EGLWYS BRESBYTERAIDD CYMRU - THE PRESBYTERIAN CHURCH OF WALES

England & Wales · Charity number 1132022

Details

Status	Registered
Legal form	Other
Registered	2009-10-07
Register	View on the Charity Commission register

Contact

Address	Tabernacle Chapel 81 Merthyr Road Whitchurch Cardiff CF14 1DD
Phone	02920627465
Email	swyddfa.office@ebcpcw.cymru
Website	www.ebcpcw.cymru

Activities

Objects: THE OBJECTS OF THE PCW ARE TO ADVANCE THE CHRISTIAN FAITH IN ACCORDANCE WITH THE OBJECTS OF THE PRESBYTERIAN CHURCH OF WALES AS SET OUT IN THE RULES.

Activities: The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ.

Classification

- **How:** Makes Grants To Organisations, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Religious Activities
- **Who:** Children/young People, Elderly/old People, Other Charities Or Voluntary Bodies, The General Public/mankind

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Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, LOCAL
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£4,105,000	£5,669,000	£15,181,000	105
2023-12-31	£5,118,000	£5,193,000	£17,240,000	99
2022-12-31	£4,033,000	£5,458,000	£18,708,000	110
2021-12-31	£4,087,000	£5,018,000	£18,866,000	121
2020-12-31	£4,344,000	£4,684,000	£16,849,000	120

Trustees

Name	Role	Appointed
Rev BRIAN HUW JONES	Chair	2017-07-04
Alwyn Lloyd Ellis		2025-01-01
CLIFFORD CHARLES WILLIAMS		2020-10-13
Glynis Mwynwen Owen		2024-07-11
Ian Kenneth Hayward		2021-11-09
Kathryn Morris		2019-04-09
Rev ELWYN RICHARDS		2019-10-09
Rev Emyr Bowen Williams		2024-09-12
Rev JOHN PAUL MORGAN		2020-01-01
Rev William Bryn Williams		2025-07-08
Stephen Wynn		2021-07-26

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EGLWYS BRESBYTERAIDD CYMRU - THE PRESBYTERIAN CHURCH OF WALES

England & Wales - Charity number 1132022

Accounts

Presbyterian Church of Wales

(Registered Charity Number 1132022)

Annual report

For the year ended 31 December 2024

Presbyterian Church of Wales

Annual Report for the Year Ended 31 December 2024

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Presbyterian Church of Wales
Trustees, Officers and Advisers

Legal status of the Presbyterian Church of Wales

The Presbyterian Church of Wales (also known as the Calvinistic Methodist Church of Wales) ("the Church") is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution adopted in 2008 and amended in 2016, together with its Handbook of Order and Rules, Constitutional Deed 1826, The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, and the Calvinistic Methodist or Presbyterian Church of Wales (Amendment) Act 1959. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

Trustees

The trustee appointments are confirmed at the Annual General Meeting, the General Assembly each year before completing induction activities.

The trustees, who served during the year to 31 December 2024, and up to the date of approval of the financial statements, are as follows:

Mrs Kathryn Morris	Treasurer of the Association in the South
Rev Brian H Jones	Chair of the Ministries Department and Chair of Trustees
Rev Elwyn Richards	Association in the North
Mr Hywyn Pritchard	Treasurer of the General Assembly (Retired 31 December 2023, Reappointed 12 June 2024)
Rev Iain Hodgins	Treasurer of the General Assembly (Appointed 1 January 2024, Deceased 11 June 2024)
Rev J Paul Morgan	Treasurer of the Association in the East
Mr Dewi Lewis-Jones	Treasurer of the Association in the North (retired 31 December 2024)
Mr Alwyn Lloyd Ellis	Treasurer of the Association in the North (appointed 1 January 2025)
Rev O Aneurin Owen	Moderator of General Assembly
Mr Stephen Wynn	Chair of the Resources Department and Properties Board
Mr Ian Hayward	Clerk of the Association in the East
Mr Anthony Platt	Clerk of the Association in the South (retired 12 September 2024)
Rev Emyr Williams	Clerk of the Association in the South (appointed 13 September 2024)
Miss Glynis Owen	Moderator Elect of General Assembly (appointed 1 September 2024)
Mr Cliff Williams	Co-opted

Principal Address

Presbyterian Church of Wales
Tabernacle Chapel
81 Merthyr Road
Whitchurch
Cardiff CF14 1DD

Principal Officers

Rev Nan Powell-Davies	General Secretary
Mrs Ffion Williams	Head of Corporate
Mrs Joanna Thomas-Wright	Head of Strategic Support
Rev Wayne Adams	Assistant Director of Ministries
Mr Hedd Morgan	Assistant Director of Ministries
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support

Presbyterian Church of Wales
Trustees, Officers and Advisers

Bankers

Barclays Bank plc
1-5 St Davids Way
28 Working Street
St Davids Centre
Cardiff CF10 2DP

Independent Auditors

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

Investment Managers

Rathbones (Investec Wealth & Investment Ltd)
30 Gresham Street
London
EC2V 7QN

Actuaries and Pension Administrator

Barnett Waddingham LLP
St James's House
St James's Square
Cheltenham
Glos GL50 3PR

Investment Managers (Properties Board Deposit)

Barclays Wealth and Investments
1 Churchill Place
Canary Wharf
London
E14 5HP

Health and Safety Advisors

CDM Consultant Limited
12 Moriah Mews
Risca
Newport
NP11 6RL

Solicitors (including Charity and Employment Law)

Geldards LLP
4 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Connexional Property Solicitors

ADVE Solicitors
33 High Street
Lampeter
Ceredigion
SA48 7BB

Bankers Coleg Trefeca CIO

Metro Bank plc
1 Southampton Row
London
WC1B 5HA

Presbyterian Church of Wales
Annual Report of the Trustees

The trustees are pleased to present their annual report together with the audited consolidated financial statements of the Presbyterian Church of Wales ("the Church") for the year ended 31 December 2024. The financial statements have been prepared on a going concern basis in compliance with the applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP): Accounting and Reporting by charities in preparing their financial statements in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102).

Charitable Status

The Church was registered as a charity with the Charity Commission for England and Wales on 7 October 2009. Prior to registration the Presbyterian Church of Wales was an excepted charity. This registration covers the central body of the Presbyterian Church of Wales only and does not cover local churches, Presbyteries or the Association in the three provinces. Discussions are on-going with the Charity Commission in relation to the constitution and whether or not one central registration could cover the whole Church in the future.

Church objectives

The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ. We seek to achieve this purpose by:

- preaching the Gospel, administering the sacraments, pastoral care of local churches, holding meetings for fellowship and prayer;
- religious biblical education and training in the Faith;
- missionary work and evangelising at home and abroad, setting people aside for this work;
- providing and publishing literature;
- setting an example of Christian life and good works;
- serving our communities and our country through practical activity;
- taking a stand for justice and peace in the world;
- safeguarding our environment in every possible way.

In order to meet its objectives the General Assembly, together with the trustees, and its constituent courts review annually the developments, activities, achievements and performance of the Church.

In planning and reviewing its activities the Church has considered the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion.

Organisational structure

The ultimate decision making body of the Presbyterian Church of Wales is the General Assembly which meets annually. The General Assembly is representative of the whole Church with representatives being nominated by the General Assembly Board and Departments of General Assembly and also the Association in the three Provinces and the 14 Presbyteries.

The day to day running of the Presbyterian Church of Wales and the implementation of the decisions of General Assembly is carried out by the General Assembly Board and its Executive Committee/Trustees Group with specific issues dealt with by six departments. Each department presents a report annually to the General Assembly through the General Assembly Board.

It is only the transactions and the assets and liabilities controlled by the General Assembly Board and the Departments which are included in these financial statements. The charity registration covers these funds only. Inter-fund grants, debtors and creditors are eliminated on consolidation.

Presbyterian Church of Wales
Annual Report of the Trustees

All transactions and assets/liabilities administered by local churches, Presbyteries and the Association in the three provinces are excluded from these financial statements.

The Properties Board of the Calvinistic Methodist Church of Wales or the Presbyterian Church of Wales ("Properties Board") is the custodian trustee of the Presbyterian Church of Wales. The Properties Board, a body corporate created by The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. All such funds are used in accordance with the objects of the Presbyterian Church of Wales.

The funds are held separately from other assets of the Presbyterian Church of Wales. The Properties Board has a separate bank account and the majority of funds are managed by Barclays Wealth Management .

At a local level, the Presbyterian Church of Wales is comprised of the Association in the three provinces (the North and South Association being mainly Welsh speaking with the Association in the East being the English speaking section of the Church). Each Association is divided into Presbyteries of which there are 14 in total. Each individual local church is a member of a Presbytery; the sizes of the current Presbyteries vary from 21 churches up to 56 churches. There were 462 churches at 31st December 2024 (2023: 477 churches).

Related parties

The Church undertakes some of its work at its centres at Bala and Trefeca. These centres have been established as separate charities although they both report to the Resources Department. The Candidates and Training Department Fund has also been established as a separate charity and reports to the Ministries Department.

The transactions of these three charities are fully consolidated into the financial statements. The principal contact addresses and main activities of each charity are:

Coleg y Bala, Ffordd Ffrydan, Y Bala, Gwynedd, LL23 7RY

- Coleg y Bala continues to be the Church's training centre for children and young people and continues to employ gap year students as part of its programme.

Coleg Trefeca, Trefeca, Brecon, Powys, LD3 0PP

- Coleg Trefeca was the Lay Training Centre for the Church with the work guided by the Candidates and Training Department Fund. The new Charitable Incorporated Organisation for Coleg Trefeca was established in June 2024 superseding the previous charity.

Candidates and Training Department Fund, Tabernacle Chapel, Merthyr Road, Cardiff, CF14 1DD

- The object of the charity is to provide training for ministry for the Presbyterian Church of Wales.

In addition, the Church is the ultimate controlling party of the Welsh Calvinistic Methodist Assurance Trust. The principal activity of the company was that of an insurance company. However, the company ceased to trade in 2006 and is currently dormant.

Copies of the financial statements of all the above entities can be obtained from the General Secretary of the Presbyterian Church of Wales at the principal address shown on page 3. A summary of the results and financial position of the three charities is set out below:

Presbyterian Church of Wales
Annual Report of the Trustees

	Coleg Y Bala Year Ended 31 December 2024 £'000	Coleg Trefeca Year ended 31 December 2024 £'000	Coleg Trefeca (CIO) Year Ended 31 December 2024 £'000	Candidates and Training Department Fund Year ended 31 December 2024 £'000
Income				
From Presbyterian Church of Wales	122	-	-	30
Charitable Activities (incl course fees)	61	19	31	-
Investment income and interest	5	9	-	8
Other	25	1	64	-
	213	**29**	**95**	**38**
Expenditure				
Salaries and wages	39	26	44	34
Other	157	143	46	61
	196	**169**	**90**	**95**
Surplus / (Deficit)	**17**	**(140)**	**5**	**(57)**

	Coleg Y Bala 31 December 2024 £'000	Coleg Trefeca 31 December 2024 £'000	Coleg Trefeca (CIO) 31 December 2024 £'000	Candidates and Training Department Fund 31 December 2024 £'000
Tangible Fixed Assets	79	185	-	-
Heritage Assets	-	280	-	-
Investments	-	-	-	358
Fixed Assets	**79**	**465**	**-**	**358**
Net Current Assets/(Liabilities)	179	116	5	168
	258	**581**	**5**	**168**
Unrestricted Funds	258	301	5	526
Restricted Funds	-	280	-	-
Total Funds	**258**	**581**	**5**	**526**

Summary of developments, activities, achievements and performance

The developments, activities and achievements of the Church are reviewed in the reports of the General Assembly Board and the departments published in the General Assembly proceedings.

- In response to the conflict in Manipur, which has seen thousands of our brothers and sisters in Christ displaced, the Moderator launched a financial appeal. The financial aid will initially help those who have fled to Mizoram, and in the long term help them rebuild their lives back in Manipur.

- Coleg Trefeca fully reopened in 2024, and we rejoice in seeing individuals and church groups use the retreat facilities as well as secular activities. The new CIO was established in 2024, and work started on refurbishing the flat.

- The work in securing a partner for Coleg y Bala continues, and the General Assembly agreed to designate one of the 14 pioneer posts to create a vision for the future.

- Current Pioneering Ministry posts are involved in diverse areas across Wales including church planting, mental health care work, social action and the arts.

- The work in implementing the Safeguarding recommendations continue, with priority given to the approx. 100 churches that carry out specific work for children, youth and vulnerable adults.

- It was decided that a minimum renumeration of £45 was paid to visiting minsters and lay preachers, and that no difference was made between those that were ordained and not, so that it adequately reflects the amount of work a preacher is expected to undertake in preparation; and that we respect the preaching of God's Word and place value on it.

- The Policy and Strategy group focussed on Pioneering and the use of redundant buildings and arranged a conference at Gloddaeth Church, Llandudno in April 2025, 'What do these stones mean? (Joshua 4:6-7).

- The Presbyterian Church of Wales commenced the formal process of winding-up the Defined Benefit Scheme on 30 July 2024. The Scheme is now proceeding towards the completion of wind-up and once that is complete the Scheme will cease to exist.

- The Church and Society Department continues to focus on social affairs in Wales and overseas including international issues, education matters, environmental and social issues.

Financial review

Incoming resources

One of the primary sources of income is the Ministry and Mission Contribution (formerly Connexional Contribution) which is used towards the financing of our Ministers, Mission and Field workers throughout the Church. The continuing financial viability of the Church is dependent upon the contributions of membership as assessed annually and reflected in the Ministry and Mission Contribution. Contributions receivable increased from £2,000k in 2023 to £2,026k in 2024 due to the increase in rates per member charged more than offsetting the fall in membership.

The Church's overall income decreased from £5,118k in 2023 to £4,105k in 2024, due to a decrease in other income, from sale of property, as noted below. Income from Colleges and Centres increased from £50k in 2023 to £110k in 2024 following the reopening of Coleg Trefeca. Other categories of income including the Ministry and Mission levy (increased from £2,000k in 2023 to £2,026k in 2024) were broadly in line with 2023.

The main item within other income is a proportion of the proceeds of sale of property which is transferred to the central funds as income, and this sum decreased from £2,072k in 2023 to £1,301k in 2024. The figure for 2023 was inflated by one sale where £504k was due to the central funds. Pension Interest and Sundry Income also decreased in 2024 to £200k (2023: £316k) and £13K (2023: £190k) respectively.

A summary of the main categories of income is shown below:

	£'000	%
Ministry and Mission Contributions	2,026	49.4
Donations, legacies and grants	84	2.0
Investment income and interest	319	7.8
Income from Colleges and Centres	110	2.7
Other	1,566	38.1
Total	**4,105**	**100**

Expenditure

The main item of expenditure continues to be Ministry benefits which comprises the stipend, employer pension contributions and employers national insurance of all ministers. In addition the salary, employer pension contributions and employers national insurance of contracted employees promoting the interests of the Church through the Ministries Department are included as ministry benefits. A proportion of support is allocated to Ministry Benefits (see Note 8).

A summary of the main categories of expenditure and their percentage of the total is as follows:

	£'000	%
Ministry benefits	4,411	77.8
Ecumenical and PCW contributions	684	12.1
Colleges and centres Costs	516	9.1
Other	58	1.0
Total	**5,669**	**100**

Results

The net outgoing resources, before movements in investments and actuarial gains and losses have increased from a deficit of £75k in 2023 to a deficit of £1,564k in 2024.

The movement can be principally attributed to the decrease in income as noted above and an increase expenditure from £5,193k in 2023 to £5,611k in 2024. The increase in expenditure was attributed to an increase in pension costs from £897k in 2023 to £1,450k in 2024 (see note 6) which offset a decrease in expenditure on other areas of charitable expenditure.

The net movement in funds in 2024 after investment gains and losses and actuarial gains and losses on the pension scheme was a deficit of £2,059k (2023: deficit of £1,468k). In 2024 net gains on investments were £889k and unrealised actuarial losses on the pension scheme were £1,384k (2023: net investment gains of £380k and unrealised actuarial losses £1,774k respectively).

Ministry and mission contribution (formerly Connexional contribution)

A detailed review of overdue debts is regularly undertaken by the Association in each of the three provinces and by the Executive Committee/Trustee Group. During the year, there has been an increase of £104k (21%) in the gross debtor from £496k at 31 December 2023 to £600k at 31 December 2024.

A bad debt charge of £266k has been made against overdue Ministry and Mission contributions. The charge has increased by £21k in 2024 and represents a specific charge against 63 overdue amounts.

Capital expenditure

During the year, capital expenditure of £nil was incurred; (2023: £36k was incurred at Coleg y Bala, £14k and the General Assembly office (IT systems), £22k).

Heritage Assets

In accordance with the provisions of FRS 102 (para 34.50 -34.56), the value of the Howell Harris Museum together with artefacts transferred from the National Library of Wales, Aberystwyth in 2014, located at Coleg Trefeca and included in the financial statements of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £280k (2023: £280k). The valuation used an insurance value and the trustees consider this a cost effective valuation method for this type of asset. There are further details in Note 1 – Statement of accounting policies and Note 11 – Heritage assets to the financial statements.

Investment policy and performance

The General Assembly in 2021 confirmed an updated investment policy to allow wider diversification of assets in the portfolio subject to the Church ethical and environmental policies. The resolution notes that the assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes should include cash, bonds, equities, property, structured products, commodities and any other asset that is deemed suitable. Assets should not be invested in hedge funds or private equity.

The Church has an agreed customised benchmark and strategic asset allocation for the portfolio and measuring performance with the investment managers. The strategic asset allocation is noted below and it is estimated 75% of the portfolio will be direct holdings and 25% via pooled funds. The benchmark was amended in 2023 to remove the distinction between UK and overseas equities resulting in one heading, global equities.

	Strategic Asset Allocation	**Benchmark**
Global Equities	75%	FTSE All Share Index & FTSE World (Ex UK) Index
Fixed Interest	15%	FTSE Government All Stocks Index
Property	5%	IPD Monthly Index
Infrastructure	5%	Bank of England Base Rate (+2%)
Cash	0%	

During the year to 31 December 2024, the performance of the fund was +9.79% (net of fees) against the benchmark of +14.65%.

Investment performance is monitored by the executive committee appointed by the Resources Department and Properties Board by means of quarterly reports and at least one meeting per year with the investment manager.

Investment properties

The Church holds 12 properties for investment purposes of which 11 were valued in 2022. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was purchased in January 2024 and is included at cost adjusted for the recognised index increase in 2024. All properties are scheduled to be valued every three years. In the intervening years market values are adjusted using a recognised index.

Eleven properties are residential; the twelfth property was acquired in 2012 at a market value of £180k, as per a chartered surveyors report. The property is a commercial property, located next to the central office in Whitchurch, Cardiff and was previously managed by the trustees of Tabernacle Chapel, Whitchurch, Cardiff.

Resources expended

The Church does not undertake any fund-raising activities and, consequently, there are no costs of generating funds to disclose.

Charitable Expenditure can be broadly divided into three activities:

i) *Ministry Benefits* are costs of service (including stipend, employers national insurance and pension costs) for ministers in pastorates together with those ministers serving the Church in other posts. This amount also includes the costs of those employees serving the Church through the Ministries Department.

ii) *Ecumenical and PCW Contributions* are amounts paid to partner organisations throughout Wales and worldwide to promote the objects of the Church through Mission and Ministry. The contributions are analysed between internal Church amounts, those relating to Wales/United Kingdom and those to international churches and church bodies. These sums include annual affiliations to UK and International inter-church organisations.

iii) *Colleges and centres costs* relate to all amounts incurred by Coleg y Bala and Coleg Trefeca (including the new CIO registered in 2024) in their work as the centre for training children and young people and lay training centre respectively.

Support costs are allocated based upon an estimate of the proportion of staff time that has been spent on each charitable activity. The appropriateness of this split is reviewed annually as part of the preparation of the financial statements; and the current percentage allocation is 55% ministry benefits, 35% ecumenical/PCW contributions and 10% colleges and centres costs.

Risk management

The Church has developed a risk strategy to identify, assess and monitor the risks that the Church may be exposed to. A comprehensive risk register is reviewed annually by the General Assembly Board and the trustees. A further review of the strategy and the risk register is to be carried out in 2025 to assess the impact of Covid-19 on the activities and finances of the Church.

The Executive Committee/Trustees Group, in conjunction with the General Assembly Board, have developed a rolling plan to mitigate the major risks to which the organisation is exposed. Major risks are those which may have significant impact on:

- the effective governance of the Church;
- the ability to finance all current activities;
- legislative compliance including Health and Safety, Employment Law and the protection of children and vulnerable adults.
- the reputation of the Church; and
- operational performance given the continued decline in ministers and members.

The Board and trustees prioritise the risks according to the likelihood of occurrence and potential impact. The trustees have linked the setting and monitoring of objectives to this risk management exercise by defining risks as those occurrences which prevent the Presbyterian Church of Wales from achieving its objectives.

Reserves policy

The Church's policy is to maintain the amount of total reserves at the equivalent of 2 years' worth of expenditure. Current levels of annual expenditure require reserves to be maintained at £10,000k. At this level, the trustees believe that they would be able to continue the current activities of the Church in the event of a drop in income. At 31 December 2024 total reserves were £15,181k (2023: £17,240k) and the trustees have agreed a financial forecast to reduce reserves to £10,000k over a five to ten year period (excluding any Pension reserve which stood at £2,480k at the end of 2024). Further consideration is to be given to ensuring sufficient reserves are held in cash, noting that a further £1,214k is held in long term debt through the mortgage and car loan schemes. It is therefore deemed that sufficient and appropriate resources are held to enable each fund to be applied in accordance with any restrictions.

The value in the pension reserve has been calculated in accordance with the provisions of FRS102.

The Resources Department in conjunction with the Executive Committee/Trustees Group intend to review the adequacy of the current reserves policy in the light of their financial forecasts; these forecasts to be reconsidered in detail in 2025 and 2026 having reviewed the church's activities, membership and finances following the COVID-19 pandemic.

Investment review - *Market Commentary (from Investment Manager Investec January 2025)*

As another year passes, most investors should be able to look back on having made reasonable gains in their portfolios, although at times they have been hard won and often made in defiance of a "doom and gloom" narrative about the state of the world. It has certainly paid off to ignore the "noise" and to focus on the "signals". We approached 2024 with a degree of cautious optimism and it's fair to say that overall returns have outstripped our expectations, especially when we look at the performance of US equities. That, in turn, leads us to ask whether some of those returns have been borrowed from the future. The rather frustrating answer is "maybe", although we certainly have no desire to bet against further progress in 2025 and discuss this in more detail below.

2024 dawned to a chorus of speculation over the outcome of a number of elections scheduled to be held around the world which would involve more than half of the global population. Several of these were being defined as a test for democracy and there was also a fear that voters' support for more extreme candidates, reflecting a shift towards what might loosely be termed as "populism", could herald socio-economic disruption. Although there were a couple of market-related wobbles, notably in India, where Prime Minister Modi's BJP Party underperformed against expectations, the outcomes have been generally favourable for investors. One exception is France, where President Macron called a snap parliamentary election in the summer, the consequences of which are still rippling through the country. The defining election of 2024 was the US Presidential election, which, again, threatened to bring chaos. However, whatever one's opinion about the result, the fact that it was decisive helped to clear the air and to underpin a phenomenon that has become known as "American exceptionalism". American companies dominate global equity indices and US equities have delivered the lion's share of returns to global investors. Whilst the UK's FTSE 100 Index delivered a total return (including dividends) of 9.6% in 2024, the US's S&P 500 Index gained 27% in sterling terms.

The more technology focused NASDAQ Composite Index was up 30%, while the Magnificent 7 group of leading technology shares (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) put on 67%. And if one had put all of one's eggs in to the basket labelled Nvidia (the pre-eminent provider of processors to power the Artificial Intelligence revolution), one could almost have tripled one's money (+171%). But that is not how we assemble portfolios, and the risks have to be spread across different asset classes and securities. By the same token, one might have concluded at the beginning of the year that France's booming Luxury Goods industry combined with cheap financial stocks and the prospect of interest rate cuts from the European Central Bank would be a tonic for that country's stock market. Alas, the political turmoil and a downturn in demand from China's well-heeled consumers meant that the CAC40 Index's total return was exactly 0%.

October saw the new Labour government deliver its first Budget, which has won few friends in the business community. Neither has it gone down well with households. Warnings of the need to fill the alleged £22bn "black hole" in the country's finances bequeathed by the Conservatives had raised fears of tax increases, especially in relation to wealth and savings, which had reduced confidence. Perhaps because the Chancellor had anchored expectations to extremely negative outcomes, the relatively small

rise in capital gains tax rates and the fact that pensions and ISAs were undisturbed provided some relief, although financial planners remain in high demand owing to changes to Inheritance Tax, in particular. But the real body blow was to businesses, especially to those in the retail, leisure and hospitality sectors. This was on account of an increase in the rate of private employers' National Insurance Contributions and, more importantly, a reduction in the threshold for contributions being made, with the latter factor bringing a lot more lower paid workers into the net. Trade bodies representing these sectors have suggested that the extra cost will have to be absorbed through some combination of higher prices, reduced profits, lower wage increases or lower employment, none of which are helpful to the economy. Many companies have also indicated that they will cut back investment plans.

