy, parsonages and churches, it is largely responsible for administering the policies developed by them.

Public Benefit

The trustees confirm that they have complied with the duty in section 4(1) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The Board believes that by promoting the work of the Church in Wales in the Diocese of Llandaff it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Membership

The membership of the company is a maximum of 19 members, being:

- Up to six Ex-Officio Trustees being: the Bishop, (and his or her Assistant Bishop), the Archdeacons of the Diocese and the Chair of Llandaff Diocesan Parsonage Board whilst they respectively hold such offices;
- The Chair of the Charity appointed by the Bishop
- Up to six Elected Trustees, elected in accordance with "Election Rules" made by the Charity to regulate their election. Elected Trustees shall serve for a term of 3 years. Each of the two Archdeaconries of the Diocese of Llandaff shall each elect two people to be Lay Members and one cleric to be a Clerical Member of the DBF
- Up to six Co-opted Trustees appointed by the Trustees and who shall hold office for a term of three years after their appointment.

The number of Trustees shall not be less than 6.

The members of the Board each hold one guarantee share of £1.

Appointment of Trustees

The trustees are such members of the Board as are appointed at the Annual General Meeting. All members of the Board shall be trustees unless the Board resolves otherwise.

New trustees have the opportunity to attend an induction course in relation to their trustee responsibilities. They may also avail themselves of the opportunity to visit the diocesan office for informal briefings on the day-to-day work of the organisation and are encouraged to attend relevant external training courses.

The Board of Trustees meets four times a year and appoints committees where appropriate. Day-to-day management of the charity's affairs is delegated to the Secretary to the Board.

All decisions made by staff are made within policies determined by the Board. Any decisions required outside of existing policies are made by reference to the Board Chairman and/or other senior trustees and are endorsed at subsequent Board meetings.

Related Parties

Llandaff Diocesan Board of Finance is committed at all times to maintaining the highest standards of honesty, openness and accountability to ensure that transactions are not influenced by board members or senior staff that would be to interests other than those of the charity.

The charity has a policy which includes that all trustees must declare an interest if a related party transaction occurs. The updated policy was agreed by the Board in December 2020.

The Board additionally maintains a conflict of interest register which is updated annually by trustees and senior staff which records any conflicts that could potentially arise. Also, at the start of each meeting of the Board, any conflicts of interest are noted in relation to the business to be discussed and are recorded within the minutes of that meeting.

All financial transactions are made within an agreed financial policy framework which was updated in December 2020. The only trustees with the ability to approve financial transactions within this framework are the Chairman of the Board and the Chairman of the Parsonage Board. None of the trustees receive remuneration or any other benefit from their work with the charity.

During the year, the charity received £16,000 of income from Cardiff Womens Aid. The Venerable Frances Jackson is a trustee of the Board and trustee of Cardiff Womens Aid. She did not participate in any of the rental agreement decisions.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

Remuneration policy for senior management

The trustees consider that the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running, and operating the Board on a day to day basis.

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were considered to be the Diocesan Secretary and Accountant.

The Trustees have agreed a remuneration policy the objective of which is to ensure that all its staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the organisation. The appropriateness and relevance of the remuneration policy is reviewed and updated by the People Committee as necessary and at least annually for any immediate issues that may impact on staff retention and/or recruitment. Note 15 provides further information in relation to staff costs.

Risk management

The Trustees have a risk management strategy which comprises:

- An annual review by the full Board of the principal risks and uncertainties that the Board face
- The establishment of policies, systems and procedures to mitigate those risks,
- The implementation of procedures designed to minimise or manage any potential impact on the charity should they materialise

The Board has in place a Risk Committee whose role it is to:

- Provide scrutiny of the identified key risks on the register
- Allocate the risks to other committees/individuals who have responsibility for reviewing the risk, assessing the controls in place and amending them as appropriate. The risk holder is also responsible for reporting back to the Committee on the current status of the risk
- Monitor the responses of the risk holders and provide a report on those findings (key areas of risk and mitigation) to the Board annually
- Undertake a detailed review of key risks each year, as identified by the Board

The Trustees have assessed the major risks facing the Board and the mitigation of those risks:

- Falling congregational numbers – diocesan officers have been appointed in key areas of mission, discipleship, vocations and stewardship to assist parishes into growth
- Financial sustainability including Representative Body of the Church in Wales block grant reduction, significant parish share default, failure of investment returns all of which are mitigated against through increased financial reserve holdings, quarterly review of fairer share default levels, and investment diversification and management
- Covid-19 and related restrictions have been added to the risk register as a consolidated high-rated risk, incorporating potential income and investment losses. Income from fairer share may decline due to lack of collections, rental income and fundraising. In the long term there may be an impact on church attendance. This has been mitigated through substantial additional grant support from the Representative Body and freezing fairer share for 2021. Support and resources are being provided to parishes to assist with supporting their communities during this time.

The Trustees recognise that the Board could face reputational risk as a result of independent bodies which are nevertheless associated with it in the public's mind.

A complete overhaul of the register was undertaken based on Charity Commission Guidance CC26 by the Risk Committee at its January 2021 meeting. A heat map of risks has been introduced and integration with new committee structures will be undertaken throughout 2021.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

Investment powers and policies

The trustees, having regard to the liquidity requirements of the diocese have kept funds that are required at short notice with the Charities' Official Investment Fund (COIF) and with the Board's bankers. Further deposits are held with several banks on various instant access and fixed term deposits. Long-term investments, which include money held in trust, are in government stock and equities. The stockbrokers produce a quarterly report and attend sub-committee meetings as required to answer questions on the performance of the portfolio and their activities in the preceding period.

The brief to stockbrokers in their handling of all long-term funds is to make such investments as will produce growth in the capital base by either capital appreciation or reinvestment of income. Instructions in respect of specific trusts are dictated by the requirements of each individual trust.

The Board adopts the same ethical policy in regard to its investments as does the Representative Body of the Church in Wales, in that it does not invest in companies with a significant involvement in armaments, tobacco, pornography, gambling, the production of alcoholic beverages or predatory lending.

Details of investments are disclosed in the notes to the financial statements (note 17). Investments are recorded at their market value. All gains and losses are recorded in the Statement of Financial Activities.

The investment policy document is reviewed and updated annually by the Board.

