REGISTERED COMPANY NUMBER: 00488549 (England and Wales)
REGISTERED CHARITY NUMBER: 242452

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025

FOR

LLANDAFF DIOCESAN BOARD OF FINANCE

Bevan Buckland Audit Ltd
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

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FOR THE YEAR ENDED 31 DECEMBER 2025

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LLANDAFF DIOCESAN BOARD OF FINANCE

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2025

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2025. The trustees have adopted the provisions of 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

Objectives and aims

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
- 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 "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 Ministry Areas within the Diocese by means of Fairer Share and from grants received from the Representative Body of the Church in Wales. During 2024 the DBF implemented a new process in place of the old Fairer Share system based on church attendance, and asked Ministry Areas to pledge contributions to a Common Fund to cover the costs of the ministry of the church together, distributing funds throughout the diocese and 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 Common Fund 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, and by supporting school leadership and governance, curriculum and ethos, and collective worship. 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.

OBJECTIVES AND ACTIVITIES

Key Events of 2025

Diocesan Vision and Evangelism Fund:

After some years of change post-pandemic, with the establishment of Ministry Areas and the roll out of the new Common Fund processes, 2025 was to be the final year of the Evangelism Fund Programme and Where Faith Matters Vision and strategy. A year of consolidation and settling, while at the same time carrying wide and diverse, formal and informal consultation to prepare a proposal for the new Church Growth Fund (CGF) from the Representative Body of the Church in Wales. This process involved some introspection and review, deep listening, and generation of ideas and proposals from Ministry Areas, staff and senior clergy which learned from the Where Faith Matters experience as well as local MA expertise, to inform the CGF proposal and outline a Diocesan strategy. This work will continue throughout 2025 and 2026, built on the foundation pillars of Prayer, Learning, Loving Service and Outreach, and incorporating lessons learned to build sustainably and cohesively, with rigorous oversight and support, including future fundraising. It will pursue themes such as youth work, hub churches, Welsh Anglicanism, lay leadership, meeting local community and congregation needs both practical and spiritual, and retaining a presence in the public square - particularly in our capital city Cardiff. Unfortunately, in spring 2026 the RB suspended the Church Growth Fund pending wider discussions in the Church in Wales, so proposals may not be submitted until further notice. Meanwhile we will continue to develop our ideas, and implementing what is possible within existing MA and DBF budgets.

Throughout 2025 Teilo Team (Bishop's senior council) and diocesan staff continued to provide support and advice to Ministry Areas. Colleges continued to meet to strengthen Ministry Areas, to support those in key roles and enable them to share their experiences, challenges and solutions. These colleges continued to give feedback and suggest ideas or support that the diocese can most helpfully provide. The Bishop convened the College of Clergy, the DBF Chair convened the College of Ministry Area Lay Chairs, the Diocesan Finance Advisory Officer convened the College of Ministry Area Treasurers, and the Archdeacons convened the College of MA Wardens. These proved helpful in providing support on practical and conceptual matters as well as guiding Ministry Areas in developing their own strategic plans.

Citizen Church:

The church has been greatly supported over the last year with the temporary appointment of the Rev Jon Carter as the Associate Vicar, alongside the Revd Mark Simpson. This position was funded by the Revitalisation Trust. Revd Mark Simpson was licensed by the Bishop as Vicar of St Teilo's on 17th September 2024. A much-reduced staffing structure has enabled the church to cut costs as several posts were made redundant. The church has also had to navigate the maternity leave of the curate, Rev Amber Grover, during this period which has brought significant challenge with only two clergy. However, existing teams have stepped up and have backfilled some of the necessary parts of church life. This is unsustainable considering the large congregation size and the only temporary appointment of Rev Jon Carter.

The small staff of two and the interns have supported the Rev'ds Simpson and Carter alongside the PCC who have remained committed to the vision statement of the church: to play our part in the evangelisation of the nation, the revitalisation of the church and the transformation of society. Students continue to be a major focus of outreach and ministry, especially in the Cathays and Pontypridd locations. Students can be linked with mentors within the church, to serve as volunteers on various teams, to lead or join weekly small groups, or to consider baptism. Children and youth provision have remained in Cathays and Pontypridd, and the Youth work has continued to thrive. Alpha remains foundational to their activities as a church, with courses running in Cathays, Pontypridd and Senghenydd and both HMPs Cardiff and Parc in Bridgend throughout the year. Discipleship groups meet regularly across multiple locations in homes and other spaces. The internship programme continued. Currently 3 members of the congregation are exploring ordination. Prison services are held regularly in HMP Cardiff, at the invitation of the chaplaincy teams. SPEAR has continued to run in 2025, in partnership with Resurgo, building to a cohort of 10 by the end of the year. SPEAR helps young people facing barriers to employment to develop the mindset and skills needed to get into work. Citizen Coffee reopened towards the end of 2025 on a reduced timetable. It is a key place of welcome for many people. Despite another challenging year there is a regular congregation of 300+ across all the services and sites per week and special events attract 500+ people.

Young Faith Matters:

The statistics below speak for themselves: They include the MAs that have been empowered and supported to embrace this vital ministry. Sadly, there remains a capacity and confidence issue for some MAs to continue programmes without support.

- 105 schools visited regularly
  13,673 young people involved regularly with faith-based interaction including Flourish, Experience Christmas/
- Easter/ Pentecost events, and assemblies
- 79 new school/MA partnerships led by church
- 2218 actively engaged children/young people exploring faith

OBJECTIVES AND ACTIVITIES

One of the main successes of the YFM team has been the increase in school connections built across the Diocese. Each member of the team has been to approximately 3 or 4 schools regularly, alongside more irregular assemblies, experiences and termly events. These have allowed Ministry Areas to make connections with schools that they didn't have capacity to otherwise, with Church in Wales schools and secular schools. The Young Faith Matters proposal to the Evangelism fund said that one of their aims with church schools was to 'develop Christian distinctiveness and confidence in being places of faith and spirituality', and the support YFM offered across the Diocese has contributed to that.

The Flourish Project has been an effective tool for YFM in building capacity and reaching young people in schools across the Diocese. Over the last 5 years YFM have trained 15 Church in Wales Primary Schools with 2 teachers each, as well as 30 lay/clergy. From 2023 to 2025, YFM had an official partnership to train 24 teachers, lay/ clergy to be able to serve the Diocese, due to the early success of the project. In 23/24 academic year, 331 children participated in Diocesan led Flourish projects, seeing an increase of 7.51% in self-esteem, 9.86% in mental wellbeing and 8% in happiness. The Flourish Project is an amazing tool to connect with a local school, as part of a suite of activities to engage children in the faith pathway.

Cardiff has several Youth Groups run by the churches with other provisions located in Penarth, Port Talbot and Aberdare. This relies heavily upon a good volunteer base and although there is a willingness in some areas to start such provision this is limited by capacity, so the YFM team have continued to meet requests for assistance to run youth clubs. The YFM team frequently worked in partnership with like-minded organisations. Message Wales facilitates a regular youth gathering which has been well attended by members of CinW youth groups from Cardiff. A band night in Pontypridd attracted young people from Aberdare and the Pontypridd area. The YFM team have supported our churches in being part of this.

The Growth Enablers have continued to engage with every Ministry area this year. Relationships have been key to this engagement, gaining trust, firstly leading and then empowering others through coaching, modelling and supporting. There has been an emphasis on pathways and what's next which has been helpful for MAs to move away from one off events. Many courses have continued to be led and facilitated such as:- Alpha, The Bible course, The Romans Course, Everybody Welcome, Taking the plunge.

Ministry & Discipleship

Revd Ian Hodges joined the Ministry Team at the start of 2025 as the new Diocesan Director of Ordinands, finding a huge help in Dr Julie Davies, the Ministry Development Officer. A major objective for the year was to build up the diocesan Vocations team and develop the scope and activity of the diocesan Fellowship of Vocations. Over the course of 2025 four ordination candidates were sent to Provincial Panel, and all four were recommended for training and formation at St Padarn's (one of them to begin training in 2026). A total of five candidates began training in August 2025, two of them having been recommended by Provincial Panel in 2024. At Petertide 2025 eight deacons were ordained priest: one woman and three men to self-supporting ministry, and one man and three women to stipendiary ministry. Four candidates were ordained deacon: one woman to self-supporting ministry, one man and two women to stipendiary ministry. Over the course of the year the investment in the Fellowship of Vocations bore dividends, with ten potential candidates participating in the programme, and a further ten entering into discussions with the DDO and the new team of diocesan vocations advisers.

Ongoing plans for 2026 include the further development of the vocations adviser team, and to develop the infrastructure for the promotion and nurture of vocations, including the significant widening of the scope of the vocations team: the DDO is forthright in reminding the diocese that God calls disciples to a very wide range of ministries, including but not limited to ordained ministry.

There was significant progress over the course of the year regarding the development of licensed lay ministry. Amanda Russell-Jones picked up the reins as Warden of Readers, ably guided by the Revd Duncan Ballard as Deputy Warden, drawing upon his previous experience in the Church of England. Five candidates for Reader Ministry attended a Diocesan Discernment Panel, one of whom was recommended to begin training for Licensed Lay Ministry at St Padarn's in 2025, and three were recommended to begin training in 2026. Conversations with several other potential candidates are underway: after a hiatus in the development of licensed lay ministry for several years, it is now clear that momentum is building. One of the tasks for 2026 is to ensure that vocations development for both lay and ordained ministry is co-ordinated and collaborative within the Ministry Team. No firm figures have been maintained for locally commissioned ministries in the Ministry Areas. However, several Ministry Areas undertook courses using the six-session training material provided by St Padarn's for Leading Worship and Pastoral Assistant.

The Ministry Development Review programme, relaunched in late 2024, got into full swing in 2025. Nearly all ordained ministers holding a license (not Permission to Officiate) undertook an MDR in 2025, and preparations began for the programme to be extended to all Licensed Lay Ministers in 2026. The College of Clergy met twice in 2025, in Pontypridd and Neath. Both sessions included a substantial presentation by Citizens Cymru, seeking to build clergy awareness of community engagement and development skills. Archdeacons Rhod Green and Mark Preece led a review of the first three years of the diocesan restructuring into Ministry Areas. There were presentations about the MA programme at St Padarn's, about Anna Chaplaincy, and about the openness of the Society of St Vincent de Paul to Anglican chapters. Much of the session in May (Neath) was taken up with the Llandaff iteration of the Church in Wales "Liturgy Roadshow", with input and interactive activities from a range of liturgical perspectives.

OBJECTIVES AND ACTIVITIES

There were three excellent speakers visiting the diocese for Continuing Ministerial Development (CMD) Days in 2025. In March, the Revd Dr Helen Johnson from Trinity College Bristol led a discussion concerning bereavement ministry. In July, Professor David Moffitt (St Andrew's University) led further discussion regarding the Ascension, Atonement, and the Letter to the Hebrews, building on his presentation to diocesan clergy at Clergy School in York in 2024. In November, Dr Cathy Ross (Church Mission Society) led a discussion concerning theological approaches to our current mission context. The CMD days were generally well attended, especially by stipendiary clergy. The challenge for the future is widen accessibility for SSM clergy and Licensed Lay Ministers.