In the final section of the retrospective analysis, it is worth recalling the events of early August, when global stock markets fell sharply. The catalyst was a combination of weak US economic data (something of an aberration, as it turned out) and an unexpectedly aggressive tightening of monetary policy in Japan. This triggered a reversal of a phenomenon known as the "yen carry trade", in which investors borrow yen at very low interest rates to invest in higher returning assets in other currencies, ranging from more currency-based yield-enhancing strategies to leveraged bets on go-go growth shares. The biggest reversals were seen in trades involving the Mexican peso and US mega-cap technology companies, especially members of the Magnificent 7. This group collectively dropped by 18% during that period. The effect across markets was amplified by a rise in implied market volatility which forced certain investors to reduce their exposure to risk assets. We have observed that financial markets are increasingly vulnerable to such episodes, where seemingly inconsequential catalysts can have outsized effects far beyond what one might describe as any shift in the "fundamentals". The key thing when they do happen is to evaluate whether they are the beginning of something much worse or a brief squall that will quickly blow out, as happened in August. But it's important that investors recognise that such events seem to be an integral feature of the wealth accumulation process and not a bug, so that they are prepared emotionally to ride them out.

With 2024 neatly wrapped, what is the outlook for 2025? Investment banks, as often seems to be the case, are generally herding towards a forecast of mid-to-high single digit returns for global equites and for bond investors to receive their yield and little else. As sensible as this sort of prediction might appear, it comes with the caveat that, for example, US equities have achieved a return in the 5-10% range only eight times in the last hundred years despite the long-term average being around 8%. We are very wary of setting price targets for equity indices owing to the fact that they are driven by a combination of earnings growth and valuation, with the latter made up of a discount rate comprising a risk-free rate (which is, at least, observable) and some sort of equity risk premium (which is a lot harder to pin down). The interaction of such variables can make for surprising results, as happened in 2024, when around half of the appreciation in the S&P 500 Index resulted from rising valuations, with much of that down to ebullient animal spirits. In fact, the latest reading of the Conference Board's survey which asks where individuals think the stock market will go over the next year was a record high of 56% of respondents saying "higher". It seems improbable that US equities can deliver a third consecutive year of returns higher than 20% with lower-than-average volatility. And despite their cheaper relative valuations, other markets will need to experience some sort of underlying cyclical recovery to lead global indices substantially higher.

Future developments

The following items will hopefully be considered by the Courts of the Church with recommendations or progress updates presented to the General Assembly in 2025 and 2026.

- Restructuring the Courts and departments of the Church to be fit for today's needs
- Future Financing of the Connexion
- Increasing Church planting and new pioneer work throughout the Presbyteries
- The Buildings Working Group hosted a conference to discuss the future use of redundant buildings
- the implementation of a practical ten-point guide to the Church environmental policy covering types of energy, net zero buildings and heating, fair trade, investments

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity/group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the trustees

KBMorris

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Trustee

Date: 21 October 2025

Presbyterian Church of Wales

Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Opinion

We have audited the financial statements of Presbyterian Church of Wales (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31st December 2024 which comprise the consolidated Statement of Financial Activities, the consolidated and parent charity Balance Sheets, the consolidated Cash Flow Statement and notes to the financial statements , including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31st December 2024, and of the group's 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

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

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

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

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

•Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;

•Reviewing minutes of meetings of those charged with governance;

•Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;

•Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

•Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

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

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Azets Audit Services
Chartered Accountants & Statutory Auditor
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CF23 8AB

Date: 30 October 2025

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Presbyterian Church of Wales
Consolidated Statement of Financial Activities
Year ended 31 December 2024

	Note	Unrestricted funds	Restricted funds	Total funds 2024	Total funds 2023
		£'000	£'000	£'000	£'000
Income from generated funds:					
Ministry and mission contributions		2,026	-	2,026	2,000
Donations		49	29	78	85
Legacies		-	5	5	20
Grants		-	1	1	1
Income from investments	3	152	167	319	335
Income from charitable activities:					
Colleges and centres		-	110	110	50
Other income	4	1,545	21	1,566	2,627
Total		**3,772**	**333**	**4,105**	**5,118**
Expenditure on:					
Charitable activities:					
Ministry benefits	6	3,670	741	4,411	3,864
Ecumenical and PCW contributions	7	518	166	684	708
Colleges and centres costs		115	401	516	543
		4,303	1,308	5,611	5,115
Other		47	11	58	78
Total		**4,350**	**1,319**	**5,669**	**5,193**
Net income / (expenditure)		**(578)**	**(986)**	**(1,564)**	**(75)**
Net gains / (losses) on investments	12	393	496	889	380
Net income / (expenditure)		**(185)**	**(490)**	**(675)**	**305**
Transfers between funds		(88)	88	-	-
Other recognised gains / (losses):					
Valuation of heritage assets	11	-	-	-	1
Actuarial (loss)/gain on defined benefit pension scheme	9	(1,384)	-	(1,384)	(1,774)
Net movement on funds		**(1,657)**	**(402)**	**(2,059)**	**(1,468)**
Reconciliation of funds:					
Total funds brought forward		10,104	7,136	17,240	18,708
Total funds carried forward		**8,447**	**6,734**	**15,181**	**17,240**

The statement of financial activities incorporates the statement of comprehensive income.

All activities are continuing.

Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2024

	Note	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Fixed assets					
Tangible fixed assets	10	284	333	20	26
Heritage assets	11	280	280	-	-
Investments	12	13,711	12,638	13,353	12,303
		14,275	13,251	13,373	12,329
Current assets					
Stock	13	1	2	-	-
Debtors	14	2,453	2,430	2,784	2,729
Short term deposits		571	490	12	12
Cash at bank and in hand		29	319	(166)	24
		3,054	3,241	2,630	2,765
Creditors: amounts falling due within one year	15	(636)	(780)	(723)	(946)
Net current assets		**2,418**	**2,461**	**1,907**	**1,819**
Creditors: amounts falling due after more than 1 year	15	(3,992)	(3,257)	(3,992)	(3,257)
Net assets excluding pension scheme asset		**12,701**	**12,455**	**11,288**	**10,891**
Pension scheme surplus	9	2,480	4,785	2,480	4,785
Net assets		**15,181**	**17,240**	**13,768**	**15,676**
Funds					
Unrestricted	16	5,967	5,319	5,967	5,319
Pension reserve		2,480	4,785	2,480	4,785
		8,447	10,104	8,447	10,104
Restricted	17	6,734	7,136	5,321	5,572
Total funds		**15,181**	**17,240**	**13,768**	**15,676**

The financial statements on pages 18 to 38 were approved by the Board of Trustees on 21 October 2025 and signed on its behalf by:

KBMorris

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Trustee

Presbyterian Church of Wales
Consolidated Cash Flow Statement for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Reconciliation of net expenditure to net cash generated from /(used by)			
Net (expenditure)		(1,564)	(75)
Adjustments for:			
Investment income	3	(319)	(335)
Pension Fund	9	921	240
Depreciation charges	10	49	83
Add:			
Decrease / (Increase) in stocks	13	1	-
Decrease / (increase) in debtors	14	(23)	(161)
(Decrease) / Increase in creditors	15	(144)	(14)
Net cash generated from/(used by) operating activities		(1,079)	(262)
Statement of cash flows			
Cash flows from operating activities			
Net cash generated from/ (used by) operating activities		(1,079)	(262)
Cash flows from investing activities:			
Interest from investments		319	335
Purchase of investment property		(295)	-
Withdrawal of capital from investments		111	-
Purchase of investments		(2,440)	(3,426)
Proceeds from sale of investments		2,440	3,426
Purchase of property, plant and equipment		-	(36)
Net cash provided by investing activities		135	37
Cash flows from financing activities:			
Cash inflows from new borrowing		735	37
Net cash provided by (used in) financing			
Change in cash and cash equivalents		(209)	74
Cash & cash equivalents at 1 January		809	735
Cash & cash equivalents at 31 December		**600**	**809**
Cash equivalents at the year end comprise:			
Short term deposits		571	490
Cash at bank and in hand		29	319
Cash & cash equivalents at 31 December		**600**	**809**

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2024

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the revaluation of certain land and buildings, heritage assets and investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011, using consistently applied accounting policies. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements consolidate those of Coleg y Bala, Coleg Trefeca, Trefeca College (CIO), the Candidates and Training Department Fund and the Welsh Calvinistic Methodist Assurance Trust (dormant). In accordance with the Charities SORP, no separate Statement of Financial Activities has been presented for the Church alone.

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

Fund accounting

The purpose of the unrestricted funds (note 16) is to finance the general running of the Presbyterian Church of Wales. The primary source of income is the Ministry and Mission Contribution (formerly Connexional Contribution), the levy paid by each church within the Connexion. Unrestricted funds are used to finance the day to day running of the Church including the General Assembly and its constituent Boards and the administrative office in Cardiff.

Restricted funds (note 17) are funds subject to specific restrictive conditions imposed by the donor or by the purpose of an appeal. The principal restricted fund relates to the Ministries Department (formerly Life and Witness Board) General Fund (an amalgamation of the JJ Maintenance of Ministry, Mission Board and Christian Education Board Funds), the purpose of which is restricted to financing ministerial costs and mission work.

All income and expenditure is shown in the Statement of Financial Activities.

Accruals

The financial statements have been prepared on an accruals basis. All liabilities are recognised at their settlement value.

Incoming resources

Income from donations and gifts, legacies and grants is recognised on a receivable basis when there is sufficient certainty of receipt and the value of the incoming resource can be measured with sufficient reliability.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Expenditure on tangible fixed assets with a cost below £3,000 is not capitalised.

Depreciation is charged by equal annual instalments to write down the cost of the assets to their expected residual values over their estimated useful lives at the following rates:

Buildings	2% per annum
Motor vehicles	20% per annum
Computer equipment	20% per annum
Fixtures and fittings	10% - 20% per annum
Property improvements	5% per annum

Freehold land is not depreciated. The useful economic lives of fixed assets are reviewed at the end of each accounting period along with a review for impairment where indicators of potential impairment are identified. There has been no change in the rates of depreciation in the year.

Heritage Assets

The Howell Harris Museum at Coleg Trefeca shows aspects of the life of Howell Harris, whose 1735 conversion led to the founding of Welsh Methodism; also the community 'Teulu Trefeca', which he established at the College in 1752. The displays include a room as it might have been in Harris' time, an outdoor preaching scene and panels telling his story. A collection of 32 religious books, most of which were printed by the 'Trevecka press' in the late eighteenth century are displayed in rotation in the museum along with artefacts and furniture from Harris's period at the College.

The museum also houses artefacts of the Presbyterian Church of Wales which were previously housed at the National Library of Wales. Items include furniture, silverware and other items of historical significance.

In accordance with the provisions of FRS 102, heritage assets have been included in the financial statements at their insurance valuation contained within the College policy with Ecclesiastical Insurance. The insurance value is reassessed annually. Any costs to maintain the museum or its artefacts are charged to the Statement of Financial Activities as incurred. The assets are deemed to have indeterminate lives and therefore no depreciation is charged.

The museum is managed by the trustees of College and on a day to day basis by the Head of Operations and Growth. Details of the artefacts are kept at the College. Additions to the museum can be made by way of donation. Any purchases or disposals (in exceptional circumstances) require the approval of the trustees and the Church through the General Assembly Board. The museum and artefacts are generally accessible Monday to Friday between 10am and 4pm. Coleg Trefeca and the museum were closed from March 2020 to May 2021 due to Covid-19 and again from May to October 2022 whilst the centre hosted refugees from Ukraine.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

Fixed asset Investments

(a) Listed investments are stated at market values based on bid prices at 31 December 2024. Profits and losses on sales of investments are calculated by reference to the opening carrying amount and are transferred directly to the relevant funds. Unrealised revaluation surpluses or deficits are also included in the relevant funds movement. Both profits and losses on disposals and unrealised surpluses or deficits arising on revaluation of investments are reported in the Statement of Financial Activities.

(b) Investment properties are included in the balance sheet at fair value. Professional valuations are performed every three years on each property and market values are index linked in the intervening years. Depreciation is not provided on investment properties as the properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. Depreciation or amortisation is only one of the many factors reflected in the property valuation and the amount which might otherwise have been shown cannot be identified. A valuation of investment properties was undertaken for the year ending 31st December 2022. Under normal circumstances valuations are undertaken every 3 years and revalued using a recognised index in the intervening years.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries. The scheme was closed to future accrual on 30 September 2022

The scheme is accounted for in accordance with the requirements of FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a separate fund entitled 'Pension Reserve' which is added or deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

As from 1 October 2022 active members were transferred to a defined contribution scheme administered by Cushon. In order to comply with auto enrolment regulations the Church operates, in addition to the scheme administered by Cushon, another defined contribution scheme administered by AEGON for those ministers and employees who were not part of the defined benefit scheme and have not elected to join the new Cushon defined contribution scheme.

Taxation

The Church is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Church's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Consolidation

The consolidated financial statements incorporate the results of the Church and each of its subsidiaries for the financial year ended 31 December 2024. Intra-group balances and transactions are eliminated on consolidation. Uniform accounting policies are applied across the group.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Defined benefit pension scheme

The Church has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 9.

The Trustees consider that there are no further significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

2. Results of Connected Charities *

(excludes grant received from the Church)*

	2024 £'000	2023 £'000
Incoming resources		
Course fees	108	49
Shop sales	2	2
Donations, grants and legacies	27	25
Investment income	8	9
Sundry income	18	159
Total incoming resources	163	244
Resources Expended		
Charitable activities	486	525
Other	4	5
Total resources expended	490	530
Net outgoing resources	**(327)**	**(286)**

These results relate to the three connected charities, Candidates and Training Department, Coleg Trefeca & Coleg y Bala and exclude any grants received from the Presbyterian Church of Wales

3. Investment income

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Investment Income				
Unit trusts	17	16	15	15
Property unit trusts	24	21	23	20
Overseas fixed interest	14	26	13	25
Overseas equities	87	48	85	47
UK Fixed Interest and cash	43	40	42	39
UK Equities	58	113	57	109
Investment Property	76	71	76	71
	319	**335**	**311**	**326**

4. Other Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
Bank interest	-	16	16	12
Loan interest receivable	36	-	36	37
Profit on sales of chapels and manses	1,301	-	1,301	2,072
Sundry income	8	5	13	190
Pension – interest	200	-	200	316
Total – Group	**1,545**	**21**	**1,566**	**2,627**

5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2024 £'000	Total 2023 £'000
Ministry benefits	3,990	421	4,411	3,864
Ecumenical and PCW contributions	182	502	684	708
College and centre costs	52	69	121	132
Other	-	58	58	78
Total Charity	**4,224**	**1,050**	**5,274**	**4.782**
College and centre costs	109	286	395	411
Total Group	**4,333**	**1,336**	**5,669**	**5,193**

Staff costs		
Stipends, wages and salaries	2,676	2,553
Social security costs	240	231
Redundancy and termination costs	3	10
Pension costs	1,414	859
	4,333	**3,653**

The total number of employees by function was:	2024 Number	2023 Number
Ministers – full time	36	34
Ministers – part time	6	7
Field workers	42	39
Colleges and centres	6	5
Administration	15	14
	105	**99**

Trustees

4 of the trustees (2023: 3) received a total of £109,935 in 2024 (2023: £98,868) in stipend or salary (including employer national insurance and pension contributions) as Ministers within the Presbyterian Church of Wales.

None of the trustees (2023: 4) received a total of £nil in 2024 (2023: £1,400) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

5 of the trustees (2023: 6) who served during the year received a total of £7,927 in 2024 (2023: £3,777) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

During the year the group made payments for redundancy and settlement payments totalling £3,495 (2023: £10,370). There were no amounts outstanding in relation to the above, at the balance sheet date.

The number of employees whose emoluments for the year fell within the following bands were:

	Total 2024 No	Total 2023 No
In the band £60,000 - £69,999	**3**	1
In the band £70,000 - £79,999	**1**	-
In the band £90,000 - £99,999	**1**	-

The number of higher paid employees to whom retirement benefits were accruing is as follows:

	Total 2024 No	Total 2023 No
In the band £60,000 - £69,999	**3**	1
In the band £70,000 - £79,999	**1**	-
In the band £90,000 - £99,999	**1**	-

Key Management Personnel:
The total amount paid to key management personnel for their services to the group during the year totalled £532,743 (2023: £496,094).

6. Ministry benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000	Total 2023 £'000
Stipends and salaries	1,584	707	2,291	2,239
Pastoral expenses	-	2	2	2
Support costs (note 8)	636	32	668	726
	2,220	741	2,961	2,967
Pension costs:				
Contributions paid	293	-	293	304
Current service pension costs	1,121	-	1,121	555
Pension audit	36	-	36	38
	1,450	-	1,450	897
Total ministers benefits	**3,670**	**741**	**4,411**	**3,864**

7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000	Total 2023 £'000
International	3	15	18	6
Wales/UK	101	12	113	153
Ministers, workers, candidates, Association, Presbyteries and local churches	9	119	128	87
Support costs (note 8)	405	20	425	462
	518	**166**	**684**	**708**

8. Support costs

	Ministry Benefits £'000	Allocation of Ecumenical and PCW Contributions £'000	College and Centre costs £'000	Total 2024 £'000	Total 2023 £'000
Salaries & wages	285	182	52	519	473
Travelling & subsistence	51	32	9	92	103
Utility costs	12	8	2	22	54
Property & general insurances	40	26	7	73	69
Printing & stationery	32	21	6	59	52
Postage & telephone	21	13	4	38	47
Repairs, maintenance & improvements	15	9	3	27	19
Leasing charges	8	5	1	14	37
Equipment & materials	14	8	2	24	51
Legal & professional charges	139	89	25	253	314
Audit fees	33	21	5	59	61
Depreciation	2	2	1	5	4
Advertising & publicity	2	1	1	4	4
Course fees	2	1	1	4	2
Bad debt charge	12	7	2	21	30
Publishing costs	-	-	-	-	-
	668	**425**	**121**	**1,214**	**1,320**

Basis of allocation

Support costs are allocated on the basis of the estimated percentage allocation of staff time spent on each charitable activity.

9. Pension costs

The Presbyterian Church of Wales (the Church) operates a defined benefit pension arrangement called the Presbyterian Church of Wales Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Church also operates a defined contribution scheme but this is not included in this disclosure.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2021. As wind up has now been triggered no actuarial valuations of the Scheme are due to be carried out. The Church does not expect to pay contributions in the year to 31 December 2025.

The Scheme is managed by a board of Trustees appointed in part by the Church and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisors where appropriate.

There were no Scheme amendments, curtailments or settlements during the period.

The Scheme holds insured annuity contracts covering the majority of the deferred and pensioner members. Following the buy-in, the trustee agreed to purchase additional benefits for pension accrued before April 1997 of 2%p.a., therefore the buy-in contract and premium does not allow for this benefit. Return of Contributions on death before retirement was also not included in the buy-in premium.

The Trustee has entered into a bulk annuity contract with Just Retirement Ltd, to secure all scheme benefits (except those noted above). Just Retirement Ltd have therefore taken on the majority of the interest rate, inflation, mortality, and investment risk.

There remains the risk of an insurer default event. The Trustee commissioned a Financial Review on Just Retirement Ltd prior to the bulk annuity transaction to assess this risk.

Assumptions

The principal actuarial assumptions used to calculate Scheme liabilities are:

	31 December 2024	31 December 2023
Discount rate	5.40%	4.45%
Inflation: RPI	3.45%	3.35%
Inflation: CPI	3.00%	2.90%
Pension increases in payment:		
Discretionary increase	2.00%	0.00%
CPI capped at 5.0% per annum	2.70%	2.70%
CPI capped at 2.5% per annum	2.00%	1.95%

CPI capped rates	Pension accrued between 6 April 1997 and 5 April 2005 increases each year in payment in line with CPI to a maximum of 5% and pension accrued from 6 April 2005 increases in line with CPI to a maximum of 2.5%.
Retirements	All members retire at National Retirement Age (NRA)

Post retirement mortality	2024 S3PA tables with the CMI_2021 projections using a long-term rate of improvement of 1.25% per annum. 2023 S3PA tables with the CMI_2021 projections using a long-term rate of improvement of 1.25% per annum.
Commutation	2024 No allowance has been made for members to take tax free cash 2023 80% of members are assumed to take of the maximum tax free cash possible

The weighted average duration of the defined benefit obligation is around 12 years.

Life expectancy:

Life expectancy at age 65 of male aged 45	23.5	23.4
Life expectancy at age 65 of male aged 65	22.1	22.0
Life expectancy at age 65 of female aged 45	25.9	25.9
Life expectancy at age 65 of female aged 65	24.5	24.4

Assets

The major categories of assets as a percentage of total assets are as follows:

	31 December 2024	31 December 2023
LDI/Buy-out Aware Funds	0%	93%
Sterling Liquidity	9%	6%
Gilts	5%	0%
Insured Assets	82%	0%
Cash	4%	1%
Total	**100%**	**100%**

The total value of assets as at 31 December 2024 was £17,874,000 (2023: £22,280,000).

The assets do not include any investment in the Church.

Amounts Recognised in the Balance Sheet

	2024 £'000	2023 £'000
Fair value of plan assets	17,874	22,280
Present value of funded obligations	(15,394)	(17,495)
Surplus	**2,480**	**4,785**

Amounts Recognised in the Summary of Financial Activities over the year

	2024 £'000	2023 £'000
Administrative costs	548	493
Interest on liabilities	754	746
Interest on assets	(954)	(1,062)
Past service cost	573	95
Total	**921**	**272**

Remeasurements over the year

	2024 £'000	2023 £'000
Loss / (gain) on scheme assets in excess of interest	3,676	150
Experience losses / (gains) on liabilities	(81)	816
(Losses) / gains from changes to demographic assumptions	(480)	-
(Losses) / gains from changes to financial assumptions	(1,731)	808
Total	**1,384**	**1,774**

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2024 £'000	2023 £'000
Fair value of assets at the beginning of the year	22,280	22,839
Interest on assets	954	1,062
Employer contributions	-	33
Benefits paid (net of expenses)	(1,136)	(1,011)
Administration costs	(548)	(493)
Return on assets less interest	(3,676)	(150)
Fair value of assets at the end of the year	**17,874**	**22,280**

Actual return on scheme assets (£2,722,000) (2023: £912,000)

The change in defined benefit liabilities over the year was:

	2024 £'000	2023 £'000
Defined benefit liabilities at the beginning of the year	17,495	16,041
Past service cost	573	95
Interest cost	754	746
Benefits paid (net of expenses)	(1,136)	(1,011)
Experience (gain) / loss on liabilities	(81)	816
Changes to demographic assumptions	(480)	-
Changes to financial assumptions	(1,731)	808
Defined benefit liabilities at the end of the year	**15,394**	**17,495**

10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
Cost					
At 1 January 2024	30	-	654	1,345	2,029
Eliminated on disposal	-	-	-	-	-
Additions	-	-	-	-	-
At 31 December 2024	30	-	654	1,345	2,029
Accumulated Depreciation					
At 1 January 2024	28	-	468	1,200	1,696
Eliminated on disposal	-	-	-	-	-
Charge for the year	2	-	32	15	49
At 31 December 2024	30	-	500	1,215	1,745
Net book value					
At 31 December 2024	**-**	**-**	**154**	**130**	**284**
At 31 December 2023	2	-	186	145	333
Charity					
Cost/					
At 1 January 2024	-	-	120	-	120
Transfer to investment property	-	-	-	-	-
Additions	-	-	-	-	-
At 31 December 2024	-	-	120	-	120
Accumulated Depreciation					
At 1 January 2024	-	-	94	-	94
Eliminated on transfer	-	-	-	-	-
Charge for the year	-	-	6	-	6
At 31 December 2024	-	-	100	-	100
Net book value					
At 31 December 2024	**-**	**-**	**20**	**-**	**20**
At 31 December 2023	-	-	26	-	26

11. Heritage Assets

The Group's Heritage assets are included at the insurance valuation as follows:

	2024 £'000	2023 £'000
31 December	280	280

There were no additions or disposals in 2023 or 2024 and the estimated increase in the value of the heritage assets of £nil (2023: £1,000) has been credited as an unrealised gain on valuation of Heritage Asset.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

12. Investments

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 January	12,638	12,258	12,303	11,938
Additions	2,735	3,426	2,651	3,309
Disposals	(2,551)	(3,426)	(2,467)	(3,309)
(Losses) / Gains on investments	889	380	866	365
At 31 December	**13,711**	**12,638**	**13,353**	**12,303**
Cost at 31 December	**11,946**	**11,758**	**11,629**	**11,437**
Investment property	3,100	2,723	3,100	2,723
Unit trusts	10	10	10	10
UK Fixed interest securities	790	729	763	704
UK Equities	1,177	1,351	1,140	1,307
UK Property	313	373	302	360
International fixed interest securities	290	296	280	286
International equities	7,117	6,186	6,875	5,976
Alternative assets	628	658	607	636
Investment company	109	109	105	105
Cash (incl. money market instruments)	177	203	171	196
Market value of investments	**13,711**	**12,638**	**13,353**	**12,303**

The Charity has recognised realised losses on sales of investments of £244k (2023: £nil).

