

Charity Registration No. 1067653

Company Registration No. 03489945 (England and Wales)

**MONMOUTH DIOCESAN BOARD OF FINANCE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

# MONMOUTH DIOCESAN BOARD OF FINANCE

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# MONMOUTH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The trustees present their report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes 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 role of the Monmouth Diocesan Board of Finance (DBF) is to ensure that there is sufficient revenue to maintain the cost of ministry across the diocese, and to enable the administrative functions to be properly exercised.

As a charity, the DBF monitors the finances of the diocese to support the mission and ministry of the Church in Wales in the Diocese of Monmouth. By far the largest part of the DBF budget is dedicated to supporting the cost of clergy in the diocese – their stipends, parsonages and other associated costs.

The Covid-19 pandemic has made 2020 and 2021 unprecedented years and the challenges have been considerable. Churches were closed for several months of 2021 and even once they were allowed to reopen, restrictions, guidelines, and fears about contracting the virus dominated the year. However, the need for mission and ministry in our communities did not diminish. In all our parishes and Ministry Areas, clergy and lay alike responded to the needs and challenges to serve congregations and communities and to develop new forms of worship. The DBF is proud to be part of the Monmouth diocesan family during these difficult years.

#### **Public Benefit**

The trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding the activities undertaken during the year. The trustees are satisfied that the information provided in the report and accounts meets the public benefit reporting requirements.

#### **Achievements and performance**

##### **Ministry**

##### **Stipendiary Clergy**

45 stipendiary clerics were budgeted in 2021 but there were several vacancies throughout the year. This diocese was very fortunate to welcome the following clergy to stipendiary ministry roles in the diocese during that year:

- a new Dean of Newport Cathedral, the Very Rev'd Ian Black;
- a new Archdeacon of Monmouth, the Ven Ian Rees;
- a Ministry Area Leader in Mid-Torfaen the Rev'd Kate O'Sullivan; and
- a Vicar in Islwyn Ministry Area, the Rev'd Nick Gill.

In 2021, we paid tribute to Archdeacon Sue Pinnington MBE, who died peacefully at her home on 24 July. Sue became Archdeacon of the Gwent Valleys in 2018, but despite her relatively short time with the diocese, she made a huge impact. She was a pillar of our church family and community and had a real passion for mission. Her endless energy and enthusiasm will be sorely missed.

##### **Non-Stipendiary Clergy**

In addition to stipendiary clergy, the diocese is also blessed with 17 Non-Stipendiary Ministers (NSMs). NSMs do not receive a stipend, although some live in parsonages on a House for Duty (HfD) basis.

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Lay Ministry

We continue to value the work done by our Licensed Lay Ministers who contribute to the worship and teaching in many churches throughout the Diocese. After the Provincial Conference in September 2021, it was agreed that in addition to the invitation to attend relevant Ministerial Development events, there would be two events in the year arranged on a Diocesan level. The first of these took place in December where a good number of people attended a study day with The Revd Professor Jeremy Duff at St Mark's in Gold Tops, Newport.

At that event, a presentation was made to The Revd John and Jane Collier as John retired from stipendiary ministry. They have organised and co-ordinated lay ministry training for some years and Bishop Cherry expressed her thanks for all that they have given in that role

There were 38 licensed lay ministers and many more licensed Eucharistic ministers in 2021.

#### Ordinations

Following the disruption to the ordination service in 2020 it was with great joy that the ordination service could go ahead on Saturday, 26 June 2021 in Newport Cathedral with restrictions. In that service, the following were ordained as Deacon:

- Mandy East (NSM)
- Andrew Nelmes (NSM)
- Karin Pardoe (NSM)

The following were ordained as Priest:

- The Revd Kay Denly (NSM)
- The Revd Mary Moore (NSM)
- The Revd Liz Houghton (stipendiary)

#### Ministry Areas

During the Diocesan Conference in October 2020, Bishop Cherry announced that the diocese would be embarking on a significant programme of culture change. Already underway throughout many parts of the Church in Wales, Bishop Cherry announced that as a diocese we would be working towards merging our 121 small parishes to form 16 larger Ministry Areas. Each of these 16 Ministry Areas would be separate charities and the change would enable groups of churches to work collaboratively and collegially together with all that God has given them.

Throughout 2021, despite the pandemic, an extraordinary amount of work was undertaken throughout the diocese, led by members of the Ministry Area transition teams in each of the new Ministry Areas to make this change possible. The aim was for the parishes to be in a position to transfer their assets by the end of 2021 so that they could be formed with a new decree in January 2022.

The DBF is fully committed to this programme of culture change and is grateful to all the Ministry Area transition teams for their dedication and hard work.

#### Church Army Centre of Mission in the Gwent Valleys

2021 saw the launch of the Church Army Centre of Mission in the Gwent Valleys, which was delayed due to the pandemic. Hannah Seal was appointed as Lead Evangelist at a service held in Six Bells on 10 June 2021 after moving to Abertillery over Easter. Following Hannah's appointment, work begun on building relationships and forming connections within the community. Hannah also began to form a team appointing Jenny Falcon Otero as Pioneer Evangelist in November 2021.

The DBF are delighted to be able to support this innovative project in the diocese and are using part of a legacy left to the DBF in 2019 to fund this much needed investment in the Gwent Valleys.

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Diocesan Conference**

The Diocesan Conference in 2021 was Bishop Cherry's second since she was enthroned in 2020. The conference was held over two days with those participating present at St Teilo's CinW High School and members of conference engaging virtually. The conference was the first opportunity for members of the Diocesan Conference to discuss and debate the future vision of the Diocese of Monmouth with Bishop Cherry launching the five themes that will form the basis of this vision. These five themes are:

- Discipleship
- Stewardship
- Environment
- Equality and Diversity
- Social Justice

#### **Finance and Administration**

##### **Diocesan Office Team**

Following the 2020 review of the finance and administration in the Diocesan Office, staff were reduced by nearly half to seven employees by January 2021. These seven members of the Diocesan Office team worked over and above throughout 2021 to support the transition to Ministry Areas and to launch the five themes that will form the basis of the future vision of the diocese.