Beyond these "set-piece" elements of the diocesan programme, much time was spent assisting individual clergy and Ministry Teams, sometimes over a sustained period of formal conversation. A handful of recurrent themes emerge:
1] How could / should a very small group of ministers (usually 2-4), with an array of theological and liturgical perspectives, minister collaboratively in their Ministry Area, offering effective mutual support?
2] How should clergy manage the widening array of demands upon their time: much work was done developing skills regarding the management of personal demand-capacity, and the setting and maintenance of personal boundaries.
3] The need for the development of volunteer capacity and clergy skills in "volunteer management". An unintended consequence of the move to a Ministry Area structure, combined with the increase and development of formal compliance requirements, has meant that certain roles, such as Lay Chair, Church Warden or Treasurer, have become highly demanding.

In October 2025 some 30 MALs and Area Deans spent a week in residential conference at St David's Cathedral, addressing themselves to the practical, theological and financial challenges of Ministry Area leadership. The week was intensive but useful and fruitful, resulting in a developing programme of ongoing support and mutual encouragement among those in front-line leadership positions in diocesan ministry.

STRATEGIC REPORT

Financial position

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 81% of its unrestricted expenditure in 2025. Conscious of the need to keep demands on Ministry Areas to that which is perceived as affordable by those Ministry Areas, all expenditure is rigorously scrutinised. The Board budgeted to cover any shortfall in income in 2025 from its reserves. As in previous years the Board intended to use its reserves to fund the Diocesan Vision while the requirement for ministry covered by Common Fund is likely to rise year on year. We gratefully benefited from continued financial support from the Representative Body in Partnership Funding towards core costs, and Structural Resilience Funding to provide support across the diocese.

Total incoming resources of £6.25 million included: approximately
£1.1 million received from the Representative Body;
£3.8 million collected by Common Fund and £0.6 million grants received for investment in new and improved church school buildings. Total resources expended were £7.4 million and included £4.75 million for support of the ministry, £1 million in support of Ministry Areas, £0.9 million on church property including church schools and £0.15 million in grants.

All funds have sufficient income to meet their obligations.

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

The Board's investments are under the discretionary management of the stockbrokers i.e. movement within the portfolio is undertaken by them without prior reference to the Board. The Board's 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.

STRATEGIC REPORT

Financial review

Investment policy and objectives

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 14). 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

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 2025 is £24.4 million. This total includes £14.19 million of restricted and endowment income. The Board therefore holds £9.88 million of unrestricted reserves.

The unrestricted reserves include designated reserves of £1.74 million and fixed asset value of £0.35 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 from 2020-2025.
- Curate Housing Support: These funds are set aside by the Diocesan Board of Finance to cover housing costs of newly ordained stipendiary curates.
- Clergy School: Annually designated funds are set aside to fund the triennial Clergy School, which was held in May 2024. The next Clergy School is due to be held in 2027.
- 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.
- School: These funds are set aside as a schools fund for future projects
- St Mary's Briton Ferry

Therefore, the level of free reserve (excluding fixed assets and revaluation reserve) holding at the 31st December 2025 is £7.79 million which represents 16 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 expected reduction in the Representative Body block grant. This was restructured during 2023, and from 2024 was delivered in two parts, as Partnership Funding (£170,000 per diocese) and Structural Resilience Funding (allocated by formula considering diocesan population, church buildings, schools and deprivation). These will be reviewed in 2027.

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. A new Grant Committee was introduced towards the end of 2020. The Committee meets on a quarterly basis and makes decisions on grant distributions.

STRATEGIC REPORT

Future plans

The Board will continue to undertake its main functions as described in the objectives and activities. Ministry Areas continue to grow together and develop greater senses of working as teams to deliver effective ministry and mission in their areas. The Board continues to deploy clergy as appointed by the Bishop and agreed by Archdeacons and senior staff to care for congregations in the Ministry Areas (MAs) and reach out to new members, and to provide appropriate housing, and funding to the Representative Body to cover their stipends. A continuous review of requirements for clergy is undertaken by the Bishop and her senior staff, together with a consideration of the age profile of serving clerics and the needs and opportunities for the training of new ordinands.

Diocesan Vision and Rebuilding the Church for the Future

The Diocese remains committed to its Vision, Faith Matters. During 2024 the DBF recruited an accountant to support the Ministry Area Finance Advisory Officer in providing support to MAs on their accounts. The Board intends to appoint a further book-keeper in this team, as the support is proving useful and popular, as well as a Stewardship and Fundraising Officer to help MAs with their generosity plans and stewardship. During 2024 we recruited two buildings surveyors and a Grants and Funding adviser who joined the DAC Secretary to form , and also to recruit a joint Property team working across the Dioceses of Monmouth and Llandaff to help MAs care for their church buildings.

2025 will be the final year of the current Vision budget and Evangelism Fund grant (from the Representative Body of the Church in Wales) so in 2024-5 the Board undertook a review of the activities and impact of the projects implemented in that budget, including church planting in Citizen Church, as well as initiatives facilitated by the YFM Engagement Workers, Mission Enablers, Outreach Workers, and Communications to help Ministry Areas in evangelism and mission, and in service to the community. . This will inform the future direction of the diocesan Vision, along with discussions at Diocesan Conference, Archdeacon's Visitations and Deanery Conferences, developing plans that are reflective of local needs, desires and capacity. From those consultations we will develop projects and workstreams, applying to the Church Growth Fund of the Representative Body of the Church in Wales as appropriate, to work further towards our goal of transforming lives and societies in the love of Jesus, building a future in Llandaff because 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, GOVERNANCE AND MANAGEMENT

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 Archdeaconries of the Diocese of Llandaff shall each elect one person to be a Lay Member and one cleric to be a Clerical Member of the DBF
- Up to six Co-opted Trustees appointed by the Trustees and who shall hold office for a term of three years after their appointment.

The number of Trustees shall not be less than 6.
The members of the Board each hold one guarantee share of £1.

Appointment of Trustees

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

New trustees have the opportunity to attend an induction course in relation to their trustee responsibilities 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 visit the diocesan offices 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 policy was reviewed and agreed by the Board in November 2025.

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

All financial transactions are made within an agreed financial policy framework which was reviewed and agreed in November 2025. The only trustees with the ability to approve financial transactions within this framework are the Chair of the Board and the Chair of the Property Group in her capacity as Chair of the Llandaff Parsonage Board. None of the trustees receive remuneration or any other benefit from their work with the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

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

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

Public Benefit

The trustees confirm that they have complied with the duty in section 4(1) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".
The Board believes that by promoting the work of the Church in Wales in the Diocese of Llandaff it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes and Ministry Areas, 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.

Key management remuneration

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 and finances of the diocese. During most of 2025 they were considered to be the Diocesan Secretary and Chief Operating Officer. At the start of the year it also included the Director of Finance, Education and Communication before they resigned in February 2025.

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 10 provides further information in relation to staff costs.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 allocates the risks to its Committees who have responsibility for reviewing the risks, assessing the controls in place and amending them as appropriate in their sphere of operation. Committees also agree on actions to mitigate the risk and allocate actions to individual risk holders. The risk holder is also responsible for reporting back to the Committee on the current status of the risk.

The Board reviews the overall register (of risks as raised to it by the Committees) and undertakes a detailed review of any key risks as deemed necessary.

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, financial support and stewardship (planned) to assist Ministry Areas into growth, while the Bishop and Archdeacons seek to recruit quality clergy to lead Ministry Areas into growth. It is hoped that as MAs decide their contribution to Common Fund after considering their budgets, they are less likely to default. A continuing programme of Archdeacons Visitations in autumn 2024 focused on evangelism and mission, in order to continue building for growth in attendance, finances and impact.
- Safeguarding, including allegations, cases, and historic cases with corresponding financial claims. This is mitigated by adhering to the Provincial Safeguarding Policy and Procedures, and seeking the support of the excellent Provincial Safeguarding Team. We have insurance cover, and encourage the use of MyChurchPeople to track DBS checks and safeguarding training which is regularly rolled out, and provide support to Ministry Areas through regular meetings of the College of Safeguarding Officers.

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
00488549 (England and Wales)

Registered Charity number
242452

Registered office
The Diocesan Office
The Old Rectory The Court
Coychurch
Bridgend
CF35 5EH

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2025

Trustees

Llandaff Diocesan Board of Finance: Trustees and Directors

Reverend Mary Kathleen Rose Stallard	
The Venerable Mark Richard Preece	
The Venerable Rod Green	
Ms Anna Cory	
Mr Martyn Haydn Evans	(resigned 15 September 2025)
The Reverend Simon Freeman	(resigned 31 January 2026)
The Reverend Michael Gable	
Mr Gareth Jones	(resigned 23 March 2025)
Mr Michael Lawley	
Mrs Catherine Biles (nee Nightingale)	(resigned 15 September 2025)
Mrs Jenna Shiells	(resigned 1 April 2025)
Ms Catrin Walters	(resigned 31 January 2026)
Mr Rhys Evans	(appointed 1 February 2026)
Revd Richard Gratton	(appointed 1 February 2026)
Mr Julian Luke	
Mr Robert McDonald	
Dr Elizabeth Payne	(appointed 1 February 2026)
The Venerable Anne-Marie Renshaw	(appointed 21 September 2025)
Mr Christian Salisbury	(appointed 3 March 2026)

Company Secretary

Mr James Laing

Key management personnel

The Secretary to the Board	Mr J Laing
Diocesan Director of Finance, HR and Administration	Miss M Henry (resigned 12 February 2025)
Chief Operations Officer	Mr D Jewell (appointed 1 July 2025)

Auditors

Bevan Buckland Audit Ltd
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Solicitors

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

Advisers

Principal Bankers

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

Stockbrokers

Rathbones Investment Management
10 Queen Square, Bristol BS1 4NT

REFERENCE AND ADMINISTRATIVE DETAILS
Funds held as custodian trustee

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

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

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

The St Martin's Church Hall Trust holds money received in November 2011 from the sale of the church hall. The apportionment of the proceeds between the Parish and the Educational Endowment Fund is under review by the Charity Commission. The value of the deposit at 31st December 2025 was £527,705. The appropriate proceeds will be added to the Schools Fund at a date once a decision is reached.

STATEMENT OF TRUSTEES' RESPONSIBILITIES
The trustees (who are also the directors of Llandaff Diocesan Board Of Finance for the purposes of company law) are responsible for preparing the Report of the Trustees 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. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS
The auditors, Bevan Buckland Audit Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The auditor, Bevan Buckland, previously traded through the legal entity Bevan Buckland LLP, following a restructure and regulatory changes, Bevan Buckland LLP ceased to hold an audit registration with the engagement transitioning to Bevan Buckland Audit Ltd.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ..... and signed on the board's behalf by:

.....
M A Lawley - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LLANDAFF DIOCESAN BOARD OF FINANCE

Opinion
We have audited the financial statements of Llandaff Diocesan Board Of Finance (the 'charitable company') for the year ended 31 December 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2025 and of its incoming resources and application of resources, including its income and expenditure, 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2024 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:
- enquiring of management, including obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to;
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual. suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
- Management override of controls; and
- obtaining an understanding of the legal and regulatory frameworks that the charity operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the charity, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LLANDAFF DIOCESAN BOARD OF FINANCE

Use of our report

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

Michael Jones (Senior Statutory Auditor)
for and on behalf of Bevan Buckland Audit Ltd
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: .....

