

Charity registration number 242452

Company registration number 488549 (England and Wales)

**LLANDAFF DIOCESAN BOARD OF FINANCE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

# LLANDAFF DIOCESAN BOARD OF FINANCE

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# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The trustees present their annual report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

#### **Objectives and activities**

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.

#### **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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Achievements and performance

##### KEY EVENTS OF 2022

##### **Diocesan Vision and Evangelism Fund**

Key to delivering the forward-looking vision of the diocese, *Where Faith Matters*, the Diocesan Conference agreed in October 2020 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 were all established by 1 January 2022, bringing together churches and parishes under teams of clergy. This would 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.

Throughout 2022 the Bishop's Leadership Team and diocesan staff continued to provide support and advice to Ministry Areas following the process of formation of Ministry Areas.

Newly formed Colleges continued to meet to strengthen the leaders of the new Ministry Areas and enable them to share their experiences, challenges and solutions. These are not decision making bodies, but informal fora in which the members can come together in a mutually supportive environment, build relationships of peer networks, raise any matter that is important to them, and suggest ideas or support that the diocese can most helpfully provide. The Bishop convened Colleges of Ministry Area Leaders and Vicars, the DBF Chair convened the College of Ministry Area Lay Chairs, and the Director of Finance, HR and Administration convened the College of Ministry Area Treasurers. These proved helpful in providing support on practical as well as conceptual matters as well as guiding Ministry Areas in developing their own strategic plans.

##### **Mission**

The Diocesan Vision clearly focuses attention on being outward looking as the church. As part of this vision, the Young Faith Matters (YFM) agenda attracted funding from the Church in Wales's Evangelism Fund (awarded in 2020 and drawn down over 5 years), and a significant contribution from the DBF. The Evangelism Fund has enabled us to establish the successful Citizen Church in Cardiff, and our 5 YFM engagement workers. The diocesan match funding and other mission work has included developing and delivering the Flourish wellbeing programme, partnerships with YWAM and Message Wales, and helping Ministry Areas engage with young people at school and through Experience Christmas and Easter.

##### **Citizen Church**

([citizenchurch.org.uk/](http://citizenchurch.org.uk/), [instagram.com/citizenchurchuk/](https://www.instagram.com/citizenchurchuk/), [facebook.com/Citizen-Church-Cardiff-114774650297239/](https://www.facebook.com/Citizen-Church-Cardiff-114774650297239/), [youtube.com/channel/UC542JrqBD9npZ6N7G0fd5Q](https://www.youtube.com/channel/UC542JrqBD9npZ6N7G0fd5Q)):

In December 2022 Citizen Church had a congregation of 700 including the plant in St Peter's Senghenydd (with St Mary's Pontypridd due to open February 2023).

Opportunities to reach out are constantly programmed as well as using Citizen Coffee and Bridge the Gap (football ministry) to provide access points so that people can belong before they believe. Intentional invites to Alpha resulted in 355 people attending over the course of the year. Many found faith either for the first time or came back to faith.

Social justice and outreach are key elements within the vision of Citizen Church. This is not only evidenced through the pattern of church growth outlined above but also through the delivery of 3 services per month in local prisons. 2 of these take place in Parc Prison, Bridgend with an average attendance of 30, and 1 in Cardiff prison with an average attendance of 50 inmates. Close partnership working with such organisations as the Salvation Army, Embrace and Oasis has enabled staff and lay people to offer support and help to many others, with 5 refugees being trained as baristas on the coffee van in Cathays.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **YFM engagement workers:**

The team have been engaged with over 50% of the Ministry Areas (MAs) identifying innovative methods of connecting with 6,800 young people and trying to equip the MAs to deliver these methods themselves. Re-establishing or making new school connections on behalf of MAs, as well as focusing efforts on delivering Experience Easter and Christmas across the Diocese has helped to maintain a focus on sustainability and enabling the MAs to deliver these projects themselves, but with YFM involvement. However, the lack of volunteers across all MAs has curtailed progress. Nonetheless, Youth Alpha has been run in 2 MAs, one where the MA leader in Abercynon South MA and his wife ran it in St John's High School Aberdare for the first time, where over 25 young people attended regularly. Similarly, youth groups have been established but currently the MAs are too dependent on the YFM team to keep them going independently.

Two significant partnerships have been established during this period. Message Wales, based in Dinas Powys, runs the Message bus which has been used across the Diocese. The Flourish Project (developed by Christians addressing mental health and wellbeing issues in schools) has run widely across the Diocese too, connecting with 97 young people. 32 Clergy, teachers, and lay people have been trained alongside the YFM team and are delivering the course which is having a profound impact across many of our schools. There are already many stories of transformed lives and a growing demand for courses to be run in lots of schools.