Reserves policy and going concern

General reserves are held specifically to ensure that expenditure requirements are met, principally stipends, salaries and property costs. The level of reserves holding is monitored and reviewed annually by the trustees, and the policy is kept under regular review in the light of changing financial market conditions, which affect both the resources available and the calls upon them. The level of reserve holding as at 31st December 2020 is £26.54 million. This total includes £16.81 million of restricted and endowment income. The Board therefore holds £9.73 million of unrestricted reserves.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

Reserves policy and going concern (continued)

The unrestricted reserves include designated reserves of £3.53 million and fixed asset value of £1.98 million which would not be quickly realisable to liquid funds. The current designated reserves are:

- Transformation Fund: The Representative Body allocated the diocese £500,000 over a three year period which was match funded by the DBF to implement 20:20 Vision initiatives. The funds have been designated for this purpose. The balance of the transformation funds it is anticipated will be spent within the next year.
- Diocesan Vision: These funds are set aside by the Diocesan Board of Finance to implement the Diocesan Vision over 5 years.
- Curate Housing Support: These funds are set aside by the Diocesan Board of Finance to run a new project to assist parishes with housing costs of newly ordained stipendiary curates.
- Clergy School: Annually designated funds are set aside to fund the triennial Clergy School. The next Clergy School is due to be held in 2022.
- Covid-19 Support Fund: These funds are set aside by the Diocesan Board of Finance to provide support required as a result of the Covid-19 pandemic.

Therefore, the level of free reserve (excluding fixed assets and revaluation reserve) holding at the 31st December 2020 is £4.0 million which represents 7 months of unrestricted expenditure.

The trustees believe that a level equivalent to a minimum of six months' expenditure should be maintained. The current excess over the minimum six months' policy is to ease the known future reduction in the Representative Body block grant.

The trustees consider that there are no material uncertainties related to events or conditions that may cast doubt about the ability of the company to continue as a going concern. The DBF is in the fortunate position of holding substantial reserves which are in excess of the charity's reserves policy, giving the Trustees confidence in the DBF as a going concern.

Grant making policy

Grants are allocated by the Board in pursuance of its objects and the nature of those grants are indicated in note 11. A new Grant Committee was introduced towards the end of 2020. The Committee meets on a quarterly basis and makes decisions on grant distributions.

Post balance sheet events

The impact of Covid-19 and the government-imposed restrictions continue to be assessed and evaluated by the Board. There may be an impact on future finances, and so the DBF's strategy, plans and budgets for the future are continually being reassessed to take account of any impact on changes to income.

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(a company limited by guarantee and not having a share capital)

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Below are the various trusts for which the Board acts as a custodian trustee:

Name of Trust	Nature of investments held
Aberdare – land for Sunday School	Equities and fixed interest stocks
Edward H Lee Bequest	Equities and fixed interest stocks
Ivor May Bequest	COIF deposit
Jane Minnie Reid Legacy	COIF deposit
Mariam Lucretia David Trust	COIF deposit
Mrs E M Haslewood Bequest	Equities and fixed interest stocks
Parish of Miskin	Unit trusts
Pearce Memorial Trust Fund	COIF deposit, equities and fixed interest stocks
Reverend J E Middlehurst Legacy	COIF deposit
St David's Ton Pentre (Parr Memorial)	COIF deposit
St David's Ton Pentre Endowment	COIF deposit
St David's Ton Pentre Trust	COIF deposit
Wingfield Trust	COIF deposit
Briton Ferry	COIF deposit
St Martin's Church Hall	COIF deposit (see note below)

All trusts are held for church or churchyard purposes. Funds held on deposit are held in separately identified accounts.

The St Martin's Church Hall Trust holds money received in November 2011 from the sale of the church hall. The apportionment of the proceeds between the Parish and the Educational Endowment Fund is under review by The Charity Commission. The value of the deposit at 31st December 2020 was £500,605. The appropriate proceeds will be added to the Schools Fund at a future date once a decision is reached.

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 2 - 12 within their capacity as company directors.

Approved by the Board of Trustees on 29 June 2021
and signed on behalf of the Board



J Laing
Secretary

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 DECEMBER 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Llandaff 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 its 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.

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.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware; and
- the trustees, having made enquiries of fellow directors and the auditors that they ought to have individually taken, have each taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Approved by the Board of Trustees on and signed on behalf of the Board



J Laing
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)**

Opinion

We have audited the financial statements of Llandaff Diocesan Board of Finance (the 'charity') for the year ended 31st December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' 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 strategic report or the directors' report included within the trustees' 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)**

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of

journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Sarah Case

Azets Audit Services
Chartered Accountants
Statutory Auditor

6-7-2021

Sarah Case FCA DChA
For and on behalf of Azets Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the INCOME AND EXPENDITURE ACCOUNT)
Year ended 31 December 2020

	Note	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
Income and endowments from:						
Donations and legacies	4	7,496,979	270,005	-	7,766,984	5,662,157
Charitable activities	5	74,786	453,590	-	528,376	279,202
Investments	6	170,470	208,670	5,421	384,561	467,621
Other Income	7	-	54,257	-	54,257	98,253
Total income and endowments		7,742,235	986,522	5,421	8,734,178	6,507,233
Expenditure on:						
Raising funds		46,389	7,315	789	54,493	68,264
Charitable activities						
Support for ministry	8	4,492,871	779,406	-	5,272,277	5,393,883
Support for parishes	9	615,906	134,546	-	750,452	647,094
Church property	10	96,647	1,182,568	-	1,279,215	926,355
Grants and other financial support	11	1,550,241	60,219	-	1,610,460	188,340
Communication	12	107,508	-	-	107,508	80,283
Total expenditure		6,909,562	2,164,054	789	9,074,405	7,304,219
Net gains/(losses) on investments		126,132	3,312	(3,244)	126,200	955,734
Net income/(expenditure)		958,805	(1,174,220)	1,388	(214,027)	158,748
Transfers between funds		(667,144)	672,565	(5,421)	-	-
Net movement in funds		291,661	(501,655)	(4,033)	(214,027)	158,748
Reconciliation of funds:						
Total funds brought forward	3,23,27	9,433,619	17,106,030	211,328	26,750,977	26,592,229
Total funds carried forward	3,23,27	9,725,280	16,604,375	207,295	26,536,950	26,750,977

The notes on pages 23 to 42 form part of the financial statements

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)