LLANDAFF DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2025 Total funds £	2024 Total funds as restated £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	4,860,171	766,688	-	5,626,859	6,293,387
Charitable activities	4					
Charitable activities		101,808	173,103	-	274,911	199,828
Investment income	3	268,474	71,944	5,604	346,022	438,497
Total		5,230,453	1,011,735	5,604	6,247,792	6,931,712
EXPENDITURE ON						
Raising funds	5	69,263	15,308	1,133	85,704	51,438
Charitable activities	6					
Charitable activities		5,829,998	1,485,078	-	7,315,076	8,074,003
Total		5,899,261	1,500,386	1,133	7,400,780	8,125,441
Net gains on investments		813,884	6,511	47,912	868,307	539,228
NET INCOME/(EXPENDITURE)		145,076	(482,140)	52,383	(284,681)	(654,501)
Transfers between funds	20	(61,596)	61,596	-	-	-
Net movement in funds		83,480	(420,544)	52,383	(284,681)	(654,501)
RECONCILIATION OF FUNDS						
Total funds brought forward		9,793,271	14,669,464	190,233	24,652,968	25,307,469
TOTAL FUNDS CARRIED FORWARD		9,876,751	14,248,920	242,616	24,368,287	24,652,968

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2025

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2025 Total funds £	2024 Total funds as restated £
FIXED ASSETS						
Tangible assets	13	344,986	12,906,409	-	13,251,395	13,514,867
Investments						
Investments	14	8,586,194	132,227	242,616	8,961,037	8,515,733
Investment property	15	275,000	325,000	-	600,000	600,000
		9,206,180	13,363,636	242,616	22,812,432	22,630,600
CURRENT ASSETS						
Debtors: amounts falling due within one year	16	368,802	-	-	368,802	397,616
Debtors: amounts falling due after more than one year	16	746,877	103,869	-	850,746	880,763
Cash at bank		1,523,405	781,415	-	2,304,820	2,387,991
		2,639,084	885,284	-	3,524,368	3,666,370
CREDITORS						
Amounts falling due within one year	17	(1,626,113)	-	-	(1,626,113)	(1,301,602)
NET CURRENT ASSETS		1,012,971	885,284	-	1,898,255	2,364,768
TOTAL ASSETS LESS CURRENT LIABILITIES		10,219,151	14,248,920	242,616	24,710,687	24,995,368
CREDITORS						
Amounts falling due after more than one year		(342,400)	-	-	(342,400)	(342,400)
NET ASSETS		9,876,751	14,248,920	242,616	24,368,287	24,652,968
FUNDS	20					
Unrestricted funds					9,876,751	9,793,271
Restricted funds					14,248,920	14,669,464
Endowment funds					242,616	190,233
TOTAL FUNDS					24,368,287	24,652,968

The financial statements were approved by the Board of Trustees and authorised for issue on ..... and were signed on its behalf by:

.....
M A Lawley - Trustee

.....
M K R Stallard - Trustee

The notes form part of these financial statements

LLANDAFF DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £	2024 as restated £
Cash flows from operating activities			
Cash generated from operations	1	(838,646)	(636,652)
Net cash used in operating activities		(838,646)	(636,652)
Cash flows from investing activities			
Purchase of fixed asset investments		(2,347,677)	(2,110,375)
Sale of fixed asset investments		2,770,680	2,144,273
Revaluation of investment properties		-	(120,000)
Interest received		346,022	438,497
Net cash provided by investing activities		769,025	352,395
Cash flows from financing activities			
Expenditure attributable to endowment		(13,550)	-
Net cash (used in)/provided by financing activities		(13,550)	-
Change in cash and cash equivalents in the reporting period		(83,171)	(284,257)
Cash and cash equivalents at the beginning of the reporting period		2,387,991	2,672,248
Cash and cash equivalents at the end of the reporting period		2,304,820	2,387,991

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2025	2024 as restated
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(284,681)	(654,501)
Adjustments for:		
Depreciation charges	263,472	509,241
Gain on investments	(868,307)	(98,007)
Interest received	(346,022)	(438,497)
Expenditure attributable to endowment	13,550	-
Decrease in debtors	58,831	26,217
Increase in creditors	324,511	18,895
Net cash used in operations	(838,646)	(636,652)

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.25	Cash flow	At 31.12.25
	£	£	£
Net cash			
Cash at bank	2,387,991	(83,171)	2,304,820
	2,387,991	(83,171)	2,304,820
Debt			
Debts falling due after 1 year	(342,400)	-	(342,400)
	(342,400)	-	(342,400)
Total	2,045,591	(83,171)	1,962,420

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

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 £.

Critical accounting judgements and key sources of estimation uncertainty
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.

During the year, the trustees reviewed the estimated useful economic lives of the charity's school buildings. Following this review, which considered the condition of the buildings, ongoing maintenance programmes, and expected future use, the trustees concluded that the previously applied useful life of 50 years was no longer appropriate.

Accordingly, the estimated useful economic life of school buildings has been revised to 100 years.
In accordance with FRS 102, this change represents a change in accounting estimate and has therefore been applied prospectively from the date of the review. As a result, depreciation charges in the current and future periods have decreased compared to those that would have been recognised under the previous estimate.

Had the previous 50-year useful life continued, depreciation for 2025 would have been approximately £491,722. The change in estimate therefore reduced depreciation expense in 2025 by approximately £245,861

Income
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Cash donations (including those raised through volunteer fundraising) are recognised when income has been received. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Gift Aid income on donations is accrued when there is a valid declaration from the donor.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

continued...

1. ACCOUNTING POLICIES - continued

Expenditure
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.

Expenditure is classified by activity. The costs of each activity are made up of total 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.

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	1% per annum on cost (prior year 2% per annum)

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.

Investment property
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.

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.

Taxation
The charity is exempt from corporation tax on its charitable activities.

Fund accounting
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

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

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

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

Retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

continued...

1. ACCOUNTING POLICIES - continued

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Cash at bank and in hand
Cash at bank and in hand are basic financial assets and 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.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial instruments
The company 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 company's balance sheet when the company 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.

Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

continued...

1. ACCOUNTING POLICIES - continued

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, 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 business 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 company's contractual obligations expire or are discharged or cancelled.

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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	Total	Total Restated
	2025 £	2025 £	2025 £	2024 £
Donations and gifts	4,860,171	766,688	5,626,859	6,293,387
Donations and gifts				
Common Fund	3,844,194	-	3,844,194	4,448,638
Partnership funding	225,750	-	225,750	358,621
Other grants	759,405	757,115	1,516,520	1,309,103
Ministry Area and school contributions	-	85	85	149
Donations and external grants	30,213	9,488	39,701	176,876
Other income	610	-	610	-
	4,860,171	766,688	5,626,859	6,293,387

continued...

3. INVESTMENT INCOME

	Unrestricted funds 2025 £	Restricted funds 2025 £	Endowment funds general 2025 £	Total 2025 £	Total 2024 £
Rental income	33,848	101,686	-	135,534	136,368
Income from listed investments	176,497	2,599	5.604	184,700	213,278
Interest receivable	21,513	4,275	-	25,788	88,851
	231,858	108,560	5,604	346,022	438,497

4. INCOME FROM CHARITABLE ACTIVITIES

	Support for ministry 2025 £	Support for Ministry Area 2025 £	Church property 2025 £	Total 2025 £	Total 2024 £
Staff recharges	92,828	44,169	-	136,997	72,803
Schools receipts	-	17,065	-	17,065	16,686
Performance related grants	8,980	-	-	8,980	9,100
Schools contributions to insurances	-	-	111,869	111,869	99,239
	101,808	61,234	111,869	274,911	199,828
Analysis by fund					
Unrestricted funds	95,828	-	-	95,828	39,556
Restricted funds	5,980	61,234	111,869	179,083	160,272
	101,808	61,234	111,869	274,911	199,828
Performance related grants					
Grants for work on parsonages	3,000	5,980	-	8,980	9,100
	3,000	5,980	-	8,980	9,100

5. RAISING FUNDS

Raising donations and legacies

	2025 £	2024 as restated £
Investment management	85,704	51,438

continued...

6. CHARITABLE ACTIVITIES COSTS

	2025 £	2024 £
Support for ministry	4,756,112	4,786,588
Support for ministry area	955,712	1,340,409
Support for other church property	936,201	1,282,426
Grants and other financial support	156,925	127,787
Communications and publications	-	81,542
	6,804,950	7,618,752
Share of support costs (see note 9)	459,936	393,231
Share of governance costs (see note 9)	50,190	62,020
	7,315,076	8,074,003
Analysis by fund		
Unrestricted funds	4,978,781	5,995,885
Restricted funds	2,336,295	2,078,118
	7,315,076	8,074,003

7. SUPPORT COSTS

	Support costs £	Governance costs £	2025 £	2024 £
Staff costs	344,301	-	344,301	269,819
General office costs	115,635	-	115,635	123,412
Audit fees	-	21,432	21,432	24,700
Legal and professional fees	-	553	553	1,089
Diocesan conference costs	-	3,005	3,005	7,791
Meeting and other sundry costs	-	-	-	3,240
Diocesan register	-	25,200	25,200	25,200
	459,936	50,190	510,126	455,251

8. NET INCOME/(EXPENDITURE)

	2025 £	2024 £
Auditors' remuneration	10,500	9,960
Non-audit services	10,932	14,740
Depreciation - owned assets	263,472	509,241

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2025 nor for the year ended 31 December 2024.

continued...

9. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

During the year, expenses totalling £15,836 were paid to five trustees (2024: £13,724 - two trustees).

10. STAFF COSTS

The average monthly number of employees during the year was:

	2025	2024
	29	30

Employment costs	2025 £	2024 £
Wages and salaries	1,005,264	978,528
Social security costs	120,060	96,785
Other pension costs	125,092	104,054
	1,250,416	1,179,367

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 2025 they were considered to be the Diocesan Secretary, the Director of Finance, Education and Communication (who left the organisation in the year), and the Chief Operations Officer.

Total employee costs (including salaries, pension and national insurance costs) of the key management personnel of the Board were £183,470 (2024: £154,947).

The number of employees whose annual remuneration (excluding employers' national insurance contributions and employers' pension) was more than £60,000 is as follows:

	2025	2024
£60,000 to £69,999	-	1
£70,000 to £79,999	2	1

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds as restated £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	5,655,860	637,527	-	6,293,387
Charitable activities				
Charitable activities	39,556	160,272	-	199,828
Investment income	264,424	167,914	6,159	438,497
Total	5,959,840	965,713	6,159	6,931,712
EXPENDITURE ON				
Raising funds	26,893	10,330	14,215	51,438
Charitable activities				
Charitable activities	5,995,885	2,078,118	-	8,074,003

continued...