##### **Diocesan Education and Church Schools.**

During 2020 the DBF took over financial responsibility for the diocesan provision of education, covering costs that the Diocesan Trust were no longer able to cover. The DBF embarked on a new relationship with the Diocese of Llandaff whose education team extended their scope to include the diocesan statutory duties for church schools in Monmouth, as well as providing much needed educational resources during a very challenging year for our church schools.

The education team, comprising of Director of Education, Andrew Rickett (who retired at the end of December 2021), School Development Officer, Beccie Morteo and Education Support Officer, Deborah Griffiths have worked with the 15 primary schools across the diocese; which comprises approximately 4,000 children between the ages of 3 – 11. The team has supported schools with statutory compliance around areas such as governance, admissions and CRAMP. The team has also ensured that schools receive support with key areas of development such as Christian Ethos, Leadership and Curriculum. Education team members meet regularly with RE leaders and headteachers on an individual and group basis to support both development and wellbeing. Andrew Rickett has also provided additional personalised support for governors with regards to compliance and appointments.

Throughout 2021 and into 2022 we have continued to develop our offer of training and support. Schools have been provided with resources for Black History Month, Advent, Lent and Refugee Week.

We have cocreated, as part of a Church in Wales network, curriculum guidance for Religion, Values and Ethics with colleagues from across Wales. Sitting alongside this, we have provided training for all schools through both online presentations and in person training on request. All governors have also been offered online training. To continue the high quality of teaching and learning that has been promoted by the Understanding Christianity resource we have created an example curriculum map to help schools plan their RVE curriculums using this resource.

Statutory training for governors on their responsibilities around admissions and appeals has been offered to all schools as well as support to make the best use of the funding available to them for buildings and school development.

Looking forward into 2022 St David's Church in Wales Primary School will become the first Church in Wales school to be recognised as a School of Sanctuary as part of our networks.

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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We will launch our first Church in Wales education day which will take place at St Mary's Priory, Abergavenny. The day will include presentations from specialist and advisory teachers from across Wales with the focus on RVE and curriculum development. We will work with several partners such as God's Acre, isingpop and Christian Aid who will be able to speak to teachers about the resources and support they could offer.

Positive feedback continues to be received from schools and local authority partners with regards to working across two dioceses

#### **The Parsonage Board**

The DBF makes an annual contribution to the Parsonage Board Scheme, paid quarterly, to enable the Parsonage Board to maintain the parsonages within the Diocese. The capital funds of the Parsonage Board, which are used to carry out major improvements or purchase new properties when required, are held and administered by the RB. The parsonages are vested in the RB. The trustees receive quarterly reports from the Parsonage Board.

In 2021 there were 70 parsonages in the scheme and the DBF contributed £387k for maintenance work. In addition, 15 parsonages were rented to generate additional income. For 2022, 65 parsonages were budgeted to be in the scheme, with a DBF contribution of £365k.

Work to the parsonages suffered considerable disruption during 2020 due to the Covid restrictions and although repairs and maintenance continued, the programme of works was delayed. Consequently, the Parsonage Board generated a surplus in 2020. However, the scheduled work programme resumed as restrictions eased in 2021 and the delayed works were completed.

#### **DBF response to Covid**

The Covid pandemic has impacted the finances of all our parishes and Ministry Areas. This was due to a number of factors including a decline in giving on the plate during Sunday Services, loss of income from the rental of premises, such as church halls, and the loss of regular fundraising activities. While many parishes worked hard to encourage other forms of giving – such as by Standing Order or using the Church in Wales Gift Direct scheme, all suffered a decline in income. As a result, parishes and Ministry Areas were less able to cover the costs of their Ministry Share.

The need for central financial support for our parishes and Ministry Areas was identified early in the Spring of 2020 by all the Boards of Finance throughout the Church in Wales as well as the Representative Body of the Church in Wales. The Trustees of the RB committed to providing financial support to all dioceses, proportionate to the number of stipendiary clergy. In 2021, the RB continued their financial support to Dioceses providing an additional £565,089 to the Diocese of Monmouth. This support was conditional on principles laid down by the RB Trustees that included a commitment from DBF Trustees to ensure that levels of giving were maintained and to accelerate the pace of cultural change throughout the organisation.

#### **Enhanced Rebate**

The DBF offered all parishes and Ministry Areas a 40% rebate on their Ministry Share in quarter 2, quarter 3 and quarter 4 of 2020 and continuing into quarter 1 and quarter 2 of 2021. This equated to a whole year and a quarter when parishes and Ministry Area were only expected to pay 60% of their usual Ministry Share.

Following the relaxation of legal restrictions and the reduction in RB funding, the DBF agreed to gradually taper the financial support provided as a rebate in order to better target the support where it was most needed. The DBF reduced the rebate to 30% in quarter 3, 20% in quarter 4, and 10% in quarter 1 of 2022.

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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In 2021 over £580,000 has been paid to parishes and Ministry Areas in enhanced rebate. Throughout the pandemic the total amount of financial support provided to parishes and Ministry Areas in the form of a Ministry Share rebate was over £1.1m.

This has been an unprecedented level of financial support from the DBF that has enabled our churches to survive the pandemic.

#### **Diocesan Grants**

##### **Church and Churchyard Repair Fund**

Each year the Diocese of Monmouth offers grants to churches through the Churches and Pastoral Committee and the DBF makes a contribution to these grants. In recent years, these grants have been given to support repairs, maintenance and improvements to churches, church halls and churchyards.

The Churches and Pastoral grant fund is available to all churches in the diocese and the applications are reviewed quarterly by a grants committee and reported to the Church and Pastoral Committee at each of the meetings. Although applications to this fund declined during the first half of 2020 when undertaking repair and maintenance work to church buildings was extremely difficult, following the relaxation of the restrictions, applications soon caught up with normal levels. During 2021, £55,900 was granted to churches in the dioceses.