The DBF funding has allowed us to employ 3 people as growth enablers, supporting churches who are endeavouring to grow their congregations. These people have been in post since June 2022 and have visited every ministry area. Several projects have started because of these visits such as in St Mary's Brackla. We also have a lead outreach worker who has developed excellent toolkits on issues such as the Cost of Living Crisis, Ukraine appeal, or Domestic abuse (available on the website) and is working closely with several MAs developing outreach projects. The Diocese also partners with the Church Army 'Centre for Mission' which currently has a trainee pioneer evangelist and a lead evangelist. They work across the Diocese complementing the work of the YFM team and the Growth enablers, whilst continuing to support established projects in the Neath Port Talbot Deanery.

The leads for each of these teams are members of our 'Integrated Mission team', which was established towards the end of the year and includes our education lead, Rebecca Morteo and our Diocesan lead children's advisor, Rev Dr Angela Cooper. The Rev Canon Tim Jones, Director of Ministry and Discipleship is also a part of this team to ensure that the connection between mission and ministry is secure. This team reviews the deployment of resources across the Diocese.

The Integrated Mission team is also developing a framework which will provide a method of assessing how well our mission strategy is addressing the different elements of our society. These can be called the 'spheres of society' or, increasingly, 'spheres of influence'. Each sphere sees itself as having a unique purpose and set of characteristics that set it apart, but the general concept is gaining traction as the conversation around reforming society seeks a simple way to look at the complexity of social issues. Nobody sits within a single sphere: everyone is a mix of many of them. But most people tend to be devoted to some more than others. The spheres are family, celebration, media, education, religion, economics and government. As we seek to reach out as a Diocese, driven by our Diocesan Vision *Where Faith Matters* the team will continually reflect on how we are impacting each of these 'spheres'.

Last autumn saw our first archdeacons' visitations for some years, with a new missional and strategic focus. Working with every ministry area in the diocese we offered support and guidance on creating vision for the future. As an outcome of this each ministry area has developed a development plan. Each of these plans are submitted to the Archdeacons and a six-month follow-up meeting will take place. The outcome of these plans enables us to be strategic about the way in which we deploy our teams effectively to provide the most appropriate support to Ministry Areas in their mission. It is encouraging to note how there is a sense within the diocese that people have been given permission to try new things. As well as Citizen Church, Urban Crofters missional community has pioneered new ways of reaching out to people, particularly through music and the arts. 'Margam Calling' is a new endeavour where the ministry area has created a monthly service, which is focused on welcoming people back to church and indeed those unchurched. St Marks Gabalfa in Cardiff continues to lead the way in using explicit pathways from social outreach such as their food market as an intentional entry point for people to explore and engage with faith, to name but a few.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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It is an exciting time for us all as we begin to renew our focus on being more intentionally missional as God's church. As part of the Anglican communion, we endorse the five Marks of Mission: The mission of the Church is the mission of Christ. As a Diocese we have historically demonstrated some very good work on Marks 3 -5, however we recognise the need to refocus on Marks 1 and 2 particularly focused, but not exclusively, on the younger generations.

#### **Ministry & Discipleship**

Given the anxieties that spilled into the public domain at the start of 2022, a dominant theme in the work of the Director of Ministry & Discipleship concerned the need to review policies and practices regarding clergy welfare; much was learned from two wide-ranging clergy surveys which were conducted about 6 months apart, at the start and middle of 2022. One aspect of this was the decision that 2022 would be an intentional 'fallow' year: in the aftermath of the restructuring into Ministry Areas during a global pandemic, further initiatives for clergy were reduced to a minimum. Efforts were made to streamline and simplify the diocesan calendar, and to publicise the 2023 calendar well in advance wherever possible.

The year began with the departure of the Director of Ordinands (DDO), Revd David Morris, to become the Director of Ministry in the Diocese of Bangor. The DDO responsibilities were valiantly carried by the Revd Andrew James for most of the year, through a fairly turbulent period in terms of vocations, until the appointment at the end of the year of the Revd Dr Ryan Green as DDO and Canon Theologian. Dr Julie Davies continued as interim Newly Licensed Ministers (NLM) and Lay Training Officer for much of the year, until her eventual permanent appointment as a Ministry Development Officer. It has proved difficult to recruit to the remaining vacancy for a Ministry Development Officer, and the team remains somewhat under strength.