There was one holding in investments greater than 5% of the total market value of quoted investments in 2024 (2023: None).

Ishares V Plc MSCI Acwi Ucits Etf USD Acc	5.00%

Investment properties consist of 12 properties (2023: 11) throughout Wales. All are valued every 3 years and all 11 were valued at market value during 2022, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele, four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was purchased in 2024 and is included at cost adjusted for the recognised index in 2024. All properties are due to be valued again in 2025. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Eleven properties are residential and one is a commercial property which was acquired in 2012 from a local church.

13. Stock

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Goods for resale and consumables	1	2	-	-

14. Debtors

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Debtors less than one year:				
Ministry and mission contributions	357	251	357	251
Loans and mortgages	130	117	130	117
Other debtors and prepayments	752	765	1,083	1,064
	1,239	**1,133**	**1,570**	**1,432**
Debtors more than one year:				
Loans and mortgages	1,214	1,297	1,214	1,297
	2,453	**2,430**	**2,784**	**2,729**

Loans and mortgages comprise car loans and mortgages relating to residential property which are made available to ministers and employees of the church.

The maximum car loan available is £6,500 (£8,500 for purchase of an electric car) repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans.

The maximum mortgage available is £200,000 repayable over a maximum period of 30 years, at an interest rate of 3%. There are certain exceptions to these terms within the mortgage rules set by the Church and each case will be considered on an individual basis. The mortgage is secured by a first charge against the property. At the General

15. Creditors:
Amounts falling due within one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Creditors and accruals	386	404	473	570
Other liabilities	250	376	250	376
	636	**780**	**723**	**946**

Amounts falling due after more than one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loan from the Properties Board of the Presbyterian Church of Wales	3,992	3,257	3,992	3,257
	3,992	**3,257**	**3,992**	**3,257**

The loans are unsecured and bear interest at variable rates. The loans have no fixed repayment terms, but the lender has confirmed that they do not intend to seek repayment within 12 months of the year end.

16. Movement in Unrestricted Funds

	At 1 January 2024 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2024 £000
Unrestricted Funds	5,319	3,572	(3,232)	396	(88)	5,967
Pension Reserve	4,785	200	(1,121)	(1,384)	-	2,480
Total Group and Charity	**10,104**	**3,772**	**(4,353)**	**(988)**	**(88)**	**8,447**

Prior year

	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2023 £000
Unrestricted Funds	4,256	4,374	(3,317)	82	(76)	5,319
Pension Reserve	6,798	316	(555)	(1,774)	-	4,785
Total Group and Charity	**11,054**	**4,690**	**(3,872)**	**(1,692)**	**(76)**	**10,104**

17. Movement in Restricted Funds

	At 1 January 2024 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2024 £000
Ministries Department	2,591	133	(755)	372	(103)	2,238
Robert Davies Trust	389	-	-	4	-	393
Historical Society	7	2	(1)	-	-	8
Christian Aid	-	-	-	-	-	-
Mission Programme Fund	5	-	(97)	-	100	8
Moderators Fund	9	-	(4)	-	-	5
Davies Lecture Trust	102	4	-	5	-	111
Sale of Theological College Fund	1,355	-	-	89	-	1,444
Sale of Chapels Fund	1,114	-	-	-	-	1,114
Total Charity	**5,572**	**139**	**(857)**	**470**	**(3)**	**5,321**
Coleg y Bala	241	91	(196)	-	122	258
Coleg Trefeca	441	29	(109)	-	(60)	301
Howell Harris Museum and Artefacts	280	-	-	-	-	280
Coleg Trefeca CIO	-	35	(90)	-	60	5
Candidates and Training Department Fund	560	38	(64)	23	(31)	526
Welsh Calvinistic Methodist Assurance Trust	42	1	-	-	-	43
	1,564	**194**	**(459)**	**23**	**91**	**1,413**
Total Group	**7,136**	**333**	**(1,316)**	**493**	**88**	**6,734**

Prior year

	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2023 £000
Ministries Department	3,054	145	(742)	188	(54)	2,591
Robert Davies Trust	354	-	-	35	-	389
Historical Society	7	2	(2)	-	-	7
Christian Aid	1	-	(1)	-	-	-
Mission Programme Fund	20	-	(65)	-	50	5
Moderators Fund	12	-	(3)	-	-	9
Davies Lecture Trust	94	3	(3)	8	-	102
Sale of Theological College Fund	1,302	-	-	53	-	1,355
Sale of Chapels Fund	1,114	-	-	-	-	1,114
Total Charity	**5,958**	**150**	**(816)**	**284**	**(4)**	**5,572**
Coleg y Bala	241	77	(182)	-	105	241
Coleg Trefeca	512	158	(229)	-	-	441
Howell Harris Museum and Artefacts	279	-	-	1	-	280
Candidates and Training Department Fund	623	42	(94)	14	(25)	560
Welsh Calvinistic Methodist Assurance Trust	41	1	-	-	-	42
	1,696	**278**	**(505)**	**15**	**80**	**1,564**
Total Group	**7,654**	**428**	**(1,321)**	**299**	**76**	**7,136**

18. Analysis of Group Net Assets

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2024 £'000
Unrestricted funds	20	6,400	(453)	5,967
Total	**20**	**6,400**	**(453)**	**5,967**
Restricted funds				
Ministries Department	-	5,194	(2,956)	2,238
Robert Davies Trust	-	359	34	393
Historical Society	-	-	8	8
Christian Aid	-	-	-	-
Mission Programme Fund	-	-	8	8
Moderators Fund	-	-	5	5
Davies Lecture Trust	-	81	30	111
Sale of Theological College Fund	-	1,319	125	1,444
Sale of Chapels Fund	-	-	1,114	1,114
Coleg Y Bala	79	-	179	258
Coleg Trefeca	185	-	116	301
Howell Harris Museum	280	-	-	280
Coleg Trefeca CIO (2024)	-	-	5	5
Candidates & Training Fund Charity	-	358	168	526
Welsh Calvinistic Methodist Assurance Trust	-	-	43	43
Total	**544**	**7,311**	**(1,121)**	**6,734**
Total net assets (excluding pension asset)	**564**	**13,711**	**(1,574)**	**12,701**

Prior year

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2023 £'000
Unrestricted funds	26	5,822	(529)	5,319
Total	**26**	**5,822**	**(529)**	**5,319**
Restricted funds				
Ministries Department	-	4,821	(2,230)	2,591
Robert Davies Trust	-	355	34	389
Historical Society	-	-	7	7
Christian Aid	-	-	-	-
Mission Programme Fund	-	-	5	5
Moderators Fund	-	-	9	9
Davies Lecture Trust	-	75	27	102
Sale of Theological College Fund	-	1,230	125	1,355
Sale of Chapels Fund	-	-	1,114	1,114
Coleg Y Bala	89	-	152	241
Coleg Trefeca	218	-	223	441
Howell Harris Museum	280	-	-	280
Candidates & Training Fund Charity	-	335	225	560
Welsh Calvinistic Methodist Assurance Trust	-	-	42	42
Total	**587**	**6,816**	**(267)**	**7,136**
Total net assets (excluding pension asset)	**613**	**12,638**	**(796)**	**12,455**

19. Related Party Transactions

In accordance with paragraph 33.1A of FRS 102, the Church has not needed to disclose related party transactions with the exemptions afforded to group entities.

At the year-end no trustee (2023: none) of the Church had an outstanding mortgage from the Church. At the year-end no trustee (2023: none) had an outstanding car loan from the Church with a value of £nil (2023: £nil). Additionally, four members of senior staff of the Church (2023: four) had outstanding mortgages and car loans from the Church with an aggregate value of £168,141 at year end (2023: £172,127). Total interest of £5,349 (2023: £5,452) was payable in relation to these balances relating to trustees and senior staff during the year.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which one (2023: one) has an outstanding mortgage and car loan with the Church with an aggregate value of £44,354 (2023: £51,554). Total interest of £1,583 (2023: £1,763) was payable in relation to these balances relating to close relatives of senior staff during the year.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2023: £nil) with a value of £nil (2023: £nil). Total interest of £nil (2023: £nil) was payable in relation to those balance relating to a close relative of a Trustees during the year.

20. Prior year analysis of unrestricted and restricted income and expenditure

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2023 £'000
Income from generated funds:				
Ministry and mission contributions		2,000	-	2,000
Donations		52	33	85
Legacies		20	-	20
Grants		-	1	1
Income from investments	3	153	182	335
Income from charitable activities:				
Colleges and centres		-	50	50
Other income	4	2,465	162	2,627
Total		**4,690**	**428**	**5,118**
Expenditure on:				
Charitable activities:				
Ministry benefits	6	3,145	719	3,864
Ecumenical and PCW contributions	7	540	168	708
Colleges and centres costs		122	421	543
		3,807	1,308	5,115
Other		65	13	78
Total		**3,872**	**1,321**	**5,193**
Net income / (expenditure) before exceptional item		**818**	**(893)**	**(75)**
Exceptional item Settlement and curtailment income on closure to future accrual of defined benefit pension scheme		-	-	-
Net income / (expenditure) after exceptional item		818	(893)	**(75)**
Net gains / (losses) on investments	12	82	298	380
Net income / (expenditure)		**900**	**(595)**	**305**
Transfers between funds		(76)	76	-
Other recognised gains / (losses):				
Loss on disposal of fixed assets		-	-	-
Valuation of heritage assets	11	-	1	1
Actuarial (loss)/gain on defined benefit pension scheme	9	(1,774)	-	(1,774)
Net movement on funds		**(950)**	**(518)**	**(1,468)**
Reconciliation of funds:				
Total funds brought forward		11,054	7,654	18,708
Total funds carried forward		**10,104**	**7,136**	**17,240**

EGLWYS BRESBYTERAIDD CYMRU - THE PRESBYTERIAN CHURCH OF WALES

England & Wales - Charity number 1132022

Accounts

Presbyterian Church of Wales

(Registered Charity Number 1132022)

Annual report

For the year ended 31 December 2023

Presbyterian Church of Wales

Annual Report for the Year Ended 31 December 2023

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Presbyterian Church of Wales
Trustees, Officers and Advisers

Legal status of the Presbyterian Church of Wales

The Presbyterian Church of Wales (also known as the Calvinistic Methodist Church of Wales) ("the Church") is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution adopted in 2008 and amended in 2016, together with its Handbook of Order and Rules, Constitutional Deed 1826, The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, and the Calvinistic Methodist or Presbyterian Church of Wales (Amendment) Act 1959. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

Trustees

The trustee appointments are confirmed at the Annual General Meeting, the General Assembly each year before completing induction activities.

The trustees, who served during the year to 31 December 2023, and up to the date of approval of the financial statements, are as follows:

Mrs Kathryn Morris	Treasurer of the Association in the South
Rev Brian H Jones	Chair of the Ministries Department and Chair of Trustees
Rev Elwyn Richards	Association in the North
Mr Hywyn Pritchard	Treasurer of the General Assembly (Retired 31 December 2023, Reappointed 12 June 2024)
Rev Iain Hodgins	Treasurer of the General Assembly (Appointed 1 January 2024, Deceased 11 June 2024)
Rev J Paul Morgan	Treasurer of the Association in the East
Mr Dewi Lewis-Jones	Treasurer of the Association in the North
Rev T Evan Morgan	Moderator of General Assembly (Retired 11 July 2023)
Rev O Aneurin Owen	Moderator of General Assembly (Appointed 11 July 2023)
Mr Stephen Wynn	Chair of the Resources Department and Properties Board
Mr Ian Hayward	Clerk of the Association in the East
Mr Anthony Platt	Clerk of the Association in the South
Mr Cliff Williams	Co-opted

Principal Address

Presbyterian Church of Wales
Tabernacle Chapel
81 Merthyr Road
Whitchurch
Cardiff CF14 1DD

Principal Officers

Rev Nan Powell-Davies	General Secretary
Mrs Ffion Williams	Head of Corporate
Mrs Joanna Thomas-Wright	Head of Strategic Support
Rev Wayne Adams	Assistant Director of Ministries
Mr Hedd Morgan	Assistant Director of Ministries
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support

Bankers

Barclays Bank plc
85 High Street
Blackwood
NP2 1ZA

Independent Auditors

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

Presbyterian Church of Wales
Trustees, Officers and Advisers

Investment Managers

Rathbones (Investec Wealth & Investment Ltd)
30 Gresham Street
London
EC2V 7QN

Investment Managers (Properties Board Deposit)

Barclays Wealth and Investments
1 Churchill Place
Canary Wharf
London
E14 5HP

Solicitors (Including Charity and Employment Law)

Geldards LLP
4 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Actuaries and Pension Administrator

Barnett Waddingham LLP
St James's House
St James's Square
Cheltenham
Glos GL50 3PR

Health and Safety Advisors

CDM Consultant Limited
12 Moriah Mews
Risca
Newport
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Connexional Property Solicitors

ADVE Solicitors
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Lampeter
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Presbyterian Church of Wales
Annual Report of the Trustees

The trustees are pleased to present their annual report together with the audited consolidated financial statements of the Presbyterian Church of Wales ("the Church") for the year ended 31 December 2023. The financial statements have been prepared on a going concern basis in compliance with the applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP): Accounting and Reporting by charities in preparing their financial statements in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102).

Charitable Status

The Church was registered as a charity with the Charity Commission for England and Wales on 7 October 2009. Prior to registration the Presbyterian Church of Wales was an excepted charity. This registration covers the central body of the Presbyterian Church of Wales only and does not cover local churches, Presbyteries or the Association in the three provinces. Discussions are on-going with the Charity Commission in relation to the constitution and whether or not one central registration could cover the whole Church in the future.

Church objectives

The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ. We seek to achieve this purpose by:

- preaching the Gospel, administering the sacraments, pastoral care of local churches, holding meetings for fellowship and prayer;
- religious biblical education and training in the Faith;
- missionary work and evangelising at home and abroad, setting people aside for this work;
- providing and publishing literature;
- setting an example of Christian life and good works;
- serving our communities and our country through practical activity;
- taking a stand for justice and peace in the world;
- safeguarding our environment in every possible way.

In order to meet its objectives the General Assembly, together with the trustees, and its constituent courts review annually the developments, activities, achievements and performance of the Church.

In planning and reviewing its activities the Church has considered the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion.

Organisational structure

The ultimate decision making body of the Presbyterian Church of Wales is the General Assembly which meets annually. The General Assembly is representative of the whole Church with representatives being nominated by the General Assembly Board and Departments of General Assembly and also the Association in the three Provinces and the 14 Presbyteries.

The day to day running of the Presbyterian Church of Wales and the implementation of the decisions of General Assembly is carried out by the General Assembly Board and its Executive Committee/Trustees Group with specific issues dealt with by six departments. Each department presents a report annually to the General Assembly through the General Assembly Board.

It is only the transactions and the assets and liabilities controlled by the General Assembly Board and the Departments which are included in these financial statements. The charity registration covers these funds only. Inter-fund grants, debtors and creditors are eliminated on consolidation.

All transactions and assets/liabilities administered by local churches, Presbyteries and the Association in the three provinces are excluded from these financial statements.

The Properties Board of the Calvinistic Methodist Church of Wales or the Presbyterian Church of Wales ("Properties Board") is the custodian trustee of the Presbyterian Church of Wales. The Properties Board, a body corporate created by The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. All such funds are used in accordance with the objects of the Presbyterian Church of Wales.

The funds are held separately from other assets of the Presbyterian Church of Wales. The Properties Board has a separate bank account and the majority of funds are managed by Barclays Wealth Management .

At a local level, the Presbyterian Church of Wales is comprised of the Association in the three provinces (the North and South Association being mainly Welsh speaking with the Association in the East being the English speaking section of the Church). Each Association is divided into Presbyteries of which there are 14 in total. Each individual local church is a member of a Presbytery; the sizes of the current Presbyteries vary from 21 churches up to 56 churches. There were 477 churches at 31st December 2023 (2022: 496 churches).

Related parties

The Church undertakes some of its work at its centres at Bala and Trefeca. These centres have been established as separate charities although they both report to the Resources Department. The Candidates and Training Department Fund has also been established as a separate charity and reports to the Ministries Department.

The transactions of these three charities are fully consolidated into the financial statements. The principal contact addresses and main activities of each charity are:

Coleg y Bala, Ffordd Ffrydan, Y Bala, Gwynedd, LL23 7RY

- Coleg y Bala continues to be the Church's training centre for children and young people and continues to employ gap year students as part of its programme.

Coleg Trefeca, Trefeca, Brecon, Powys, LD3 0PP

- Coleg Trefeca was the Lay Training Centre for the Church with the work guided by the Candidates and Training Department Fund. The new Charitable Incorporated Organisation for Coleg Trefeca was established in June 2024 superseding the previous charity.

Candidates and Training Department Fund, Tabernacle Chapel, Merthyr Road, Cardiff, CF14 1DD

- The object of the charity is to provide training for ministry for the Presbyterian Church of Wales.

In addition, the Church is the ultimate controlling party of the Welsh Calvinistic Methodist Assurance Trust. The principal activity of the company was that of an insurance company. However, the company ceased to trade in 2006 and is currently dormant.

Copies of the financial statements of all the above entities can be obtained from the General Secretary of the Presbyterian Church of Wales at the principal address shown on page 3. A summary of the results and financial position of the three charities is set out below:

	Coleg Y Bala Year Ended 31 December 2023 £'000	Coleg Trefeca Year ended 31 December 2023 £'000	Candidates and Training Department Fund Year ended 31 December 2023 £'000
Income			
From Presbyterian Church of Wales	106	-	33
Charitable Activities (incl course fees)	46	4	-
Investment income and interest	4	6	9
Other	26	148	-
	182	**158**	**42**
Expenditure			
Salaries and wages	53	29	33
Other	129	200	86
	182	**229**	**119**
Surplus / (Deficit)	**-**	**(71)**	**(77)**

	Coleg Y Bala 31 December 2023 £'000	Coleg Trefeca 31 December 2023 £'000	Candidates and Training Department Fund 31 December 2023 £'000
Tangible Fixed Assets	89	219	-
Heritage Assets	-	280	-
Investments	-	-	335
Fixed Assets	**89**	**499**	**335**
Net Current Assets/(Liabilities)	152	223	225
	241	**722**	**560**
Unrestricted Funds	241	442	560
Restricted Funds	-	280	-
Total Funds	**241**	**722**	**560**

Summary of developments, activities, achievements and performance

The developments, activities and achievements of the Church are reviewed in the reports of the General Assembly Board and the departments published in the General Assembly proceedings.

In 2023, the Seeds of Hope appeal for Christian Aid was drawn to a close, raising £150K for projects supporting those who are affected by climate change, specifically in Kenya and Honduras.

Coleg Trefeca was closed for much of 2023 due to emergency repairs to the accommodation block and refurbishment of some of the other spaces, but we rejoice that towards the end of the year it was once again available for both day and residential use.

The work in securing a partner for Coleg y Bala continues.

In October 2023, the Moderator and General Secretary were joined by Ministers on a wellbeing retreat in Aberystwyth for a time of prayer, fellowship and reflection.

In 2023, the General Secretary convened the Policy and Strategy group, which focussed on 6 issues:

- Relationship with the church in India. We continue to have a close relationship with the Church in India through previous mission work. The undoubted highlight of 2023 was to ordain Revd Rebecca Lalbiaksangl, originally from the Mizoram Synod. In October, the PCW launched a weekly online prayer appeal to pray for the tens of thousands of people who have been displaced by violence in Manipur.

- Membership: With membership continuing to decrease, our main source of income also decreases. The group discussed other ways of funding the work of Ministry which included income from our buildings.

- Use of Redundant Buildings: Alongside discussions in regards decreasing membership and core income, possibilities were sought about increasing and diversifying income from our buildings.

- Communications: Discussions were held regarding communication both within and outside of the church. Rhian Melhuish and Gwenan Evans were appointed as part of the communication team, as well as expertise consultation services from Revd Gethin Russel Jones

- Pioneering Ministry: Following commitment from the Ministries Department to fund 14 new posts aimed at fresh expressions of church and reaching people who we do not currently attract via our traditional ministry, the group discussed ways which this will be expanded and funded beyond the initial 3 years. The Church rejoiced in welcoming more workers into the Pioneer Ministry posts, namely Jos and Lydia Edwards who are planting a church in Blaenau Ffestiniog, Karen Hayward into a Well-Being Counsellor role and Sarah Dafydd into Youth Ministry. They join Catrin and Corey Hampton and Jonathan Kirk who were already part of the Pioneer work.

- Children and Youth: A Church-wide consultation was held to ascertain the needs of the church in regards support and resource from the Children and Youth team. This work is ongoing into 2024, and we continue to welcome feedback from the Church.

Financial review

Incoming resources

One of the primary sources of income is the Ministry and Mission Contribution (formerly Connexional Contribution) which is used towards the financing of our Ministers, Mission and Field workers throughout the Church. The continuing financial viability of the Church is dependent upon the contributions of membership as assessed annually and reflected in the Ministry and Mission Contribution. Contributions receivable decreased from £2,113k in 2022 to £2,000k in 2023 due to the fall in membership more than offsetting an increase in rates per member charged.

The Church's overall income increased from £4,033k in 2022 to £5,118k in 2023, due to an increase in other income, from sale of property, as noted below offsetting a decrease in income received by the colleges and centres from £425k in 2022 to £50k in 2023. The amount receivable in 2022, and not replicated in 2023, from hosting refugees from Ukraine at Coleg Trefeca of £388k accounting for most of this decrease.

The main item within other income is a proportion of the proceeds of sale of buildings which is transferred to the central funds as income, and this sum increased from £916k in 2022 to £2,072k in 2023. The figure for 2023 was inflated by one sale where £504k was due to the central funds

A summary of the main categories of income is shown below:

	£'000	%
Ministry and Mission Contributions	2,000	39.1
Donations, legacies and grants	106	2.1
Investment income and interest	335	6.5
Income from Colleges and Centres	50	1.0
Other	2,627	51.3
Total	**5,118**	**100**

Expenditure

The main item of expenditure continues to be Ministry benefits which comprises the stipend, employer pension contributions and employers national insurance of all ministers. In addition the salary, employer pension contributions and employers national insurance of contracted employees promoting the interests of the Church through the Ministries Department are included as ministry benefits. A proportion of support is allocated to Ministerial Benefits (see Note 8).

A summary of the main categories of expenditure and their percentage of the total is as follows:

	£'000	%
Ministry benefits	3,864	74.4
Ecumenical and PCW contributions	708	13.6
Colleges and centres Costs	543	10.5
Other	78	1.5
Total	**5,193**	**100**

Results

The net outgoing resources, before movements in investments, actuarial gains and losses and an exceptional item, have decreased from a deficit of £1,425k in 2022 to a deficit of £75k in 2023.

The movement can be principally attributed to the increase in income as noted above and a decrease expenditure from £5,458k in 2022 to £5,193k in 2023. The decrease was principally attributed to a decrease in pension costs from £1,104k in 2022 to £897k in 2023 (see note 6).

The net movement in funds in 2023 after investment gains and losses, actuarial gains and losses on the pension scheme was a deficit of £1,468k (2022: surplus of £158k). In 2023 unrealised gains on investments were £380k and unrealised actuarial losses on the pension scheme were £1,774k (2022: unrealised losses of £1,204k and unrealised actuarial gains £1,198k respectively). In addition, in 2022 there was an exceptional item in relation to the closure of the defined benefit pension scheme to future accrual, a gain of £1,235k.

Ministry and mission contribution (formerly Connexional contribution)

A detailed review of overdue debts is regularly undertaken by the Association in each of the three provinces and by the Executive Committee/Trustee Group. During the year, there has been an increase of £33k (7%) in the gross debtor from £463k at 31 December 2022 to £496k at 31 December 2023.

A bad debt charge of £245k has been made against overdue Ministry and Mission contributions. The charge has increased by £30k in 2023 and represents a specific charge against 53 overdue amounts.

Capital expenditure

During the year, capital expenditure of £36k was incurred at Coleg y Bala £14k, and the General Assembly office (IT systems) £22k; (2022: £109k was incurred at Coleg y Bala £87k, Coleg Trefeca £17k and the General Assembly office £5k).

Heritage Assets

In accordance with the provisions of FRS 102 (para 34.50 -34.56), the value of the Howell Harris Museum together with artefacts transferred from the National Library of Wales, Aberystwyth in 2014, located at Coleg Trefeca and included in the financial statements of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £280k (2022: £279k). The valuation used an insurance value and the trustees consider this a cost effective valuation method for this type of asset. There are further details in Note 1 – Statement of accounting policies and Note 11 – Heritage assets to the financial statements.