Feedback for churches and Ministry Areas throughout the diocese demonstrates the value of this repair, maintenance and improvements fund, especially at a time when churches are finding it increasingly more difficult to apply for external funding for essential works to their buildings.

##### **Ministry Area Development Grant**

The Ministry Area Development grant is a DBF fund with the primary purpose of providing financial support to Ministry Areas to help with the transition from 121 smaller parishes to 16 larger Ministry Area.

Applications to the fund will be different depending on the needs of each area but have included financial support to set up ministry area offices with furniture and Wi-Fi, ChurchSuite membership (CRM) software, PA systems and branding.

This programme of organisational change has been the focus of much of the work in the diocese during 2021. To support this, the fund the DBF has increased this fund by a further £48,000 in 2021, equating to £3,000 per Ministry Area.

##### **MA Administrators Grant**

In 2021 the DBF set up a separate fund specifically allocated to support Ministry Areas with their administrative functions. This grant fund, which totals £172,000, equates to £10,750 per MA over four years. Funding has been calculated on the basis of approximately 7 hours of administrative support a week per MA. It will be made available to MAs in full for the first year but, each subsequent year, the level of funding will be reduced as the MA develops. The funding is intended to enable an additional professional resource to tie together work that is already being done by volunteers and clergy to ensure the MA is compliant and up-to-date with insurance, HMRC, Charity Commission, bank records, safeguarding training and DBS checks. When available, administrators will also manage a database of regular givers and assist members of the MAC with the administrative elements of a stewardship campaign.

##### **Covid reopening grant**

In 2020 and 2021 the DBF also offered a Covid Re-opening Grant, to assist churches with the additional cost of opening their church buildings due to the Covid restrictions. This grant scheme was very well received and each church in the diocese was able to apply for up-to £100 towards the cost of buying equipment such as cleaning supplies, PPE and signage.

##### **Contactless Giving and Gift Direct**

The DBF launched a contactless trial to financially support parishes to use contactless giving devices in 2020 and this trial continued during 2021.

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# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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During the pandemic, the use of cash reduced considerably and the DBF are aware that many parts of society are moving to cashless. In order for churches to sustain and increase their giving, there is a need for churches to follow this trend and to invest in contactless devices. The DBF agreed to fund the initial cost of the device and the first year subscription fees and, in return, the churches who volunteered to be part of the trial committed to quarterly reporting to assess the ease of the device and its impact on giving.

Although some churches in the diocese started the trial in 2020, many more applied for the grant in 2021. All reported that they were happy with their chosen device and it had a positive impact on their giving. One of the churches who adopted the contactless device early in the trial has also been conducting some informal training for other Ministry Areas to ensure that they make the best use of the resource.

The contactless giving trial was part of the wider work of the Church in Wales to expand and improve digital giving. As part of the Church in Wales' response to the Covid pandemic their Gift Direct scheme was developed further to offer more online tools to help parishes and Ministry Areas in managing their donations.

This trend towards online and contactless giving is likely to continue after the pandemic and it is essential for churches and Ministry Areas to keep pace with societal change.

#### **Financial review**

The Diocesan Board of Finance made an unrestricted surplus for the year of £352,433 and a restricted surplus of £30,682. The majority of the surplus derives from net gains on investments amounting to £268,050. The DBF are thankful for the surplus in 2021 due to the uncertain financial outlook from 2022 onwards. This surplus will underpin the DBF's commitment to retaining current clergy numbers and will lessen the impact of the fluctuating costs predicted in 2022 and 2023.

Unrestricted reserves at 2021 amounted to £4,695,5774 of which £402,961 is expressed by tangible fixed assets which are not readily saleable (the Diocesan Office on Caerau Road, Newport) and £305,027 has been designated for specific projects (see note 20).

Reserves are tied up in investment assets which are maintained by an investment manager to generate income. The DBF use the income generated from these investments to support their annual budget.

Restricted funds amounted to £561,201 (see note 19).

#### **Income**

##### **Donations and legacies**

During 2021 the DBF received £3,673,502 in donations. Of this, £2,198,754 came from Ministry Share and £748,165 came from the Representative Body's block grant. The reduction in block grant in comparison to 2020 is due to the RB paying the clergy pension directly from Q3 2021 onwards with the grant adjusted accordingly. In 2021, the diocese received an additional £565,089 in Covid support from the Representative Body.

##### **Other trading activities**

The Parsonage Board raised £152,640 from the rental of parsonages in 2021, an increase from 2020 due to the additional properties rented during the year. These funds are restricted and are used to support the repair and maintenance of all parsonages.

##### **Investments**

The investment managers reached their targets and the investments performed well, exceeding expectations. The DBF received £103,646 in income across all funds.



# MONMOUTH DIOCESAN BOARD OF FINANCE

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

*FOR THE YEAR ENDED 31 DECEMBER 2021*

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### Expenditure

#### Support for Ministry

The largest proportion of expenditure comes under the heading 'Support for Ministry' and consists of clergy costs – stipends, pension, council tax and maintenance of the parsonages. In 2021, the cost of this was £2,238,272. The RB paid clergy pension contributions directly from Q3 2021 reducing the overall pension costs for the year, however expenditure increased on parsonage maintenance as work resumed at pace following delays during the pandemic.

#### Support for Parishes

The second largest expenditure item is Support for Parishes. In 2021 this totalled £779,125 which is a decrease in comparison to 2020. The decrease reflects the tapering of the Covid financial support in the form of a rebate. However, this remains well over twice the pre-Covid level, demonstrating the unprecedented scale of financial support passed on to parishes and Ministry Areas from the DBF over the last two years.

#### Grants and other financial support

Grants and other financial support increased significantly in 2021 as the DBF sought to focus support to Ministry Areas and parishes by helping them to survive and recover following the negative financial impact of the pandemic. In addition to the annual grants paid to the Cathedral, Bishop's Funds, the RB Church Building Emergency Fund and the DBF contribution to the Churches and Pastoral Committee, in 2021 the DBF launched the Ministry Area Administrator Grant, to assist Ministry Areas with their new administration requirements. The DBF also invested in the Ministry Area Development Grant to support the transition from the old parish structures and the Board financially supported Ministry Areas with the costs of a new financial software package by funding the first year and providing local training.