The Mission Support Team meetings, which had started in the autumn of 2021, divided in the summer of 2022 into the Ministry Development Team and the Integrated Mission Team, with the creation of the Director of Mission post as the number of staff grew. Central to this was the appointment in the summer of Angela Clarke, Debbie Orriss (Church Army), Laura Ames and Joe Engle as Growth Enablers (Joe, moving to the UK from the USA with his Welsh wife and daughter, was delayed significantly by the disruption of visa processing caused by the Russian invasion of Ukraine). A major highlight of 2022 was the Ministries Fair held at Margam Abbey in mid-May, under the leadership of the Revd Peter Lewis. It was an excellent day, showcasing the wide variety of ministries undertaken by the Church or by Christian organizations across south Wales, culminating in the renewal of the diocesan partner relationship with the Lutheran Diocese of Uppsala in Sweden. A visit to Uppsala in March was of particular interest to the Ministry Team: Uppsala reorganized into a Ministry Area structure in 2009 and has developed a well-embedded programme investing in the training and on-going support of Ministry Area leaders. It is hoped that this is another area in which our diocesan partnership will prove to be inspiring and fruitful: we are indebted to Canon Martyn Davies and the partnership team for the work that they do.

#### **Financial review**

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 ministry areas, church property, grants and other financial support and communication. In 2022, the total cost of the Board's unrestricted charitable activities was £4.9 million and was mainly funded by grants from the Representative Body and by means of the Fairer Share from ministry areas.

Approximately 76.9% of the Board's unrestricted income came through Fairer Share in 2022 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.

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 57.9% of its expenditure in 2022. Conscious of the need to keep demands on ministry areas 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 2022 from its reserves. As in previous years the Board intended to use its reserves to fund the Diocesan Vision so the Ministry Area Share requirement is likely to rise year on year.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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In 2022 we used reserves to continue to employ existing staff for the delivery of the Vision and additional Vision posts whose employment had been delayed due to the Covid pandemic. We gratefully benefited from continued financial support from the Representative Body to cover costs of clergy stipends and contributions to the Parsonage Board Improvement Fund during 2022. The DBF disbursed these funds to the parishes as direct grants in proportion to the ministry areas' Fairer Share contributions.

Total incoming resources of £6.515 million included: approximately £1.36 million received from the Representative Body; £4.286 million collected by Ministry Area Share and £0.19 million grants received for investment in new and improved church school buildings. Total resources expended were £7.456 million and included £4.31 million for support of the ministry, £0.84 million in support of parishes, £1.29 million on church property including church schools and £0.54 million in grants.

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 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.

#### **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 and giving – diocesan officers have been appointed in key areas of mission, discipleship, vocations and stewardship (planned) to assist parishes into growth. A programme of Archdeacons Visitations in autumn 2022 provided support for Ministry Areas in development of their own strategic plans, and in delivery of the Diocesan Vision including growth and generosity.
- 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.
- Although the ongoing impact of specific Covid-19 and related restrictions continued to be felt in terms of reduced attendance, it was less acute and addressed under the first bullet above. Likewise the rising cost of living posed an increasing risk to revenue towards the end of 2022, mitigated by an increase in "Structural Resilience Funding" from the Representative Body.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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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 was undertaken throughout 2022.

#### **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, oil & gas, or predatory lending.

Details of investments are disclosed in the notes to the financial statements (note 15). 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 2022 is £25.560 million. This total includes £15.473 million of restricted and endowment income. The Board therefore holds £10.087 million of unrestricted reserves.

The unrestricted reserves include designated reserves of £3.85 million and fixed asset value of £0.59 million which would not be quickly realisable to liquid funds. The current designated reserves are:

- 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 2024.
- Covid-19 Support Fund: These funds were set aside to provide support through the lockdowns and as a result of the Covid-19 pandemic, and were spent during 2022.
- Ministry Area Transition Support Fund: These funds are set aside by the Diocesan Board of Finance to provide support required to facilitate the transformation from parishes to Ministry Areas.

Therefore, the level of free reserves (excluding fixed assets and revaluation reserve) holding at the 31st December 2022 is £5.641 million, which represents 14 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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

#### **Plans for future periods**

The Board will continue to undertake its main functions as described in the objectives and activities. Fairer share for 2023 was increased by 5%, reflecting the same rise in stipends and salaries. 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. The Board's projections for the next five years suggest increases in Fairer Share will be necessary although a proposed new formula to better align Fairer Share with actual costs of ministry is being developed. 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 central administration and the growth and transformation initiatives of the Diocesan Vision.

#### **Diocesan Vision and Rebuilding the Church for the Future**

The Diocese remains committed to its Vision, *Where Faith Matters*. During 2022 the organisational restructuring into Ministry Areas, which had been previously completed, gave the opportunity for collaboration and setting the diocese up with the platforms to implement the Vision of loving our neighbours and bringing the good news of Jesus to people in their suffering and in their joy.

As part of the delivery of the Vision, funded by the budget previously approved by the DBF, the recruitment of Mission Enablers and Outreach Workers in 2022, alongside the YFM Engagement Workers, will help Ministry Areas in future evangelism and mission, and in service to the community. Centrally we will support these roles with a Ministry Area Finance Advisory Officer and a Stewardship and Fundraising Officer, as part of the Finance Team led by our Director of Finance, HR and Administration, Mair Henry. This will be supported by the further establishment of systems and structures of evaluation and accountability to ensure we continue to make progress in the right direction.