Investment policy and performance

The General Assembly in 2021 confirmed an updated investment policy to allow wider diversification of assets in the portfolio subject the Church ethical and environmental policies. The resolution notes that the assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes should include cash, bonds, equities, property, structured products, commodities and any other asset that is deemed suitable. Assets should not be invested in hedge funds or private equity.

The Church has an agreed customised benchmark and strategic asset allocation for the portfolio and measuring performance with the investment managers. The strategic asset allocation is noted below and it is estimated 75% of the portfolio will be direct holdings and 25% via pooled funds. The benchmark was amended in 2023 to remove the distinction between UK and overseas equities resulting in one heading, global equities.

	Strategic Asset Allocation	Benchmark
Global Equities	75%	FTSE All Share Index & FTSE World (Ex UK) Index
Fixed Interest	15%	FTSE Government All Stocks Index
Property	5%	IPD Monthly Index
Infrastructure	5%	Bank of England Base Rate (+2%)
Cash	0%	

During the year to 31 December 2023, the performance of the fund was +7.47% against the benchmark of +9.74%.

Investment performance is monitored by the executive committee appointed by the Resources Department and Properties Board by means of quarterly reports and at least one meeting per year with the investment manager.

Investment properties

The Church holds 11 properties for investment purposes all of which were valued in 2022. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was transferred from fixed assets in 2022 and was transferred at net book value and one property was purchased in 2022, both were revalued at 31 December 2022 by a Chartered Surveyor. All properties are scheduled to be valued every three years. In the intervening years market values are adjusted using a recognised index.

Ten properties are residential; the eleventh property was acquired in 2012 at a market value of £180k, as per a chartered surveyors report. The property is a commercial property, located next to the central office in Whitchurch, Cardiff and was previously managed by the trustees of Tabernacle Chapel, Whitchurch, Cardiff.

Resources expended

The Church does not undertake any fund-raising activities and, consequently, there are no costs of generating funds to disclose.

Charitable Expenditure can be broadly divided into three activities:

i) *Ministry Benefits* are costs of service (including stipend, employers national insurance and pension costs) for ministers in pastorates together with those ministers serving the Church in other posts. This amount also includes the costs of those employees serving the Church through the Ministries Department.

ii) *Ecumenical and PCW Contributions* are amounts paid to partner organisations throughout Wales and worldwide to promote the objects of the Church through Mission and Ministry. The contributions are analysed between internal Church amounts, those relating to Wales/United Kingdom and those to international churches and church bodies. These sums include annual affiliations to UK and International inter-church organisations.

iii) *Colleges and centres costs* relate to all amounts incurred by Coleg y Bala and Coleg Trefeca in their work as the centre for training children and young people and lay training centre respectively.

Support costs are allocated based upon an estimate of the proportion of staff time that has been spent on each charitable activity. The appropriateness of this split is reviewed annually as part of the preparation of the financial statements; and the current percentage allocation is 55% ministry benefits, 35% ecumenical/PCW contributions and 10% colleges and centres costs.

Risk management

The Church has developed a risk strategy to identify, assess and monitor the risks that the Church may be exposed to. A comprehensive risk register is reviewed annually by the General Assembly Board and the trustees. A further review of the strategy and the risk register is to be carried out in 2024 to assess the impact of Covid-19 on the activities and finances of the Church.

The Executive Committee/Trustees Group, in conjunction with the General Assembly Board, have developed a rolling plan to mitigate the major risks to which the organisation is exposed. Major risks are those which may have significant impact on:

- the effective governance of the Church;
- the ability to finance all current activities;
- legislative compliance including Health and Safety, Employment Law and the protection of children and vulnerable adults.
- the reputation of the Church; and
- operational performance given the continued decline in ministers and members.

The Board and trustees prioritise the risks according to the likelihood of occurrence and potential impact. The trustees have linked the setting and monitoring of objectives to this risk management exercise by defining risks as those occurrences which prevent the Presbyterian Church of Wales from achieving its objectives.

Reserves policy

The Church's policy is to maintain the amount of total reserves at the equivalent of 2 years' worth of expenditure. Current levels of annual expenditure require reserves to be maintained at £10,000k. At this level, the trustees believe that they would be able to continue the current activities of the Church in the event of a drop in income. At 31 December 2023 total reserves were £17,315k (2022: £18,708k) and the trustees have agreed a financial forecast to reduce reserves to £10,000k over a five to ten year period (excluding any Pension reserve which stood at £4,785k at the end of 2023). Further consideration is to

be given to ensuring sufficient reserves are held in cash, noting that a further £1,297k is held in long term debt through the mortgage and car loan schemes. It is therefore deemed that sufficient and appropriate resources are held to enable each fund to be applied in accordance with any restrictions.

The value in the pension reserve has been calculated in accordance with the provisions of FRS102.

The Resources Department in conjunction with the Executive Committee/Trustees Group intend to review the adequacy of the current reserves policy in the light of their financial forecasts; these forecasts to be reconsidered in detail in 2024 and 2025 taking into account the impact of the Covid-19 pandemic on the activities and finances of the Church at all levels.

Investment review

Market Commentary (from Investment Manager Investec January 2024)

The final two months of the year finally rewarded investors 'patience. Global equities, as measured by the MSCI World Index, gained more than 15% in dollar terms, although gains for UK investors were diluted by a weak dollar. Sterling gained around 6 cents vs the US currency to end the year at $1.27. Gains in equities and other risk assets were triggered by a strong recovery in government bond markets. These, in turn, were the result of a combination of weaker-than-expected inflation data and a shift in the US Federal Reserve's attitude towards interest rates. Having previously leaned against the possibility of interest rate cuts, its December survey of members suggested as many as three quarter-point reductions over the course of 2024. Futures markets are currently pricing in six cuts, which seems a little optimistic, although, more encouragingly, it is now clear that we have passed the peak of the current interest rate cycle. The main reason to expect deeper rate cuts would be a weaker economy. Economists are currently evenly split on the probability of a US recession developing in 2024. Despite a more hawkish tone being maintained by the Bank of England and the European Central Bank, rate expectations also tumbled on this side of the Atlantic, where GDP growth has been negligible over the last year. While we retain some caution heading into the New Year based on the lagged effect of past interest rate rises, lower bond yields and the prospect of interest rate cuts now provide much better support for financial assets. We note that smaller companies have rallied strongly on the outlook for lower interest rates. While we believe that the "Magnificent 7" US companies have led indices higher with some justification owing to their high profitability and growth rates, broader participation is healthier for the overall market.

The Bloomberg consensus for World GDP growth in 2023 has risen from a low of 2.1% in February to a current 2.9%. The much-anticipated US recession never materialised and flat economies in the UK and Europe also managed to beat more pessimistic expectations. The outlook for 2024 continues to suggest slower progress next year, with consensus estimates at 2.6%, as the lagging effect of higher interest rates continues to bite.

The Bloomberg Global Aggregate Index of investment grade bonds gained almost 10% from its late October lows, dragging itself back into positive territory for the year and avoiding a third consecutive year of negative total returns.

The US 10-year Treasury bond yield fell from a peak of 4.99% to 3.82%. The 10-year Gilt yield dropped from 4.67% to 3.5%. Such falls are also good news for governments as the cost of financing still-large fiscal deficits is reduced.

The weaker dollar helped Gold to trade at a new all-time high in dollar terms of $2,077. The price continues to be supported by central bank buying, especially in emerging economies. The freezing of Russia's dollar assets following its invasion of Ukraine has motivated many countries to diversify their reserves away from dollars.

Despite further disruption in the Middle East, notably to shipping in the Red Sea, the oil price remains relatively subdued. It remains lower than it was before Russia's invasion of Ukraine. There seems to be no shortage of supply, with almost all of Russia's production heading to China and India to be refined.

Performance

The total return on Presbyterian Church of Wales fund was +7.47% for 2022 compared with the return from the benchmark of +9.74%. The value of the fund solely managed by Rathbones (Investec Wealth & Investment Ltd) was £9,840k as at 31 December 2023 (2022: £9,414k). There was no capital withdrawal/addition from/to the portfolio in either 2022 or 2023.

The Presbyterian Church of Wales funds are long term investments and the current asset allocation and benchmark within the portfolio are noted above in the section on investment policy and performance. In the light of the adoption of a new broader investment policy by the General Assembly in 2022, the Properties Board adopted a new asset allocation of the portfolio and in particular investing in overseas equities, property unit trusts and alternatives to further diversify the portfolio. The Church has adopted an environmental policy and therefore divesting from oil and gas stocks was a requirement of the new portfolio. ESG (Environmental, Social and Governance) issues are factors in measuring the sustainability and societal impact of investing in particular companies and will continue to be prevalent in setting investment strategies.

COVID-19

The impact of the measures to combat the spread of Covid-19 affected the work of the Church at both local and central level. A number local churches which closed in March 2020 have decided not to reopen. The centres at Bala and Trefeca have taken appropriate measures and reopened in accordance with guidelines issued by the relevant public health authorities.

The Executive Committee/Trustees Group are considering the risk register, financial forecasts and reserves policy in the light of the effects of the Covid-19 pandemic including potential loss of revenue should membership numbers fall by greater than previously forecasted.

Future developments

The following items will hopefully be considered by the Board and departments in 2024 and 2025 with recommendations or progress updates presented to the General Assembly in 2025.

- continuation of pastoral care for Ministers and workers to include annual Minister's retreats, and daily online devotion, as well as offering a specific retreat for retired Ministers in Trefeca;
- implementation of safeguarding recommendations from 13:8;
- updating of the website;
- supporting elders and members finding the responsibility of the church building a burden;
- finding solutions to looking after orphaned Cemeteries;
- financial Forecasting and Strategy in the post pandemic situation;
- the ongoing programme to enable pioneer ministries throughout the Presbyteries;
- the implementation of a practical ten-point guide to the Church environmental policy covering types of energy, net zero buildings and heating, fair trade, investments etc;
- Securing of the benefits in the defined benefit pension scheme with an insurance company and;
- the potential to strengthen the relationship with the Presbyterian Church of India.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity/group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the trustees

KB Morris

Trustee

Date: 18 October 2024

Presbyterian Church of Wales

Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Opinion

We have audited the financial statements of Presbyterian Church of Wales (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31st December 2023 which comprise the consolidated Statement of Financial Activities, the consolidated and parent charity Balance Sheets, the consolidated Cash Flow Statement and notes to the financial statements , including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31st December 2023, and of the group's 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

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

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

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

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

•Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;

•Reviewing minutes of meetings of those charged with governance;

•Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;

•Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

•Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

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

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Azets Audit Services
Chartered Accountants & Statutory Auditor
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CF23 8AB

Date: 18 October 2024

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Presbyterian Church of Wales
Consolidated Statement of Financial Activities
Year ended 31 December 2023

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income from generated funds:					
Ministry and mission contributions		2,000	-	2,000	2,113
Donations		52	33	85	71
Legacies		20	-	20	6
Grants		-	1	1	11
Income from investments	3	153	182	335	354
Income from charitable activities:					
Colleges and centres		-	50	50	425
Other income	4	2,465	162	2,627	1,053
Total		**4,690**	**428**	**5,118**	**4,033**
Expenditure on:					
Charitable activities:					
Ministry benefits	6	3,145	719	3,864	4,109
Ecumenical and PCW contributions	7	540	168	708	769
Colleges and centres costs		122	421	543	517
		3,807	1,308	5,115	5,395
Other		65	13	78	63
Total		**3,872**	**1,321**	**5,193**	**5,458**
Net income / (expenditure) before exceptional item		**818**	**(893)**	**(75)**	**(1,425)**
Exceptional item Settlement and curtailment income on closure to future accrual of defined benefit pension scheme		-	-	-	1,235
Net income / (expenditure) after exceptional item		818	(893)	**(75)**	(190)
Net gains / (losses) on investments	12	82	298	380	(1,204)
Net income / (expenditure)		**900**	**(595)**	**305**	**(1,394)**
Transfers between funds		(76)	76	-	-
Other recognised gains / (losses):					
Loss on disposal of fixed assets		-	-	-	-
Valuation of heritage assets	11	-	1	1	38
Actuarial (loss)/gain on defined benefit pension scheme	9	(1,774)	-	(1,774)	1,198
Net movement on funds		**(950)**	**(518)**	**(1,468)**	**(158)**
Reconciliation of funds:					
Total funds brought forward		11,054	7,654	18,708	18,866
Total funds carried forward		**10,104**	**7,136**	**17,240**	**18,708**

The statement of financial activities incorporates the statement of comprehensive income.

All activities are continuing.

Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2023

	Note	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Fixed assets					
Tangible fixed assets	10	333	381	26	8
Heritage assets	11	280	279	-	-
Investments	12	12,638	12,258	12,303	11,938
		13,251	12,918	12,329	11,946
Current assets					
Stock	13	2	2	-	-
Debtors	14	2,430	2,269	2,729	2,545
Short term deposits		490	224	12	12
Cash at bank and in hand		319	511	24	107
		3,241	3,006	2,765	2,664
Creditors: amounts falling due within one year	15	(780)	(794)	(946)	(1,176)
Net current assets		**2,461**	**2,212**	**1,819**	**1,488**
Creditors: amounts falling due after more than 1 year	15	(3,257)	(3,220)	(3,257)	(3,220)
Net assets excluding pension scheme asset		**12,455**	**11,910**	**10,891**	**10,214**
Pension scheme surplus	9	4,785	6,798	4,785	6,798
Net assets		**17,240**	**18,708**	**15,676**	**17,012**
Funds					
Unrestricted	16	5,319	4,256	5,319	4,256
Pension reserve		4,785	6,798	4,785	6,798
		10,104	11,054	10,104	11,054
Restricted	17	7,136	7,654	5,572	5,958
Total funds		**17,240**	**18,708**	**15,676**	**17,012**

The financial statements on pages 18 to 38 were approved by the Board of Trustees on 18 October 2024 and signed on its behalf by:

B.H. Jones
.....
Trustee

K B Morris
.....
Trustee

Presbyterian Church of Wales
Consolidated Cash Flow Statement for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Reconciliation of net expenditure to net cash generated from /(used by)			
Net (expenditure)		(75)	(1,425)
Adjustments for:			
Investment income	3	(335)	(354)
Pension Fund	9	240	394
Depreciation charges	10	83	94
Add:			
Decrease / (Increase) in stocks	13	-	4
Decrease / (increase) in debtors	14	(161)	(146)
(Decrease) / Increase in creditors	15	(14)	165
Net cash generated from/(used by) operating activities		(262)	(1,268)
Statement of cash flows			
Cash flows from operating activities			
Net cash generated from/ (used by) operating activities		(262)	(1,268)
Cash flows from investing activities:			
Interest from investments		335	354
Purchase of investments		(3,426)	(7,646)
Proceeds from sale of investments		3,426	7,398
Proceeds from sale of fixed assets		-	-
Purchase of property, plant and equipment		(36)	(109)
Net cash provided by investing activities		37	(1,271)
Cash flows from financing activities:			
Cash inflows from new borrowing		37	964
Net cash provided by (used in) financing			
Change in cash and cash equivalents		74	(307)
Cash & cash equivalents at 1 January		735	1,042
Cash & cash equivalents at 31 December		**809**	**735**
Cash equivalents at the year end comprise:			
Short term deposits		490	224
Cash at bank and in hand		319	511
Cash & cash equivalents at 31 December		**809**	**735**

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the revaluation of certain land and buildings, heritage assets and investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011, using consistently applied accounting policies. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements consolidate those of Coleg y Bala, Trefeca College, the Candidates and Training Department Fund and the Welsh Calvinistic Methodist Assurance Trust (dormant). In accordance with the Charities SORP, no separate Statement of Financial Activities has been presented for the Church alone.

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

Fund accounting

The purpose of the unrestricted funds (note 16) is to finance the general running of the Presbyterian Church of Wales. The primary source of income is the Ministry and Mission Contribution (formerly Connexional Contribution), the levy paid by each church within the Connexion. Unrestricted funds are used to finance the day to day running of the Church including the General Assembly and its constituent Boards and the administrative office in Cardiff.

Restricted funds (note 17) are funds subject to specific restrictive conditions imposed by the donor or by the purpose of an appeal. The principal restricted fund relates to the Ministries Department (formerly Life and Witness Board) General Fund (an amalgamation of the JJ Maintenance of Ministry, Mission Board and Christian Education Board Funds), the purpose of which is restricted to financing ministerial costs and mission work.

All income and expenditure is shown in the Statement of Financial Activities.

Accruals

The financial statements have been prepared on an accruals basis. All liabilities are recognised at their settlement value.

Incoming resources

Income from donations and gifts, legacies and grants is recognised on a receivable basis when there is sufficient certainty of receipt and the value of the incoming resource can be measured with sufficient reliability.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Expenditure on tangible fixed assets with a cost below £3,000 is not capitalised.

Depreciation is charged by equal annual instalments to write down the cost of the assets to their expected residual values over their estimated useful lives at the following rates:

Buildings	2% per annum
Motor vehicles	20% per annum
Computer equipment	20% per annum
Fixtures and fittings	10% - 20% per annum
Property improvements	5% per annum

Freehold land is not depreciated. The useful economic lives of fixed assets are reviewed at the end of each accounting period along with a review for impairment where indicators of potential impairment are identified. There has been no change in the rates of depreciation in the year.

Heritage Assets

The Howell Harris Museum at Coleg Trefeca shows aspects of the life of Howell Harris, whose 1735 conversion led to the founding of Welsh Methodism; also the community 'Teulu Trefeca', which he established at the College in 1752. The displays include a room as it might have been in Harris' time, an outdoor preaching scene and panels telling his story. A collection of 32 religious books, most of which were printed by the 'Trevecka press' in the late eighteenth century are displayed in rotation in the museum along with artefacts and furniture from Harris's period at the College.

The museum also houses artefacts of the Presbyterian Church of Wales which were previously housed at the National Library of Wales. Items include furniture, silverware and other items of historical significance.

In accordance with the provisions of FRS 102, heritage assets have been included in the financial statements at their insurance valuation contained within the College policy with Ecclesiastical Insurance. The insurance value is reassessed annually. Any costs to maintain the museum or its artefacts are charged to the Statement of Financial Activities as incurred. The assets are deemed to have indeterminate lives and therefore no depreciation is charged.

The museum is managed by the trustees of College and on a day to day basis by the Head of Operations and Growth. Details of the artefacts are kept at the College. Additions to the museum can be made by way of donation. Any purchases or disposals (in exceptional circumstances) require the approval of the trustees and the Church through the General Assembly Board. The museum and artefacts are generally accessible Monday to Friday between 10am and 4pm. Coleg Trefeca and the museum were closed from March 2020 to May 2021 due to Covid-19 and again from May to October 2022 whilst the centre hosted refugees from Ukraine.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

Fixed asset investments

(a) Listed investments are stated at market values based on bid prices at 31 December 2023. Profits and losses on sales of investments are calculated by reference to the opening carrying amount and are transferred directly to the relevant funds. Unrealised revaluation surpluses or deficits are also included in the relevant funds movement. Both profits and losses on disposals and unrealised surpluses or deficits arising on revaluation of investments are reported in the Statement of Financial Activities.

(b) Investment properties are included in the balance sheet at fair value. Professional valuations are performed every three years on each property and market values are index linked in the intervening years. Depreciation is not provided on investment properties as the properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. Depreciation or amortisation is only one of the many factors reflected in the property valuation and the amount which might otherwise have been shown cannot be identified. A valuation of investment properties was undertaken for the year ending 31st December 2022. Under normal circumstances valuations are undertaken every 3 years and revalued using a recognised index in the intervening years.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries. The scheme was closed to future accrual on 30 September 2022

The scheme is accounted for in accordance with the requirements of FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a separate fund entitled 'Pension Reserve' which is added or deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

As from 1 October 2022 active members were transferred to a defined contribution scheme administered by Cushon. In order to comply with auto enrolment regulations the Church operates, in addition to the scheme administered by Cushon, another defined contribution scheme administered by AEGON for those ministers and employees who were not part of the defined benefit scheme and have not elected to join the new Cushon defined contribution scheme.

Taxation

The Church is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Church's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Consolidation

The consolidated financial statements incorporate the results of the Church and each of its subsidiaries for the financial year ended 31 December 2023. Intra-group balances and transactions are eliminated on consolidation. Uniform accounting policies are applied across the group.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Defined benefit pension scheme

The Church has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 9.

The Trustees consider that there are no further significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

2. Results of Connected Charities *

(excludes grant received from the Church)*

	2023 £'000	2022 £'000
Incoming resources		
Course fees	49	34
Shop sales	2	2
Donations, grants and legacies	25	423
Investment income	9	10
Sundry income	159	6
Total incoming resources	244	475
Resources Expended		
Charitable activities	525	506
Other	5	7
Total resources expended	530	513
Net outgoing resources	**(286)**	**(38)**

These results relate to the three connected charities, Candidates and Training Department, Coleg Trefeca & Coleg y Bala and exclude any grants received from the Presbyterian Church of Wales

3. Investment income

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Investment Income				
Unit trusts	16	21	15	20
Property unit trusts	21	4	20	4
Overseas fixed interest	26	8	25	8
Overseas equities	48	22	47	21
UK Fixed Interest and cash	40	36	39	35
UK Equities	113	197	109	190
Investment Property	71	66	71	66
	335	**354**	**326**	**344**

4. Other Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Bank interest	-	12	12	6
Loan interest receivable	37	-	37	32
Profit on sales of chapels and manses	2,072	-	2,072	916
Sundry Income	40	150	190	10
Pension – interest	316	-	316	89
Total – Group	**2,465**	**162**	**2,627**	**1,053**

5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2023 £'000	Total 2022 £'000
Ministry benefits	3,358	506	3,864	4,109
Ecumenical and PCW contributions	166	542	708	769
College and centre costs	47	85	132	121
Other	-	78	78	63
Total Charity	**3,571**	**1,211**	**4,782**	**5,062**
College and centre costs	82	329	411	396
Total Group	**3,653**	**1,540**	**5,193**	**5,458**

Staff costs		
Stipends, wages and salaries	2,553	2,491
Social security costs	231	243
Redundancy and termination costs	10	191
Pension costs	859	1,072
	3,653	**3,997**

The total number of employees by function was:	2023 Number	2022 Number
Ministers – full time	34	38
Ministers – part time	7	8
Field workers	39	42
Colleges and centres	5	6
Administration	14	26
	99	**110**

Trustees

3 of the trustees (2022: 3) received a total of £98,868 in 2023 (2022: £125,385) in stipend or salary (including employer pension contributions) as Ministers within the Presbyterian Church of Wales.

4 of the trustees (2022: 6) received a total of £1,400 in 2022 (2022: £2,700) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

6 of the trustees (202: 5) who served during the year received a total of £3,777 in 2023 (2022: £6,699) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

During the year the group made payments for redundancy and settlement payments totalling £10,370 (2022: £261,597). There were no amounts outstanding in relation to the above, at the balance sheet date.

The number of employees whose emoluments for the year fell within the following bands were:

	Total 2023 No	Total 2022 No
In the band £60,000 - £69,999	1	-
In the band £90,000 - £99,999	-	1
In the band £100,000 - £109,999	-	1

The number of higher paid employees to whom retirement benefits were accruing is as follows:

	Total 2023 No	Total 2022 No
In the band £60,000 - £69,999	1	-
In the band £90,000 - £99,999	-	1
In the band £100,000 - £109,999	-	1

An augmentation payment of £60,000 was made in 2022 to the defined benefit pension scheme for higher paid employees in the year.

Key Management Personnel:
The total amount paid to key management personnel for their services to the group during the year totalled £496,094 (2022: £598,605).

6. Ministry benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Stipends and salaries	1,575	664	2,239	2,326
Pastoral expenses	-	2	2	11
Support costs (note 8)	673	53	726	668
	2,248	719	2,967	3,005
Pension costs:				
Contributions paid	304	-	304	589
Current service pension costs	555	-	555	483
Pension audit	38	-	38	32
	897	-	897	1,104
Total ministers benefits	**3,145**	**719**	**3,864**	**4,109**

7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
International	-	6	6	18
Wales/UK	85	68	153	117
Ministers, workers, candidates, Association, Presbyteries and local churches	27	60	87	209
Support costs (note 8)	428	34	462	425
	540	**168**	**708**	**769**

8. Support costs

	Ministry Benefits £'000	Allocation of Ecumenical and PCW Contributions £'000	College and Centre costs £'000	Total 2023 £'000	Total 2022 £'000
Salaries & wages	260	166	47	473	493
Travelling & subsistence	57	36	10	103	75
Utility costs	30	19	5	54	54
Property & general insurances	38	24	7	69	43
Printing & stationery	29	18	5	52	52
Postage & telephone	26	16	5	47	46
Repairs, maintenance & improvements	10	7	2	19	22
Leasing charges	20	13	4	37	35
Equipment & materials	28	18	5	51	52
Legal & professional charges	173	110	31	314	260
Audit fees	33	22	6	61	44
Depreciation	2	1	1	4	7
Advertising & publicity	2	1	1	4	1
Course fees	1	1	-	2	1
Bad debt charge	17	10	3	30	27
Publishing costs	-	-	-	-	2
	726	**462**	**132**	**1,320**	**1,214**

Basis of allocation

Support costs are allocated on the basis of the estimated percentage allocation of staff time spent on each charitable activity.