#### Support Cost

Support Costs, which primarily relate to Diocesan Office and DBF staff costs reduced in 2021.

#### Investment powers and oversight

The income generated from investments are used to support the DBF annual budget. Investment strategy is determined by the Investment Advisory Group (which also oversees investments on behalf of the Trust). Four members of the DBF and one member of the Trust sit on the Investment Advisory Group.

The portfolio of investments is managed by investment managers who have authority to buy and sell without reference to trustees. All purchases and sales are notified to the Secretary and a full review of the charity's portfolio is undertaken twice each year by the Investment Advisory Group with the investment managers. The members of the Investment Advisory Group also receive quarterly reports, including benchmark indices.

The investment managers are required to ensure that the ethical investment policy, as agreed by Trustees, is followed at all times. The Trustees subscribe to the same ethical policy as that adopted by the Representative Body of the Church in Wales.

Brewin Dolphin are the DBF's Investment Manager and provide quarterly reports for trustees.

#### Reserves policy

The trustees review the charity's Reserves policy annually. The current policy is to maintain the equivalent of 6 months of the charity's running costs (£1.5m) in freely available funds.

The charity's free reserves, which excludes Fixed Assets, Restricted Funds, Revaluation Reserve and Designated Funds equated to £3,864,482 (2020: £3,498,471).

Reserves are needed to provide adequate cash flow between regular payments to the RB for clergy stipend and pension provision, and Ministry (Parish) Share payments received on a quarterly basis from the parishes.

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Risk Management

A major review of the Risk Register was undertaken in 2019 and the Risk Register and related policies have been rewritten. The major risks are reviewed at each quarterly Trustee meeting and the whole register is reviewed annually.

Due to the changes in working practices during 2020 two new risks were identified in 2020 and continued to be monitored in 2021:

- Security and GDPR risks associated with homeworkers.
- Health and safety issues associated with staff temporarily becoming homeworkers without proper equipment.

As the pandemic continued in 2021, the majority of the underlying risks remained a concern and were closely monitored at the quarter meetings:

- Decline in income through reduced Ministry Share as a result of declining aSa numbers.
- Failure to maximize alternative streams of funding including grants and legacies.

Indeed, the risk of declining income has been exacerbated by the Covid pandemic and was mitigated, with help from the Representative Body, by the enhanced rebate offered to parishes and Ministry Area who continued to cover their ministry share.

#### Plans for the future

##### Forward strategy

During 2021, despite the challenges of Covid, the DBF strived to operate on a sustainable budget. The recommendations from the Diocesan Review were implemented in 2020 and the savings were realised in 2021, particularly those associated with the Diocesan Office staff costs. This enabled the DBF to protect clergy posts and to support the provision of ministry in our Ministry Areas. The DBF's commitment to retaining the current clergy number underpins its forward strategy and its future forecasting.

The diocese has held many clergy vacancies in recent years and, while some vacancies were filled in 2021, many more posts were advertised and filled in 2022. During 2023 it is anticipated that all budgeted clergy posts will be filled.

Considerable work was undertaken during 2021 to transition from 121 small parishes to 16 larger Ministry Areas. This work prepared the ground for the formal merger of parishes during 2022 and into 2023. By June 2022, half of the Ministry Areas have been formed with three dates set for the autumn and winter of 2022, and the others planned for January 2023 to coincide with the beginning of the next financial year. This work will enable groups of churches to work collaboratively and collegially together with all that God has given them. The DBF is grateful for the work of the Ministry Area transition teams who are working to enable churches to be served and led by a team of ordained and lay ministers who will complement one another and enable each other to flourish in their ministries. Ministry Areas will create different and diverse ways for people to discover faith in Christ and grow in their discipleship. Each of the licensings during 2022 and 2023 will be a real celebration of their work and of the future of our diocese.

The Diocesan Conference in October 2021 began a discussion and debate about the future vision of the Diocesan of Monmouth. Leading the vision, Bishop Cherry used the 2021 conference to launch the five themes that will form the basis of that vision. Those themes are:

- Discipleship
- Stewardship
- Environment
- Equality and Diversity
- Social Justice

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

### FOR THE YEAR ENDED 31 DECEMBER 2021

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Work to hone the vision continued with a series of meetings and discussions with groups throughout the diocese in 2022. Those meetings and discussion were positive and energetic and the final, outward-looking vision document will be ready to formally launch at the 2022 Diocesan Conference.

The financial outlook for the diocese remains uncertain with a number of external factors impacting the forecasting. Congregation numbers have declined sharply during the Covid period, and it is not clear whether these will recover once all restrictions have eased. For the first three months of 2022, church attendance data appears to suggest that congregation numbers have declined by over 30%. This will impact on the levels of giving within local churches and could result in a decline in the DBF's future income.

This decline reinforces the importance of an outward looking vision which focuses on growth. To support this growth, discussions are planned between all dioceses in Wales and the Representative Body about releasing further funding to support dioceses to recover and thrive.

#### **Structure, governance and management**

The charity is a company limited by guarantee governed by its Memorandum and Articles of Association. It is registered as a charity with the Charity Commission for England and Wales.

#### **Membership**

Membership of the Diocesan Board of Finance (DBF) is governed by the Constitution of the Diocesan Conference of the Diocese of Monmouth adopted 13 October 2001, which stipulates that:

- each deanery shall elect two lay members from amongst those elected to the Diocesan Conference;
- not more than six lay persons, who need not be members of the Diocesan Conference, may be co-opted by the Board, and
- not more than four persons (either cleric or lay so long as the number of clerics on the Board shall not thereby exceed that of the lay persons) may be nominated by the Bishop. The lay persons so nominated need not be members of the Diocesan Conference;
- the Bishop may nominate one extra person during a three-year period.