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds	Restricted funds	Endowment funds	Total funds as restated
	£	£	£	£
Total	6,022,778	2,088,448	14,215	8,125,441
Net gains/(losses) on investments	480,616	68,413	(9,801)	539,228
NET INCOME/(EXPENDITURE)	417,678	(1,054,322)	(17,857)	(654,501)
Transfers between funds	(779,672)	779,672	-	-
Net movement in funds	(361,994)	(274,650)	(17,857)	(654,501)
RECONCILIATION OF FUNDS				
Total funds brought forward	10,155,265	14,944,114	208,090	25,307,469
TOTAL FUNDS CARRIED FORWARD	9,793,271	14,669,464	190,233	24,652,968

12. PRIOR YEAR ADJUSTMENT

During the year the Diocese reviewed the accounting treatment applied to Common Fund contributions from Ministry Areas.

Common Fund contributions represent voluntary donations made by Ministry Areas towards the costs of clergy ministry and housing. Whilst Ministry Areas historically indicated the level of contribution they intended to make during the year, these pledges did not create a legally enforceable obligation on the Ministry Areas to make payment to the Diocese.

In previous years, the Diocese recorded invoices within its accounting system for anticipated Common Fund contributions and recognised the unpaid balances as debtors and income. Following a review of the arrangements, the trustees concluded that recognition of income and debtors in respect of unpaid Common Fund pledges was not appropriate because the Diocese did not have an entitlement to the income until the donation was received.

Accordingly, the comparative figures have been restated to remove Common Fund income previously recognised but not received and the associated debtor balances.

The effect of the prior period adjustment on the comparative figures is as follows:

	Originally stated	Adjustment	Restated
Debtors	437,768	(157,451)	280,317
Income	4,606,089	(157,451)	4,448,638
Net movement in funds	(497,050)	(157,451)	(654,501)
Total funds at 31 December 2024	24,810,419	(157,451)	24,652,968

continued...

13. TANGIBLE FIXED ASSETS

	Freehold property £	Land £	School buildings £	Fixtures and fittings £	Totals £
COST					
At 1 January 2025 and 31 December 2025	633,871	61,757	24,586,148	36,237	25,318,013
DEPRECIATION					
At 1 January 2025	291,890	-	11,478,024	33,232	11,803,146
Charge for year	15,819	-	245,861	1,792	263,472
At 31 December 2025	307,709	-	11,723,885	35,024	12,066,618
NET BOOK VALUE					
At 31 December 2025	326,162	61,757	12,862,263	1,213	13,251,395
At 31 December 2024	341,981	61,757	13,108,124	3,005	13,514,867

14. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 January 2025	8,515,733
Additions	2,347,677
Disposals	(2,770,680)
Revaluations	868,307
At 31 December 2025	8,961,037
NET BOOK VALUE	
At 31 December 2025	8,961,037
At 31 December 2024	8,515,733

There were no investment assets outside the UK.

Cost or valuation at 31 December 2025 is represented by:

	Listed investments £
Valuation in 2025	8,961,037

The original cost of the above investments at 31 December 2025 was £6,183,507 (2024: £6,250,440). The above investments are valued at mid-market valuation on 31 December 2025. 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.

continued...

15. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 January 2025 and 31 December 2025	600,000
NET BOOK VALUE	
At 31 December 2025	600,000
At 31 December 2024	600,000

The property of 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. The property had a professional valuation in 2018 by Cooke & Arkwright. The property on Cowbridge Road was transferred to the Board at historic depreciated cost in 2017. In 2024 a review of the valuation was carried out and it was agreed that the valuation of both properties should be increased by 25% to closer reflect the rise on the house price index Wales over this period. The current valuations are considered to be reasonably stated.

Fair value at 31 December 2025 is represented by:

	£
Valuation in 2025	600,000

16. DEBTORS

	2025	2024 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	239,046	280,317
Other debtors	-	5,430
Prepayments and accrued income	129,756	111,869
	368,802	397,616
Amounts falling due after more than one year:		
Loans to third parties	508,346	538,363
Retired clergy loans	342,400	342,400
Aggregate amounts	1,219,548	1,278,379

Included within prior year debtors were amounts relating to unpaid Common Fund pledges from Ministry Areas. Following a review of the nature of these arrangements, the Diocese concluded that these balances did not meet the criteria for recognition as debtors as there was no enforceable right to consideration. Comparative figures have therefore been restated to remove these balances.

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 the Welsh Government are matched with a deferred income provision.

continued...

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024 as restated
	£	£
Trade creditors	1,358,914	835,537
Other creditors	4,208	319,545
Accruals and deferred income	262,991	146,520
	1,626,113	1,301,602

18. LOANS

An analysis of the maturity of loans is given below:

	2025	2024 as restated
	£	£
Amounts falling due between two and five years:		
Retired clergy loans	342,400	342,400

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 the Welsh Government are matched with a deferred income provision.

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2025	2024 as restated
	£	£
Within one year	5,916	4,433
Between one and five years	31,882	3,409
	37,798	7,842

continued...

20. MOVEMENT IN FUNDS

	At 1.1.25 £	Net movement in funds £	Transfers between funds £	At 31.12.25 £
Unrestricted funds				
General fund	7,770,517	1,368,431	(1,002,717)	8,136,231
Designated fund - Transformation Funds (DBF)	18,272	-	-	18,272
Designated fund - Vision Funding	1,415,332	(382,769)	15,000	1,047,563
Designated fund - Clergy School	60,000	-	40,000	100,000
Designated fund - Covid Support Fund	243,851	(31,965)	-	211,886
Designated fund - Curate Housing Pilot	116,100	-	-	116,100
Designated fund - School Buildings fund	50,000	-	50,000	100,000
Designated fund - St Mary's Briton Ferry	119,199	-	-	119,199
Designated fund - Church buildings	-	-	27,500	27,500
Designated fund - Parsonage board	-	(808,621)	808,621	-
	9,793,271	145,076	(61,596)	9,876,751
Restricted funds				
Retired clergy	69,006	-	-	69,006
External grants	13,467,167	(263,472)	-	13,203,695
Accumulated funds	517,685	(126,127)	-	391,558
Sundry trusts	63,221	1,933	-	65,154
Community Development	462,681	(15,410)	-	447,271
RB Evangelism fund	18,279	(79,875)	61,596	-
W.O.D.S.	71,425	811	-	72,236
	14,669,464	(482,140)	61,596	14,248,920
Endowment funds				
Restricted clergy fund	106,624	36,224	-	142,848
Miss DJN Evans Trust	36,559	13,736	-	50,295
Anonymous fund	47,050	2,423	-	49,473
	190,233	52,383	-	242,616
TOTAL FUNDS	24,652,968	(284,681)	-	24,368,287

continued...

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	5,187,857	(4,633,310)	813,884	1,368,431
Designated fund - Vision Funding	-	(382,769)	-	(382,769)
Designated fund - Covid Support Fund	-	(31,965)	-	(31,965)
Designated fund - Parsonage board	42,596	(851,217)	-	(808,621)
	5,230,453	(5,899,261)	813,884	145,076
Restricted funds				
External grants	-	(263,472)	-	(263,472)
Accumulated funds	513,944	(640,071)	-	(126,127)
Sundry trusts	1,458	(6,036)	6,511	1,933
Community Development	29,688	(45,098)	-	(15,410)
RB Evangelism fund	464,778	(544,653)	-	(79,875)
W.O.D.S.	1,867	(1,056)	-	811
	1,011,735	(1,500,386)	6,511	(482,140)
Endowment funds				
Restricted clergy fund	4,071	(823)	32,976	36,224
Miss DJN Evans Trust	1,533	(310)	12,513	13,736
Anonymous fund	-	-	2,423	2,423
	5,604	(1,133)	47,912	52,383
TOTAL FUNDS	6,247,792	(7,400,780)	868,307	(284,681)

Comparatives for movement in funds

	At 1.1.24 £	Net movement in funds £	Transfers between funds £	At 31.12.24 £
Unrestricted funds	10,155,265	417,678	(779,672)	9,793,271
Restricted funds				
Retired clergy	69,006	-	-	69,006
Parsonage board	-	(779,425)	779,425	-
External grants	13,958,890	(491,723)	-	13,467,167
Accumulated funds	425,404	92,281	-	517,685
Sundry trusts	58,707	4,514	-	63,221
Landscapes/Journeys in Faith	10	(257)	247	-
Community Development	365,819	96,862	-	462,681
RB Evangelism fund	(5,604)	23,883	-	18,279
W.O.D.S.	71,882	(457)	-	71,425
	14,944,114	(1,054,322)	779,672	14,669,464
Endowment funds				
Restricted clergy fund	121,323	(14,699)	-	106,624
Miss DJN Evans Trust	42,092	(5,533)	-	36,559
Anonymous fund	44,675	2,375	-	47,050
	208,090	(17,857)	-	190,233
TOTAL FUNDS	25,307,469	(654,501)	-	24,652,968

continued...

20. MOVEMENT IN FUNDS - continued

Comparative net movement in funds included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds	5,959,840	(6,022,778)	480,616	417,678
Restricted funds				
Parsonage board	56,312	(835,737)	-	(779,425)
External grants	-	(491,723)	-	(491,723)
Accumulated funds	400,654	(308,373)	-	92,281
Sundry trusts	1,481	(380)	3,413	4,514
Landscapes/Journeys in Faith	-	(257)	-	(257)
Church Improvement fund	9,375	(9,375)	-	-
Community Development	42,805	(10,943)	65,000	96,862
RB Evangelism fund	452,013	(428,130)	-	23,883
W.O.D.S.	3,073	(3,530)	-	(457)
	965,713	(2,088,448)	68,413	(1,054,322)
Endowment funds				
Restricted clergy fund	4,474	(10,327)	(8,846)	(14,699)
Miss DJN Evans Trust	1,685	(3,888)	(3,330)	(5,533)
Anonymous fund	-	-	2,375	2,375
	6,159	(14,215)	(9,801)	(17,857)
TOTAL FUNDS	6,931,712	(8,125,441)	539,228	(654,501)

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.24 £	Net movement in funds £	Transfers between funds £	At 31.12.25 £
Unrestricted funds	10,155,265	1,371,375	(1,649,889)	9,876,751
Designated fund				
Designated fund - Parsonage board	-	(808,621)	808,621	-
Restricted funds				
Retired clergy	69,006	-	-	69,006
Parsonage board	-	(779,425)	779,425	-
External grants	13,958,890	(755,195)	-	13,203,695
Accumulated funds	425,404	(33,846)	-	391,558
Sundry trusts	58,707	6,447	-	65,154
Landscapes/Journeys in Faith	10	(257)	247	-
Community Development	365,819	81,452	-	447,271
RB Evangelism fund	(5,604)	(55,992)	61,596	-
W.O.D.S.	71,882	354	-	72,236
	14,944,114	(1,536,462)	841,268	14,248,920
Endowment funds				
Restricted clergy fund	121,323	21,525	-	142,848
Miss DJN Evans Trust	42,092	8,203	-	50,295
Anonymous fund	44,675	4,798	-	49,473
	208,090	34,526	-	242,616
TOTAL FUNDS	25,307,469	(939,182)	-	24,368,287

continued...