BALANCE SHEET
Year ended 31 December 2020

	Note	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total funds 2020 £	Total funds 2019 £
Fixed assets:						
Tangible assets	16	416,087	15,136,773	-	15,552,860	16,064,051
Investment property	17	220,000	260,000	-	480,000	480,000
Investments	17	7,514,014	115,724	183,022	7,812,760	7,754,302
Long-term loans	18	1,339,564	93,954	-	1,433,518	979,466
Total fixed assets		9,489,665	15,606,451	183,022	25,279,138	25,277,819
Current assets:						
Debtors	19	80,319	183,747	-	264,066	216,551
Cash at bank and in hand		1,740,431	1,111,143	24,473	2,876,047	3,008,582
Total current assets		1,820,750	1,294,890	24,473	3,140,113	3,225,133
Liabilities:						
Creditors: amounts falling due within one year	20	(1,071,735)	(224,511)	(200)	(1,296,446)	(1,103,453)
Net current assets		749,015	1,070,379	24,273	1,843,667	2,121,680
Total assets less current liabilities		10,238,680	16,676,830	207,295	27,122,805	27,399,499
Creditors: amounts falling due after more than one year:						
Loans from the Representative Body of the Church in Wales	18	(513,400)	-	-	(513,400)	(543,400)
Parish Grants		-	(2,500)	-	(2,500)	(19,167)
Governor Loans		-	(69,955)	-	(69,955)	(85,955)
Total net assets		9,725,280	16,604,375	207,295	26,536,950	26,750,977
The funds of the Charity:						
Endowment funds	23	-	-	207,295	207,295	211,328
Restricted income funds	3	-	16,575,331	-	16,575,331	17,076,986
Unrestricted funds:						
Designated	22	3,527,025	-	-	3,527,025	3,253,514
General		6,012,096	-	-	6,012,096	5,993,946
Revaluation Reserve		186,159	29,044	-	215,203	215,203
Total charity funds	27	9,725,280	16,604,375	207,295	26,536,950	26,750,977

These financial statements were approved and authorised by the Board of Directors on 29 June 2021

Signed on behalf of the Board of Directors

Director 

Director 

The notes on pages 23 to 42 form part of the financial statements

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)

CASHFLOW STATEMENT
Year ended 31 December 2020

	£	2020 £	£	2019 £
Cash flows from operating activities:				
Net cash provided by operating activities		(579,417)		(997,926)
Cash flows from investing activities:				
Dividends, interest and rents from investments	379,140		460,874	
Purchase of property, plant and equipment	-		(1,988)	
Proceeds from sale of investments	1,133,960		577,723	
Purchase of investments	(1,066,218)		(331,459)	
Net cash provided by investing activities		<u>446,882</u>		<u>705,150</u>
Cash flows from financing activities:				
Net cash provided by financing activities				
Change in cash and cash equivalents in the reporting period		(132,535)		(292,776)
Cash and cash equivalents at the beginning of the reporting period		<u>3,008,582</u>		<u>3,301,358</u>
Cash and cash equivalents at the end of the reporting period		<u><u>2,876,047</u></u>		<u><u>3,008,582</u></u>
Reconciliation of net income/(expenditure) to net cash flow from operating activities		2020		2019
		£		£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		(214,027)		158,748
Adjustments for:				
Depreciation charges		511,191		510,693
(Gains)/losses on investments		(126,200)		(955,734)
Dividends, interest and rents from investments		(379,140)		(460,874)
Decrease/(Increase) in debtors		(501,567)		317,363
Increase/ (decrease) in creditors		<u>130,326</u>		<u>(568,122)</u>
Net cash provided by (used in) operating activities from operating activities		<u><u>(579,417)</u></u>		<u><u>(997,926)</u></u>
Analysis of cash and cash equivalents		2020		2019
		£		£
Cash in hand		2,865,625		2,825,638
Notice deposits (less than 3 months)		<u>10,422</u>		<u>182,944</u>
Total cash and cash equivalents		<u><u>2,876,047</u></u>		<u><u>3,008,582</u></u>

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)

CASHFLOW STATEMENT
Year ended 31 December 2020

Analysis of changes in net funds

	Opening balance £	Cash- flows £	New finance leases £	Interest changes £	Other non- cash changes £	Balance carried forward £
Cash	2,825,638	39,987	-	-	-	2,865,625
Cash Equivalents	182,944	(172,522)	-	-	-	10,422
	3,008,582	(132,535)	-	-	-	2,876,047

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

All activities derive from continuing operations. There are no recognised gains and losses for the current financial year or the prior financial period other than as stated in the Statement of Financial Activities and, accordingly, no separate total of recognised gains and losses is presented.

1. ACCOUNTING POLICIES

Charity information

Llandaff Diocesan Board of Finance is a private company limited by guarantee incorporated in England and Wales. The registered office is The Diocesan Office, The Court, Coychurch, Bridgend, CF35 5EH.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. Llandaff Diocesan Board of Finance met the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, 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)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

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

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.

b) Company status

The charity is a company limited by guarantee. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objects of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Permanent endowment funds are those which have been donated to the Board with the express wish that capital not be expended. Income on these funds is paid out in accordance with the wishes of the donor.

Investment income and gains are allocated to the appropriate fund.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

d) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income arising from permanent endowments is credited to unrestricted funds or restricted funds in accordance with the trust provisions.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of the resources.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity.

Resources expended are included in the Statement of Financial Activities at the time they become due.

Income and expenditure are stated gross.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

f) Charitable activities

This includes all costs relating to the furtherance of the charity's objectives as stated in the Trustees' Report.

g) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll, gains/losses on disposal of fixed assets and governance costs which support the Board's activities. These costs have been allocated between areas of expenditure. The bases on which support costs have been allocated are set out in note 13.

h) Tangible fixed assets

Tangible fixed assets costing in excess of £1,000 are stated at cost less accumulated depreciation. Depreciation is provided on fixed assets in order to write them off in equal annual instalments over their estimated useful lives. The charity employs the principle of charging no depreciation in the year of addition and full in the year of disposal. The following rates are used:

School buildings	-	2% per annum on cost
Office premises	-	2.5% per annum on cost
Office furniture and fittings	-	10% per annum on cost
Office equipment	-	25% per annum on cost

No depreciation is provided on land.

i) Gifted properties

When the Board was incorporated in 1950, responsibility for a number of properties was transferred to it 'en bloc'. The number and nature of such properties was unclear; in some cases the Board is not the legal owner but merely custodian trustee. The records are sparse and difficult to determine but the registration of titles is now almost complete. The properties include church halls and old school buildings; no value has ever been placed upon any for which the Board may be the beneficial owner and it is impractical to place any such value until the nature and ownership are determined.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

j) Investments

Investments held as fixed assets are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

k) Investment property

Premises at Heol Fair, Llandaff previously used as the Diocesan office are included in the balance sheet as an investment property at valuation provided by Cooke & Arkwright at 17th January 2018.

Investment property is shown at its open market value as defined under the current RICS Practice statements and guidelines, and then measured at its fair value at the balance sheet date. The surplus or deficit arising from the revaluation is recognised in the Statement of Financial Activities for the year.

Premises at Cowbridge Road which were transferred in 2017 from the Llandaff Diocesan Board for Social Responsibility are included in the balance sheet as an investment property at a valuation provided by Cooke & Arkwright at 4th December 2018.