9. Pension costs

The Presbyterian Church of Wales (the Church) operates a defined benefit pension arrangement called the Presbyterian Church of Wales Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Church also operates a defined contribution scheme but this is not included in this disclosure.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2021 and the next valuation of the Scheme is due as at 31 December 2024. In the event that the valuation reveals a larger deficit than expected the Church may be required to increase contributions above those set out in the existing Schedule of Contributions. The Church does not expect to pay contributions in the year to 31 December 2024.

The Scheme is managed by a board of Trustees appointed in part by the Church and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisors where appropriate.

There were no Scheme amendments, curtailments or settlements during the period.

The Trustee invests a portion of the Scheme's assets in a Liability Driven Investment (LDI) portfolio. This portfolio aims to hedge a proportion of the exposure of the Scheme's liabilities to interest rates and inflation on the ongoing funding basis. The LDI portfolio includes investment in the LGIM Sterling Liquidity Fund.

Assumptions

The principal actuarial assumptions used to calculate Scheme liabilities are:

	31 December 2023	31 December 2022
Discount rate	4.45%	4.80%
Inflation: RPI	3.35%	3.45%
Inflation: CPI	2.90%	2.95%
Pension increases in payment:		
Discretionary increase	0.00%	0.00%
CPI capped at 5.0% per annum	2.70%	2.75%
CPI capped at 2.5% per annum	1.95%	1.95%

CPI capped rates	Pension accrued between 6 April 1997 and 5 April 2005 increases each year in payment in line with CPI to a maximum of 5% and pension accrued from 6 April 2005 increases in line with CPI to a maximum of 2.5%. For the avoidance of doubt, future pension increases in deferment are assumed to be in line with the CPI assumption
Retirements	All members retire at National Retirement Age (NRA)
Post retirement mortality	2023 S3PA tables with the CMI_2021 projections using a long-term rate of improvement of 1.25% per annum. 2022 S3PA tables with the CMI_2021 projections using a long-term rate of improvement of 1.25% per annum.

Remeasurements over the year

	2023 £'000	2022 £'000
Loss / (gain) on scheme assets in excess of interest	150	9,349
Experience losses / (gains) on liabilities	816	(1,137)
(Losses) / gains from changes to demographic assumptions	-	(212)
(Losses) / gains from changes to financial assumptions	808	(9,198)
Total	**1,774**	**(1,198)**

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2023 £'000	2022 £'000
Fair value of assets at the beginning of the year	22,839	32,600
Interest on assets	1,062	579
Employer contributions	33	536
Contributions by Scheme participants	-	120
Benefits paid (net of expenses)	(1,011)	(1,405)
Administration costs	(493)	(242)
Return on assets less interest	(150)	(9,349)
Fair value of assets at the end of the year	**22,280**	**22,839**

Actual return on scheme assets £912,000 (2022: £8,770,000)

The change in defined benefit liabilities over the year was:

	2023 £'000	2022 £'000
Defined benefit liabilities at the beginning of the year	16,041	27,841
Current service cost	-	571
Contributions by Scheme participants	-	120
Past service cost	95	206
Interest cost	746	490
Benefits paid (net of expenses)	(1,011)	(1,405)
Changes due to settlements and curtailments	-	(1,235)
Experience (gain) / loss on liabilities	816	(1,137)
Changes to demographic assumptions	-	(212)
Changes to financial assumptions	808	(9,198)
Defined benefit liabilities at the end of the year	**17,495**	**16,041**

10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
Cost					
At 1 January 2023	30	-	618	1,384	2,032
Eliminated on disposal	-	-	-	(39)	(39)
Additions	-	-	36	-	36
At 31 December 2023	30	-	654	1,345	2,029
Accumulated Depreciation					
At 1 January 2023	15	-	437	1,199	1,651
Eliminated on disposal	-	-	-	(38)	(38)
Charge for the year	13	-	31	39	83
At 31 December 2023	28	-	468	1,200	1,696
Net book value					
At 31 December 2023	**2**	**-**	**186**	**145**	**333**
At 31 December 2022	15	-	181	185	381
Charity					
Cost/					
At 1 January 2023	-	-	98	-	98
Transfer to investment property	-	-	-	-	-
Additions	-	-	22	-	22
At 31 December 2023	-	-	120	-	120
Accumulated Depreciation					
At 1 January 2023	-	-	90	-	90
Eliminated on transfer	-	-	-	-	-
Charge for the year	-	-	4	-	4
At 31 December 2023	-	-	94	-	94
Net book value					
At 31 December 2023	**-**	**-**	**26**	**-**	**26**
At 31 December 2022	-	-	8	-	8

11. Heritage Assets

The Group's Heritage assets are included at the insurance valuation as follows:

	2023 £'000	2022 £'000
31 December	280	279

There were no additions or disposals in 2022 or 2023 and the estimated increase in the value of the heritage assets of £1,000 (2022: £38,000) has been credited as an unrealised gain on valuation of Heritage Asset.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

12. Investments

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 January	12,258	12,999	11,938	12,632
Transfer from fixed assets	-	215	-	215
Additions	3,426	7,646	3,309	7,395
Disposals	(3,426)	(7,398)	(3,309)	(7,146)
(Losses) / Gains on investments	380	(1,204)	365	(1,158)
At 31 December	**12,638**	**12,258**	**12,303**	**11,938**
Cost at 31 December	**11,758**	**11,266**	**11,437**	**10,962**
Investment property	2,723	2,777	2,723	2,777
Unit trusts	10	643	10	622
UK Fixed interest securities	729	548	704	529
UK Equities	1,351	3,335	1,307	3,224
UK Property	373	403	360	389
International fixed interest securities	296	499	286	482
International equities	6,186	3,152	5,976	3,045
Alternative assets	658	698	636	674
Investment company	109	-	105	-
Cash (incl. money market instruments)	203	203	196	196
Market value of investments	**12,638**	**12,258**	**12,303**	**11,938**

The Charity has recognised realised gains on sales of investments of £nil (2022: £nil).

There was no holding in investments greater than 5% of the total market value of quoted investments in 2022 or 2023.

Investment properties consist of 11 properties (2022: 11) throughout Wales. All are valued every 3 years and all 11 were valued at market value during 2022, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele, four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was transferred from fixed assets in 2022 and was transferred at net book value and one property was purchased in 2022. Both properties added in 2022 were revalued at 31 December by Chartered Surveyors. All properties are due to be valued again in 2025. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Ten properties are residential and one is a commercial property which was acquired in 2012 from a local church.

13. Stock

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Goods for resale and consumables	2	2	-	-

14. Debtors

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Debtors less than one year:				
Ministry and mission contributions	251	248	251	248
Loans and mortgages	117	124	117	124
Other debtors and prepayments	765	813	1,064	1,089
	1,133	**1,185**	**1,432**	**1,461**
Debtors more than one year:				
Loans and mortgages	1,297	1,084	1,297	1,084
	2,430	**2,269**	**2,729**	**2,545**

Loans and mortgages comprise car loans and mortgages relating to residential property which are made available to ministers and employees of the church.

The maximum car loan available is £6,500 (£8,500 for purchase of an electric car) repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans.

The maximum mortgage available is £200,000 repayable over a maximum period of 30 years, at an interest rate of 3%. There are certain exceptions to these terms within the mortgage rules set by the Church and each case will be considered on an individual basis. The mortgage is secured by a first charge against the property. At the General Assembly in July 2024 the mortgage scheme was suspended (except for exceptional circumstances) until the Ministries Department considered the need for the scheme.

15. Creditors:
Amounts falling due within one year

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Creditors and accruals	404	424	570	806
Other liabilities	376	370	376	370
	780	**794**	**946**	**1,176**

Amounts falling due after more than one year

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loan from the Properties Board of the Presbyterian Church of Wales	3,257	3,220	3,257	3,220
	3,257	**3,220**	**3,257**	**3,220**

The loans are unsecured and bear interest at variable rates. The loans have no fixed repayment terms, but the lender has confirmed that they do not intend to seek repayment within 12 months of the year end.

16. Movement in Unrestricted Funds

	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2023 £000
Unrestricted Funds	4,256	4,374	(3,317)	82	(76)	5,319
Pension Reserve	6,798	316	(555)	(1,774)	-	4,785
Total Group and Charity	**11,054**	**4,690**	**(3,872)**	**(1,692)**	**(76)**	**10,104**

Prior year

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Unrestricted Funds	5,062	3,270	(3,637)	(252)	(187)	4,256
Pension Reserve	4,759	89	(483)	2,433	-	6,798
Total Group and Charity	**9,821**	**3,359**	**(4,120)**	**2,181**	**(187)**	**11,054**

17. Movement in Restricted Funds

	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2023 £000
Ministries Department	3,054	145	(742)	188	(54)	2,591
Robert Davies Trust	354	-	-	35	-	389
Historical Society	7	2	(2)	-	-	7
Christian Aid	1	-	(1)	-	-	-
Mission Programme Fund	20	-	(65)	-	50	5
Moderators Fund	12	-	(3)	-	-	9
Davies Lecture Trust	94	3	(3)	8	-	102
Sale of Theological College Fund	1,302	-	-	53	-	1,355
Sale of Chapels Fund	1,114	-	-	-	-	1,114
Total Charity	**5,958**	**150**	**(816)**	**284**	**(4)**	**5,572**
Coleg y Bala	241	77	(182)	-	105	241
Coleg Trefeca	512	158	(229)	-	-	441
Howell Harris Museum and Artefacts	279	-	-	1	-	280
Candidates and Training Department Fund	623	42	(94)	14	(25)	560
Welsh Calvinistic Methodist Assurance Trust	41	1	-	-	-	42
	1,696	**278**	**(505)**	**15**	**80**	**1,564**
Total Group	**7,654**	**428**	**(1,321)**	**299**	**76**	**7,136**

Prior year

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Ministries Department	4,373	159	(757)	(668)	(53)	3,054
Robert Davies Trust	400	-	-	(46)	-	354
Historical Society	7	2	(2)	-	-	7
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	32	-	(62)	-	50	20
Moderators Fund	19	-	(7)	-	-	12
Davies Lecture Trust	114	3	-	(23)	-	94
Sale of Theological College Fund	1,471	-	-	(169)	-	1,302
Sale of Chapels Fund	1,128	-	(14)	-	-	1,114
Total Charity	**7,545**	**164**	**(842)**	**(906)**	**(3)**	**5,958**
Coleg y Bala	226	59	(172)	-	128	241
Coleg Trefeca	251	407	(223)	-	77	512
Howell Harris Museum and Artefacts	241	-	-	38	-	279
Candidates and Training Department Fund	741	44	(101)	(46)	(15)	623
Welsh Calvinistic Methodist Assurance Trust	41	-	-	-	-	41
	1,500	**510**	**(496)**	**(8)**	**190**	**1,696**
Total Group	**9,045**	**674**	**(1,338)**	**(914)**	**187**	**7,654**

18. Analysis of Group Net Assets

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2023 £'000
Unrestricted funds	26	5,822	(529)	5,319
Total	**26**	**5,822**	**(529)**	**5,319**
Restricted funds				
Ministries Department	-	4,821	(2,230)	2,591
Robert Davies Trust	-	355	34	389
Historical Society	-	-	7	7
Christian Aid	-	-	-	-
Mission Programme Fund	-	-	5	5
Moderators Fund	-	-	9	9
Davies Lecture Trust	-	75	27	102
Sale of Theological College Fund	-	1,230	125	1,355
Sale of Chapels Fund	-	-	1,114	1,114
Coleg Y Bala	89	-	152	241
Coleg Trefeca	218	-	223	441
Howell Harris Museum	280	-	-	280
Candidates & Training Fund Charity	-	335	225	560
Welsh Calvinistic Methodist Assurance Trust	-	-	42	42
Total	**587**	**6,816**	**(267)**	**7,136**
Total net assets (excluding pension asset)	**613**	**12,638**	**(796)**	**12,455**

Prior year

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2022 £'000
Unrestricted funds	8	5,742	(1,494)	4,256
Total	**8**	**5,742**	**(1,494)**	**4,256**
Restricted funds				
Ministries Department	-	4,632	(1,578)	3,054
Robert Davies Trust	-	320	34	354
Historical Society	-	-	7	7
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	20	20
Moderators Fund	-	-	13	13
Davies Lecture Trust	-	67	27	94
Sale of Theological College Fund	-	1,177	125	1,302
Sale of Chapels Fund	-	-	1,114	1,114
Coleg Y Bala	87	-	154	241
Coleg Trefeca	286	-	226	512
Howell Harris Museum	279	-	-	279
Candidates & Training Fund Charity	-	320	302	622
Welsh Calvinistic Methodist Assurance Trust	-	-	41	41
Total	**652**	**6,516**	**486**	**7,654**
Total net assets (excluding pension asset)	**660**	**12,258**	**(1,008)**	**11,910**

19. Related Party Transactions

In accordance with paragraph 33.1A of FRS 102, the Church has not needed to disclose related party transactions with the exemptions afforded to group entities.

At the year-end no trustee (2022: none) of the Church had an outstanding mortgage from the Church. At the year-end no trustee (2022: none) had an outstanding car loan from the Church with a value of £nil (2022: £nil). Additionally, four members of senior staff of the Church (2022: three) had outstanding mortgages and car loans from the Church with an aggregate value of £172,127 at year end (2022: £173,489). Total interest of £5,452 (2022: £5,031) was payable in relation to these balances relating to trustees and senior staff during the year.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which one (2022: one) has an outstanding mortgage and car loan with the Church with an aggregate value of £51,554 (2022: £58,754). Total interest of £1,763 (2022: £1,979) was payable in relation to these balances relating to close relatives of senior staff during the year. A close relative of a senior staff member has undertaken contracted work to the value of £8,700.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2022: nil) with a value of £nil (2022: £nil). Total interest of £nil (2022: £nil) was payable in relation to those balance relating to a close relative of a Trustees during the year.

20. Prior year analysis of unrestricted and restricted income and expenditure

	Unrestricted funds	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Income from generated funds:			
Ministry and mission contributions	2,113	-	2,113
Donations	44	27	71
Legacies	-	6	6
Grants	4	7	11
Income from investments	157	197	354
Income from charitable activities:			
Colleges and centres	-	425	425
Other income	1,041	12	1,053
Total	**3,359**	**674**	**4,033**
Expenditure on:			
Charitable activities:			
Ministers benefits	3,418	691	4,109
Ecumenical and PCW contributions	542	227	769
Colleges and centres costs	111	406	517
	4,071	**1,324**	**5,395**
Other	49	14	63
Total	**4,120**	**1,338**	**5,458**
Net income / (expenditure) before exceptional item	**(761)**	**(664)**	**(1,425)**
Exceptional item			
Settlement and curtailment income on closure to future accrual of defined benefit pension scheme	1,235	-	1,235
Net income / (expenditure) after exceptional item	474	(664)	**(190)**
Net gains / (losses) on investments	(252)	(952)	(1,204)
Net income / (expenditure)	**222**	**(1,616)**	**(1,394)**
Transfers between funds	(187)	187	-
Other recognised gains / (losses):			
Loss on disposal of fixed assets	-	-	-
Valuation of heritage assets	-	38	38
Actuarial (loss)/gain on defined benefit pension scheme	1,198	-	1,198
Net movement on funds	**1,233**	**(1,391)**	**(158)**
Reconciliation of funds:			
Total funds brought forward	9,821	9,045	18,866
Total funds carried forward	**11,054**	**7,654**	**18,708**

EGLWYS BRESBYTERAIDD CYMRU - THE PRESBYTERIAN CHURCH OF WALES

England & Wales - Charity number 1132022

Accounts

Presbyterian Church of Wales

(Registered Charity Number 1132022)

Annual report

For the year ended 31 December 2022

Presbyterian Church of Wales

Annual Report for the Year Ended 31 December 2022

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Presbyterian Church of Wales
Trustees, Officers and Advisers

Legal status of the Presbyterian Church of Wales

The Presbyterian Church of Wales (also known as the Calvinistic Methodist Church of Wales) ("the Church") is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution adopted in 2008, together with its Handbook of Order and Rules, Constitutional Deed 1826, The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, and the Calvinistic Methodist or Presbyterian Church of Wales (Amendment) Act 1959. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

Trustees

The trustee appointments are confirmed at the Annual General Meeting, the General Assembly each year before completing induction activities.

The trustees, who served during the year to 31 December 2022, and up to the date of approval of the financial statements, are as follows:

Mrs Kathryn Morris	Treasurer of the Association in the South
Rev Brian H Jones	Chair of the Ministries Department and Chair of Trustees
Rev Elwyn Richards	Clerk of the Association in the North
Mr Hywyn Pritchard	Treasurer of the General Assembly
Rev J Paul Morgan	Treasurer of the Association in the East
Mr Dewi Lewis-Jones	Treasurer of the Association in the North
Rev T Evan Morgan	Moderator of General Assembly
Mr Stephen Wynn	Chair of the Resources Department and Properties Board
Mr Ian Hayward	Clerk of the Association in the East
Mr Anthony Platt	Clerk of the Association in the South
Mr Cliff Williams	Co-opted

Principal Address

Presbyterian Church of Wales
Tabernacle Chapel
81 Merthyr Road
Whitchurch
Cardiff CF14 1DD

Principal Officers

Rev Meirion Morris	General Secretary (Retired 30th June 2022)
Rev Nan Powell-Davies	General Secretary (Appointed 1st July 2022)
Mrs Ffion Williams	Head of Corporate
Mrs Joanna Thomas-Wright	Head of Strategic Support
Rev Wayne Adams	Assistant Director of Ministries (Appointed 1st September 2022)
Mr Hedd Morgan	Assistant Director of Ministries (Appointed 1st August 2022)
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support

Bankers

Barclays Bank plc
85 High Street
Blackwood
NP2 1ZA

Independent Auditors

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

Presbyterian Church of Wales
Trustees, Officers and Advisers

Investment Managers

Investec Bank plc
2 Gresham Street
London
EC2V 7QN

Actuaries and Pension Administrator

Barnett Waddingham LLP
St James's House
St James's Square
Cheltenham
Glos GL50 3PR

Investment Managers (Properties Board Deposit)

Barclays Wealth and Investments
1 Churchill Place
Canary Wharf
London
E14 5HP

Health and Safety Advisors

CDM Consultant Limited
12 Moriah Mews
Risca
Newport
NP11 6RL

Solicitors (including Charity and Employment Law)

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Connexional Property Solicitors

ADVE Solicitors
33 High Street
Lampeter
Ceredigion
SA48 7BB

Presbyterian Church of Wales
Annual Report of the Trustees

The trustees are pleased to present their annual report together with the audited consolidated financial statements of the Presbyterian Church of Wales ("the Church") for the year ended 31 December 2022. The financial statements have been prepared on a going concern basis in compliance with the applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP): Accounting and Reporting by charities in preparing their financial statements in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102).

Charitable Status

The Church was registered as a charity with the Charity Commission for England and Wales on 7 October 2009. Prior to registration the Presbyterian Church of Wales was an excepted charity. This registration covers the central body of the Presbyterian Church of Wales only and does not cover local churches, Presbyteries or the Association in the three provinces. Discussions are on-going with the Charity Commission in relation to the constitution and whether or not one central registration could cover the whole Church in the future.

Church objectives

The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ. We seek to achieve this purpose by:

- preaching the Gospel, administering the sacraments, pastoral care of local churches, holding meetings for fellowship and prayer;
- religious biblical education and training in the Faith;
- missionary work and evangelising at home and abroad, setting people aside for this work;
- providing and publishing literature;
- setting an example of Christian life and good works;
- serving our communities and our country through practical activity;
- taking a stand for justice and peace in the world;
- safeguarding our environment in every possible way.

In order to meet its objectives the General Assembly, together with the trustees, and its constituent courts review annually the developments, activities, achievements and performance of the Church.

In planning and reviewing its activities the Church has considered the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion.

Organisational structure

The ultimate decision making body of the Presbyterian Church of Wales is the General Assembly which meets annually. The General Assembly is representative of the whole Church with representatives being nominated by the General Assembly Board and Departments of General Assembly and also the Association in the three Provinces and the 14 Presbyteries.

The day to day running of the Presbyterian Church of Wales and the implementation of the decisions of General Assembly is carried out by the General Assembly Board and its Executive Committee/Trustees Group with specific issues dealt with by six departments. Each department presents a report annually to the General Assembly through the General Assembly Board.

It is only the transactions and the assets and liabilities controlled by the General Assembly Board and the Departments which are included in these financial statements. The charity registration covers these funds only. Inter-fund grants, debtors and creditors are eliminated on consolidation.

All transactions and assets/liabilities administered by local churches, Presbyteries and the Association in the three provinces are excluded from these financial statements.

The Properties Board of the Calvinistic Methodist Church of Wales or the Presbyterian Church of Wales ("Properties Board") is the custodian trustee of the Presbyterian Church of Wales. The Properties Board, a body corporate created by The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. All such funds are used in accordance with the objects of the Presbyterian Church of Wales.

The funds are held separately from other assets of the Presbyterian Church of Wales. The Properties Board has a separate bank account and the majority of funds are managed by Barclays Wealth Management .

At a local level, the Presbyterian Church of Wales is comprised of the Association in the three provinces (the North and South Association being mainly Welsh speaking with the Association in the East being the English speaking section of the Church). Each Association is divided into Presbyteries of which there are 14 in total. Each individual local church is a member of a Presbytery; the sizes of the current Presbyteries vary from 22 churches up to 67 churches. There were 496 churches at 31st December 2022 (2021: 530 churches).

Related parties

The Church undertakes some of its work at its centres at Bala and Trefeca. These centres have been established as separate charities although they both report to the Resources Department. The Candidates and Training Department Fund has also been established as a separate charity and reports to the Ministries Department.

The transactions of these three charities are fully consolidated into the financial statements. The principal contact addresses and main activities of each charity are:

Coleg y Bala, Ffordd Ffrydan, Y Bala, Gwynedd, LL23 7RY

- Coleg y Bala continues to be the Church's training centre for children and young people and continues to employ gap year students as part of its programme.

Coleg Trefeca, Trefeca, Brecon, Powys, LD3 0PP

- Coleg Trefeca continues to be the Lay Training Centre for the Church and the work is guided by the Candidates and Training Department Fund. The Centre was closed from May to October 2023 as it was used to accommodate refugees from Ukraine.

Candidates and Training Department Fund, Tabernacle Chapel, Merthyr Road, Cardiff, CF14 1DD

- The object of the charity is to provide training for ministry for the Presbyterian Church of Wales.

In addition, the Church is the ultimate controlling party of the Welsh Calvinistic Methodist Assurance Trust. The principal activity of the company was that of an insurance company. However, the company ceased to trade in 2006 and is currently dormant.

Copies of the financial statements of all the above entities can be obtained from the General Secretary of the Presbyterian Church of Wales at the principal address shown on page 3. A summary of the results and financial position of the three charities is set out below:

Presbyterian Church of Wales
Annual Report of the Trustees

	Coleg Y Bala Year Ended 31 December 2022 £'000	Coleg Trefeca Year ended 31 December 2022 £'000	Candidates and Training Department Fund Year ended 31 December 2022 £'000
Income			
From Presbyterian Church of Wales	128	77	35
Charitable Activities (incl course fees)	34	3	-
Investment income and interest	4	1	9
Other	21	403	-
	187	**484**	**44**
Expenditure			
Salaries and wages	48	57	40
Other	124	166	76
	172	**223**	**116**
Surplus / (Deficit)	**15**	**261**	**(72)**

	Coleg Y Bala 31 December 2022 £'000	Coleg Trefeca 31 December 2022 £'000	Candidates and Training Department Fund 31 December 2022 £'000
Tangible Fixed Assets	87	286	-
Heritage Assets	-	279	-
Investments	-	-	320
Fixed Assets	**87**	**565**	**320**
Net Current Assets/(Liabilities)	154	226	302
	241	**791**	**622**
Unrestricted Funds	241	512	622
Restricted Funds	-	279	-
Total Funds	**241**	**791**	**622**

Summary of developments, activities, achievements and performance

The developments, activities and achievements of the Church are reviewed in the reports of the General Assembly Board and the departments published in the General Assembly proceedings.

During 2022, the previous General Secretary and Director of Ministries, Revd Meirion Morris retired, and the Revd Nan Powell Davies, the Assistant Director of Ministries was promoted to the role. The Assistant Director of Ministries post was filled by the Revd Wayne Adams and Mr Hedd Morgan.

In January of 2022, we launched our quinquennial appeal towards the work of Christian Aid. The 2022 appeal, called 'Seeds of Hope' was focussed on raising money for projects supporting those who are affected by climate change, specifically in Kenya and Honduras. The appeal began with the Moderator of the General Assembly walking 5KM in each Presbytery promoting the appeal throughout Wales,

One of the undoubted highlights over the past year was to have been able to offer the facilities at Trefeca College as an Emergency Centre, then a Welcome Centre to our brothers and sisters who had been displaced from their homes due to the Russian invasion of Ukraine. We worked with the Welsh Government and Powys County Council to provide a safe place for them to stay while in Wales, as well as supporting them to settle and find more permanent homes. The Centre was utilised in this way from

April to October 2022.