20. MOVEMENT IN FUNDS - continued

Net movement in funds included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds	11,147,697	(11,070,822)	1,294,500	1,371,375
Designated fund				
Designated fund - Parsonage board	42,596	(851,217)	-	(808,621)
Restricted funds				
Parsonage board	56,312	(835,737)	-	(779,425)
External grants	-	(755,195)	-	(755,195)
Accumulated funds	914,598	(948,444)	-	(33,846)
Sundry trusts	2,939	(6,416)	9,924	6,447
Landscapes/Journeys in Faith	-	(257)	-	(257)
Church Improvement fund	9,375	(9,375)	-	-
Community Development	72,493	(56,041)	65,000	81,452
RB Evangelism fund	916,791	(972,783)	-	(55,992)
W.O.D.S.	4,940	(4,586)	-	354
	1,977,448	(3,588,834)	74,924	(1,536,462)
Endowment funds				
Restricted clergy fund	8,545	(11,150)	24,130	21,525
Miss DJN Evans Trust	3,218	(4,198)	9,183	8,203
Anonymous fund	-	-	4,798	4,798
	11,763	(15,348)	38,111	34,526
TOTAL FUNDS	13,179,504	(15,526,221)	1,407,535	(939,182)

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:

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 2027.

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.

School Buildings Fund
These funds have been set aside for unexpected or emergency capital works to school buildings.

St Mary's Briton Ferry
Proceeds from Hall sale to DBF, allocated 50% to a property or mission project in Afon Nedd Ministry Area, and 50% to a project anywhere in the diocese in line with the vision of growth.

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

continued...

20. MOVEMENT IN FUNDS - continued

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 Dependents' Society (W.O.D.S.)
Monies are held to provide financial assistance to the widows and dependents 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.

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 2017 and are to be used for the same charitable purposes focusing 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 utilized 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 utilized 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 initiatives and Citizen Church.

Transfers between funds

The following fund transfers have been made in the year

continued...

20. MOVEMENT IN FUNDS - continued

Transfers between funds - continued

Designated funds

Clergy School	£40,000 has been transferred from the general fund for the next clergy school
School Buildings Fund	£50,000 has been transferred from the general fund in anticipation of future projects on schools
Vision Funding	£15,000 has been transferred from the general fund which is additional income received in the year for the project
Church Buildings	£27,500 has been transferred from the general fund in anticipation of future works needed on Church Buildings
Parsonage Board	£808,621 has been transferred from the general fund to cover the parsonage board costs in the year

Restricted funds

Evangelism	£61,596 has been transferred from the general fund due to an overspend on the project in the year

21. RELATED PARTY DISCLOSURES

During the year the following related party transactions took place

- Reverend Mary Stallard and Mark Preece are trustees of The Llangasty Retreat House Trust. During the year payments of £12,917 were made to the Trust. There is also an outstanding loan debtor of £163,125. There is an outstanding creditor balance of £7,500.
- Roderick Green and Michael Lawley are both trustees of the Representative Body of the Church in Wales. During the year there was income of £998,719 and expenditure of £2,704,685. At the year end there is an outstanding debtor balance of £146,007 and an outstanding creditor balance of £1,051,554.
- Reverend Michael Gable is a trustee of the Port Talbot Ministry Area Council. During the year there was income of £100,000 and expenditure of £2,900. At the year end there was an outstanding debtor of £85,268.
- Mark Preece is a trustee of the Dean and Chapter of Llandaff Cathedral. During the year there was income of £77,000 and expenditure of £13,319. At the year end there was an outstanding debtor balance of £15,817. There is an outstanding creditor balance of £1,115 at the year end.
- Anna Cory is a trustee of East Vale Ministry Area. During the year there was income of £89,406 and expenditure of £6,357. At the year end there is an outstanding debtor balance of £9,420. There is an outstanding creditor balance of £2,334 at the year end.
- Reverend Simon Freeman is a trustee of Llan Ministry Area. During the year there was income of £220,000 and expenditure of £524.

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024 as restated
	£	£
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	5,626,859	6,293,387
Investment income		
Rents received	135,534	136,368
Deposit account interest	25,788	88,851
Curr asset inv income	184,700	213,278
	346,022	438,497
Charitable activities		
Grants	274,911	199,828
Total incoming resources	6,247,792	6,931,712
EXPENDITURE		
Raising donations and legacies		
Investment management	85,704	51,438
Charitable activities		
Stipend fees and pensions	3,332,173	3,352,092
Property costs	1,173,300	1,186,723
Clergy expenses	221,194	167,516
Training	29,445	80,257
Support for ministry areas	955,712	1,340,409
Parsonages	9,356	9,776
Property costs - churches	397,618	320,085
Church schools	529,227	952,565
Grants to CIW	143,522	124,287
Grants to others	13,403	3,500
Communication	-	81,542
	6,804,950	7,618,752
Support costs		
Support costs		
Wages	344,301	269,819
Auditors' remuneration	21,432	24,700
Sundries	-	1,235
Legal fees	553	1,089
General office costs	115,635	122,177
Diocesan conference expenses	3,005	7,791
Diocesan registrar	25,200	25,200
Meetings and other sundry cost	-	3,240
	510,126	455,251
Total resources expended	7,400,780	8,125,441
Net expenditure before gains and losses	(1,152,988)	(1,193,729)
Realised recognised gains and losses		
Carried forward	(1,152,988)	(1,193,729)

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024 as restated
	£	£
Realised recognised gains and losses		
Brought forward	(1,152,988)	(1,193,729)
Realised gains/(losses) on fixed asset investments	-	120,000
Realised gains/losses investments	868,307	419,228
Net expenditure	(284,681)	(654,501)

Bevan Buckland
Wales' Leading **Independent Accountants**



Audit Findings Report

Llandaff Diocesan Board of Finance

For the year ended 31 December 2025

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. The terms and conditions, under which our audit will be performed, including our roles and responsibilities as auditors, are set out in our letters of engagement. These have been issued separately.

However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Executive Summary

This report highlights the key issues affecting the results of the charity and the preparation of the financial statements for the year ended 31 December 2025. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK) 260.

We are required to report whether, in our opinion, the charity's financial statements give a true and fair view of the financial position of the organisation and its income and expenditure for the year and whether they have been properly prepared in accordance with FRS 102.

Status of our audit	We have completed the majority of our audit work and the following items are outstanding: • Final financial statements • Signed letter of representation
Audit opinion	At the time of issuing this audit findings report and subject to a satisfactory conclusion to outstanding items, we expect to issue an ***unmodified audit opinion***, as a result of concluding that the financial statements of the entity present a true and fair view.
Materiality	• Planning materiality: ***£113,000*** • Final materiality: ***£132,000*** • Benchmark used: ***2% of income*** • Reason for materiality change was the adjustments made to income
Audit risks & other areas of focus	We have no significant issues to note regarding significant audit risks and other areas of focus.
Accounting estimate and judgements	There were no issues with the accounting estimates used.
Internal controls	Issues identified: • 2 Deficiencies • 0 Significant Deficiencies • 0Significant weaknesses Prior year update: • 8 Ongoing • 2 Resolved
Adjusted misstatements	• Number of adjustments made: ***9*** • Aggregated financial impact: ***£269,863*** • Profit and loss impact: ***Increase in profit***

Unadjusted misstatements	• Number of unadjusted misstatements identified: ***1*** • Aggregated financial impact: ***£79,919*** • Profit and loss impact: ***Reduction in deficit***
Other matters	None
Independence	We are not aware of any relationships between Bevan Buckland Audit Ltd and the organisation, that in our professional judgement, may reasonably be thought to bear on our integrity, independence and objectivity at the date of the audit plan. Threats have been noted in our report and the safeguards applied.

Introduction

Purpose of this Report

The auditing findings report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260.

Responsibilities of the Auditor and Board

As auditor we are responsible for performing the audit in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance their responsibilities for the preparation of the financial statements.

Objectives of our audit

The auditor's 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 the auditor's opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (UK) will always detect a material misstatement when it exists.

Our audit work is designed to form an opinion on whether the financial statements:

- Give a true and fair view of the state of the charity affairs as at 31st December 2025 and of the chairty's income and expenditure for the year then ended;
- Have been properly prepared in accordance with:
    - The Companies Act 2006;
    - Charities SORP

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK) (ISA) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In our audit plan presented to you in March 2026 we reported our planning materiality used in planning our overall audit strategy. In line with ISA (UK) 450, prior to the evaluation of uncorrected misstatements, we have considered whether it necessary to revise materiality.

As planning materiality was based on the draft trial balance figures we have revisited our actual materiality to consider actual result for the period. Our audit work has been carried out using the revised materiality so has had no impact on our audit testing.

	Benchmark	Planning	Final
Entity	2% of income	£113,000	£132,000

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. We have applied the de minimis level of 5% of overall materiality reported in our audit planning report to the final materiality.

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.

Areas of significant risk

We raised a number of significant risks in our audit plan where we detailed work we would be carrying out as part of our audit procedures. We performed procedures during the audit to address each of these risks and ensure the financial statements are free from a material misstatement. We set out our audit work and any other issues that we wish to bring to your attention

Audit risk	Work completed, issues & assurance gained
Revenue recognition There is a presumption that revenue recognition is a significant risk on every audit engagement (ISA (UK) 240). Material misstatements due to fraudulent reporting can often results from an overstatement or revenues, due to the potential to inappropriately move the timing and basis of revenue recognition as well as the potential to record fictious revenue.	We reviewed grant paperwork that was available to us and were satisfied that most had been recorded correctly. A small amount of grant income was posted to a fund nominal instead of being deferred. Common fund has been agreed to pledge letters and receipts. There is a material amount that may not be collectable which should either be written off or the bad debt provision increased.
Management Override of Controls Management override of controls should be considered a risk on every engagement (ISA (UK&I) 240.74) Management at various levels within an organisation are in the unique position to perpetrate fraud because of their ability to manipulate results by overriding controls that otherwise appear to be operating effectively. Material misstatements can arise from management overriding controls which are in place or by manipulating the results to achieve targets and the expectations of stake holders.	During the course of our audit we have undertaken the following procedures: • Considered indication of management bias in accounting estimates and their overall appropriateness; • Reviewing journal entries and other adjustments made at the end of the accounting period; and • Tested the appropriateness of journal entries using CAAT to identify unusual entries. There are no issues we wish to bring to your attention arising from the procedures undertaken.

Additional areas of audit focus

Although not considered to be significant risks, we raised a number of additional areas/risks given specific consideration due to the nature of the area and the risk of material misstatement in our audit plan. We performed procedures during the audit to address each of these areas/risks and ensure the financial statements are free from a material misstatement.