Investment property is held for its investment potential and not for use by the company and so its current market value is of prime importance. The departure from the provisions of the Companies Act 2006 to depreciate assets is required in order to give a true and fair view.

l) Pension costs

Pension contributions are made to stakeholder pension arrangements for the benefit of employees. Pension costs are charged to expenditure in the Statement of Financial Activities as they fall due. The pension costs of the clergy, although charged to the Board, are paid by it as agent rather than employer.

m) Operating leases

Payments made in respect of operating leases are charged to the accounts in the year in which they are paid.

n) Financial Instruments

Financial assets and financial liabilities are recognised when the Board becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at transaction price (including transaction costs). The Board 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.

o) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated at the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated at the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

p) Cash and cash equivalents

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

q) Termination payment

Termination payments are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.

COVID-19

During 2020, as a result of the COVID-19 pandemic, the DBF took advantage of the government's furlough scheme (CJRS), placing six staff on furlough with a cost saving of £24,736. Loans were not deemed desirable or necessary, and no grants have yet been identified that are appropriate for the DBF. We received financial support from the Representative Body of the Church in Wales to pay for two quarters' worth of clergy accommodation, stipend and related costs. We are expecting to receive further financial support from the RB to reduce this payment in the first quarter of 2021, and half of the second quarter. Since investment markets held steady in valuation towards the end of 2020 we have instructed our investment fund managers to prepare to access our investments for the delivery of the Vision, and if necessary for ongoing operations although it is hoped and expected that will not be necessary. Cash income from fairer share is received from parishes on a monthly basis, and we maintain open dialogue with parishes who face financial difficulties in order to plan for any deferral of fairer share payments. The DBF holds sufficient cash in bank accounts and within its investment portfolio to manage the cash flow in the medium term under normal operating procedures.

While social distancing does not have a significant impact on the operations of the DBF itself, there is still a significant impact on our parishes who drive the DBF's largest income stream since they are unable to collect cash gifts during worship services, fundraising events or hiring their premises out commercially. Management is therefore working with parishes to try to ensure financial resilience. As noted in the "plans for future periods" section above, some congregations may be permanently reduced, but others may be increased or have increased online reach, having developed their competence, confidence and donations capabilities. Until restrictions are lifted and the outcomes are clearer so that the diocese's activities can be reassessed, it is assumed that congregations will be reduced, lending greater impetus to the delivery of the Vision, *Where Faith Matters*, which focuses on outreach to new sectors of society and growth in the Kingdom of God.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. RESTRICTED FUNDS

The purposes of the restricted funds shown in the following analyses are as follows:

- a) Retired clergy fund
This fund represents the accumulated unspent income from the endowment fund set up by the Diocese to assist with housing and expenses of retired clergy in need.
- b) Parsonage Board fund
This fund is held for the purpose of maintaining and repairing parsonages in the Diocese. The Board of Finance provides the funding for parsonage maintenance agreed under the terms of the Constitution of the Church in Wales and this sum is included as a transfer from unrestricted funds to the Parsonage Board fund.
- c) Schools funds
This fund is held in two parts:
- grants received from external sources, mainly Welsh Government, for the purpose of building or extending church schools; and
 - accumulated funds from the sale or rental income of properties no longer used as schools. The rental income in this part of the fund may be spent on insurance and maintenance of schools, together with administration and management costs.
- d) Widows', Orphans' and Dependants' Society (W.O.D.S.)
Monies are held to provide financial assistance to the widows and dependants of clerics in the Diocese. Where a grant is made from unrestricted funds it is shown as a transfer between funds.
- e) Sundry trusts
These are several smaller trusts in respect of which the Diocesan Board of Finance are managing trustees. All the funds have assets adequate for the requirements of the individual funds.
- f) Bishop's Mission and General Fund
Donations are made to this fund primarily from collections taken at induction and confirmation services, and Gift Aid is claimed where appropriate. All monies received are paid over to the Bishop to be used at her discretion.
- g) Transformation Fund (Representative Body Grant)
The Representative Body of the Church in Wales committed to providing the Diocese with £500,000 over a three year period from 2015-2017 to be used for 20:20 Vision initiatives.
- h) Community Development Fund
The assets of the Llandaff Diocesan Board for Social Responsibility were transferred to Llandaff Diocesan Board of Finance early in 2017 and are to be used for the same charitable purposes focussing on community development projects within parishes.
- i) Community Mental Health Chaplaincy
This fund represents grant money received from All Churches Trust to provide a Community Mental Health Chaplain in the diocese. The project ended in 2019, with all restricted funds being utilised in 2018.
- j) Landscapes/Journeys in Faith
This fund represents grant monies received from All Churches Trust and Visit Wales to provide projects in the diocese in the areas of building a picture of the landscapes of faith across the diocese. The projects will result in key areas being identified throughout Wales, and will engage with parishes on a diocesan level.
- k) Church Improvement Fund
The Representative Body of the Church in Wales provide an annual allocation to the diocese to be used specifically for church improvements which are allocated to parishes in the form of grants by the Diocesan Advisory Committee.
- l) Restricted Donations
This fund represents donations received to the diocese for special campaigns which are utilised for the purposes stated within the campaign.
- m) RB Evangelism Fund
The Representative Body of the Church in Wales have committed to provide the diocese with a grant award payable in tranches over a 5 year period to invest in Young Faith Matters initiatives and Citizen Church.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

3. RESTRICTED FUNDS (CONTINUED)

n) Movements on Restricted Funds

	Balance 1 January 2020 £	Transfer of funds £	Incoming resources £	Outgoings £	Investment gains/(losses) £	Balance 31 December 2020 £
Retired clergy	52,681	3,365	174	-	-	56,220
Parsonage board	9,871	664,200	133,768	(761,850)	-	45,989
Schools funds:						
External grants	15,781,481	-	348,264	(475,551)	-	15,654,194
Accumulated funds	686,167	-	182,435	(492,227)	-	376,375
Sundry trusts	66,452	-	1,613	(501)	1,569	69,133
Bishop's mission fund	-	-	2,320	(2,320)	-	-
Transformation fund	58,940	-	-	(58,940)	-	-
Landscapes/Journeys in Faith	27,310	-	28,721	(50,440)	-	5,591
Church Improvement Fund	1,500	-	25,500	(24,919)	-	2,081
Community Development	336,537	-	36,305	(53,151)	-	319,691
Restricted Donations	-	-	5,256	(5,256)	-	-
RB Evangelism Fund	-	-	221,175	(221,175)	-	-
W.O.D.S.	85,091	5,000	991	(17,724)	1,743	75,101
	<u>17,106,030</u>	<u>672,565</u>	<u>986,522</u>	<u>(2,164,054)</u>	<u>3,312</u>	<u>16,604,375</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