As the pandemic abated during 2022, the number of churches that brought the cause to an end or merged with another congregation increased, resulting in a decrease in membership. With this decline in our traditional ways of doing things, the church invited applications from all Presbyteries for 14 new posts in Pioneering ministry aimed at fresh expressions of church and reaching people who we do not currently attract via our traditional ministry.

Following the decision that Coleg Trefeca would no longer be funded internally from 2023, and Coleg y Bala from 2024, potential partnerships have been sought. The Ministries Department accepted a business plan from an internal partner which will see the College form renewed relationships with churches within the Connexion and outside. Opportunities will also be sought to partner with other faith groups, as well as secular groups that share our ethos, such as those supporting people with addiction. The future vision of Children and Youth work and Coleg y Bala is still ongoing.

Financial review

Incoming resources

The primary source of income continues to be the Ministry and Mission Contribution (formerly Connexional Contribution) which is used towards the financing of our Ministers, Mission and Field workers throughout the Church. The continuing financial viability of the Church is dependent upon the contributions of membership as assessed annually and reflected in the Ministry and Mission Contribution. Contributions receivable increased from £2,049k in 2021 to £2,113k in 2022 due to the fall in membership being offset by no Covid rebate being given in 2022 as there had been in 2020 and 2021 (2020: £146k, 2021: £139k).

The Church's overall income decreased from £4,087k in 2021 to £4,033k in 2022, due to a decrease in other income as noted below being largely offset by an increase in income received by the colleges and centres from £28k in 2021 to £425k in 2022. The amount receivable from hosting refugees from Ukraine at Coleg Trefeca of £388k accounting for most of this increase. Investment income decreased from £413k in 2021 to £354k in 2022 due to prevailing market conditions and the change in investment policy restricting investment in certain sectors.

The main item within other income is a proportion of the proceeds of sale of buildings which is transferred to the central funds as income, and this sum decreased from £1,076k in 2021 to £916k in 2022. There were no furlough reclaims through the Covid job retention scheme in 2022 resulting in a reduction in other income as the sums of £441k and £320k were reclaimed in 2020 and 2021 respectively.

A summary of the main categories of income is shown below:

	£'000	%
Ministry and Mission Contributions	2,113	52.4
Donations, legacies and grants	88	2.2
Investment income and interest	354	8.8
Income from Colleges and Centres	425	10.5
Other	1,053	26.1
Total	**4,033**	**100**

Expenditure

The main item of expenditure continues to be Ministry benefits which comprises the stipend, employer pension contributions and employers national insurance of all ministers. In addition the salary, employer pension contributions and employers national insurance of contracted employees promoting the interests of the Church through the Ministries Department are included as ministry benefits. A proportion of support is allocated to Ministerial Benefits (see Note 8).

A summary of the main categories of expenditure and their percentage of the total is as follows:

	£'000	%
Ministry benefits	4,109	75.3
Ecumenical and PCW contributions	769	14.1
Colleges and centres Costs	517	9.5
Other	63	1.1
Total	**5,458**	**100**

Results

The net outgoing resources, before movements in investments, actuarial gains and losses and an exceptional item, have increased from a deficit of £931k in 2021 to a deficit of £1,425k in 2022.

The movement can be principally attributed to the decrease in income as noted above and an increase expenditure from £5,018k in 2021 to £5,458k in 2022. The increase was principally attributed to an increase in support costs from £986k in 2021 to £1,214k in 2022 (see note 8), together with an increase in costs incurred by the colleges from £286k in 2021 to £396k in 2022 (excluding support costs) after resuming activities once restrictions were eased.

The net movement in funds in 2022 after investment gains and losses, actuarial gains and losses on the pension scheme and an exceptional item in relation to the closure of the defined benefit pension scheme to future accrual was a deficit of £158k (2021: surplus of £2,017k). In 2022 unrealised losses on investments were £1,204k and unrealised actuarial gains on the pension scheme were £1,198k (2021: unrealised gains of £1,156k and £1,774k respectively).

Ministry and mission contribution (formerly Connexional contribution)

A detailed review of overdue debts is regularly undertaken by the Association in each of the three provinces and by the Executive Committee/Trustee Group. During the year, there has been a significant increase of £54k (13%) in the gross debtor from £409k at 31 December 2021 to £463k at 31 December 2022.

A bad debt charge of £215k has been made against overdue Ministry and Mission contributions. The charge has increased by £26k in 2022 and represents a specific charge against 25 overdue amounts.

Capital expenditure

During the year, capital expenditure of £109k was incurred at Coleg y Bala £87k, Coleg Trefeca £17k and the General Assembly office £5k; (2021: £13k was incurred on a fixed asset residential property).

Heritage Assets

In accordance with the provisions of FRS 102 (para 34.50 -34.56), the value of the Howell Harris Museum together with artefacts transferred from the National Library of Wales, Aberystwyth in 2014, located at Coleg Trefeca and included in the financial statements of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £279k (2021: £241k). The valuation used an insurance value and the trustees consider this a cost effective valuation method for this type of asset. There are further details in Note 1 – Statement of accounting policies and Note 11 – Heritage assets to the financial statements.

Investment policy and performance

The General Assembly in 2021 confirmed an updated investment policy to allow wider diversification of assets in the portfolio subject the Church ethical and environmental policies. The resolution notes that the assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes should include cash, bonds, equities, property, structured products, commodities and any other asset that is deemed suitable. Assets should not be invested in hedge funds or private equity.

The Church has an agreed customised benchmark and strategic asset allocation for the portfolio and measuring performance with the investment managers. The strategic asset allocation is noted below and it is estimated 75% of the portfolio will be direct holdings and 25% via pooled funds

	Strategic Asset Allocation	Benchmark
UK Equities	45%	FTSE All Share Index
Overseas Equities	30%	FTSE World (Ex UK) Index
Fixed Interest	15%	FTSE Government All Stocks Index
Property	5%	IPD Monthly Index
Infrastructure	5%	Bank of England Base Rate (+2%)
Cash	0%	

During the year to 31 December 2022, the performance of the fund was -9.50% against the benchmark of -5.81%.

Investment performance is monitored by the executive committee appointed by the Resources Department and Properties Board by means of quarterly reports and at least one meeting per year with the investment manager.

Investment properties

The Church holds 11 properties for investment purposes all of which were valued in 2022. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was transferred from fixed assets in 2022 and was transferred at net book value and one property was purchased in 2022, both were revalued at 31 December by a Chartered Surveyor. All properties are scheduled to be valued every three years. In the intervening years market values are adjusted using a recognised index.

Ten properties are residential; the ninth property was acquired in 2012 at a market value of £180k, as per a chartered surveyors report. The property is a commercial property, located next to the central office in Whitchurch, Cardiff and was previously managed by the trustees of Tabernacle Chapel, Whitchurch, Cardiff.

Resources expended

The Church does not undertake any fund-raising activities and, consequently, there are no costs of generating funds to disclose.

Charitable Expenditure can be broadly divided into three activities:

i) *Ministry Benefits* are costs of service (including stipend, employers national insurance and pension costs) for ministers in pastorates together with those ministers serving the Church in other posts. This amount also includes the costs of those employees serving the Church through the Ministries Department.

ii) *Ecumenical and PCW Contributions* are amounts paid to partner organisations throughout Wales and worldwide to promote the objects of the Church through Mission and Ministry. The contributions are analysed between internal Church amounts, those relating to Wales/United Kingdom and those to international churches and church bodies. These sums include annual affiliations to UK and International inter-church organisations.

iii) *Colleges and centres costs* relate to all amounts incurred by Coleg y Bala and Coleg Trefeca in their work as the centre for training children and young people and lay training centre respectively.

Support costs are allocated based upon an estimate of the proportion of staff time that has been spent on each charitable activity. The appropriateness of this split is reviewed annually as part of the preparation of the financial statements; and the current percentage allocation is 55% ministry benefits, 35% ecumenical/PCW contributions and 10% colleges and centres costs.

Risk management

The Church has developed a risk strategy to identify, assess and monitor the risks that the Church may be exposed to. A comprehensive risk register is reviewed annually by the General Assembly Board and the trustees. A further review of the strategy and the risk register is to be carried out in 2023 to assess the impact of Covid-19 on the activities and finances of the Church.

The Executive Committee/Trustees Group, in conjunction with the General Assembly Board, have developed a rolling plan to mitigate the major risks to which the organisation is exposed. Major risks are those which may have significant impact on:

- the effective governance of the Church;
- the ability to finance all current activities;
- legislative compliance including Health and Safety, Employment Law and the protection of children and vulnerable adults.
- the reputation of the Church; and
- operational performance given the continued decline in ministers and members.

The Board and trustees prioritise the risks according to the likelihood of occurrence and potential impact. The trustees have linked the setting and monitoring of objectives to this risk management exercise by defining risks as those occurrences which prevent the Presbyterian Church of Wales from achieving its objectives.

Reserves policy

The Church's policy is to maintain the amount of total reserves at the equivalent of 2 years' worth of expenditure. Current levels of annual expenditure require reserves to be maintained at £10,000k. At this level, the trustees believe that they would be able to continue the current activities of the Church in the event of a drop in income. At 31 December 2022 total reserves were £18,708k (2021: £18,866k) and the trustees have agreed a financial forecast to reduce reserves to £10,000k over a five to ten year period (excluding any Pension reserve which stood at £6,798k at the end of 2022). Further consideration is to

be given to ensuring sufficient reserves are held in cash, noting that a further £1,084k is held in long term debt through the mortgage and car loan schemes, and whether a specific sum should be set aside to fund any future deficit in the Church's defined benefit pension scheme. It is therefore deemed that sufficient and appropriate resources are held to enable each fund to be applied in accordance with any restrictions.

The value in the pension reserve has been calculated in accordance with the provisions of FRS102.

The Executive Committee/Trustees Group intend to review the adequacy of the current reserves policy in the light of their financial forecasts; these forecasts to be reconsidered in detail in 2023 and 2024 taking into account the impact of the Covid-19 pandemic on the activities and finances of the Church at all levels.

Investment review

Market Commentary (from Investment Manager Investec January 2023)

Few investors will look back fondly on 2022, a year in which they suffered the rare combination of losses in both equities and bonds. World equity indices closed at their highest level on the first trading day of the year and suffered a series of declines before finding some sort of floor in October. Although corporate earnings expectations have held up well in aggregate, the valuation that investors have been willing to ascribe to those earnings has been progressively reduced owing to the rising level of both cash interest rates and government bond yields. These, in turn, were driven higher by increasingly aggressive moves by central banks to tighten monetary policy in the face of rising inflation. The persistence of higher inflation was, perhaps, the defining factor of the past year, although its origins are still the subject of heated debate. Disruption from the Covid pandemic was a culprit, with supply chains thrown into disarray, but that should eventually normalise. The lagged effects of very loose fiscal and monetary are also being felt. Then there are the more direct results of Russia's invasion of Ukraine, especially in terms of energy prices in Western Europe, as well as other geopolitical shifts that have put obstacles in the way of the continued expansion of global trade. All of which leaves the outlook for 2023 somewhat cloudy, with threats of recession hanging over the global economy. This could finally undermine corporate earnings. On a more positive note, the annual rate of inflation does seem to have peaked, and there is a growing expectation that the interest rate cycle will also top out within the next twelve months. Both of these factors will finally lay the foundations for a new bull market to emerge. And after a year during which the UK had four Chancellors of the Exchequer and three Prime Ministers, greater political stability would also be welcomed.

The Bloomberg consensus World GDP growth forecast for 2022 started the year at 4.4% and hit a trough of 2.9% in August. There is some consolation in the fact that estimates have not deteriorated since then, with economists now expecting a growth rate of 3%. There is no expectation of a quick recovery in 2023, with the current forecast of 2.1% being perilously close to the sub-2% level that is widely regarded as being the definition of a "global recession".

We end 2022 with expectations for global inflation still at their peak of 7.45%, as are forecasts for 2023, which currently sit at 5.2%. But the underlying trend should be lower as the effects of tighter monetary policy are felt through the economy.

One of the biggest uncertainties for 2023 is the path of corporate earnings. Analysts' "bottom up" forecasts remain remarkably resilient, but strategists' "top down" forecasts are less sanguine. This mismatch of expectations could be resolved within the first few months of the year, and we suspect in favour of the strategists. Thus, we retain a somewhat cautious stance on equities for now.

The relaxation of China's zero-Covid stance was initially greeted with enthusiasm, but the release of the virus into a population with limited immunity has created new threats of short-term disruption. Even so, the worst effects should have been felt within the next few weeks.

It is important to be mindful of the fact that equity markets will start to recover long before the economy or earnings. We expect market sentiment to recover during 2023.

Performance

In 2022 the portfolio was disadvantaged by not being able to invest in sectors which are precluded by the Church ethical investment policy. The total return on Presbyterian Church of Wales fund was -9.50% for 2022 compared with the return from the benchmark of -5.81%.

The value of the fund solely managed by Investec Bank Plc was £9,414k as at 31 December 2022 (2021: £10,772k) There was no capital withdrawal/addition from/to the portfolio in either 2021 or 2022.

The Presbyterian Church of Wales funds are long term investments and the current asset allocation and benchmark within the portfolio are noted above in the section on investment policy and performance. In the light of the adoption of a new broader investment policy by the General Assembly, the Resources Department adopted a new asset allocation of the portfolio and in particular investing in overseas equities, property unit trusts and alternatives to further diversify the portfolio. The Church has adopted an environmental policy and therefore divesting from oil and gas stocks was a requirement of the new portfolio.

ESG (Environmental, Social and Governance) issues are factors in measuring the sustainability and societal impact of investing in particular companies and will continue to be prevalent in setting investment strategies.

COVID-19

The impact of the measures to combat the spread of Covid-19 affected the work of the Church at both local and central level. A number local churches which closed in March 2020 have decided not to reopen. The centres at Bala and Trefeca have taken appropriate measures to and reopened in accordance with guidelines issued by the relevant public health authorities.

The Executive Committee/Trustees Group are considering the risk register, financial forecasts and reserves policy in the light of the effects of the Covid-19 pandemic including potential loss of revenue should membership numbers fall by greater than previously forecasted.

Future developments

The following items will hopefully be considered by the Board and departments in 2023 with recommendations or progress updates presented to the General Assembly in 2023.

- the 2022 Christian Aid appeal 'Seed of Hope';
- the implementation of the recommendations from the review of the centres and the development of the work at Coleg Trefeca and Coleg y Bala;
- the ongoing programme to enable pioneer ministries throughout the Presbyteries;
- the development of a practical ten-point guide to the Church environmental policy covering types of energy, net zero buildings and heating, fair trade, investments etc;
- the possibility of securing the benefits in the defined benefit pension scheme with an insurance company;
- the development of pastoral care for Ministers and workers including the establishment of a pastoral care team;
- the report on the work of the Interdenominational Protection Panel;
- the latest from the Golud scheme, 'Living with Dementia' and;
- the potential to strengthen the relationship with the Presbyterian Church of India.

By order of the trustees

.....
Trustee

Date: 16 June 2023

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity/group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the trustees

Trustee

Date: 16 June 2023

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Opinion
We have audited the financial statements of Presbyterian Church of Wales (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31st December 2022 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Statement of Cash Flows and notes to the financial statements , including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31st December 2022, and of the group's 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 Charities Act 2011.

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

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

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

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

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

We have nothing to report in this regard.

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

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

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

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

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

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

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

•Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;

•Reviewing minutes of meetings of those charged with governance;

•Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;

•Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

•Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

Use of our report

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

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Azets Audit Services

Azets Audit Services
Chartered Accountants & Statutory Auditor
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CF23 8AB

Date: 30 June 2022

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2022

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income from generated funds:					
Ministry and mission contributions		2,113	-	2,113	2,049
Donations		44	27	71	69
Legacies		-	6	6	-
Grants		4	7	11	30
Income from investments	3	157	197	354	413
Income from charitable activities:					
Colleges and centres		-	425	425	28
Other income	4	1,041	12	1,053	1,498
Total		**3,359**	**674**	**4,033**	**4,087**
Expenditure on:					
Charitable activities:					
Ministry benefits	6	3,418	691	4,109	3,916
Ecumenical and PCW contributions	7	542	227	769	685
Colleges and centres costs		111	406	517	385
		4,071	1,324	5,395	4,986
Other		49	14	63	32
Total		**4,120**	**1,338**	**5,458**	**5,018**
Net income / (expenditure) before exceptional item		**(761)**	**(664)**	**(1,425)**	**(931)**
Exceptional item Settlement and curtailment income on closure to future accrual of defined benefit pension scheme		1,235	-	1,235	-
Net income / (expenditure) after exceptional item		474	(664)	**(190)**	-
Net gains / (losses) on investments	12	(252)	(952)	(1,204)	1,156
Net income / (expenditure)		**222**	**(1,616)**	**(1,394)**	**225**
Transfers between funds		(187)	187	-	-
Other recognised gains / (losses):					
Loss on disposal of fixed assets		-	-	-	-
Valuation of heritage assets	11	-	38	38	18
Actuarial (loss)/gain on defined benefit pension scheme	9	1,198	-	1,198	1,774
Net movement on funds		**1,233**	**(1,391)**	**(158)**	**2,017**
Reconciliation of funds:					
Total funds brought forward		9,821	9,045	18,866	16,849
Total funds carried forward		**11,054**	**7,654**	**18,708**	**18,866**

The statement of financial activities incorporates the statement of comprehensive income.

All activities are continuing.

Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2022

	Note	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Fixed assets					
Tangible fixed assets	10	381	581	8	224
Heritage assets	11	279	241	-	-
Investments	12	12,258	12,999	11,938	12,632
		12,918	13,821	11,946	12,856
Current assets					
Stock	13	2	6	-	-
Debtors	14	2,269	2,123	2,545	2,333
Short term deposits		224	264	12	12
Cash at bank and in hand		511	778	107	382
		3,006	3,171	2,664	2,727
Creditors: amounts falling due within one year	15	(794)	(629)	(1,176)	(720)
Net current assets		**2,212**	**2,542**	**1,488**	**2,007**
Creditors: amounts falling due after more than 1 year	15	(3,220)	(2,256)	(3,220)	(2,256)
Net assets excluding pension scheme asset		**11,910**	**14,107**	**10,214**	**12,607**
Pension scheme surplus	9	6,798	4,759	6,798	4,759
Net assets		**18,708**	**18,866**	**17,012**	**17,366**
Funds					
Unrestricted	16	4,256	5,062	4,256	5,062
Pension reserve		6,798	4,759	6,798	4,759
		11,054	9,821	11,054	9,821
Restricted	17	7,654	9,045	5,958	7,545
Total funds		**18,708**	**18,866**	**17,012**	**17,366**

The financial statements on pages 18 to 40 were approved by the Board of Trustees on 16 June 2023 and signed on its behalf by:

.....
Trustee

KBMorris
.....
Trustee

Presbyterian Church of Wales
Consolidated Cash Flow Statement for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Reconciliation of net expenditure to net cash generated from /(used by)			
Net (expenditure)		(1,425)	(931)
Adjustments for:			
Investment income	3	(354)	(413)
Pension Fund	9	394	436
Depreciation charges	10	94	96
Add:			
Decrease / (Increase) in stocks	13	4	-
Decrease / (increase) in debtors	14	(146)	(59)
Increase in creditors	15	165	59
Net cash generated from/(used by) operating activities		(1,268)	(812)
Statement of cash flows			
Cash flows from operating activities			
Net cash generated from/ (used by) operating activities		(1,268)	(812)
Cash flows from investing activities:			
Interest from investments		354	413
Purchase of investments		(7,646)	(1,052)
Proceeds from sale of investments		7,398	1,052
Proceeds from sale of fixed assets		-	-
Purchase of property, plant and equipment		(109)	(13)
Net cash provided by investing activities		(1,271)	(412)
Cash flows from financing activities:			
Cash inflows from new borrowing		964	752
Net cash provided by (used in) financing			
Change in cash and cash equivalents		(307)	340
Cash & cash equivalents at 1 January		1,042	702
Cash & cash equivalents at 31 December		**735**	**1,042**
Cash equivalents at the year end comprise:			
Short term deposits		224	264
Cash at bank and in hand		511	778
Cash & cash equivalents at 31 December		**735**	**1,042**

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2022

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the revaluation of certain land and buildings, heritage assets and investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011, using consistently applied accounting policies. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements consolidate those of Coleg y Bala, Trefeca College, the Candidates and Training Department Fund and the Welsh Calvinistic Methodist Assurance Trust (dormant). In accordance with the Charities SORP, no separate Statement of Financial Activities has been presented for the Church alone.

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

Fund accounting

The purpose of the unrestricted funds (note 16) is to finance the general running of the Presbyterian Church of Wales. The primary source of income is the Ministry and Mission Contribution (formerly Connexional Contribution), the levy paid by each church within the Connexion. Unrestricted funds are used to finance the day to day running of the Church including the General Assembly and its constituent Boards and the administrative office in Cardiff.

Restricted funds (note 17) are funds subject to specific restrictive conditions imposed by the donor or by the purpose of an appeal. The principal restricted fund relates to the Ministries Department (formerly Life and Witness Board) General Fund (an amalgamation of the JJ Maintenance of Ministry, Mission Board and Christian Education Board Funds), the purpose of which is restricted to financing ministerial costs and mission work.

All income and expenditure is shown in the Statement of Financial Activities.

Accruals

The financial statements have been prepared on an accruals basis. All liabilities are recognised at their settlement value.

Incoming resources

Income from donations and gifts, legacies and grants is recognised on a receivable basis when there is sufficient certainty of receipt and the value of the incoming resource can be measured with sufficient reliability.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Expenditure on tangible fixed assets with a cost below £3,000 is not capitalised.

Depreciation is charged by equal annual instalments to write down the cost of the assets to their expected residual values over their estimated useful lives at the following rates:

Buildings	2% per annum
Motor vehicles	20% per annum
Computer equipment	20% per annum
Fixtures and fittings	10% - 20% per annum
Property improvements	5% per annum

Freehold land is not depreciated. The useful economic lives of fixed assets are reviewed at the end of each accounting period along with a review for impairment where indicators of potential impairment are identified. There has been no change in the rates of depreciation in the year.

Heritage Assets

The Howell Harris Museum at Coleg Trefeca shows aspects of the life of Howell Harris, whose 1735 conversion led to the founding of Welsh Methodism; also the community 'Teulu Trefeca', which he established at the College in 1752. The displays include a room as it might have been in Harris' time, an outdoor preaching scene and panels telling his story. A collection of 32 religious books, most of which were printed by the 'Trevecka press' in the late eighteenth century are displayed in rotation in the museum along with artefacts and furniture from Harris's period at the College.

The museum also houses artefacts of the Presbyterian Church of Wales which were previously housed at the National Library of Wales. Items include furniture, silverware and other items of historical significance.

In accordance with the provisions of FRS 102, heritage assets have been included in the financial statements at their insurance valuation contained within the College policy with Ecclesiastical Insurance. The insurance value is reassessed annually. Any costs to maintain the museum or its artefacts are charged to the Statement of Financial Activities as incurred. The assets are deemed to have indeterminate lives and therefore no depreciation is charged.

The museum is managed by the trustees of College and on a day to day basis by the centre manager. Details of the artefacts are kept at the College. Additions to the museum can be made by way of donation. Any purchases or disposals (in exceptional circumstances) require the approval of the trustees and the Church through the General Assembly Board. The museum and artefacts are generally accessible Monday to Friday between 10am and 4pm. Coleg Trefeca and the museum were closed from March 2020 to May 2021 due to Covid-19 and again from May to October 2022 whilst the centre hosted refugees from Ukraine.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

Fixed asset Investments

(a) Listed investments are stated at market values based on bid prices at 31 December 2022. Profits and losses on sales of investments are calculated by reference to the opening carrying amount and are transferred directly to the relevant funds. Unrealised revaluation surpluses or deficits are also included in the relevant funds movement. Both profits and losses on disposals and unrealised surpluses or deficits arising on revaluation of investments are reported in the Statement of Financial Activities.

(b) Investment properties are included in the balance sheet at fair value. Professional valuations are performed every three years on each property and market values are index linked in the intervening years. Depreciation is not provided on investment properties as the properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. Depreciation or amortisation is only one of the many factors reflected in the property valuation and the amount which might otherwise have been shown cannot be identified. A valuation of investment properties was undertaken for the year ending 31st December 2022. Under normal circumstances valuations are undertaken every 3 years and revalued using a recognised index in the intervening years.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries. The scheme was closed to future accrual on 30 September 2022

The scheme is accounted for in accordance with the requirements of FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a separate fund entitled 'Pension Reserve' which is added or deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

As from 1 October 2022 active members were transferred to a defined contribution scheme administered by Cushon. In order to comply with auto enrolment regulations the Church operates, in addition to the scheme administered by Cushon, another defined contribution scheme administered by AEGON for those ministers and employees who were not part of the defined benefit scheme and have not elected to join the new Cushon defined contribution scheme.