Audit risk	Work completed, issues & assurance gained
Useful life of assets There is a risk that the useful lives of fixed assets are not accurately estimated, leading to incorrect depreciation calculations and potential misstatements in the financial statements. This risk arises from management's judgment and estimation processes, which may be influenced by bias or lack of sufficient information.	Useful life was reviewed and depreciation recalculated. Trivial difference but no issues.
Creditors cut off, accruals and completeness of creditors The risk that liabilities (creditors) are not recorded in the correct accounting period. This can happen if transactions are recorded in the wrong period, either intentionally or unintentionally, leading to misstated financial statements. The cut-off procedures ensure that all liabilities are recorded in the period they relate to, which is crucial for accurate financial reporting.	Bank payments and purchase invoices were reviewed around the year end. No additional accruals or creditors were identified. No other issues were identified.
Going concern The Diocese is somewhat dependent on financial contributions from Ministry Areas to fund its ongoing activities, including clergy stipends, support services and central operational costs. Some Ministry Areas are experiencing financial pressure and have been unable to remit contributions in full or on a timely basis. This increases the risk of reduced cash inflows and potential shortfalls against forecast income, which may cast significant doubt on the Diocese's ability to meet its obligations and continue as a going concern.	Cash and reserves in place to for the Diocese to continue as a going concern. Ongoing work needed with the Ministry Areas to ensure support to them is fully funded, otherwise, overtime reserves will deplete.

Recoverability of the common fund Some Ministry Areas have pledged a certain amount of funds for the year which they are not actually able to pay and therefore paying less than expected. Risk that both income and debtors could be materially misstated. Budgets may also be prepared with incorrect information.	From our audit testing it was seen that there is a large amount of the common fund still outstanding from the current and previous year. We have not been able to obtain comfortable assurance that these debts will be paid. While a provision has been included, it should be increased.

Summary of misstatements

We are required to report all items above our trivial threshold to those charged with governance, whether or not the financial statements have been adjusted by management.

Unadjusted misstatements

Below is a summary of any potential adjustments identified during the course of our audit except for those deemed trivial. In line with ISA (UK) 450 'Evaluation of misstatements identified during the audit' we will require a written representation confirming the reasoning for not making these adjustments.

	Income Statement		Balance sheet	
	Dr £	Cr £	Dr £	Cr £
Q3 grant invoiced after the year end	-	79,919	79,919	-
Total	**-**	**79,919**	**79,919**	**-**

The overall impact of the adjustments would result in a decrease in the deficit of £79,919.

Adjusted misstatements

	Income Statement		Balance sheet	
	Dr £	Cr £	Dr £	Cr £
Prior year closing journals not posted	-	91,034	91,034	-
Income and expenses posted to fund nominals	-	117,500	117,500	-
Adjustment to depreciation	3,325	-	-	3,325
Increase in insurance prepayment	-	3,982	3,982	-
Gross up rent received	13,848	13,848	-	-
Bring in CRAMP income and expenditure	292,337	292,337	-	-
Write off CRAMP correcting journal	64,770	64,770	-	-
Accruals movement	-	9,234	9,234	-
Reverse parish share rebate from 2024 Q4	-	51,438	51,438	-
Total	**374,280**	**644,143**	**273,188**	**3,325**

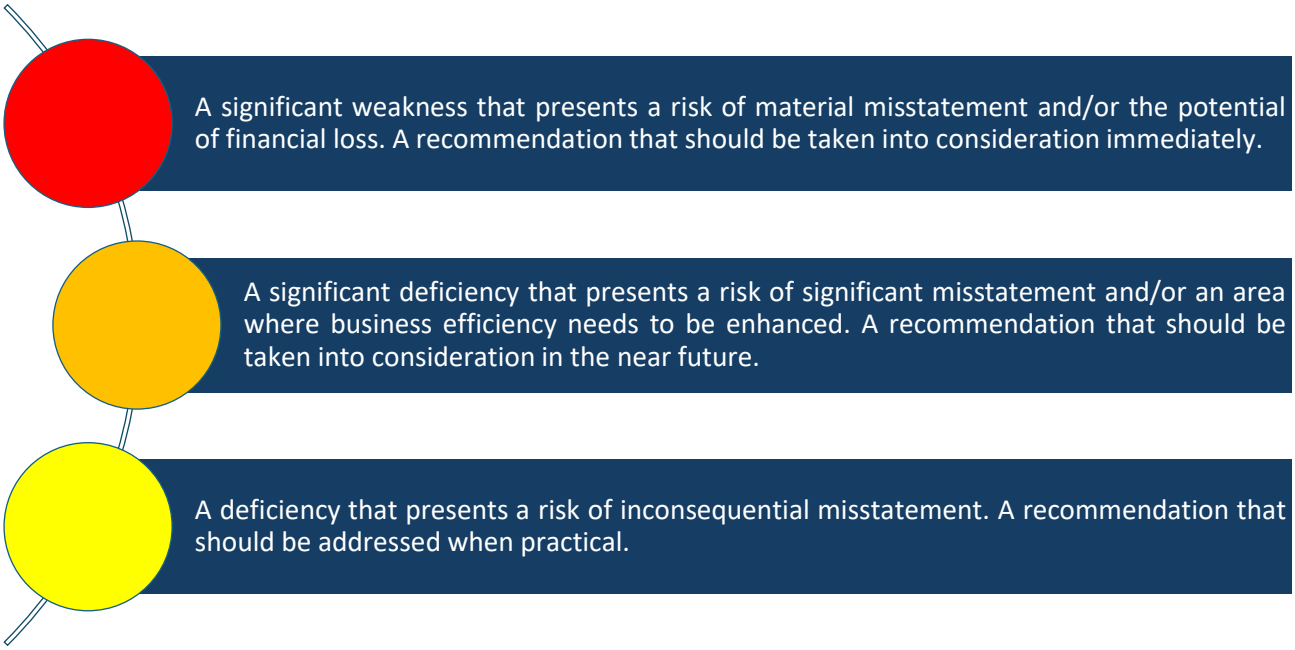
The overall impact of the adjustments would result in an increase to the profit of £269,863.

Internal Controls

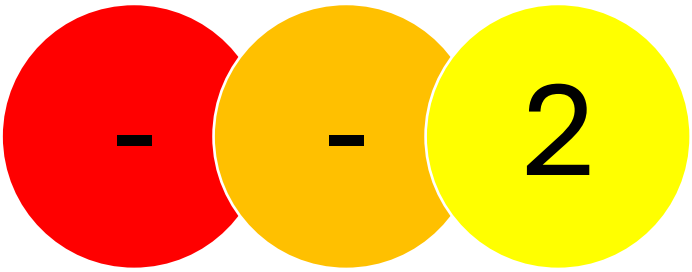
The purpose of an audit is to express an opinion on the financial statements. The matters reported here are limited to those deficiencies we have identified during the course of the audit and that we have concluded are of sufficient importance to merit being reported to you.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for year ended 31 December 2025.

Control issues are categorised according to the level of risk attached:



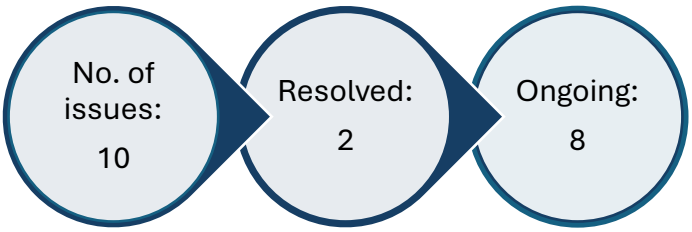
We have identified the following number of control issues in the year:



Level	Description & risk	Recommendation & management response
●	**Sage postings** Incorrect dates were being used when posting invoices to sage. A transaction for £15,033 could not be found as it had been posted to the wrong month. Risk that income and expenditure has not been included in the correct period and incorrect management information is being prepared.	Recommendation Trade debtors and creditors should be reviewed on at least a monthly basis to ensure that all transactions have been captured. Management response The £15,033.33 was received and posted in the correct month (Feb 2026) and picked up on reconciliation on 27/02/2026 that it had the wrong day of the month. Natwest current account is reconciled to sage at each month end. Other savings accounts are reconciled on receipt of statements.
●	**Payments to the Representative Body** The amounts invoiced by the Representative Body are not supported by paperwork. There is no way to confirm that the amounts due are for legitimate costs.	Recommendation Supporting documentation should be obtained where possible. Management response The RB do send reports and full breakdowns of the recharges which are available on request. General costs such as software support and IT equipment are all checked as approved expenditure and copies of invoices are now requested/provided

Follow up on prior year audit control weaknesses

The following summarises the progress made to implement recommendations identified in our prior year audit findings reports.



Level	Description & risk	Status/Recommendation
●	**Fixed asset register** A fixed asset register was not being maintained during the year which led to depreciation being calculated on fully depreciated assets. Risk that assets are being misstated in the accounts.	**Resolved** A fixed asset register was provided this year.
●	**Investment properties** The two investment properties held on the balance sheet have not be valued for a number of years. Investment properties need to be held at their fair value at the reporting date. There is the potential for the properties to be materially misstated.	**Ongoing** No valuation has been carried out this year **Management response** Heol Fair is in the process of being revalued as part of anticipated building work there and potential change of use. Ruth House is likely to have increased in value from the £325k previously indicated, in line with the local market. In both cases an increase in value is likely, but this will be confirmed later this year.