Membership of the Board is for a period of three years commencing at the Annual General Meeting following appointment and members, if appointed, shall be eligible for re-appointment.

#### **Electing and appointing trustees**

Monmouth Diocesan Board of Finance operates through a company limited by guarantee governed by Memorandum and Articles of Association dated 2 January 1998, and registered as a charity with the Charity Commission for England & Wales.

At its Annual General meeting (AGM) the DBF appoints an Executive committee of ex-officio and elected members to be the Directors of the Company and Trustee board of the charity. As such they are bound by both charity and company law.

In addition to the ex officio trustees, the Annual General Meeting on 22nd June 2006 resolved, "that the rules and byelaws be amended to provide that the number of elected members on the Executive Committee be increased from nine to twelve forthwith". The Chairman and Vice Chairman are elected for a period of office of one year. Trustees are elected for a period of three years.

When considering both the election and appointment of new trustees, the charity takes into account the skills required of trustees in:

- managing a Christian charity, and
- administering the assets and financial management of the charity

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

*FOR THE YEAR ENDED 31 DECEMBER 2021*

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### **Trustee induction and training**

New trustees are briefed on their legal obligations under charity and company law, the background history of the charity, the decision-making processes, the business plan and the quarterly monitoring of financial progress and the charity's latest annual financial performance. Information from the Charity Commission is also available for both new and existing trustees.

### **Management and Organisation**

The Board of Trustees, which met four times in 2021, in addition to the AGM on 23 September 2021, administers the charity. The trustees meet when the previous quarter's financial management information is available.

A Secretary and Executive Officer is employed by the trustees to manage the day-to-day operations of the charity. The Secretary has delegated authority, approved by the trustees, for operational matters, staff management, finance and the overall operation of the charity within the approved budget.

The Representative Body of the Church in Wales (RB) delegates responsibility for overseeing the care of parsonages within the diocese to the Monmouth Diocesan Property Board. There is considerable common membership between the Diocesan Board of Finance (DBF) and the Property Board, and both bodies are administered from the Diocesan Office.

### **Key Management Personnel**

The key management personnel of the charity are the Board of Trustees, the Diocesan Secretary and the Diocesan Accountant.

Trustees are not remunerated. Staff salaries are paid in line with the Representative Body of the Church in Wales guidance and incremental increases are set in line with clergy stipends.

### **Links with the Representative Body of the Church in Wales**

The charity has a close liaison with the Representative Body of the Church in Wales (RB). Financial assistance is provided by the RB in the form of an annual grant to the Diocesan Board of Finance, payable quarterly. The Chairman, Vice Chair and the Archdeacon of Newport are members of the RB, the Trustee body responsible for the administration of the assets of the Church in Wales.

The RB also manages the stipendiary clergy payroll system, although clergy stipends are mainly funded from the Ministry Share collected from the parishes.

# MONMOUTH DIOCESAN BOARD OF FINANCE

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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### REFERENCE AND ADMINISTRATIVE DETAILS

<b>Charity number</b>	1067653
<b>Company number</b>	003489945
<b>Registered Office</b>	Diocesan Office 64 Caerau Road Newport NP20 4HJ
<b>Statutory Auditors</b>	Azets Audit Services Ty Denw Lime Tree Court Cardiff CF23 8AB
<b>Bankers</b>	NatWest Bank High Street Newport NP20 1GG
<b>Solicitors</b>	Jacklyn Dawson Equity Chambers John Frost Square Newport NP20 1PW
<b>Investment Managers</b>	Brewin Dolphin 5 Callaghan Square Cardiff CF10 5BT

### DIRECTORS AND TRUSTEES

The directors of the company (the charity) are also its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

The trustees during 2020 were as follows:

#### Ex-officio

Peter E Lea (Chairman)

Paulette Brown (Vice Chairman)

The Bishop of Monmouth (ex officio)

The Dean of Newport (ex officio) – Vacant until June 2021

The Archdeacon of Newport (ex officio)

The Archdeacon of Monmouth (ex officio) - Vacant until September 2021

The Archdeacon of the Gwent Valleys (ex officio) - The Ven Sue Pinnington deceased July 2021

R D (Sandy) Blair C.B.E. (Chairman of the Property Board) - retired June 2021

Alan David Jones (Chairman of the Property Board) - appointed September 2021

# MONMOUTH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Elected

The Revd Canon Jeremy D Harris  
Philip Masters  
Christopher Wray  
George Hughes  
Sarah Mulcahy  
The Revd Kevin John Hasler  
The Revd Mark Owen  
Terence Cristofoli – retired September 2021

### Co-opted

R D (Sandy) Blair C.B.E - September 2021

### The Monmouth Diocesan Parsonage Board

R D (Sandy) Blair C.B.E. (Chairman) – retired June 2021  
Alan David Jones (Chairman of the Property Board) - appointed September 2021  
The Bishop of Monmouth (ex officio)  
The Archdeacon of Newport (ex officio)  
The Archdeacon of Monmouth (ex officio) - Vacant until September 2021  
The Archdeacon of the Gwent Valleys (ex officio) - The Ven Sue Pinnington deceased July 2021  
Peter E Lea (Chairman of the Diocesan Board of Finance - ex officio)  
The Revd Canon Anne Golledge  
The Revd Chris Walters  
Rod Davies  
Ashley Rogers  
Justin Telang

### Executive Officer

Isabel Thompson

### Company Secretary

Bethan Davies

### Funds held as custodian trustee

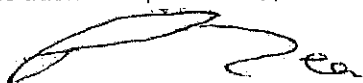
#### Custodian responsibilities

Trustees act as custodian trustees for certain parish assets (both land and investments) held on behalf of those parishes. Where funds are held or managed for parishes, these are either held in a dedicated bank account or can be easily identified in the books of the DBF.

#### Auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



.....  
**Peter Lea**

Trustee

Dated: .....

# **MONMOUTH DIOCESAN BOARD OF FINANCE**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The trustees, who are also the directors of Monmouth 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.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITOR'S REPORT

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

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#### Opinion

We have audited the financial statements of Monmouth Diocesan Board of Finance (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2021 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.