3. RESTRICTED FUNDS (CONTINUED)

m) Movements on Restricted Funds (prior year comparative)

	Balance 1 January 2019 £	Transfer of funds £	Incoming resources £	Outgoings £	Investment gains/(losses) £	Balance 31 December 2019 £
Retired clergy	48,150	4,172	359	-	-	52,681
Parsonage board	-	638,640	166,811	(795,580)	-	9,871
Schools funds:						
External grants	16,103,273	-	150,744	(472,536)	-	15,781,481
Accumulated funds	822,027	-	121,145	(257,005)	-	686,167
Sundry trusts	73,940	-	2,345	(6,825)	(3,008)	66,452
Bishop's mission fund	-	-	7,440	(7,440)	-	-
Transformation fund	166,675	-	-	(107,735)	-	58,940
Landscapes/Journeys in Faith	-	-	62,347	(35,037)	-	27,310
Church Improvement Fund	-	-	25,500	(24,000)	-	1,500
Community Development	369,044	-	25,727	(58,234)	-	336,537
W.O.D.S.	75,056	5,000	2,772	(1,324)	3,587	85,091
	<u>17,658,165</u>	<u>647,812</u>	<u>565,190</u>	<u>(1,765,716)</u>	<u>579</u>	<u>17,106,030</u>

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

4. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Grants from the Representative Body of the Church in Wales						
Block grant	1,489,782	-	1,489,782	1,489,782	-	1,489,782
Other	1,724,201	221,175	1,945,376	8,333	-	8,333
	3,213,983	221,175	3,435,158	1,498,115	-	1,498,115
Parish Share	4,210,477	-	4,210,477	4,102,689	-	4,102,689
Parish & School contributions	-	25,375	25,375	-	1,940	1,940
Donations/External grants	72,519	23,455	95,974	47,533	11,880	59,413
	7,496,979	270,005	7,766,984	5,648,337	13,820	5,662,157

The Board benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with Charities SORP(FRS102), the economic contribution of general volunteers is not recognised in the accounts.

5. CHARITABLE ACTIVITIES INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Support for ministry						
Hospital chaplaincies	-	-	-	(762)	-	(762)
Stipendiary secondment	26,828	-	26,828	33,578	-	33,578
Clergy school grant	3,000	-	3,000	3,000	-	3,000
Grants for work on parsonages	-	2,912	2,912	-	10,662	10,662
Support for parishes						
Staff recharges	25,348	-	25,348	-	-	-
Schools receipts	19,030	-	19,030	17,905	-	17,905
Licence income	570	-	570	360	-	360
Church property						
Grants for schools capital projects	-	382,950	382,950	-	150,744	150,744
Schools contributions to insurances	-	67,728	67,728	-	63,715	63,715
Communications						
Directory sales, copying charges	10	-	10	-	-	-
	74,786	453,590	528,376	54,081	225,121	279,202

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

6. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Total 2020	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£	£	£	£
Bank and other interest	4,969	3,751	8,720	10,791	7,181	17,972
Dividend and trust income	145,348	2,317	147,665	191,715	3,234	194,949
Rental income	20,153	202,602	222,755	20,140	227,813	247,953
	<u>170,470</u>	<u>208,670</u>	<u>379,140</u>	<u>222,646</u>	<u>238,228</u>	<u>460,874</u>
Permanent Endowment			<u>5,421</u>			<u>6,747</u>
			<u>384,561</u>			<u>467,621</u>

Permanent Endowment income of £5,421 relates to Investments.

7. OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total 2020	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£	£	£	£
Community Development Fund sundry income	-	36	36	-	174	174
Sundry Grant Income	-	54,221	54,221	-	87,847	87,847
Other sundry income	-	-	-	10,232	-	10,232
	<u>-</u>	<u>54,257</u>	<u>54,257</u>	<u>10,232</u>	<u>88,021</u>	<u>98,253</u>

Sundry grant income has been received in the year in relation to the two new restricted funds which have been set up from Visit Wales and All Churches Trust in relation to the Landscapes/Journeys in Faith projects, and from the Representative Body of the Church in Wales in relation to Church Improvement grants.

Sundry other income includes the release of the unused strategic support fund in 2019.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

8. CHARITABLE ACTIVITIES: SUPPORT FOR MINISTRY

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
<i>Support for Ministry</i>						
<i>Stipends, fees and pensions</i>						
Stipends	2,174,449	-	2,174,449	2,211,082	-	2,211,082
Curates' stipends	265,355	-	265,355	231,784	-	231,784
National Insurance	248,551	1,651	250,202	248,838	1,617	250,455
Pension costs	993,135	6,480	999,615	1,049,783	6,747	1,056,530
Apprenticeship levy	10,788	-	10,788	10,776	-	10,776
Archdeacons	54,918	-	54,918	79,815	-	79,815
Cathedral staff costs	99,626	-	99,626	67,071	-	67,071
Sector ministry stipends	60,871	17,754	78,625	55,064	17,389	72,453
Bishop's Chaplain	29,167	-	29,167	28,568	-	28,568
University chaplains	33,332	-	33,332	32,591	-	32,591
Vacancy fees	10,318	-	10,318	33,595	-	33,595
	3,980,510	25,885	4,006,395	4,048,967	25,753	4,074,720
<i>Property costs</i>						
Council Tax	254,705	-	254,705	232,782	-	232,782
Parsonage maintenance costs	871	707,370	708,241	2,125	738,144	740,269
Rent of curate houses	53,445	-	53,445	36,157	-	36,157
Parsonage insurances	22,403	-	22,403	21,772	-	21,772
	331,424	707,370	1,038,794	292,836	738,144	1,030,980
<i>Clergy expenses</i>						
Area deans' expenses	105	-	105	4,091	-	4,091
Archdeacons' expenses	7,331	-	7,331	14,450	-	14,450
Removal costs	51,275	-	51,275	61,919	-	61,919
Bishop's discretionary fund	19,095	-	19,095	19,095	-	19,095
Miscellaneous	11,212	-	11,212	17,465	-	17,465
	89,018	-	89,018	117,020	-	117,020
<i>Training</i>						
Training costs of ordinands	1,390	-	1,390	2,842	-	2,842
Robes for Deacons	3,000	-	3,000	2,429	-	2,429
Continuing ministerial education	3,959	-	3,959	11,251	-	11,251
Readers	670	-	670	1,322	-	1,322
Clergy school	-	-	-	3,716	-	3,716
	9,019	-	9,019	21,560	-	21,560
<i>Support costs (note 13)</i>	68,383	46,151	114,534	73,288	52,062	125,350
<i>Governance costs (note 13)</i>	14,517	-	14,517	24,253	-	24,253
	82,900	46,151	129,051	97,541	52,062	149,603
	4,492,871	779,406	5,272,277	4,577,924	815,959	5,393,883