🟡	**Recording of income** The posting of income is not always consistent, and expenditure is posted to income nominals. Income can be missed or understated in the accounts.	**Ongoing** This has also been the case this year as well as income and expenditure being netted off in balance sheet codes. Nominal 1112 is being used to offset income and expenditure. The income and expenditure should both be recognised. **Management response** 1112 is the Improvement fund for RB owned parsonages where the DBF carried out improvements and the RB refunded quarterly. This has been the process for many years. At the start of 2026 the RB have taken back the responsibility and now pay suppliers directly for improvement works. Nominal 3211 had income posted to it. **Management response** 3211 is the RB Annual Church Improvement Grant which is a designated fund given to the DBF to enable grants to be awarded by the Grants committee to churches owned by the RB
🔴	**Bad debt provision** A large number of Ministry Areas owe their parish share at the year end and the debts have not been reduced to a satisfactory level. There is an extrapolated material error and suggests that income is materially overstated	**Ongoing** An adjustment has been made to the prior and current year which reduces the outstanding amount. However, a provision is still in place and a plan in place going forward. **Management response** The diocese will meet the shortfalls in income from Ministry Areas this year. A plan is being developed with Archdeacons and MAs and involving the wider Church in Wales to look again at the financial settlement and cost structures. This will reduce the shortfall during 2027 with a view to achieving sustainability in 2028; the diocese will fund this transition.
🟠	**Balance sheet control accounts** Debtor and creditor balances were on the sage balance sheet where debtors and creditors did not exist. Risk that balances may be materially misstated in the accounts.	**Ongoing** Balance sheet control accounts are still not being prepared. Control accounts should be kept for debtors, prepayments, accruals and other creditors, such as PAYE/NI and pension. **Management response** This has been addressed in 2026

●	**Accruals** During the audit there were two accruals totalling £100,000 that did not relate to any expenditure that had taken place in the year but were made to prepare for future expenditure. Expenses should only be accrued when whatever the cost was for has actually taken place	**Ongoing** Expenditure was posted to sage relating to this and posted to the fund nominals. This should have been a transfer from general to designated and not creating expenditure that was not there. **Management response** Provision is being made each year against planned large event expenditure instead of all in the year the event takes place.
●	**Sage departments** There are a number of sage departments and in some instances more than one department is used for the same fund. Risk that income and expenditure is not allocated against the correct fund.	**Ongoing** Sage departments still need to be looked at. We would suggest a review or have individual funds/departments that relate to the funds showing in the accounts. **Management response** Currently there are 18 active departments, 1,2,3, 40 & 42 being the main ones, the rest are mostly funds and only have approved costs posted against them. The intention is to review departments as part of our budgeting process for 2027.
●	**Bank payments** The December PAYE/NI payment to HMRC was recorded as paid on the date the payment was set up, which was before the year end, and not the date it was actually paid, which was after the year end. Creditors and bank balances could be misstated in the accounts.	**Ongoing** This was the case again this year. **Management response** HMRC now have a supplier account to ensure payments are allocated on the day they clear the bank.
●	**Year end journals** The year end journals for 2023 were not posted to sage. This will distort the figures in the new accounting year and will impact the management accounts reported to the board.	**Ongoing** Year-end journals for 2024 were not posted. **Management response** This was an oversight as items addressed on the YE journal had been rectified prior to receiving it, the balance of the journal remained awaiting posting, this has now been rectified.

●	**Depreciation** From our testing it was noted that depreciation is still being calculated on assets with a NBV. The depreciation is trivial. Risk that over time fixed assets could be materially misstated in the accounts.	**Resolved** There were some trivial differences on depreciation this year, but it was not due to this.

Appendix 1 - Independence and objectivity

ISA 260 'Communication with those charged with Governance' and good practice require us to outline the following:

- Details of all relationships between Bevan Buckland Audit Ltd and Llandaff Diocesan Board of Finance.
- Confirmation that the auditor complies with Ethical Standards.
- Safeguards in place to eliminate identified threats to independence.

Bevan Buckland Audit Ltd is required to maintain independence from Llandaff Diocesan Board of Finance in line with the Ethical Standard (2024) issued by the Financial Reporting Council (FRC) and the ethical pronouncements established by the auditor's relevant professional body, in our case the Institute of Chartered Accountants in England & Wales. In addition, our reputation and continued success as a firm depends on us maintaining auditor independence.

Independence and ethical standards

In our judgement we have complied with the UK regulatory and professional requirements including the Ethical Standard (2024) issued by the FRC. We are not aware of any relationships between Bevan Buckland Audit Ltd and Llandaff Diocesan Board of Finance, that in our professional judgement, may reasonably be thought to bear on our integrity, independence and objectivity at the date of the audit plan. As a result we are able to express an objective opinion on the financial statements.

How we ensure this:

- We have made enquires of all Bevan Buckland Audit Ltd teams providing services to you for compliance matters to ensure our independence is maintained.
- Reviewing and assessing our independence is a continual process throughout the audit cycle.
- We have procedures in place to ensure that any conflicts of interest of which we are aware are communicated to the board of management and appropriate action taken.
- Engagement letter stating that those charged with governance notify us if they become aware of any person becoming connected with Bevan Buckland Audit Ltd.
- Written representations from those charged with governance confirming there are no such matters at the conclusion of the audit

Safeguards

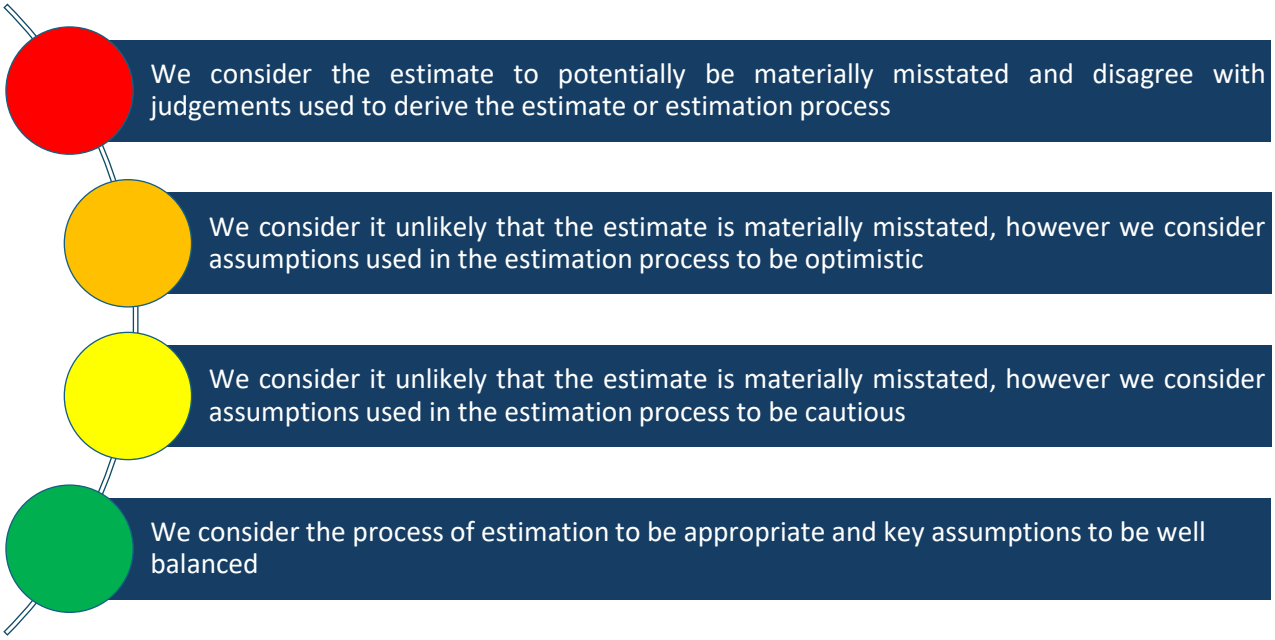
Threat	Safeguard
Self-review threat through the preparation of the annual accounts, including making adjustments to the figures provided by client.	We consider there to be 'informed management' and any adjustments are agreed by 'informed management'.

Appendix 2 - Other Matters

Fraud	Our audit approach is designed to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud. It is those charge with governance's responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud. We have not been made aware of any material incidents in the period and no other issues have been identified during the course of our audit.
Laws & regulations	You have not made us aware of any significant incidents of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the board, including specific representations. This has been provided externally to this report.
Related parties	In forming an opinion on the financial statements, we are required to evaluate whether identified related party relationships and transactions have been appropriately accounted for and disclosed. We have not identified any significant matters in this area. Written representations will be obtained from those charged with governance that: • they have disclosed to us the identity of related parties that they are aware; and • they have appropriately accounted for and disclosed such relationships and transactions.
Disclosures	Our review found no material omissions in the financial statements
Accounting policies	The accounting policies used to prepare the financial statements are considered to be appropriate and are in accordance with the relevant accounting standards.
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditors report require adjustment of, or disclosure in, the financial statements in accordance with UK GAAP. Included in the letter of representation is a point confirming all events subsequent to the balance sheet date that requires adjustment or disclosure have been done so.

Appendix 3 – Accounting Estimates

Accounting estimates vary widely in nature and are required to be made by management when the monetary amounts cannot be directly observed. The measurement of these monetary amounts is subject to estimation uncertainty, which reflects inherent limitations in knowledge or data. The process of making accounting estimates involves selecting and applying a method using assumptions and data, which requires judgement by management and can give rise to complexity in measurement. We have outlined below a summary and how we assess the key accounting judgements applied by management.



As part of the requirements of ISA (UK) 540 we will require written representations whether the methods, significant assumptions and the data used in making the accounting estimates and the related party disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with applicable reporting framework and as such has been included on the draft letter of representation provided.

	Key Estimate	Value £'000	Status/Recommendation
●	Economic life of assets (depreciation)	263	An estimation of the useful economic life of the organisation's assets and are based on industry standards adjusted to reflect your own experience. We have no issues however; we would suggest a review is carried out to ensure that the depreciation rates used are not overly aggressive.

Appendix 4 – FRS 102: Time of change

When do changes become effective

The changes to FRS 102 will become effective for periods starting on or after **1st January 2026**, with early application permitted. There is one exception, new disclosure requirements about supplier finance arrangements must be provided for periods commencing on or after 1 January 2025.

At face value, this seems quite far away, but you will need to collect data, make accounting judgements and implement systems/tools ahead of this date.

What are the major changes

Revenue recognition
Amendments to section 23 of FRS 102, a five step model of revenue recognition has been introduced based on IFRS 15. The new approach will apply to all contracts with customers and requires businesses to identify the distinct performance obligations or promises to deliver goods or services. The five step model approach requires:

Step 1	•Identify the contract(s) with a customer
Step 2	•Identify the performance obligations within that contract – e.g. to deliver goods or services
Step 3	•Determine the transaction price
Step 4	•Allocate the price between performance obligations
Step 5	•Recognise revenue for each performance obligation as (or at the point when) it is fulfilled

Currently, if you hit a 'roadblock' when recognising revenue, a common sense call from a range of potential options is made. There will be a right answer under the new five step approach. Revenue accounting will be more consistent, but it will also mean that organisations that have picked a different answer – not the 'chosen one' in the new rules – may need to change. This could impact the timing of revenue recognition.

Lease Accounting
Like the IFRS approach all leases will be brought on to the balance sheet, so if the organisation uses operating leases you will be affected. The removal of the distinction between an operating lease and finance lease means:

- Upon commencement of a lease, a right of use asset will be recognised and a corresponding lease liability for the present value of future lease payments; and
- Instead of operating lease expenses in the profit and loss/income and expenditure, an interest expense will be recognised and depreciation of the right of use asset.

Note there are two exemptions to this rule which would be disclosed:

- Leases running for less than 12 months from their start, or (on transition) less than 12 months from the start of the first year under new rules, can optionally continue to be expensed as short-term leases; and
- Leases for assets that (when new) are low value – which will capture most laptops, photocopiers, or coffee machines – can optionally continue to be expensed as low value leases. FRS 102, para 20.11 provides a list of underlying assets whose value would not be considered low value as follows:

    - cars, vans, buses, coaches, trams, trucks and lorries
    - cranes, excavators, loaders and bulldozers
    - telehandlers and forklifts
    - tractors, harvesters and related attachments
    - boats and ships
    - railway rolling stock
    - aircraft and aero engines
    - land and buildings
    - production line equipment.

    It should be noted that this is not a comprehensive list and professional judgement will, of course, be needed to assess what is, and what is not, low value. Effectively, if the leased asset is similar to the list in paragraph 20.11 above, the asset will not be considered to be low value.