Finally, we are working on transparency and local involvement in diocesan decision-making structures and processes in, for example, committees and the Deaneries, to ensure that the diocesan Vision and plans are reflective of local needs, desires and capacity, 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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

### **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; and
- 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 and are provided with Charity Commission guidance including "CC3: *The Essential Trustee*" and Church in Wales publications about the structure and governance of the Church. They may also avail themselves of the opportunity to meet with diocesan officers 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, which are reviewed annually. Any decisions required outside of existing policies are made by reference to the Board Chair 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 November 2022.

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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

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All financial transactions are made within an agreed financial policy framework which was updated in November 2022. The only trustees with the ability to approve financial transactions within this framework are the Chair of the Board and the Chair of the Parsonage Board. None of the trustees receive remuneration or any other benefit from their work with the charity.

#### **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 2022 they were considered to be the Diocesan Secretary and Director of Finance, HR and Administration.

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 11 provides further information in relation to staff costs.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### Reference and administrative details

**Charity Name:**

Llandaff Diocesan Board of Finance

**Charity Registration Number:**

242452

**Company Registration Number:**

488549

**Registered Office:**

The Court, Coychurch, Bridgend, CF35 5EH

**Website:**

<http://llandaff.churchinwales.org.uk/>

### Directors and trustees

The directors of the charitable company are its trustees for the purposes of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Llandaff Diocesan Board of Finance: Trustees and Directors:**

The Right Reverend June Osborne  
The Venerable Rod Green  
The Venerable Michael Komor  
Mrs Marie Brousseau-Navarro  
Ms Anna Cory  
Mr Anthony Davies (until September 2022)  
The Reverend Martyn Hywel Evans  
Mr Martyn Haydn Evans (from November 2022)  
The Reverend Simon Freeman (from November 2022)  
The Reverend Michael Gable  
Mr Phillip Hopkins (until September 2022)  
Mr Gareth Jones (from November 2022)  
Mrs Jane Jones  
The Reverend Mark Jones (until September 2022)  
Mr Michael Lawley  
Mrs Julia Lewis  
Mrs Deryn McAndrew (until September 2022)  
Mrs Catherine Nightingale  
Mr Adrian Parker (until September 2022)  
Mrs Jenna Shiells (from November 2022)  
Ms Catrin Walters (from November 2022)

The Secretary to the Board

Mr James Laing

**Key management personnel:**

The Secretary to the Board  
Diocesan Director of Finance, HR and Administration

Mr James Laing  
Miss Mair Henry

**Advisers:**

**Solicitor**

Berry Smith  
Haywood House, Dumfries Place,  
Cardiff, CF10 3GA

# LLANDAFF DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### Principal Bankers

National Westminster  
Canton, Cardiff (B) Branch,  
277 Cowbridge Road East, Cardiff CF5 1WX

### Registered Auditors

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

### Stockbrokers

Rathbones Investment Management  
10 Queen Square, Bristol, BS1 4NT

### Funds held as custodian trustee

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

<b>Name of Trust</b>	<b>Nature of investments held</b>
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 2021 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 - 9 within their capacity as company directors.

The trustees' report was approved by the Board of Trustees.

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**Trustee**

Date: .....

# **LLANDAFF DIOCESAN BOARD OF FINANCE**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The trustees, who are also the directors of Llandaff Diocesan Board of Finance for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF LLANDAFF DIOCESAN BOARD OF FINANCE

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#### Opinion

We have audited the financial statements of Llandaff Diocesan Board of Finance (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 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 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.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LLANDAFF DIOCESAN BOARD OF FINANCE

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#### **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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

#### **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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LLANDAFF DIOCESAN BOARD OF FINANCE

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#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Azets Audit Services**

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#### **Chartered Accountants Statutory Auditor**