LLANDAFF DIOCESAN BOARD OF FINANCE
(a company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

9. CHARITABLE ACTIVITIES: SUPPORT FOR PARISHES

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Parish Share refund to parishes	198,008	-	198,008	203,740	-	203,740
Debt provision	83,595	-	83,595	(22,296)	-	(22,296)
Uppsala link	481	-	481	1,874	-	1,874
Community Mental Health Chaplaincy	193	-	193	19,427	-	19,427
Sector ministry costs	227,535	67,931	295,466	199,348	8,957	208,305
Transformation funds	1,016	58,941	59,957	-	107,735	107,735
Centre of Mission	7,674	7,674	15,348	-	-	-
Loan interest	-	-	-	(2)	-	(2)
<i>Support costs (note 13)</i>	62,902	-	62,902	70,671	-	70,671
<i>Governance costs (note 13)</i>	34,502	-	34,502	57,641	-	57,641
	<u>615,906</u>	<u>134,546</u>	<u>750,452</u>	<u>530,402</u>	<u>116,692</u>	<u>647,094</u>

10. CHARITABLE ACTIVITIES: CHURCH PROPERTY

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
<i><u>Parsonages</u></i>						
Custodian expenses	8,218	4,601	12,819	10,414	1,163	11,577
<i><u>Property costs re churches and church halls</u></i>						
Diocesan Advisory Committee	69,297	-	69,297	105,841	-	105,841
Resource Church	(2,551)	213,277	210,726	2,551	-	2,551
Church Inspections	5,300	-	5,300	21,100	-	21,100
<i><u>Church schools</u></i>						
Depreciation	-	491,723	491,723	-	491,723	491,723
Insurances	-	70,119	70,119	-	65,969	65,969
Option appraisal, enabling and maintenance costs	-	379,950	379,950	-	125,492	125,492
Bad debt provision	-	-	-	-	6,252	6,252
Schools proceeds release	-	-	-	-	9,530	9,530
<i>Support costs (note 13)</i>	7,880	22,534	30,414	10,069	24,968	35,037
<i>Governance costs (note 13)</i>	8,503	364	8,867	14,206	37,077	51,283
	<u>96,647</u>	<u>1,182,568</u>	<u>1,279,215</u>	<u>164,181</u>	<u>762,174</u>	<u>926,355</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

11. CHARITABLE ACTIVITIES: GRANTS AND OTHER FINANCIAL SUPPORT

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
<i>Grants to Church in Wales Bodies</i>						
Retired clergy and widows	-	17,723	17,723	-	1,324	1,324
Churches fund	3,000	24,919	27,919	4,000	24,000	28,000
Mission fund grants to parishes	27,247	-	27,247	33,666	-	33,666
Support grants to parishes	1,422,324	5,257	1,427,581	-	-	-
Support of retreat facilities	5,000	-	5,000	5,000	-	5,000
Llandaff Cathedral	60,000	-	60,000	60,000	-	60,000
Bishop's mission & general fund	-	2,320	2,320	-	7,440	7,440
University Chaplaincies	10,805	-	10,805	10,877	-	10,877
Trecco Bay Mission	-	-	-	1,250	-	1,250
RB Emergency Aid Fund	16,667	-	16,667	16,667	-	16,667
	<u>1,545,043</u>	<u>50,219</u>	<u>1,595,262</u>	<u>131,460</u>	<u>32,764</u>	<u>164,224</u>
<i>Grants to Anglican, Ecumenical and other bodies</i>						
Penrhys Ecumenical Mission	3,500	-	3,500	3,500	-	3,500
The Friends of the Clergy Corporation	-	-	-	300	-	300
The Trussell Trust	-	-	-	300	-	300
Citizens UK	-	10,000	10,000	-	10,000	10,000
Community development grants	-	-	-	-	2,536	2,536
Miscellaneous	1,698	-	1,698	1,200	6,280	7,480
	<u>5,198</u>	<u>10,000</u>	<u>15,198</u>	<u>5,300</u>	<u>18,816</u>	<u>24,116</u>
	<u><u>1,550,241</u></u>	<u><u>60,219</u></u>	<u><u>1,610,460</u></u>	<u><u>136,760</u></u>	<u><u>51,580</u></u>	<u><u>188,340</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

12. CHARITABLE ACTIVITIES: COMMUNICATION

	Unrestricted Funds Total 2020 £	Unrestricted Funds Total 2019 £
Diocesan directory costs	5,520	-
Communication officer and IT expenses	80,039	49,321
Croeso	1,502	5,050
Support costs (note 13)	14,195	15,466
Governance costs (note 13)	6,252	10,446
	<u>107,508</u>	<u>80,283</u>

13. SUPPORT COSTS

Support costs are allocated on the basis of time spent by staff members on each activity, together with the diocesan office floor area relating to those employees, as shown below

	Note	Unrestricted General Support £	Unrestricted Governance £	Restricted General Support £	Restricted Governance £	Total 2020 £
Support for Ministry	8	68,383	14,517	46,151	-	129,051
Support for Parishes	9	62,902	34,502	-	-	97,404
Church property	10	7,880	8,503	22,534	364	39,281
Communication	12	14,195	6,252	-	-	20,447
		<u>153,360</u>	<u>63,774</u>	<u>68,685</u>	<u>364</u>	<u>286,183</u>

The Board identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the four key areas of charitable activities undertaken in the year. The table below details the basis of apportionment and analysis of support and governance costs.

	General Support £	Governance	Total £	Basis of apportionment
Salary Costs	150,744	24,946	175,690	Time spent on activity
General Office costs	71,301	4,551	75,852	Time spent on activity and floor space
Diocesan conference expenses	-	159	159	Governance
Audit	-	5,562	5,562	Governance
Diocesan registrar	-	24,000	24,000	Governance
Meeting and other sundry costs	-	1,024	1,024	Governance
Legal fees	-	3,532	3,532	Governance
Legal fees (restricted)	-	364	364	Governance
	<u>222,045</u>	<u>64,138</u>	<u>286,183</u>	

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

14. NET INCOME FOR THE YEAR

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
This is after charging						
Auditors' remuneration - audit fees	5,562	-	5,562	5,400	-	5,400
Depreciation	19,468	491,723	511,191	18,970	491,723	510,693

15. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to any trustee or any person connected with a trustee during the year (2019 - £nil).

No expenses were paid to any trustee, other than for travel to meetings where claimed.