Taxation

The Church is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Church's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Consolidation

The consolidated financial statements incorporate the results of the Church and each of its subsidiaries for the financial year ended 31 December 2022. Intra-group balances and transactions are eliminated on consolidation. Uniform accounting policies are applied across the group.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Defined benefit pension scheme

The Church has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 9.

The Trustees consider that there are no further significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

2. Results of Connected Charities *

(excludes grant received from the Church)*

	2022 £'000	2021 £'000
Incoming resources		
Course fees	34	27
Shop sales	2	-
Donations, grants and legacies	423	40
Investment income	10	14
HMRC Furlough reclaims	-	49
Sundry income	6	4
Total incoming resources	475	134
Resources Expended		
Charitable activities	506	393
Other	7	5
Total resources expended	513	398
Net outgoing resources	**(38)**	**(264)**

These results relate to the three connected charities, Candidates and Training Department, Coleg Trefeca & Coleg y Bala and exclude any grants received from the Presbyterian Church of Wales

3. Investment income

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investment Income				
Unit trusts	21	16	20	15
Property unit trusts	4	-	4	-
Overseas fixed interest	8	-	8	-
Oversea equities	22	-	21	-
UK Fixed Interest and cash	36	22	35	21
UK Equities	197	304	190	294
Investment Property	66	71	66	71
	354	**413**	**344**	**401**

4. Other Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Bank interest	-	6	6	2
Loan interest receivable	32	-	32	29
HMRC furlough reclaim	-	-	-	320
Profit on sales of chapels and manses	916	-	916	1,076
Sundry income	4	6	10	24
Pension – interest	89	-	89	47
Total – Group	**1,041**	**12**	**1,053**	**1,498**

5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2022 £'000	Total 2021 £'000
Ministry benefits	3,669	440	4,109	3,916
Ecumenical and PCW contributions	173	596	769	685
College and centre costs	49	72	121	99
Other	-	63	63	32
Total Charity	**3,891**	**1,171**	**5,062**	**4,732**
College and centre costs	106	290	396	286
Total Group	**3,997**	**1,461**	**5,458**	**5,018**

Staff costs		
Stipends, wages and salaries	2,491	2,664
Social security costs	243	225
Redundancy and termination costs	191	-
Pension costs	1,072	1,061
	3,997	**3,950**

The total number of employees by function was:	2022 Number	2021 Number
Ministers – full time	38	40
Ministers – part time	8	8
Field workers	42	45
Colleges and centres	6	7
Administration	16	21
	110	**121**

Trustees

3 of the trustees (2021: 6) received a total of £125,385 in 2022 (2021: £175,468) in stipend or salary (including employer pension contributions) as Ministers within the Presbyterian Church of Wales.

6 of the trustees (2021: 9) received a total of £2,700 in 2022 (2021: £2,900) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

5 of the trustees (2021: 10) who served during the year received a total of £6,699 in 2022 (2021: £2,592) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

During the year the group made payments for redundancy and settlement payments totalling £261,597 (2021: £6,773). There were no amounts outstanding in relation to the above, at the balance sheet date.

The number of employees whose emoluments for the year fell within the following bands were:

	Total 2022 No	Total 2021 No
In the band £90,000 - £99,999	1	-
In the band £100,000 - £109,999	1	-

The number of higher paid employees to whom retirement benefits were accruing is as follows:

	Total 2022 No	Total 2021 No
In the band £90,000 - £99,999	1	-
In the band £100,000 - £109,999	1	-

An augmentation payment of £60,000 was made to the defined benefit pension scheme for higher paid employees in the year.

Key Management Personnel:
The total amount paid to key management personnel for their services to the group during the year totalled £598,605 (2021: £403,187).

6. Ministry benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Stipends and salaries	1,698	628	2,326	2,281
Pastoral expenses	-	11	11	-
Support costs (note 8)	616	52	668	542
	2,314	691	3,005	2,823
Pension costs:				
Contributions paid	589	-	589	578
Current service pension costs	483	-	483	483
Pension audit	32	-	32	32
	1,104	-	1,104	1,093
Total ministers benefits	**3,418**	**691**	**4,109**	**3,916**

7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
International	2	16	18	2
Wales/UK	83	34	117	101
Ministers, workers, candidates, Association, Presbyteries and local churches	65	144	209	237
Support costs (note 8)	392	33	425	345
	542	**227**	**769**	**685**

8. Support costs

	Ministry Benefits £'000	Allocation of Ecumenical and PCW Contributions £'000	College and Centre costs £'000	Total 2022 £'000	Total 2021 £'000
Salaries & wages	271	173	49	493	515
Travelling & subsistence	41	26	8	75	41
Utility costs	30	19	5	54	34
Property & general insurances	24	15	4	43	37
Printing & stationery	29	18	5	52	36
Postage & telephone	25	16	5	46	35
Repairs, maintenance & improvements	12	8	2	22	12
Leasing charges	19	12	4	35	31
Equipment & materials	29	18	5	52	31
Legal & professional charges	143	91	26	260	140
Audit fees	24	16	4	44	38
Depreciation	4	2	1	7	11
Advertising & publicity	1	-	-	1	1
Course fees	-	1	-	1	1
Bad debt charge	15	9	3	27	22
Publishing costs	1	1	-	2	1
	668	**425**	**121**	**1,214**	**986**

Basis of allocation

Support costs are allocated on the basis of the estimated percentage allocation of staff time spent on each charitable activity.

9. Pension costs

The Presbyterian Church of Wales (the Church) operates a defined benefit pension arrangement called the Presbyterian Church of Wales Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2021 and the next valuation of the Scheme is due as at 31 December 2024. In the event that the valuation reveals a larger deficit than expected the Church may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

The Scheme is managed by a board of Trustees appointed in part by the Church and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisors where appropriate.

The scheme closed to future accrual of pension benefits on 30 September 2022. As a result this valuation accounts for a curtailment during the period of £1,235,000.

Assumptions

The principal actuarial assumptions used to calculate Scheme liabilities are:

	31 December 2022	31 December 2021
Discount rate	4.80%	1.80%
Inflation: RPI	3.45%	3.65%
Inflation: CPI	2.95%	3.20%
Pension increases in payment:		
Discretionary increase	0.00%	0.00%
CPI capped at 5.0% per annum	2.75%	3.10%
CPI capped at 2.5% per annum	1.95%	2.20%

CPI capped rates	Pension accrued between 6 April 1997 and 5 April 2005 increases each year in payment in line with CPI to a maximum of 5% and pension accrued from 6 April 2005 increases in line with CPI to a maximum of 2.5%. For the avoidance of doubt, future pension increases in deferment are assumed to be in line with the CPI assumption
Retirements	All members retire at National Retirement Age (NRA)
Post retirement mortality	2022 100% of the S3PA tables with the CMI_2021 projections using a long-term rate of improvement of 1.25% per annum. The weighting parameter for 2020 and 2021 mortality experience is nil. 2021 95% of the S2PA tables with the CMI_2017 projections using a long-term rate of improvement of 1.25% per annum.
Commutation	80% of members are assumed to take of the maximum tax free cash possible

The weighted average duration of the defined benefit obligation is around 12 years.

Life expectancy:

The life expectancy figures requested (using the 2022 mortality assumptions, as at 31 December 2022) are as follows

Life expectations for a retiree at age 65	
Today	
Male (years)	22.0
Female (years)	24.4
In 20 years	
Male (years)	23.3
Female (years)	25.8

Assets

The major categories of assets as a percentage of total assets are as follows:

	31 December 2022	31 December 2021
Equities	0%	32%
Other assets	0%	6%
Fixed interest gilts	17%	0%
Index-linked gilts	44%	31%
Corporate bonds	28%	29%
Cash	11%	2%
Total	**100%**	**100%**

The total value of assets as at 31 December 2022 was £22,839,000 (2021: £32,600,000).

The assets do not include any investment in the Church.

Amounts Recognised in the Balance Sheet

	2022 £'000	2021 £'000
Fair value of plan assets	22,839	32,600
Present value of funded obligations	(16,041)	(27,841)
Surplus	**6,798**	**4,759**

Amounts Recognised in the Summary of Financial Activities over the year

	2022 £'000	2021 £'000
Current service cost	571	804
Administrative costs	242	114
Interest on liabilities	490	361
Interest on assets	(579)	(408)
Past service cost	206	139
Settlement and curtailment cost	(1,235)	-
Total	**(305)**	**1,010**

Remeasurements over the year

	2021 £'000	2021 £'000
Loss / (gain) on scheme assets in excess of interest	9,349	(1,019)
Experience losses / (gains) on liabilities	(1,137)	-
(Losses) / gains from changes to demographic assumptions	(212)	-
(Losses) / gains from changes to financial assumptions	(9,198)	(755)
Total	**(1,198)**	**(1,774)**

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2022 £'000	2021 £'000
Fair value of assets at the beginning of the year	32,600	31,657
Interest on assets	579	408
Employer contributions	536	574
Contributions by Scheme participants	120	161
Benefits paid (net of expenses)	(1,405)	(1,105)
Administration costs	(242)	(114)
Return on assets less interest	(9,349)	1,019
Fair value of assets at the end of the year	**22,839**	**32,600**

Actual return on scheme assets £8,770,000 (2021: £1,427,000)

The change in defined benefit liabilities over the year was:

	2022 £'000	2021 £'000
Defined benefit liabilities at the beginning of the year	27,841	28,236
Current service cost	571	804
Contributions by Scheme participants	120	161
Past service cost	206	139
Interest cost	490	361
Benefits paid (net of expenses)	(1,405)	(1,105)
Changes due to settlements and curtailments	(1,235)	-
Experience (gain) / loss on liabilities	(1,137)	-
Changes to demographic assumptions	(212)	-
Changes to financial assumptions	(9,198)	(755)
Defined benefit liabilities at the end of the year	**16,041**	**27,841**

10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
Cost					
At 1 January 2022	13	232	526	1,384	2,155
Transfer to investment property	-	(232)	-	-	(232)
Additions	17	-	92	-	109
At 31 December 2022	30	-	618	1,384	2,032
Accumulated Depreciation					
At 1 January 2022	13	17	412	1,132	1,574
Eliminated on transfer	-	(17)	-	-	(17)
Charge for the year	2	-	25	67	94
At 31 December 2022	15	-	437	1,199	1,651
Net book value					
At 31 December 2022	**15**	**-**	**181**	**185**	**381**
At 31 December 2021	-	215	114	252	581
Charity					
Cost/					
At 1 January 2022	-	232	93	-	325
Transfer to investment property	-	(232)	-	-	(232)
Additions	-	-	5	-	5
At 31 December 2022	-	-	98	-	98
Accumulated Depreciation					
At 1 January 2022	-	17	84	-	101
Eliminated on transfer	-	(17)	-	-	(17)
Charge for the year	-	-	6	-	6
At 31 December 2022	-	-	90	-	90
Net book value					
At 31 December 2022	**-**	**-**	**8**	**-**	**8**
At 31 December 2021	-	215	9	-	224

11. Heritage Assets

The Group's Heritage assets are included at the insurance valuation as follows:

	2022 £'000	2021 £'000
31 December	279	241

There were no additions or disposals in 2022 or 2021 and the estimated increase in the value of the heritage assets of £38,000 (2021: £18,000) has been credited as an unrealised gain on valuation of Heritage Asset.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

12. Investments

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 January	12,999	11,843	12,632	11,506
Transfer from fixed assets	215	-	215	-
Additions	7,646	1,052	7,395	1,016
Disposals	(7,398)	(1,052)	(7,146)	(1,016)
(Losses) / Gains on investments	(1,204)	1,156	(1,158)	1,126
At 31 December	**12,258**	**12,999**	**11,938**	**12,632**
Cost at 31 December	**11,266**	**9,838**	**10,962**	**9,504**
Investment property	2,777	2,138	2,777	2,138
Unit trusts	643	1,286	622	1,242
UK Fixed interest securities	548	1,164	529	1,124
UK Equities	3,335	7,557	3,224	7,303
UK Property	403	-	389	-
International fixed interest securities	499	406	482	392
International equities	3,152	127	3,045	123
Alternative assets	698	-	674	-
Investment company	-	108	-	104
Cash	203	213	196	206
Market value of investments	**12,258**	**12,999**	**11,938**	**12,632**

The Charity has recognised realised gains on sales of investments of £nil (2021: £nil).

There was no holding in investments greater than 5% of the total market value of quoted investments in 2022. The following represent investments valued at greater than 5% of the total market value of quoted investments in 2021 and the equivalent holding at 31 December 2022.

	2022	2021
Jupiter Investment Management UK mid cap	1.79%	5.30%
UK Government Fixed Interest 1.75%, 2022	-	5.09%

Investment properties consist of 11 properties (2021: 9) throughout Wales. All are valued every 3 years and all 11 were valued at market value during 2022, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele, four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was transferred from fixed assets in 2022 and was transferred at net book value and one property was purchased in 2022. Both properties added in 2022 were revalued at 31 December by Chartered Surveyors. All properties are due to be valued again in 2025. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Ten properties are residential and one is a commercial property which was acquired in 2012 from a local church.

13. Stock

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Goods for resale and consumables	2	6	-	-

14. Debtors

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debtors less than one year:				
Ministry and mission contributions	248	220	248	220
Loans and mortgages	124	196	124	196
Other debtors and prepayments	813	802	1,089	1,012
	1,185	**1,218**	**1,461**	**1,428**
Debtors more than one year:				
Loans and mortgages	1,084	905	1,084	905
	2,269	**2,123**	**2,545**	**2,333**

Loans and mortgages comprise car loans and mortgages relating to residential property which are made available to ministers and employees of the church.

The maximum car loan available is £6,500 (£8,500 for purchase of an electric car) repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans.

The maximum mortgage available is £175,000 repayable over a maximum period of 30 years, at an interest rate of 3%. There are certain exceptions to these terms within the mortgage rules set by the Church and each case will be considered on an individual basis. The mortgage is secured by a first charge against the property.

15. Creditors:

Amounts falling due within one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Creditors and accruals	424	249	806	340
Other liabilities	370	380	370	380
	794	**629**	**1,176**	**720**

Amounts falling due after more than one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loan from the Properties Board of the Presbyterian Church of Wales	3,220	2,256	3,220	2,256
	3,220	**2,256**	**3,220**	**2,256**

The loans are unsecured and bear interest at variable rates. The loans have no fixed repayment terms, but the lender has confirmed that they do not intend to seek repayment within 12 months of the year end.

16. Movement in Unrestricted Funds

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Unrestricted Funds	5,062	3,270	(3,637)	(252)	(187)	4,256
Pension Reserve	4,759	89	(483)	2,433	-	6,798
Total Group and Charity	**9,821**	**3,359**	**(4,120)**	**2,181**	**(187)**	**11,054**

Prior year

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Unrestricted Funds	4,507	3,459	(3,350)	562	(116)	5,062
Pension Reserve	3,421	47	(483)	1,774	-	4,759
Total Group and Charity	**7,928**	**3,506**	**(3,833)**	**2,336**	**(116)**	**9,821**

17. Movement in Restricted Funds

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Ministries Department	4,373	159	(757)	(668)	(53)	3,054
Robert Davies Trust	400	-	-	(46)	-	354
Historical Society	7	2	(2)	-	-	7
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	32	-	(62)	-	50	20
Moderators Fund	19	-	(7)	-	-	12
Davies Lecture Trust	114	3	-	(23)	-	94
Sale of Theological College Fund	1,471	-	-	(169)	-	1,302
Sale of Chapels Fund	1,128	-	(14)	-	-	1,114
Total Charity	**7,545**	**164**	**(842)**	**(906)**	**(3)**	**5,958**
Coleg y Bala	226	59	(172)	-	128	241
Coleg Trefeca	251	407	(223)	-	77	512
Howell Harris Museum and Artefacts	241	-	-	38	-	279
Candidates and Training Department Fund	741	44	(101)	(46)	(15)	623
Welsh Calvinistic Methodist Assurance Trust	41	-	-	-	-	41
	1,500	**510**	**(496)**	**(8)**	**190**	**1,696**
Total Group	**9,045**	**674**	**(1,338)**	**(914)**	**187**	**7,654**

Prior year

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Ministries Department	4,397	388	(712)	422	(122)	4,373
Robert Davies Trust	371	-	-	29	-	400
Historical Society	8	2	(3)	-	-	7
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	43	10	(71)	-	50	32
Moderators Fund	22	-	-	-	(3)	19
Davies Lecture Trust	105	3	(1)	7	-	114
Sale of Theological College Fund	1,364	-	-	107	-	1,471
Sale of Chapels Fund	1,128	-	-	-	-	1,128
Total Charity	**7,439**	**403**	**(787)**	**565**	**(75)**	**7,545**
Coleg y Bala	211	47	(129)	-	97	226
Coleg Trefeca	301	63	(157)	-	44	251
Howell Harris Museum and Artefacts	223	-	-	18	-	241
Candidates and Training Department Fund	707	67	(112)	29	50	741
Welsh Calvinistic Methodist Assurance Trust	40	1	-	-	-	41
	1,482	**178**	**(398)**	**47**	**191**	**1,500**
Total Group	**8,921**	**581**	**(1,185)**	**612**	**116**	**9,045**

18. Analysis of Group Net Assets

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2022 £'000
Unrestricted funds	8	5,742	(1,494)	4,256
Total	**8**	**5,742**	**(1,494)**	**4,256**
Restricted funds				
Ministries Department	-	4,632	(1,578)	3,054
Robert Davies Trust	-	320	34	354
Historical Society	-	-	7	7
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	20	20
Moderators Fund	-	-	13	13
Davies Lecture Trust	-	67	27	94
Sale of Theological College Fund	-	1,177	125	1,302
Sale of Chapels Fund	-	-	1,114	1,114
Coleg Y Bala	87	-	154	241
Coleg Trefeca	286	-	226	512
Howell Harris Museum	279	-	-	279
Candidates & Training Fund Charity	-	320	302	622
Welsh Calvinistic Methodist Assurance Trust	-	-	41	41
Total	**652**	**6,516**	**486**	**7,654**
Total net assets (excluding pension asset)	**660**	**12,258**	**(1,008)**	**11,910**

Prior year

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2021 £'000
Unrestricted funds	224	5,530	(692)	5,062
Total	**224**	**5,530**	**(692)**	**5,062**
Restricted funds				
Ministries Department	-	5,300	(927)	4,373
Robert Davies Trust	-	366	34	400
Historical Society	-	-	7	7
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	32	32
Moderators Fund	-	-	19	19
Davies Lecture Trust	-	90	24	114
Sale of Theological College Fund	-	1,346	125	1,471
Sale of Chapels Fund	-	-	1,128	1,128
Coleg Y Bala	28	-	198	226
Coleg Trefeca	329	-	(78)	251
Howell Harris Museum	241	-	-	241
Candidates & Training Fund Charity	-	367	374	741
Welsh Calvinistic Methodist Assurance Trust	-	-	41	41
Total	**598**	**7,469**	**978**	**9,045**
Total net assets (excluding pension asset)	**822**	**12,999**	**286**	**14,107**

19. Related Party Transactions

In accordance with paragraph 33.1A of FRS 102, the Church has not needed to disclose related party transactions with the exemptions afforded group entities.

At the year-end no trustee (2021: none) of the Church had an outstanding mortgage from the Church. At the year-end no trustee (2021: none) had an outstanding car loan from the Church with a value of £nil (2021: £nil). Additionally, three members of senior staff of the Church (2021: five) had outstanding mortgages and car loans from the Church with an aggregate value of £173,489 at year end (2021: £181,842). Total interest of £5,031 (2021: £5,601) was payable in relation to these balances relating to trustees and senior staff during the year.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which one (2021: five) has an outstanding mortgage and car loan with the Church with an aggregate value of £58,754 (2021: £80,454). Total interest of £1,979 (2021: £2,292) was payable in relation to these balances relating to close relatives of senior staff during the year. A close relative of a senior staff member has undertaken contracted work to the value of £1,800.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2021: nil) with a value of £nil (2021: £nil). Total interest of £nil (2021: £nil) was payable in relation to those balance relating to a close relative of a Trustees during the year.

20. Prior year analysis of unrestricted and restricted income and expenditure

	Unrestricted funds	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Income from generated funds:			
Ministry and mission contributions	2,049	-	2,049
Donations	44	25	69
Legacies	-	-	-
Grants	4	26	30
Income from investments	178	235	413
Income from charitable activities:			
Colleges and centres	-	28	28
Other income	1,231	267	1,498
Total	**3,506**	**581**	**4,087**
Expenditure on:			
Charitable activities:			
Ministers benefits	3,256	660	3,916
Ecumenical and PCW contributions	460	225	685
Colleges and centres costs	93	292	385
	3,809	**1,177**	**4,986**
Other	24	8	32
Total	**3,833**	**1,185**	**5,018**
Net income / (expenditure)	**(327)**	**(604)**	**(931)**
Net gains / (losses) on investments	562	594	1,156
Net income / (expenditure)	**235**	**(10)**	**225**
Transfers between funds	(116)	116	-
Other recognised gains / (losses):			
Loss on disposal of fixed assets	-	-	-
Valuation of heritage assets	-	18	18
Actuarial gain on defined pension scheme	1,774	-	1,774
Net movement on funds	**1,893**	**124**	**2,017**
Reconciliation of funds:			
Total funds brought forward	7,928	8,921	16,849
Total funds carried forward	**9,821**	**9,045**	**18,866**

EGLWYS BRESBYTERAIDD CYMRU - THE PRESBYTERIAN CHURCH OF WALES

England & Wales - Charity number 1132022

Accounts

Presbyterian Church of Wales

(Registered Charity Number 1132022)

Annual report

For the year ended 31 December 2021

Presbyterian Church of Wales

Annual Report for the Year Ended 31 December 2021

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Presbyterian Church of Wales
Trustees, Officers and Advisers

Legal status of the Presbyterian Church of Wales

The Presbyterian Church of Wales (also known as the Calvinistic Methodist Church of Wales) ("the Church") is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution adopted in 2008, together with its Handbook of Order and Rules, Constitutional Deed 1826, The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, and the Calvinistic Methodist or Presbyterian Church of Wales (Amendment) Act 1959. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

Trustees

The trustee appointments are confirmed at the Annual General Meeting, the General Assembly each year before completing induction activities.

The General Assembly at its meeting on 13th October 2020 approved the following temporary changes made by the Executive Committee/Trustees Group for the Covid-19 period:

- Reverend Marcus Wyn Robinson to continue as Moderator. The Moderator elect Rev Evan Morgan would be invited as a non-voting member.
- Moderators from the past 10 years were invited to join the Executive Committee/Trustees Group as Co-opted members.
- All Co-opted members of the Executive Committee/Trustees Group were given voting rights.

These temporary governance measures ceased in August 2021 and Rev Evan Morgan was installed as Moderator at the hybrid General Assembly held virtually and at Seilo Chapel, Caernarfon in September 2021.

The trustees, who served during the year to 31 December 2021, and up to the date of approval of the financial statements, are as follows:

Mr Idris O Hughes	Chair of the Resources Department and Properties Board and Deputy Chair of Trustees – retired 26 July 2021
Mrs Kathryn Morris	Treasurer of the Association in the South
Rev Brian H Jones	Chair of the Ministries Department and Chair of Trustees
Rev Michael Ward	Clerk of the Association in the East – retired 9 November 2021
Rev Elwyn Richards	Clerk of the Association in the North
Mr Hywyn Pritchard	Treasurer of the General Assembly
Rev J Paul Morgan	Treasurer of the Association in the East
Rev Marcus Robinson	Moderator of General Assembly retired – 21 September 2021
Mr Dewi Lewis-Jones	Treasurer of the Association in the North
Rev T Evan Morgan	Moderator of General Assembly – appointed 21 September 2021
Mr Stephen Wynn	Chair of the Resources Department and Properties Board – appointed 26 July 2021
Mr Ian Hayward	Clerk of the Association in the East – appointed 9 November 2021
Mr Anthony Platt	Clerk of the Association in the South – appointed 29 July 2021
Mr Cliff Williams	Co-opted
Rev Dafydd Andrew Jones	Co-opted past Moderator and Clerk of the Association in the South retired 3 August.2021
Rev Brian Matthews	Co-opted past Moderator – retired 3 August 2021
Rev Neil Kirkham	Co-opted past Moderator – retired 3 August 2021
Rev Trefor Lewis	Co-opted past Moderator – retired 3 August 2021
Rev Robert Roberts	Co-opted past Moderator – retired 3 August 2021

Principal Address

Presbyterian Church of Wales
Tabernacle Chapel
81 Merthyr Road
Whitchurch
Cardiff CF14 1DD

Presbyterian Church of Wales
Trustees, Officers and Advisers

Principal Officers

Rev Meirion Morris	General Secretary
Mrs Ffion Williams	Head of Corporate
Mrs Joanna Thomas-Wright	Head of Strategic Support
Rev Gwyn Rhydderch	Head of Projects and Communication
Rev Nan Powell-Davies	Assistant Director of Ministries
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support
Mrs Sian Edwards	Manager – Coleg y Bala (joint)
Mr Owain Edwards	Manager – Coleg y Bala (joint)
Miss Mair Jones	Manager – Coleg Trefeca
Rev W Bryn Williams	Academic Director
Mrs Eleri Melhuish	Head of Administration
Miss Carys Moseley	Church and Society Liaison Officer

Bankers

Barclays Bank plc
85 High Street
Blackwood
NP2 1ZA

Investment Managers

Investec Bank plc
2 Gresham Street
London
EC2V 7QN

Investment Managers (Properties Board Deposit)

Barclays Wealth and Investments
1 Churchill Place
Canary Wharf
London
E14 5HP

Connexional Solicitors

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Employment Solicitors

Keelys LLP
28 Dam Street
Lichfield
Staffordshire
WS13 6AA

Independent Auditors

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

Actuaries and Pension Administrator

Barnett Waddingham LLP
St James's House
St James's Square
Cheltenham
Glos GL50 3PR

Health and Safety Advisors

CDM Consultant Limited
12 Moriah Mews
Risca
Newport
NP11 6RL

Connexional Property Solicitors

ADVE Solicitors
33 High Street
Lampeter
Ceredigion
SA48 7BB

Presbyterian Church of Wales
Annual Report of the Trustees

The trustees are pleased to present their annual report together with the audited consolidated financial statements of the Presbyterian Church of Wales ("the Church") for the year ended 31 December 2021. The financial statements have been prepared on a going concern basis in compliance with the applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP): Accounting and Reporting by charities in preparing their financial statements in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102).