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

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total Unrestricted funds	Restricted funds	Endowment funds	Total
		2022	2022	2022	2022	2021	2021	2021
		£	£	£	£	£	£	£
					As restated	As restated		As restated
					2021	2021		2021
<b>Income and endowments from:</b>								
Donations and legacies	3	5,105,802	599,642	-	5,705,444	451,873	-	7,003,903
Charitable activities	4	248,902	165,047	-	413,949	228,486	-	303,514
Investments	5	219,229	171,737	5,578	396,544	181,775	4,471	359,460
Other income	6	-	-	-	-	70,187	-	70,187
<b>Total income and endowments</b>		<b>5,573,933</b>	<b>936,426</b>	<b>5,578</b>	<b>6,515,937</b>	<b>932,321</b>	<b>4,471</b>	<b>7,737,064</b>
<b>Expenditure on:</b>								
Raising funds	7	51,221	360	912	52,493	6,290	701	51,312
Charitable activities	8	4,874,212	2,529,757	-	7,403,969	2,018,262	-	7,699,583
<b>Total expenditure</b>		<b>4,925,433</b>	<b>2,530,117</b>	<b>912</b>	<b>7,456,462</b>	<b>2,024,552</b>	<b>701</b>	<b>7,750,895</b>
Net gains/(losses) on investments	12	(655,002)	(9,006)	(11,661)	(675,669)	8,333	15,129	652,616
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(6,502)</b>	<b>(1,602,697)</b>	<b>(6,995)</b>	<b>(1,616,194)</b>	<b>(1,083,898)</b>	<b>18,899</b>	<b>638,785</b>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Unrestricted funds		Restricted funds		Endowment funds		Total Unrestricted funds		Restricted funds		Endowment funds		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	As restated 2021	2021
<b>Net (outgoing)/incoming resources before transfers</b>	(6,502)	(1,602,697)	(6,995)	(1,616,194)	(6,995)	(1,616,194)	1,703,784	(1,083,898)	18,899	638,785				
Gross transfers between funds	(667,695)	673,199	(5,504)	-	(667,977)	672,448			(4,471)	-				
<b>Net movement in funds</b>	(674,197)	(929,498)	(12,499)	(1,616,194)	(1,035,807)	(411,450)			14,428	638,785				
Fund balances at 1 January 2022	10,761,087	16,192,925	221,723	27,175,735	9,725,280	16,604,375			207,295	26,536,950				
<b>Fund balances at 31 December 2022</b>	10,086,890	15,263,427	209,224	25,559,541	10,761,087	16,192,925			221,723	27,175,735				

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		14,530,477		15,041,669
Investment properties	14		480,000		480,000
Investments	15		7,264,596		8,109,709
			<u>22,275,073</u>		<u>23,631,378</u>
<b>Current assets</b>					
Debtors	17	1,841,227		1,471,013	
Cash at bank and in hand		2,937,861		3,575,336	
			<u>4,779,088</u>		<u>5,046,349</u>
<b>Creditors: amounts falling due within one year</b>	18	(1,029,765)		(977,137)	
Net current assets			<u>3,749,323</u>		<u>4,069,212</u>
<b>Total assets less current liabilities</b>			<u>26,024,396</u>		<u>27,700,590</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(464,855)		(524,855)
<b>Net assets</b>			<u><u>25,559,541</u></u>		<u><u>27,175,735</u></u>
<b>Capital funds</b>					
Endowment funds - general	21		209,224		221,723
<b>Income funds</b>					
Restricted funds	22		15,263,427		16,192,925
<u>Unrestricted funds</u>					
Designated funds	23	3,849,076		3,849,076	
General unrestricted funds		6,237,814		6,912,011	
			<u>10,086,890</u>		<u>10,761,087</u>
			<u><u>25,559,541</u></u>		<u><u>27,175,735</u></u>

# LLANDAFF DIOCESAN BOARD OF FINANCE

## BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2022**

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on .....

.....

**Trustee**

**Company registration number 488549**

# LLANDAFF DIOCESAN BOARD OF FINANCE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	27		(1,094,327)		80,918
<b>Investing activities</b>					
Repayment of investment loans and receivables		(49,137)		(35,757)	
Purchase of investments		(385,107)		(1,630,357)	
Proceeds on disposal of investments		554,552		1,986,025	
Investment income received		396,544		359,460	
<b>Net cash generated from investing activities</b>			516,852		679,371
<b>Financing activities</b>					
Repayment of borrowings		(60,000)		(61,000)	
<b>Net cash used in financing activities</b>			(60,000)		(61,000)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(637,475)		699,289
Cash and cash equivalents at beginning of year			3,575,336		2,876,047
<b>Cash and cash equivalents at end of year</b>			2,937,861		3,575,336

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# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 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.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Office premises	2.5% per annum on cost
Land	No depreciation
Fixtures and fittings	10% and 25% per annum on cost
School buildings	2% per annum on cost

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

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

#### 1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.10 Cash and cash equivalents

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

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Critical accounting estimates and judgements

In the application of the 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.

#### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	As restated 2021	2021	As restated 2021
	£	£	£	£	£	£
Donations and gifts	5,105,802	599,642	5,705,444	6,552,030	451,873	7,003,903
<b>Donations and gifts</b>						
Parish Share	4,286,624	-	4,286,624	3,719,300	-	3,719,300
RB Block Grant	495,271	-	495,271	987,671	-	987,671
Other Grants	274,683	585,132	859,815	1,796,523	447,196	2,243,719
Parish & School contributions	-	384	384	-	520	520
Donations / External grants	49,224	14,126	63,350	48,534	4,157	52,691
	5,105,802	599,642	5,705,444	6,552,030	451,873	7,003,903