	Unrestricted £	Restricted £	Total 2020 £	Unrestricted £	Restricted £	Total 2019 £
Employee costs during the year were						
Wages and salaries	418,146	33,275	451,421	407,263	32,601	439,864
Social security costs	37,315	2,780	40,095	37,023	2,723	39,746
Pension contributions	30,918	4,580	35,498	31,347	4,485	35,832
Termination payment	-	-	-	36,000	-	36,000
	<u>486,379</u>	<u>40,635</u>	<u>527,014</u>	<u>511,633</u>	<u>39,809</u>	<u>551,442</u>

During the year, the Board employed 16 staff (2019 - 18). This equates to an average of 12.5 (2019 - 12.1) full-time staff.

One employee had employee benefits in excess of £60,000 which was in the band of £60,000-£70,000 (2019: nil).

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to relevant funds.

The charity trustees were not paid nor received any other benefits from employment with the Board in the year (2019: £nil). Meeting travel costs claimed in the year were £118 by three trustees (2019: £358). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were considered to be the Diocesan Secretary and Accountant.

Total employee costs (including salaries, pension and national insurance costs) of the key management personnel of the Board were £120,486 (2019: £129,385).

Pension costs

The company contributes a percentage of salary to funds held in a grouped personal pension plan to which each employee also contributes. The plan is operated under the stakeholder pension provisions. The contributions paid in the year amounted to £35,498 (2019: £35,832). At the yearend contributions of £nil were due (2019: £nil).

Taxation

As a registered charity, Llandaff Diocesan Board of Finance is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

16. TANGIBLE FIXED ASSETS

	Unrestricted funds			Restricted funds		
	<u>Office Premises</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Land</u>	<u>Schools</u>	<u>Total</u>
	£	£	£	£	£	£
Cost						
At 1 January 2020	629,053	15,634	20,603	61,757	24,586,148	25,313,195
Additions	-	-	-	-	-	-
Disposal /Written off	-	-	-	-	-	-
At 31 December 2020	<u>629,053</u>	<u>15,634</u>	<u>20,603</u>	<u>61,757</u>	<u>24,586,148</u>	<u>25,313,195</u>
Accumulated depreciation						
At 1 January 2020	213,258	9,287	7,190	-	9,019,409	9,249,144
Disposal / Written off	-	-	-	-	-	-
Charge for year	15,726	1,950	1,792	-	491,723	511,191
At 31 December 2020	<u>228,984</u>	<u>11,237</u>	<u>8,982</u>	<u>-</u>	<u>9,511,132</u>	<u>9,760,335</u>
Net book value						
At 31 December 2020	<u>400,069</u>	<u>4,397</u>	<u>11,621</u>	<u>61,757</u>	<u>15,075,016</u>	<u>15,552,860</u>
At 31 December 2019	<u>415,795</u>	<u>6,347</u>	<u>13,413</u>	<u>61,757</u>	<u>15,566,739</u>	<u>16,064,051</u>

17. INVESTMENTS HELD AS FIXED ASSETS

Property	Unrestricted funds	Restricted funds	Total
	£	£	£
Investment Properties	<u>220,000</u>	<u>260,000</u>	<u>480,000</u>

The property at Heol Fair is valued on an open market valuation basis as defined under current RICS Practice statements and guidelines subject to the existing lease for educational purposes, based on professional valuation by Cooke & Arkwright as at 17 January 2018. The property at Cowbridge Road was transferred to the Board at historic depreciated cost in 2017 and revalued in 2018. The current valuations are considered to be reasonably stated.

Listed Securities

	Unrestricted funds	Restricted funds	Permanent endowment funds	Total
	£	£	£	£
Balance at 1 January 2020	7,457,006	109,695	187,601	7,754,302
Additions	1,041,251	12,782	12,185	1,066,218
Disposals	(940,048)	(8,113)	(14,856)	(963,017)
Revaluation to market value	(44,195)	1,360	(1,908)	(44,743)
Balance at market value at 31 December 2020	<u>7,514,014</u>	<u>115,724</u>	<u>183,022</u>	<u>7,812,760</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

17. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

The original cost of the above investments at 31 December 2020 was £5,491,709 (2019: £5,358,575). The above investments are valued at mid-market valuation on 31 December 2020. All investments are in listed securities and the investments are all less than 20% of the appropriate listed company. In 2014 an additional fund was set up with the stockbrokers to hold funds on a medium term basis for income yield, but which is realisable to cash on short notice.

18. LONG-TERM LOANS

(a) LOANS-FIXED ASSETS

	Balance 1 January 2020 £	New loans/ Revaluation £	Capital repaid £	Balance 31 December 2020 £
i Unrestricted funds				
Loans to parishes and retired clergy				
Retired clergy general loans	126,000	-	-	126,000
Retired clergy equity linked loans	417,400	-	(30,000)	387,400
Total equals amount of loans received from the Representative Body of the Church in Wales	<u>543,400</u>	<u>-</u>	<u>(30,000)</u>	<u>513,400</u>
General C loans	215,966	14,000	(51,500)	178,466
Loan to Citizen Church	-	525,020	-	525,020
Loan to Llangasty Retreat House Trust	163,125	-	-	163,125
	<u>922,491</u>	<u>539,020</u>	<u>(81,500)</u>	<u>1,380,011</u>
Split as follows:				
Amount due within one year (current asset)	22,646	-	-	40,447
Amount due after one year (fixed asset)	899,845	-	-	1,339,564
ii Restricted Funds				
Governor Loans	<u>129,288</u>	<u>40,000</u>	<u>(49,667)</u>	<u>119,621</u>
Split as follows:				
Amount due within one year (current asset)	49,667	-	-	25,667
Amount due after one year (fixed asset)	79,621	-	-	93,954
	<u>1,051,779</u>	<u>579,020</u>	<u>(131,167)</u>	<u>1,499,632</u>
Split as follows:				
Amount due within one year (current asset)	72,313			66,114
Amount due after one year (fixed asset)	979,466			1,433,518

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

18. LONG-TERM LOANS (continued)

(b) Loans from The Representative Body Of The Church In Wales

The loans to the parishes and retired clergy are received from the Representative Body of the Church in Wales and capital repayments are made to the Representative Body of the Church in Wales when they are received from the parishes and retired clergy. The Board pays the same rates of interest to the Representative Body as is received from the loans to parishes and retired clergy, shown above.

(c) Governor Loans

Loans are provided to Governors of diocesan schools to assist with the management of their 15% liability to school capital projects, and for other large projects. No interest is charged on such loans, with the length of term usually 5 or 10 years. Loans which are as a result of 15% liability capital projects with contribution received from Welsh Government are matched with a deferred income provision.