Considerations

Revenue recognition
Ask yourself the following questions to better understand how the changes will affect your organisation:

- Do you understand the new five step model and which of your organisation's revenue streams could be impacted?
- Do any of your contracts have multiple goods or services that might need 'unbundling'?
- Do any contracts have variable consideration or other complexities that may need accounting judgements?
- Will we need to update any processes or controls for the changes?
- How confidently could you apply the five step model?

Lease Accounting
As part of the planning process consider:

- What leases does the organisation have? Are there any short-term or low value leases?
- How do you determine the lease liability:
    - What is the term? The initial non-cancellable period, plus any additional period at the start of the lease where both parties are reasonably certain to extend;
    - What are the lease payments over the period?
    - Can you value the right of use asset?
    - What would be your discount factor?

Other impacts on the organisation

Loan covenants
Changes in timing of revenue recognition and bringing leases on to the balance sheet may affect EBITDA, ratios, debt covenants, etc. This will depend on what agreements state about changes to UK GAAP and new lending before application will differ compared to current lending.

Budget/forecasts
You will need to consider the impact of changes before they become effective for periods starting on or after 1st January 2026 as part of your budget setting for the first year they are effective.

Additional changes

Statement of cash flows
The amendments introduce new disclosure requirements for supplier finance arrangements, which are also known as supply chain finance, payables finance, or reverse factoring arrangements. These changes aim to provide users of financial statements with additional information about how an entity's use of supplier finance arrangements affects its financial position and cash flows.

Accounting policies/estimates
Amended to require disclosure of material accounting policies instead of the current requirements noting significant accounting policies. Furthermore a definition has been introduced of an accounting estimate to help distinguish changes in accounting estimates from accounting policies.

Financial Instruments
Recognition and Measurement: Enhanced guidance on the recognition and measurement of financial assets and liabilities.

Fair Value Measurement: Updated requirements for fair value measurement, including more detailed disclosure requirements.

Hedge Accounting: Revised rules for hedge accounting to better align with international standards.

Share-based payments
The amendments introduce further guidance on applying the principles in specific situations, including measuring the fair value of cash-settled share-based payments, handling share-based payments with settlement options, and managing share-based payments issued to employees during a business combination.

Income tax
Current tax and Deferred tax: Revised guidance on the recognition and measurement of current tax and deferred tax, including more detailed disclosure requirements.

Uncertain tax positions: Enhanced requirements for the recognition and measurement of uncertain tax positions.

Tax consolidation: New rules for tax consolidation, including the treatment of intra-group transactions and the allocation of tax liabilities.

Changes to the Charities SORP: New rules for charities preparing accruals accounts

If your charity prepares accruals accounts you must follow the Charities SORP (Statement of Recommended Practice). The Charities SORP has recently been updated, and SORP 2026 will apply to reporting periods starting on or after 1 January 2026.

Key changes include:

- Income and lease arrangements – new accounting rules with practical examples to help charities
- Three new tiers to ensure reporting is more proportionate to the charity's size:
    - Tier 1: Income up to £500,000
    - Tier 2: Income between £500,000 and £15 million
    - Tier 3: Income over £15 million
- Trustees' Annual Reports requirements have been refreshed with additional guidance on how to report financial reserves and plans about the future. There are also dedicated sections and guidance on areas that are of particular interest to the public and donors, including impact reporting, environmental, social and governance issues
- Social investments – simplified accounting and reporting requirements
- Provisions and contingencies – easier to understand reporting requirements

For more details of the changes and to see the full SORP 2026 visit https://www.charitysorp.org/

Changes to accounts and examination requirements

Following a public consultation changes to accounting thresholds have been announced. These changes aim to reduce costs and administrative effort for smaller charities.
These changes come into effect on 30 September 2026 and apply to accounting years that **end on or after 30 September 2026**.

Requirement	Current threshold	New threshold (from 30 September 2026)
Accounts must be independently examined	Income over £25,000	Income over £40,000
Examination must be by a professionally qualified Independent Examiner	Income over £250,000	Income over £500,000
Non-company charities can choose to produce receipts and payments accounts	Income below £250,000	Income below £500,000
Accounts must be audited	Income over £1,000,000 Assets over £3,260,000	Income over £1,500,000 Assets over £5,000,000
Group accounts must be prepared and audited	Aggregate income of group £1,000,000	Aggregate income of group £1,500,000

Appendix 5 – Risks of Cyber Crime

Risks to organisations from Cyber Crime

- **Financial Loss**: Cyber-attacks can lead to significant financial losses.
- **Data Breach**: Sensitive data about employees, volunteers, donors, and beneficiaries can be stolen.
- **Reputation Damage**: A cyber-attack can harm the charity's reputation.
- **Service Disruption**: Attacks can disrupt the charity's operations and services.

Here are some of the most common types of cyberattacks:

1. **Malware**:
    - **Description**: Malicious software designed to harm or exploit any programmable device, service, or network.
    - **Examples**: Ransomware, spyware, trojans, worms.

2. **Phishing**:
    - **Description**: Fraudulent attempts to obtain sensitive information by disguising as a trustworthy entity.
    - **Examples**: Spear phishing, whaling, smishing (SMS phishing), vishing (voice phishing).

3. **Denial-of-Service (DoS) Attacks**:
    - **Description**: Overwhelming a network or service with traffic to make it unavailable to users.
    - **Variants**: Distributed Denial-of-Service (DDoS) attacks.

4. **Spoofing**:
    - **Description**: Disguising as a known or trusted source to gain access to systems or data.
    - **Examples**: Email spoofing, domain spoofing, ARP spoofing.

5. **Identity-Based Attacks**:
    - **Description**: Exploiting stolen credentials to gain unauthorized access.
    - **Examples**: Man-in-the-middle attacks, credential stuffing, brute force attacks.

6. **Code Injection Attacks**:
    - **Description**: Injecting malicious code into a vulnerable application to alter its behaviour.
    - **Examples**: SQL injection, cross-site scripting (XSS), malvertising.

7. **Supply Chain Attacks**:
    - **Description**: Targeting third-party vendors to compromise their clients.
    - **Examples**: Injecting malicious code into software updates.

8. **Social Engineering Attacks**:
    - **Description**: Manipulating individuals into divulging confidential information.
    - **Examples**: Pretexting, business email compromise (BEC), disinformation campaigns.

9. **Insider Threats**:

- **Description**: Threats from within the organization, often by employees or former employees.
- **Motivations**: Financial gain, coercion, negligence.

10. **DNS Tunnelling**:
    - **Description**: Using DNS queries and responses to bypass security measures and transmit data.
    - **Impact**: Allows hackers to extract data or control systems.

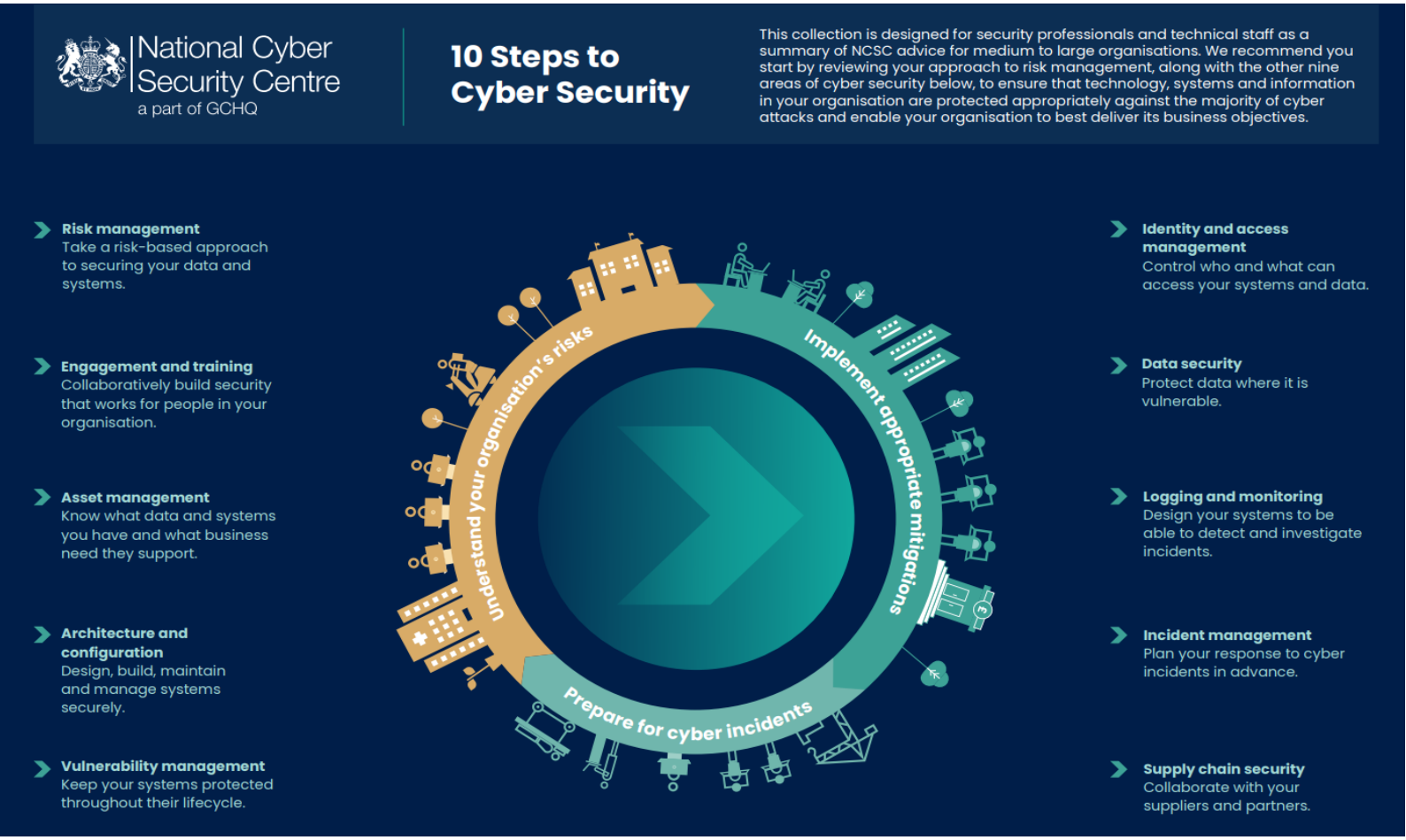
11. **IoT-Based Attacks**:
    - **Description**: Targeting Internet of Things (IoT) devices to gain control or steal data.
    - **Examples**: Compromising smart devices, creating botnets.

12. **AI-Powered Attacks**:
    - **Description**: Using artificial intelligence to enhance the effectiveness of cyberattacks.
    - **Examples**: Deepfakes, AI-generated social engineering.

Preventive Measures

- **Awareness**: Ensure everyone in the charity is aware of cyber risks.
- **Training**: Provide cyber security training to trustees, employees, and volunteers.
- **Policies**: Develop and implement policies to respond to cyber attacks.

By understanding these risks and threats, organisations can take steps to protect themselves and mitigate potential damage.



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