# MONMOUTH DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### **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.

#### **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.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### **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.

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

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services

Chartered Accountants  
Statutory Auditor

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

# **MONMOUTH DIOCESAN BOARD OF FINANCE**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF MONMOUTH DIOCESAN BOARD OF FINANCE**

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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 of section 1212 of the Companies Act 2006.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<b>Income and endowments from:</b>							
Donations and legacies	3	3,501,716	171,786	3,673,502	3,752,392	77,371	3,829,763
Other trading activities	4	-	153,251	153,251	-	99,906	99,906
Investments	5	92,573	11,073	103,646	86,839	12,305	99,144
Other income	6	6	-	6	23,810	-	23,810
<b>Total income</b>		<b>3,594,295</b>	<b>336,110</b>	<b>3,930,405</b>	<b>3,863,041</b>	<b>189,582</b>	<b>4,052,623</b>
<b>Expenditure on:</b>							
Raising funds	7	17,575	903	18,478	15,056	855	15,911
Charitable activities	8	3,022,927	773,935	3,796,862	3,369,217	516,803	3,886,020
<b>Total resources expended</b>		<b>3,040,502</b>	<b>774,838</b>	<b>3,815,340</b>	<b>3,384,273</b>	<b>517,658</b>	<b>3,901,931</b>
Net gains/(losses) on investments	12	255,614	12,436	268,050	(26,634)	(5,895)	(32,529)
<b>Net incoming/ (outgoing) resources before transfers</b>		<b>809,407</b>	<b>(426,292)</b>	<b>383,115</b>	<b>452,134</b>	<b>(333,971)</b>	<b>118,163</b>
Gross transfers between funds		(456,974)	456,974	-	(461,416)	461,416	-
<b>Net movement in funds</b>		<b>352,433</b>	<b>30,682</b>	<b>383,115</b>	<b>(9,282)</b>	<b>127,445</b>	<b>118,163</b>
Fund balances at 1 January 2021		4,343,141	530,516	4,873,657	4,352,423	403,071	4,755,494
<b>Fund balances at 31 December 2021</b>		<b>4,695,574</b>	<b>561,198</b>	<b>5,256,772</b>	<b>4,343,141</b>	<b>530,516</b>	<b>4,873,657</b>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		402,961		401,566
Investments	14		3,467,097		2,753,843
			<u>3,870,058</u>		<u>3,155,409</u>
<b>Current assets</b>					
Debtors	16	866,076		1,109,960	
Cash at bank and in hand		1,786,974		1,785,151	
		<u>2,653,050</u>		<u>2,895,111</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,006,086)		(857,609)	
Net current assets			<u>1,646,964</u>		<u>2,037,502</u>
<b>Total assets less current liabilities</b>			<u>5,517,022</u>		<u>5,192,911</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(260,250)		(319,254)
<b>Net assets</b>			<u><u>5,256,772</u></u>		<u><u>4,873,657</u></u>
<b>Income funds</b>					
Restricted funds	19		561,198		530,516
<u>Unrestricted funds</u>					
Designated funds	20	305,027		320,000	
General unrestricted funds		4,267,443		3,900,037	
Revaluation reserve		123,104		123,104	
			<u>4,695,574</u>		<u>4,343,141</u>
			<u><u>5,256,772</u></u>		<u><u>4,873,657</u></u>

# MONMOUTH DIOCESAN BOARD OF FINANCE

## BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2021**

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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 2021, 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 .....



.....  
P Lea  
Trustee

Company Registration No. 03489945

# MONMOUTH DIOCESAN BOARD OF FINANCE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25		405,211		734,886
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,825)		(704)	
Purchase of investments		(828,211)		(862,768)	
Proceeds on disposal of investments		383,006		900,762	
Investment income received		103,646		99,144	
<b>Net cash (used in)/generated from investing activities</b>			(344,384)		136,434
<b>Financing activities</b>					
Repayment of bank loans		(59,004)		-	
<b>Net cash used in financing activities</b>			(59,004)		-
<b>Net increase in cash and cash equivalents</b>			1,823		871,320
Cash and cash equivalents at beginning of year			1,785,151		913,831
<b>Cash and cash equivalents at end of year</b>			<u>1,786,974</u>		<u>1,785,151</u>

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### 1 Accounting policies

#### Charity information

Monmouth Diocesan Board of Finance is a charitable company limited by guarantee incorporated in England and Wales. The registered office is 64 Caerau Road, Newport NP20 4HJ.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance 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)". 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 the revaluation of freehold 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.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

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.

#### 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.



# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost 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 resources.

#### Allocation and apportionment of costs

Administration and management costs are allocated to the function of the charity to which they relate. The method of allocation has been on a percentage basis of the overall cost of that particular function.

#### 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:

Freehold land and buildings	Measured at fair value
Fixtures and fittings	33% Straight line

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 net income/(expenditure) for the year.

#### 1.7 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.

#### 1.8 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).

#### 1.9 Cash and cash equivalents

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

#### 1.10 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.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **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.

#### 1.11 Employee benefits

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.