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

<b>4 Charitable activities</b>	<b>Support for ministry 2022</b>	<b>Support for parishes 2022</b>	<b>Church property 2022</b>	<b>Total 2022</b>	<b>Support for ministry 2021</b>	<b>Support for parishes 2021</b>	<b>Church property 2021</b>	<b>Total 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stipendiary secondment	18,554	-	-	18,554	20,719	-	-	20,719
Staff recharges	-	35,553	-	35,553	-	54,787	-	54,787
Schools receipts	-	18,435	-	18,435	-	(3,483)	-	(3,483)
Performance related grants	9,019	-	260,653	269,672	20,814	-	143,749	164,563
Schools contributions to insurances	-	-	71,735	71,735	-	-	66,923	66,923
Licence income	-	-	-	-	-	5	-	5
	<u>27,573</u>	<u>53,988</u>	<u>332,388</u>	<u>413,949</u>	<u>41,533</u>	<u>51,309</u>	<u>210,672</u>	<u>303,514</u>
<b>Analysis by fund</b>								
Unrestricted funds	21,553	53,988	173,361	248,902	23,719	51,309	-	75,028
Restricted funds	6,020	-	159,027	165,047	17,814	-	210,672	228,486
	<u>27,573</u>	<u>53,988</u>	<u>332,388</u>	<u>413,949</u>	<u>41,533</u>	<u>51,309</u>	<u>210,672</u>	<u>303,514</u>
<b>Performance related grants</b>								
Clergy school grant	-	-	-	-	3,000	-	-	(3,000)
Grants for work on parsonages	9,019	-	-	9,019	17,814	-	-	(17,814)
Grants for schools capital projects	-	-	260,653	260,653	-	-	143,749	(143,749)
	<u>9,019</u>	<u>-</u>	<u>260,653</u>	<u>269,672</u>	<u>20,814</u>	<u>-</u>	<u>143,749</u>	<u>164,563</u>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

5 Investments	Unrestricted funds		Restricted funds		Endowment funds general		Total		Unrestricted funds		Restricted funds		Endowment funds general		Total	
	2022	£	2022	£	2022	£	2022	£	2021	£	2021	£	2021	£	2021	£
Rental income	20,000		166,671		-		186,671		20,333		179,219		-		199,552	
Income from listed investments	191,299		2,242		5,578		199,119		148,918		2,471		4,471		155,860	
Interest receivable	7,930		2,824		-		10,754		3,963		85		-		4,048	
	219,229		171,737		5,578		396,544		173,214		181,775		4,471		359,460	

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 6 Other income

	<b>Restricted funds</b>	Restricted funds
	<b>2022</b>	2021
	<b>£</b>	£
Sundry Grant Income	-	69,442
Other Sundry Income	-	745
	<u>-</u>	<u>70,187</u>
	<u>-</u>	<u>70,187</u>

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

<b>7</b>	<b>Raising funds</b>								
		Unrestricted funds	Restricted funds	Endowment funds general	Total	Unrestricted funds	Restricted funds	Endowment funds general	Total
		<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
		£	£	£	£	£	£	£	£
	Investment management	51,221	360	912	52,493	44,321	6,290	701	51,312
		<u>51,221</u>	<u>360</u>	<u>912</u>	<u>52,493</u>	<u>44,321</u>	<u>6,290</u>	<u>701</u>	<u>51,312</u>
		<u><u>51,221</u></u>	<u><u>360</u></u>	<u><u>912</u></u>	<u><u>52,493</u></u>	<u><u>44,321</u></u>	<u><u>6,290</u></u>	<u><u>701</u></u>	<u><u>51,312</u></u>

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 8 Charitable activities

	2022	2021
	£	As restated £
Support for ministry	4,307,089	4,207,705
Support for parishes	840,309	704,119
Support for other church property	1,296,320	1,047,141
Grants and other financial support	536,861	1,357,711
Communications and publications	80,963	78,885
	<hr/>	<hr/>
	7,061,542	7,395,561
Share of support costs (see note 9)	231,565	214,623
Share of governance costs (see note 9)	110,862	89,399
	<hr/>	<hr/>
	7,403,969	7,699,583
	<hr/>	<hr/>
<b>Analysis by fund</b>		
Unrestricted funds	4,874,212	5,681,321
Restricted funds	2,529,757	2,018,262
	<hr/>	<hr/>
	7,403,969	7,699,583
	<hr/>	<hr/>

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 9 Support costs

	Support costs £	Governance costs £	2022 Support costs £	Support costs £	Governance costs £	2021 £
Staff costs	156,541	-	156,541	152,776	-	152,776
General Office Costs	75,024	-	75,024	61,847	-	61,847
Audit fees	-	6,930	6,930	-	6,330	6,330
Legal and professional	-	20,288	20,288	-	18,849	18,849
General Office Costs	-	-	-	-	3,948	3,948
Diocesan Conference Costs	-	7,444	7,444	-	3,706	3,706
Meeting and Other Sundry Costs	-	26,215	26,215	-	5,946	5,946
Diocesan Register	-	23,880	23,880	-	24,000	24,000
Salary Costs	-	26,105	26,105	-	26,620	26,620
	<u>231,565</u>	<u>110,862</u>	<u>342,427</u>	<u>214,623</u>	<u>89,399</u>	<u>304,022</u>
Analysed between Charitable activities	<u>231,565</u>	<u>110,862</u>	<u>342,427</u>	<u>214,623</u>	<u>89,399</u>	<u>304,022</u>

Governance costs includes payments to the auditors of £6,930 (2021- £6,330) for audit fees.

### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 11 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	22	18
	<u>22</u>	<u>18</u>
Employment costs	2022 £	2021 £
Wages and salaries	652,828	530,228
Social security costs	66,006	47,407
Other pension costs	43,924	39,608
	<u>762,758</u>	<u>617,243</u>

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 11 Employees

(Continued)

##### 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 2021 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 £297,110 (2021: £108,998).

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2022 Number	2021 Number
£60,000 to £70,000	1	1

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

12	Net gains/(losses) on investments	Unrestricted funds	2022	£	Restricted funds	2022	£	Endowment funds general	2022	£	Total	2022	£	Unrestricted funds	2021	£	Restricted funds	2021	£	Endowment funds general	2021	£	Total	2021	£
		(655,002)			(9,006)			(11,661)			(675,669)			629,154			8,333			15,129			652,616		

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Tangible fixed assets

	Office premises £	Land £	Fixtures and fittings £	School buildings £	Total £
<b>Cost</b>					
At 1 January 2022	629,053	61,757	36,237	24,586,148	25,313,195
At 31 December 2022	629,053	61,757	36,237	24,586,148	25,313,195
<b>Depreciation and impairment</b>					
At 1 January 2022	244,710	-	23,962	10,002,855	10,271,527
Depreciation charged in the year	15,726	-	3,742	491,723	511,191
At 31 December 2022	260,436	-	27,704	10,494,578	10,782,718
<b>Carrying amount</b>					
At 31 December 2022	368,617	61,757	8,533	14,091,570	14,530,477
At 31 December 2021	384,343	61,757	12,276	14,583,293	15,041,669

### 14 Investment property

	2022 £
<b>Fair value</b>	
At 1 January 2022 and 31 December 2022	480,000

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.

### 15 Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2022	8,109,709
Additions	385,107
Valuation changes	(675,668)
Disposals	(554,552)
At 31 December 2022	7,264,596
<b>Carrying amount</b>	
At 31 December 2022	7,264,596
At 31 December 2021	8,109,709

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 15 Fixed asset investments

(Continued)

The original cost of the above investments at 31 December 2022 was £6,086,067 (2021: £5,445,131). The above investments are valued at mid-market valuation on 31 December 2022. 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.

16 Financial instruments	2022	2021
	£	£
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	7,264,596	8,109,709
	<u>                    </u>	<u>                    </u>
17 Debtors	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	661,049	160,487
	<u>                    </u>	<u>                    </u>
	2022	2021
	£	£
<b>Amounts falling due after more than one year:</b>		
Other debtors	1,180,178	1,310,526
	<u>                    </u>	<u>                    </u>
<b>Total debtors</b>	<u>1,841,227</u>	<u>1,471,013</u>

### 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 Diocesan Board of Finance pays the same rates of interest to the Representative Body as is received from the loans to parishes and retired clergy, shown above.

Security is held over the properties.

### 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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 18 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	216,523	201,608
Other creditors	797,242	759,529
Accruals and deferred income	16,000	16,000
	<u>1,029,765</u>	<u>977,137</u>

### 19 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Borrowings	464,855	524,855
	<u>464,855</u>	<u>524,855</u>

### 20 Loans and overdrafts

	2022 £	2021 £
Other loans	464,855	524,855
	<u>464,855</u>	<u>524,855</u>
Payable after one year	464,855	524,855
	<u>464,855</u>	<u>524,855</u>

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**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**21 Endowment funds**

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 January 2021	Movement in funds			Movement in funds			Balance at 31 December 2022	
		Incoming resources	Resources expended	Transfers	Incoming resources	Resources expended	Revaluations gains and losses		
	£	£	£	£	£	£	£		
<b>Permanent endowments</b>									
Restricted Clergy Fund	123,553	3,248	(505)	(3,248)	4,052	(663)	(3,999)	(4,867)	125,279
Miss DJN Evans Trust	40,983	1,223	(196)	(1,223)	1,526	(249)	(1,505)	(1,832)	41,629
Anonymous Fund	42,759	-	-	-	-	-	-	(4,962)	42,316
	207,295	4,471	(701)	(4,471)	5,578	(912)	(5,504)	(11,661)	209,224