19. DEBTORS

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Parish share in arrears	135,846	-	135,846	54,290	-	54,290
Provisions	<u>(135,846)</u>	-	<u>(135,846)</u>	<u>(52,252)</u>	-	<u>(52,252)</u>
	-	-	-	2,038	-	2,038
Loans due within one year (see note 18)	40,447	25,667	66,114	22,646	49,667	72,313
Other debtors (due within one year)	39,872	158,080	197,952	52,639	89,561	142,200
Other debtors (due after one year)	-	-	-	-	-	-
	<u>80,319</u>	<u>183,747</u>	<u>264,066</u>	<u>77,323</u>	<u>139,228</u>	<u>216,551</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Parish Share rebates	189,298	-	-	189,298	195,338	-	-	195,338
Other creditors	882,437	208,511	200	1,091,148	841,188	50,697	230	892,115
Deferred Income	-	-	-	-	-	-	-	-
Governor Loans	-	16,000	-	16,000	-	16,000	-	16,000
	<u>1,071,735</u>	<u>224,511</u>	<u>200</u>	<u>1,296,446</u>	<u>1,036,526</u>	<u>66,697</u>	<u>230</u>	<u>1,103,453</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

21. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020.

22. DESIGNATED FUNDS

	Balance at 1 January 2020 £	New designations £	Utilised/ released £	Balance at 31 December 2020 £
Transformation Fund	19,288	-	(1,016)	18,272
DBF Vision Fund	3,123,716	-	(127,186)	2,996,530
Clergy School	20,000	20,000	-	40,000
Covid-19 Support Fund	-	293,543	-	293,543
Curate Housing Support	90,510	137,130	(48,960)	178,680
	<u>3,253,514</u>	<u>450,673</u>	<u>(177,162)</u>	<u>3,527,025</u>

Transformation Fund: These funds are set aside by the Diocesan Board of Finance to match fund from reserves the grant receivable from the RB to fund 20:20 Vision fund initiatives.

DBF Vision Fund: These funds are set aside by the Diocesan Board of Finance to fund Diocesan Vision initiatives.

Clergy School: Annually designated funds are set aside to fund the triennial Clergy School. The next Clergy School is due to be held in 2022.

Covid-19 Support Fund: These funds are set aside by the Diocesan Board of Finance to provide support as a result of the Covid-19 pandemic.

Curate Housing Support: These funds are set aside by the Diocesan Board of Finance to run a new project to assist parishes with housing costs of newly ordained stipendiary curates.

Prior year comparative - 2019

	Balance at 1 January 2019 £	New designations £	Utilised/ released £	Balance at 31 December 2019 £
Transformation Funds (DBF)	187,288	-	(168,000)	19,288
Community Mental Health Chaplaincy	52,914	-	(52,914)	-
DBF Vision Fund	-	3,168,000	(44,284)	3,123,716
Clergy School	-	20,000	-	20,000
Curate Housing Support	160,000	-	(69,490)	90,510
	<u>400,202</u>	<u>3,188,000</u>	<u>(334,688)</u>	<u>3,253,514</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

23. ENDOWMENT FUNDS

	Balance at 1 January 2020 £	Incoming Resources £	Resources Expended £	Investment Gains/Losses £	Transfers £	Balance at 31 December 2020 £
Retired Clergy Fund	128,269	3,365	(580)	(4,135)	(3,365)	123,554
Miss DJN Evans Trust	42,748	1,267	(209)	(1,556)	(1,267)	40,983
Anonymous Fund	40,311	789	-	2,447	(789)	42,758
	<u>211,328</u>	<u>5,421</u>	<u>(789)</u>	<u>(3,244)</u>	<u>(5,421)</u>	<u>207,295</u>

The income generated by the funds can be used to further the aims of the charity. The income is transferred to general funds on its receipt, with the exception of the Retired Clergy Fund which is transferred to the Retired Clergy Restricted fund.

Prior year comparative – 2019

	Balance at 1 January 2019 £	Incoming Resources £	Resources Expended £	Investment Gains/Losses £	Transfers £	Balance at 31 December 2019 £
Retired Clergy Fund	119,055	4,172	(644)	9,858	(4,172)	128,269
Miss DJN Evans Trust	39,280	1,571	(243)	3,711	(1,571)	42,748
Anonymous Fund	35,275	1,004	-	5,036	(1,004)	40,311
	<u>193,610</u>	<u>6,747</u>	<u>(887)</u>	<u>18,605</u>	<u>(6,747)</u>	<u>211,328</u>

24. FINANCIAL COMMITMENTS (OPERATING LEASES NOTE)

Total financial commitments under non-cancellable operating leases are as follows as at 31st December 2020.

	2021 £	2020 £
Operating leases expiring:		
Within one year of the balance sheet date	4,422	7,170
In two to five years of the balance sheet date	2,074	6,495
	<u>6,496</u>	<u>13,665</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

25. COMPANY STATUS

The company is limited by guarantee to the extent of £1 per member, the maximum number of members being 19; the actual number at 31 December 2020 was 16 (2019: 13).

26. RELATED PARTY TRANSACTIONS

During the year the charity did not contract Cooke & Arkwright to carry out professional valuations on the behalf of the charity for which Mr Lawley is Chairman of the Board of Trustees and also Chairman of Cooke & Arkwright. (2019: £1,500)

During the year the charity received £16,000 of income from Cardiff Womens Aid. The Venerable Frances Jackson is a trustee of the Board and also trustee of Cardiff Womens Aid. She did not participate in any of the rental agreement decisions. (2019: £16,000)

An assessment of trustee waived expenses has been made and the value is not material for disclosure.

27. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	2020				
	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	416,087	-	15,136,773	-	15,552,860
Investments	6,073,578	3,000,000	469,678	183,022	9,726,278
Net current assets	221,990	527,025	1,070,379	24,273	1,843,667
Due after one year	<u>(513,400)</u>	<u>-</u>	<u>(72,455)</u>	<u>-</u>	<u>(585,855)</u>
	<u>6,198,255</u>	<u>3,527,025</u>	<u>16,604,375</u>	<u>207,295</u>	<u>26,536,950</u>
	2019				
	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	435,555	-	15,628,496	-	16,064,051
Investments	5,576,851	3,000,000	449,316	187,601	9,213,768
Net current assets	712,766	253,514	1,131,673	23,727	2,121,680
Due after one year	<u>(545,067)</u>	<u>-</u>	<u>(103,455)</u>	<u>-</u>	<u>(648,522)</u>
	<u>6,180,105</u>	<u>3,253,514</u>	<u>17,106,030</u>	<u>211,328</u>	<u>26,750,977</u>