#### 1.12 Taxation

As a registered charity Monmouth 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

### 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.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Donations and gifts	3,501,716	171,786	3,673,502	3,752,392	77,371	3,829,763
<b>Donations and gifts</b>						
Parish Share	2,198,754	-	2,198,754	2,203,766	-	2,203,766
RB Block Grant	748,165	-	748,165	911,343	-	911,343
Other Grants	546,414	171,786	718,200	628,770	77,371	706,141
RB Contribution to Diocesan Advisory Committee	8,333	-	8,333	8,333	-	8,333
Parochial Contribution	50	-	50	180	-	180
	3,501,716	171,786	3,673,502	3,752,392	77,371	3,829,763

### 4 Other trading activities

	Restricted funds	Restricted funds
	2021	2020
	£	£
Room letting and miscellaneous income	611	881
Rental of Parsonages	152,640	99,025
Other trading activities	153,251	99,906

### 5 Investments

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Income from listed investments	92,413	5,634	98,047	85,483	6,039	91,522
Interest receivable	160	5,439	5,599	1,356	6,266	7,622
	92,573	11,073	103,646	86,839	12,305	99,144

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Other income

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Other income	6	23,810
	<u>6</u>	<u>23,810</u>

### 7 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
<u>Investment management</u>	17,575	903	18,478	15,056	855	15,911
	<u>17,575</u>	<u>903</u>	<u>18,478</u>	<u>15,056</u>	<u>855</u>	<u>15,911</u>

### 8 Charitable activities

	2021	2020
	£	£
Support for ministry	2,238,272	2,212,652
Support for parishes	779,124	1,091,720
Support for other church property	30,537	42,967
Grants and other financial support	420,547	161,652
Communications and publications	31,244	32,575
	<u>3,499,724</u>	<u>3,541,566</u>
Share of support costs (see note 9)	249,999	289,549
Share of governance costs (see note 9)	47,139	54,905
	<u>3,796,862</u>	<u>3,886,020</u>
<b>Analysis by fund</b>		
Unrestricted funds	3,022,927	3,369,217
Restricted funds	773,935	516,803
	<u>3,796,862</u>	<u>3,886,020</u>

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Staff costs	207,619	-	207,619	259,024	-	259,024
Depreciation	1,429	-	1,429	3,085	-	3,085
Heat, Light and Water	2,219	-	2,219	2,729	-	2,729
Telephone, fax and internet	4,515	-	4,515	3,537	-	3,537
Printing, Postage and Stationery	3,144	-	3,144	2,719	-	2,719
Furniture and computer expenses	8,949	-	8,949	5,550	-	5,550
Equipment leasing charges	5,354	-	5,354	6,498	-	6,498
Repairs and Renewals	11,261	-	11,261	572	-	572
Caretaker/Cleaning	4,441	-	4,441	4,629	-	4,629
Miscellaneous	1,068	-	1,068	1,206	-	1,206
Audit fees	-	6,540	6,540	-	6,720	6,720
Legal and professional	-	2,137	2,137	-	40,574	40,574
Diocesan Insurance	-	5,526	5,526	-	6,039	6,039
Diocesan Conference Costs	-	373	373	-	548	548
Governing Body Expenses	-	5,946	5,946	-	1,024	1,024
Diocesan Registrar	-	26,617	26,617	-	-	-
	<u>249,999</u>	<u>47,139</u>	<u>297,138</u>	<u>289,549</u>	<u>54,905</u>	<u>344,454</u>
Analysed between Charitable activities	<u>249,999</u>	<u>47,139</u>	<u>297,138</u>	<u>289,549</u>	<u>54,905</u>	<u>344,454</u>

Governance costs includes payments to the auditors of £6,540 (2020: £6,720) for audit fees.

### 10 Trustees

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

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11 Employees

##### Number of employees

The average monthly number of employees during the year was:

2021 Number	2020 Number
9	12
<u>9</u>	<u>12</u>

##### Employment costs

	2021 £	2020 £
Wages and salaries	204,168	267,691
Social security costs	17,366	22,341
Other pension costs	24,763	25,006
Salary of Diocesan Registrar	24,716	24,309
<b>Total Costs</b>	<b>271,013</b>	<b>339,347</b>

Staff costs include £nil of redundancy payments (2020: £15,439). There were no amounts outstanding in the current or prior year.

Key Management Personnel costs including Salary, Pension and Employers National Insurance amounted to £120,751 (2020: £180,744). In 2020 the Director of Education costs were borne by the charity. In 2021 the post was replaced by a joint arrangement with Llandaff.

No employees received remuneration over £60,000 in the current or previous year.

#### 12 Net gains/(losses) on investments

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Revaluation of investments	255,614	12,436	268,050	(26,634)	(5,895)	(32,529)
	<u>255,614</u>	<u>12,436</u>	<u>268,050</u>	<u>(26,634)</u>	<u>(5,895)</u>	<u>(32,529)</u>

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	400,000	11,170	411,170
Additions	-	2,825	2,825
Disposals	-	(3,882)	(3,882)
At 31 December 2021	400,000	10,113	410,113
<b>Depreciation and impairment</b>			
At 1 January 2021	-	9,604	9,604
Depreciation charged in the year	-	1,430	1,430
Eliminated in respect of disposals	-	(3,882)	(3,882)
At 31 December 2021	-	7,152	7,152
<b>Carrying amount</b>			
At 31 December 2021	400,000	2,961	402,961
At 31 December 2020	400,000	1,566	401,566

Land and buildings with a carrying amount of £310,000 were revalued at 31 July 2019 by Graham & Co, independent valuers not connected with the charity on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

At 31 December 2021, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £276,896 (2020 - £276,896).

### 14 Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2021	2,753,843
Additions	828,211
Valuation changes	268,712
Movement	(663)
Disposals	(383,006)
At 31 December 2021	3,467,097
<b>Carrying amount</b>	
At 31 December 2021	3,467,097
At 31 December 2020	2,753,843

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Fixed asset investments

(Continued)

The historical cost of the investments at 31 December 2021 is £2,982,402 (2020: £2,517,058). Investments relate to listed investments.

The Monmouth Diocesan Board of Finance has approved the management of the investment portfolio on a discretionary management basis. All investments and associated gains and losses are included on a fair value basis.