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**22 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2021		Movement in funds			Movement in funds			Balance at 31 December 2022				
	£	£	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 1 January 2022	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	£	£
Retired clergy	56,220	-	-	-	3,248	-	59,468	-	-	3,999	-	-	63,467
Parsonage board	45,989	126,072	126,072	(818,617)	664,200	-	17,644	102,586	(925,773)	664,200	-	-	(141,343)
External grants	15,654,194	118,082	118,082	(575,417)	-	-	15,196,859	87,292	(733,628)	-	-	-	14,550,523
Accumulated funds	376,375	144,534	144,534	(105,961)	-	-	414,948	125,737	(181,965)	-	-	-	358,720
Sundry trusts	69,133	1,521	1,521	(2,941)	-	5,114	72,827	1,448	(8,147)	-	(5,472)	-	60,656
Landscapes/ Journeys in Faith Church	5,591	26,942	26,942	(32,523)	-	-	10	-	-	-	-	-	10
Improvement fund	2,081	42,500	42,500	(20,500)	-	-	24,081	42,500	(114,890)	-	-	-	(48,309)
Community Development	319,691	24,157	24,157	(22,465)	-	-	321,383	33,276	(11,402)	-	-	-	343,257
RB Evangelism fund	-	447,196	447,196	(439,031)	-	-	8,165	542,632	(541,125)	-	-	-	9,672
W.O.D.S.	75,101	1,317	1,317	(7,097)	5,000	3,219	77,540	954	(13,186)	5,000	(3,534)	-	66,774
	16,604,375	932,321	932,321	(2,024,552)	672,448	8,333	16,192,925	936,425	(2,530,116)	673,199	(9,006)	-	15,263,427

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**22 Restricted funds** (Continued)

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

**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.

**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.

**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.

**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.

**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.

**LLANDAFF DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**22 Restricted funds**

**(Continued)**

**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.

**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.

**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.

**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.

**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.

**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.

**Restricted Donations**

This fund represents donations received to the diocese for special campaigns which are utilised for the purposes stated within the campaign.

**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.

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			Movement in funds		
	Balance at 1 January 2021	Incoming resources	Resources expended	Balance at January 2022	Incoming resources	Balance at 31 December 2022
	£	£	£	£	£	£
Transformation Funds (DBF)	18,272	-	-	18,272	-	18,272
Vision Funding	2,996,530	-	(161,558)	2,834,972	-	2,834,972
Clergy School	40,000	3,000	-	43,000	-	43,000
Covid Support Fund	293,543	1,786,790	(1,243,601)	836,732	-	836,732
Curate Housing Pilot	178,680	-	(62,580)	116,100	-	116,100
	<u>3,527,025</u>	<u>1,789,790</u>	<u>(1,467,739)</u>	<u>3,849,076</u>	<u>-</u>	<u>3,849,076</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.



# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 25 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	15	2,552
Between two and five years	-	15
	<u>15</u>	<u>2,567</u>

#### 26 Related party transactions

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. (2021: £16,000)

#### 27 Cash generated from operations

	2022 £	2021 £
(Deficit)/surplus for the year	(1,616,194)	638,785
Adjustments for:		
Investment income recognised in statement of financial activities	(396,544)	(359,460)
Fair value gains and losses on investments	675,669	(652,616)
Depreciation and impairment of tangible fixed assets	511,191	511,191
Movements in working capital:		
(Increase)/decrease in debtors	(321,077)	262,327
Increase/(decrease) in creditors	52,628	(319,309)
<b>Cash (absorbed by)/generated from operations</b>	<u>(1,094,327)</u>	<u>80,918</u>

#### 28 Analysis of changes in net funds

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	3,575,336	(637,475)	2,937,861
Loans falling due after more than one year	(524,855)	60,000	(464,855)
	<u>3,050,481</u>	<u>(577,475)</u>	<u>2,473,006</u>

# LLANDAFF DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 29 Prior period adjustment

##### Changes to the balance sheet

	At 31 December 2021		
	As previously reported	Adjustment	As restated
	£	£	£
Capital funds			
Endowment funds	221,723	-	221,723
Income funds			
Restricted funds	16,192,925	-	16,192,925
Unrestricted funds	10,761,087	-	10,761,087
	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	<b>27,175,735</b>	<b>-</b>	<b>27,175,735</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

##### Changes to the profit and loss account

	Period ended 31 December 2021		
	As previously reported	Adjustment	As restated
	£	£	£
Donations and legacies	7,481,439	(477,536)	7,003,903
Charitable activities	8,177,119	(477,536)	7,699,583
	<hr/>	<hr/>	<hr/>
Net movement in funds	638,785	-	638,785
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

##### Notes to reconciliation

- 1 Impact of reduction of pension contributions on prior years