<b>15 Financial instruments</b>	<b>2021</b>	<b>2020</b>
	£	£
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	3,467,097	2,753,843
	<u>                    </u>	<u>                    </u>
<b>16 Debtors</b>	<b>2021</b>	<b>2020</b>
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	373,490	498,267
Other debtors	232,336	292,439
	<u>                    </u>	<u>                    </u>
	605,826	790,706
	<u>                    </u>	<u>                    </u>
	<b>2021</b>	<b>2020</b>
	£	£
<b>Amounts falling due after more than one year:</b>		
Due from Parishes re Provincial Housing Loans	260,250	260,250
Due from Parishes re Curates Housing Loans	-	59,004
	<u>                    </u>	<u>                    </u>
	260,250	319,254
	<u>                    </u>	<u>                    </u>
<b>Total debtors</b>	<b>866,076</b>	<b>1,109,960</b>
	<u>                    </u>	<u>                    </u>
<b>17 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	£	£
Accruals and deferred income	1,006,086	857,609
	<u>                    </u>	<u>                    </u>



# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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18	Creditors: amounts falling due after more than one year	2021 £	2020 £
	Representative body loans	260,250	319,254
		<u>260,250</u>	<u>319,254</u>

Loans are repaid to the Diocese when the related property has been sold.

**MONMOUTH DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19 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 2020	Movement in funds				Balance at 1 January 2021	Movement in funds				Balance at 31 December 2021
		Incoming resources	Resources expended	Transfers	Revaluations, gains and losses		Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	£	£	£	£	£	£
Parsonsage Board Fund	52,811	118,601	(439,658)	437,565	-	169,319	175,096	(671,216)	439,979	-	113,178
Churches and Pastoral Committee Funds	250,325	51,079	(56,956)	9,982	(5,895)	248,535	123,682	(61,549)	10,653	12,436	333,757
Council for Social Responsibility	28,268	-	-	-	-	28,268	-	-	-	-	28,268
Needlework Guild	4,624	-	-	-	-	4,624	-	-	-	-	4,624
Highveld Donations	-	865	(949)	84	-	-	1,171	(954)	75	-	292
Llanfair Kilgeddin Parish Units	398	23	-	-	-	421	17	-	-	-	438
Ministry Clergy School	66	2,934	(3,220)	286	-	66	2,179	(2,390)	187	-	42
Bishop's M&G	13,500	4,500	-	-	-	18,000	3,000	-	-	-	21,000
Bishop's Hardship Fund	34,172	11,580	(13,297)	7,181	-	39,636	3,172	(8,495)	1,665	-	35,978
Church Army Lent Appeal	18,907	-	(3,578)	6,318	-	21,647	-	(2,062)	2,211	-	21,796
	-	-	-	-	-	-	1,825	-	-	-	1,825
	-	-	-	-	-	-	25,968	(28,172)	2,204	-	-
	403,071	189,582	(517,658)	461,416	(5,895)	530,516	336,110	(774,838)	456,974	12,436	561,198

**MONMOUTH DIOCESAN BOARD OF FINANCE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

19 Restricted funds (Continued)

Restricted Funds are those funds which are limited by the terms and conditions of the fund and can be used for specific purposes only.

The Parsonage Board Fund is restricted for the maintenance of parsonages.

The Churches and Pastoral Committee Fund is restricted for the support of church maintenance and related pastoral care.

The following transfers were made from Unrestricted Funds to Restricted Funds:-

DBF Contribution to Parsonage Board	£387,450
DBF Contribution to Support Costs	£52,529
<b>Total Contribution</b>	<b>£439,979</b>

Other restricted fund balances relate to former Custodian Trustee funds released to Restricted Funds. These funds will be spent in line with the Donor's wishes.

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 20 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:

	Balance at 1 January 2020	Transfers	Balance at 1 January 2021	Resources expended	Transfers	Balance at 31 December 2021
	£	£	£	£	£	£
Leadership Training	15,500	-	15,500	-	-	15,500
Children, Youth and Family Ministry Projects	28,000	-	28,000	-	-	28,000
Pioneer Ministry and Mission Project	16,500	-	16,500	-	-	16,500
100th Anniversary planning reserve	5,000	-	5,000	-	-	5,000
Contribution to MA Finance Resource	5,000	-	5,000	-	-	5,000
Evangelism Fund	120,000	130,000	250,000	(16,251)	1,278	235,027
	<u>190,000</u>	<u>130,000</u>	<u>320,000</u>	<u>(16,251)</u>	<u>1,278</u>	<u>305,027</u>

The designated funds have been set aside for future projects and expenditure agreed by the Board of Trustees.

#### 21 Analysis of net assets between funds

	Unrestricted Funds 2021	Restricted Funds 2021	Total Unrestricted Funds 2021	Restricted Funds 2020	Total 2020
	£	£	£	£	£
Fund balances at 31 December 2021 are represented by:					
Tangible assets	402,961	-	402,961	-	401,566
Investments	3,305,475	161,622	3,467,097	149,520	2,753,843
Current assets/ (liabilities)	1,247,388	399,576	1,646,964	380,996	2,037,502
Long term liabilities	(260,250)	-	(260,250)	-	(319,254)
	<u>4,695,574</u>	<u>561,198</u>	<u>5,256,772</u>	<u>530,516</u>	<u>4,873,657</u>

#### 22 Operating lease commitments

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Operating lease commitments (Continued)

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:

	2021 £	2020 £
Within one year	2,946	911
Between two and five years	7,620	914
	<u>10,566</u>	<u>1,825</u>

### 23 Related party transactions

The charity had a longstanding and ongoing administrative relationship with the Monmouth Diocesan Trust. This function was charged out to the Trust annually and amounted to £nil (2020: £nil).

### 24 Share capital

As the company is limited by guarantee, there is no share capital. The liability of each member in the event of winding up is limited to £1.

25 Cash generated from operations	2021 £	2020 £
Surplus for the year	383,117	118,163
Adjustments for:		
Investment income recognised in statement of financial activities	(103,646)	(99,144)
Fair value gains and losses on investments	(268,050)	32,529
Depreciation and impairment of tangible fixed assets	1,429	3,085
Movements in working capital:		
Decrease in debtors	243,884	267,613
Increase in creditors	148,477	412,640
<b>Cash generated from operations</b>	<u>405,211</u>	<u>734,886</u>

# MONMOUTH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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26 Analysis of changes in net funds

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	1,785,151	1,823	1,786,974
Loans falling due after more than one year	(319,254)	59,004	(260,250)
	<u>1,465,897</u>	<u>60,827</u>	<u>1,526,724</u>