Charitable Status

The Church was registered as a charity with the Charity Commission for England and Wales on 7 October 2009. Prior to registration the Presbyterian Church of Wales was an excepted charity. This registration covers the central body of the Presbyterian Church of Wales only and does not cover local churches, Presbyteries or the Association in the three provinces. Discussions are on-going with the Charity Commission in relation to the constitution and whether or not one central registration could cover the whole Church in the future.

Church objectives

The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ. We seek to achieve this purpose by:

- preaching the Gospel, administering the sacraments, pastoral care of local churches, holding meetings for fellowship and prayer;
- religious biblical education and training in the Faith;
- missionary work and evangelising at home and abroad, setting people aside for this work;
- providing and publishing literature;
- setting an example of Christian life and good works;
- serving our communities and our country through practical activity;
- taking a stand for justice and peace in the world;
- safeguarding our environment in every possible way.

In order to meet its objectives the General Assembly, together with the trustees, and its constituent courts review annually the developments, activities, achievements and performance of the Church.

In planning and reviewing its activities the Church has considered the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion.

Organisational structure

The ultimate decision making body of the Presbyterian Church of Wales is the General Assembly which meets annually. The General Assembly is representative of the whole Church with representatives being nominated by the General Assembly Board and Departments of General Assembly and also the Association in the three Provinces and the 14 Presbyteries.

The day to day running of the Presbyterian Church of Wales and the implementation of the decisions of General Assembly is carried out by the General Assembly Board and its Executive Committee/Trustees Group with specific issues dealt with by six departments. Each department presents a report annually to the General Assembly through the General Assembly Board.

It is only the transactions and the assets and liabilities controlled by the General Assembly Board and the Departments which are included in these financial statements. The charity registration covers these funds only. Inter-fund grants, debtors and creditors are eliminated on consolidation.

All transactions and assets/liabilities administered by local churches, Presbyteries and the Association in the three provinces are excluded from these financial statements.

The Properties Board of the Calvinistic Methodist Church of Wales or the Presbyterian Church of Wales ("Properties Board") is the custodian trustee of the Presbyterian Church of Wales. The Properties Board, a body corporate created by The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. All such funds are used in accordance with the objects of the Presbyterian Church of Wales.

The funds are held separately from other assets of the Presbyterian Church of Wales. The Properties Board has a separate bank account and the majority of funds are managed by Barclays Wealth Management (see note 19).

At a local level, the Presbyterian Church of Wales is comprised of the Association in the three provinces (the North and South Association being mainly Welsh speaking with the Association in the East being the English speaking section of the Church). Each Association is divided into Presbyteries of which there are 14 in total. Each individual local church is a member of a Presbytery; the sizes of the current Presbyteries vary from 24 churches up to 63 churches. There were 530 churches at 31st December 2021 (2020: 557 churches).

Related parties

The Church undertakes some of its work at its centres at Bala and Trefeca. These centres have been established as separate charities although they both report to the Resources Department. The Candidates and Training Department Fund has also been established as a separate charity and reports to the Ministries Department.

The transactions of these three charities are fully consolidated into the financial statements. The principal contact addresses and main activities of each charity are:

Coleg y Bala, Ffordd Ffrydan, Y Bala, Gwynedd, LL23 7RY

- Coleg y Bala continues to be the Church's training centre for children and young people and continues to employ gap year students as part of its programme.

Coleg Trefeca, Trefeca, Brecon, Powys, LD3 0PP

- Coleg Trefeca continues to be the Lay Training Centre for the Church and the work is guided by the Candidates and Training Department Fund.

Candidates and Training Department Fund, Tabernacle Chapel, Merthyr Road, Cardiff, CF14 1DD

- The object of the charity is to provide training for ministry for the Presbyterian Church of Wales.

In addition, the Church is the ultimate controlling party of the Welsh Calvinistic Methodist Assurance Trust. The principal activity of the company was that of an insurance company. However, the company ceased to trade in 2006 and is currently dormant.

Copies of the financial statements of all the above entities can be obtained from the General Secretary of the Presbyterian Church of Wales at the principal address shown on page 3. A summary of the results and financial position of the three charities is set out below:

Presbyterian Church of Wales
Annual Report of the Trustees

	Coleg Y Bala Year Ended 31 December 2021 £'000	Coleg Trefeca Year ended 31 December 2021 £'000	Candidates and Training Department Fund Year ended 31 December 2021 £'000
Income			
From Presbyterian Church of Wales	97	44	92
Charitable Activities (incl course fees)	7	20	-
Investment income and interest	2	-	12
Other (incl grants and furlough reclaims)	38	43	13
	144	**107**	**117**
Expenditure			
Salaries and wages	48	46	47
Other	81	111	65
	129	**157**	**112**
Surplus / (Deficit)	**15**	**(50)**	**5**

	Coleg Y Bala 31 December 2021 £'000	Coleg Trefeca 31 December 2021 £'000	Candidates and Training Department Fund 31 December 2021 £'000
Tangible Fixed Assets	28	329	-
Heritage Assets	-	241	-
Investments	-	-	367
Fixed Assets	**28**	**570**	**367**
Net Current Assets/(Liabilities)	198	(78)	374
	226	**492**	**741**
Unrestricted Funds	226	251	741
Restricted Funds	-	241	-
Total Funds	**226**	**492**	**741**

Summary of developments, activities, achievements and performance

The developments, activities and achievements of the Church are reviewed in the reports of the General Assembly Board and the departments published in the General Assembly proceedings.

During 2021, the Church has sought to respond pastorally and practically to the differing needs of our congregations, as well as promoting our aims and objectives. The period has continued to offer both challenges and opportunities, and we seek to balance the need to allow churches to familiarise themselves with the new landscape, while also encouraging and supporting them to embrace necessary change.

One of the undoubted successes over the past year has been the way that churches have adapted to the use of digital and virtual platforms to ensure a connection with the membership, while at the same time, welcome new people into these events. Presbyteries and Departments have sought to provide practical training and financial resources to realise the new aspirations engendered by the restrictions around movement etc, and many of our churches have continued to offer both face to face and virtual attendance as the restrictions have lifted. The Church has also mandated that all administrative meetings, at all levels, should provide the same availability with respect to access.

The Church has also looked beyond our own boundaries, and in the Spring, responded to the need to provide ventilation equipment and plant to manufacture oxygen at two of our former Mission Hospitals in North East India who were particularly stretched by the number of Covid 19 patients. A sum of £64,000 was donated and, following appropriate checks, was used to purchase the equipment.

As we continue to identify opportunities to promote and support our work, we are currently seeing an increased interest in new ministry, and the different manifestations of that new ministry locally. Amongst the projects which we have agreed to fund this year, there is a community and sports chaplaincy, a farminary project, as well as continued support for new church plants and new expressions of church community.

In collaboration with the Council for World Mission, and in partnership with our partners in Wales, we have launched the Golud Scheme, which aims to promote awareness and good practice with reference to Dementia Friendly Church, as well as ensuring that those who live with Dementia will be able to treasure faith within their circumstances.

The adoption of our Environmental Policy has coincided with an increased awareness around our responsibilities in responding to the climate emergency. This work included, amongst many considerations, our attitudes to expenditure and use of our buildings locally, our attitude to national and international travel, and our attitude to Investment Policy. It is hoped that we will identify a Climate Champion to promote the Policy and equip our congregations.

Financial review

Incoming resources

The primary source of income continues to be the Ministry and Mission Contribution (formerly Connexional Contribution) which is used towards the financing of our Ministers, Mission and Field workers throughout the Church. The continuing financial viability of the Church is dependent upon the contributions of membership as assessed annually and reflected in the Ministry and Mission Contribution. Contributions receivable decreased from £2,183k in 2020 to £2,049k in 2021 due to the fall in membership of c6%. The rates charged for 2021 were frozen at 2020 levels and a rebate of 25% of one quarters contribution was again given to the churches in 2021 and this amounted to £139k (2020: £146k).

The Church's overall income decreased from £4,344k in 2020 to £4,087k in 2021, due to a decrease in the Ministry and Mission contribution as noted above together with a decrease in other income as noted below. Investment income, however, increased from £346k in 2020 to £413k in 2021 but remained below the 2019 level of £476k. Income from the colleges and centres was consistent with 2020 at £28k (2020: £26k). The centres at Bala and Trefeca were closed for periods during both years due to the Covid-19 restrictions.

The main item within Other Income is a proportion of the proceeds of sale of buildings which is transferred to the central funds as income, and this sum increased from £1,039k in 2020 to £1,076k in 2021. The sum of £320k (2020: £441k) that was reclaimed in respect of furlough through the job retention scheme is also included within Other Income.

A summary of the main categories of income is shown below:

	£'000	%
Ministry and Mission Contributions	2,049	50.1
Donations, legacies and grants	99	2.4
Investment income and interest	413	10.1
Income from Colleges and Centres	28	0.7
Other	1,498	36.7
Total	**4,087**	**100**

Expenditure

The main item of expenditure continues to be Ministry benefits which comprises the stipend, employer pension contributions and employers national insurance of all ministers. In addition the salary, employer pension contributions and employers national insurance of contracted employees promoting the interests of the Church through the Ministries Department are included as ministry benefits. A proportion of support is allocated to Ministerial Benefits (see Note 8).

A summary of the main categories of expenditure and their percentage of the total is as follows:

	£'000	%
Ministry benefits	3,916	78.0
Ecumenical and PCW contributions	685	13.7
Colleges and centres Costs	385	7.7
Other	32	0.6
Total	**5,018**	**100**

Results

The net outgoing resources, before movements in investments, have increased from a deficit of £340k in 2020 to a deficit of £931k in 2021.

The movement can be principally attributed to the decrease in income as noted above whilst expenditure had also increased from £4,684k in 2020 to £5,018k in 2021. The increase was principally attributed to an increase in current pension service costs from £158k in 2020 to £483k in 2021 (see note 6).

The net movement in funds in 2021 after investment gains and losses and actuarial gains and losses on the pension scheme was a surplus of £2,017k (2020: deficit of £2,416k). Unrealised gains on investments and unrealised actuarial gains on the pension scheme in 2021 were £1,156k and £1,774k respectively (2020: unrealised losses of £835k and £1,241k respectively).

Ministry and mission contribution (formerly Connexional contribution)

A detailed review of overdue debts is regularly undertaken by the Association in each of the three provinces and by the Executive Committee/Trustee Group. During the year, there has been a marginal decrease of £6k in the gross debtor from £415k at 31 December 2020 to £409k at 31 December 2021.

A bad debt charge of £189k has been made against overdue Ministry and Mission contributions. The charge has increased by £18k in 2021 and represents a specific charge against 23 overdue amounts.

Capital expenditure

During the year, capital expenditure was incurred on a fixed asset residential property of £13k; (2020: £12k was incurred in respect of fixtures and fittings at Coleg Trefeca).

Heritage Assets

In accordance with the provisions of FRS 102 (para 34.50 -34.56), the value of the Howell Harris Museum together with artefacts transferred from the National Library of Wales, Aberystwyth in 2014, located at Coleg Trefeca and included in the financial statements of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £241k (2020: £223k). The valuation used an insurance value and the trustees consider this a cost effective valuation method for this type of asset. There are further details in Note 1 – Statement of accounting policies and Note 11 – Heritage assets to the financial statements.

Investment policy and performance

The Church has an agreed customised benchmark for measuring performance with the investment managers. The benchmark is based on mid points of asset allocation parameters.

	Asset Allocation Parameters	Benchmark
UK Equities	75% - 85% (70% - 80%)	80% (75%)
Fixed Interest	15% - 25% (15% - 25%)	20% (20%)
Cash	0% - 5% (0% - 10%)	0% (5%)

During the year to 31 December 2021, the performance of the fund was +12.15% against the benchmark of +13.38%.

The General Assembly in 2021 confirmed an updated investment policy to allow wider diversification of assets in the portfolio subject the Church ethical and environmental policies. The resolution notes that the assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes should include cash, bonds, equities, property, structured products, commodities and any other asset that is deemed suitable. Assets should not be invested in hedge funds or private equity.

Discussions are ongoing with the investment manager regarding a more diversified portfolio. As part of this process updated asset allocation parameters and benchmark will be set during 2022. Consideration is also being given to adopting a total returns basis for the portfolio.

Investment performance is monitored by the executive committee appointed by the Resources Department and Properties Board by means of quarterly reports and at least one meeting per year with the investment manager.

Investment properties

The Church holds nine properties for investment purposes seven of which were valued in 2017. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and two by Seel & Co (Chartered Surveyors), Cardiff. In the intervening years market values are adjusted using a recognised index. All properties were due be valued again in 2020 but the Executive Committee/Trustee Group deemed it impractical due the Covid-19 restrictions in place in 2020 and 2021. All properties will now be revalued in 2022. One property was transferred from fixed assets in 2019 as the property was no longer required for a member of staff and has been let commercially. The property was transferred at net book value and revalued using the recognised index in 2019, 2020 and 2021. A further property was purchased in 2019 and was revalued at the end of 2019, 2020 and 2021 using the recognised index.

Eight properties are residential; the ninth property was acquired in 2012 at a market value of £180k, as per a chartered surveyors report. The property is a commercial property, located next to the central office in Whitchurch, Cardiff and was previously managed by the trustees of Tabernacle Chapel, Whitchurch, Cardiff.

Resources expended

The Church does not undertake any fund-raising activities and, consequently, there are no costs of generating funds to disclose.

Charitable Expenditure can be broadly divided into three activities:

i) *Ministry Benefits* are costs of service (including stipend, employers national insurance and pension costs) for ministers in pastorates together with those ministers serving the Church in other posts. This amount also includes the costs of those employees serving the Church through the Ministries Department.

ii) *Ecumenical and PCW Contributions* are amounts paid to partner organisations throughout Wales and worldwide to promote the objects of the Church through Mission and Ministry. The contributions are analysed between internal Church amounts, those relating to Wales/United Kingdom and those to international churches and church bodies. These sums include annual affiliations to UK and International inter-church organisations.

iii) *Colleges and centres costs* relate to all amounts incurred by Coleg y Bala and Coleg Trefeca in their work as the centre for training children and young people and lay training centre respectively.

Support costs are allocated based upon an estimate of the proportion of staff time that has been spent on each charitable activity. The appropriateness of this split is reviewed annually as part of the preparation of the financial statements; and the current percentage allocation is 55% ministry benefits, 35% ecumenical/PCW contributions and 10% colleges and centres costs.

Risk management

The Church has developed a risk strategy to identify, assess and monitor the risks that the Church may be exposed to. A comprehensive risk register is reviewed annually by the General Assembly Board and the trustees. A further review of the strategy and the risk register is to be carried out in 2022 to assess the impact of Covid-19 on the activities and finances of the Church.

The Executive Committee/Trustees Group, in conjunction with the General Assembly Board, have developed a rolling plan to mitigate the major risks to which the organisation is exposed. Major risks are those which may have significant impact on:

- the effective governance of the Church;
- the ability to finance all current activities;
- legislative compliance including Health and Safety, Employment Law and the protection of children and vulnerable adults.
- the reputation of the Church; and
- operational performance given the continued decline in ministers and members.

The Board and trustees prioritise the risks according to the likelihood of occurrence and potential impact. The trustees have linked the setting and monitoring of objectives to this risk management exercise by defining risks as those occurrences which prevent the Presbyterian Church of Wales from achieving its objectives.

Reserves policy

The Church's policy is to maintain the amount of total reserves at the equivalent of 2 years' worth of expenditure. Current levels of annual expenditure require reserves to be maintained at £10,000k. At this level, the trustees believe that they would be able to continue the current activities of the Church in the event of a drop in income. At 31 December 2021 total reserves were £18,866k (2020: £16,849k) and the trustees have agreed a financial forecast to reduce reserves to £12,000k over a five to ten year period (excluding any Pension reserve which stood at £4,759k at the end of 2021). Further consideration is to be given to ensuring sufficient reserves are held in cash, noting that a further £900k is held in long term debt through the mortgage and car loan schemes, and whether a specific sum should be set aside to fund any future deficit in the Church's defined benefit pension scheme. It is therefore deemed that sufficient and appropriate resources are held to enable each fund to be applied in accordance with any restrictions.

The value in the pension reserve has been calculated in accordance with the provisions of FRS102.

The Executive Committee/Trustees Group intend to review the adequacy of the current reserves policy in the light of their financial forecasts; these forecasts to be reconsidered in detail in 2022 taking into account the impact of the Covid-19 pandemic on the activities and finances of the Church at all levels.

Investment review

Market Review

The recovery in 2021 from the negative returns in 2020, following the outbreak of Covid-19, was the most prominent feature of markets in 2021. There was again a disparity in 2021 between equity markets with the UK market lagging behind the US market; the US S&P 500 returned +26.9% in sterling whilst the FTSE 100 in the UK returned +14.3%.

Performance

As in 2020 the portfolio was disadvantaged by only being able to invest in UK equities during a period where global equities performance better. The total return on Presbyterian Church of Wales fund was 12.15% for 2021 compared with the return from the benchmark of +13.38%. The value of the fund solely managed by Investec Bank Plc was £10,772k as at 31 December 2021 (2020: £9,914k and 2019: £10,857k). There was no capital withdrawal/addition from/to the portfolio in either 2020 or 2021.

Outlook

The Presbyterian Church of Wales funds are long term investments and the current asset allocation and benchmark within the portfolio are noted above in the section on investment policy and performance. In the light of the adoption of a new broader investment policy by the General Assembly, the Resources Department have opened discussions with Investec Bank Plc regarding the asset allocation of the portfolio and in particular investing in overseas equities, property unit trusts and alternatives to further diversify the portfolio. The Church has adopted an environmental policy and therefore divesting from oil and gas stocks will be a potential requirement of the new portfolio.

ESG (Environmental, Social and Governance) issues are factors in measuring the sustainability and societal impact of investing in particular companies and will continue to be prevalent in setting investment strategies.

The developing situation between Russia and Ukraine is the most important factor to face markets in early 2022.

Inflation is expected to remain persistent and settle at levels above those pre-Covid. The peak in the UK is forecast for spring 2022 when the household energy price cap will be raised again in response to the record high wholesale gas prices.

Markets viewed positively the successful rollout of vaccinations, although this has not been consistent throughout the world, but are cautious from the dangers posed from any new variants of Covid-19.

Climate change will continue to be increasingly important for markets and the journey to the world achieving net zero emissions by 2050 has begun.

Global growth is forecast to fall from around 5.9% in 2021 to about 4.4% in 2022 reflecting the adjusted forecasts of the two largest economies. Corporate earnings growth has peaked following the first full year of recovery from the pandemic.

COVID-19

The impact of the measures to combat the spread of Covid-19 have affected the work of the Church at both local and central level. A number local churches which closed in March 2020 have decided not to reopen. The centres at Bala and Trefeca have taken appropriate measures to allow reopening in accordance with guidelines issued by the relevant public health authorities.

The Church committee structure had to be curtailed with the Executive Committee/Trustees Group taking on day to day responsibility for matters previously delegated to the General Assembly Board and Departments. These temporary governance measures were ended in August 2021.

The Church has sufficient reserves and investments which are easily realised to cope with any net loss of income arising from the pandemic. Investment income fell by 27% in 2020 but increased by 19% in 2021. Local churches were granted a rebate on their contributions for the second quarter of both 2020 and 2021 and rate payable on their Ministry and Mission contributions was frozen in 2021 as were salaries and stipends for ministers and higher paid employees. The Church has offset this reduction in income by general cost saving measures and taking advantage of the furlough scheme.

The Executive Committee/Trustees Group are considering the risk register, financial forecasts and reserves policy in the light of the effects of the Covid-19 pandemic including potential loss of revenue should membership numbers fall by greater than forecasted. Administrative functions have continued with office staff working from and the colleges at Bala and Trefeca have now reopened.

Future developments

The following items will hopefully be considered by the Board and departments in 2022 with recommendations or progress updates presented to the General Assembly in 2022.

- the 2022 Christian Aid appeal 'Seed of Hope';
- the implementation of the recommendations from the review of the centres, Coleg Trefeca and Coleg y Bala;
- the programme to enable pioneer ministries throughout the Presbyteries;
- the provision of future pension benefits;
- the New Ministry Farminary Project in Pembrokeshire;
- the conversation with our daughter Churches in North East India with respect to new partnership and joining them in celebrating 100 years since the founding of the hospital in Shillong;
- the implementation of the environmental policy adopted by the General Assembly in 2021;
- the formation of a subsidiary trading company;
- and the resolution of the Administrative Strategic Review.

Presbyterian Church of Wales
Annual Report of the Trustees
Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity/group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the trustees

KBMorris

Trustee

Date: 19th May 2022

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Opinion
We have audited the financial statements of Presbyterian Church of Wales (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31st December 2021 which comprise the consolidated and parent Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Statement of Cash Flows and notes to the financial statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31st December 2021, and of the group's 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 Charities Act 2011.

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

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

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

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

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

We have nothing to report in this regard.

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

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

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

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

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

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

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

•Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;

•Reviewing minutes of meetings of those charged with governance;

•Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;

•Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

•Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

Use of our report

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

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Azets Audit Services

Azets Audit Services
Accountants & Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CF23 8AB

Date: 08-06-2022

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Presbyterian Church of Wales
Consolidated Statement of Financial Activities
for the year ended 31 December 2021

	Note	Unrestricted funds	Restricted funds	Total funds 2021	Total funds 2020
		£'000	£'000	£'000	£'000
Income from generated funds:					
Ministry and mission contributions		2,049	-	2,049	2,183
Donations		44	25	69	73
Legacies		-	-	-	-
Grants		4	26	30	92
Income from investments	3	178	235	413	346
Income from charitable activities:					
Colleges and centres		-	28	28	26
Other income	4	1,231	267	1,498	1,624
Total		**3,506**	**581**	**4,087**	**4,344**
Expenditure on:					
Charitable activities:					
Ministry benefits	6	3,256	660	3,916	3,531
Ecumenical and PCW contributions	7	460	225	685	677
Colleges and centres costs		93	292	385	438
		3,809	1,177	4,986	4,646
Other		24	8	32	38
Total		**3,833**	**1,185**	**5,018**	**4,684**
Net income / (expenditure)		**(327)**	**(604)**	**(931)**	**(340)**
Net gains / (losses) on investments	12	562	594	1,156	(835)
Net income / (expenditure)		**235**	**(10)**	**225**	**(1,175)**
Transfers between funds		(116)	116	-	-
Other recognised gains / (losses):					
Loss on disposal of fixed assets		-	-	-	-
Valuation of heritage assets	11	-	18	18	-
Actuarial (loss)/gain on defined benefit pension scheme	9	1,774	-	1,774	(1,241)
Net movement on funds		**1,893**	**124**	**2,017**	**(2,416)**
Reconciliation of funds:					
Total funds brought forward		7,928	8,921	16,849	19,265
Total funds carried forward		**9,821**	**9,045**	**18,866**	**16,849**

The statement of financial activities incorporates the statement of comprehensive income.

All activities are continuing.

Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2021

	Note	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Fixed assets					
Tangible fixed assets	10	581	664	224	222
Heritage assets	11	241	223	-	-
Investments	12	12,999	11,843	12,632	11,506
		13,821	12,730	12,856	11,728
Current assets					
Stock	13	6	6	-	-
Debtors	14	2,123	2,064	2,333	2,268
Short term deposits		264	229	12	12
Cash at bank and in hand		778	473	382	48
		3,171	2,772	2,727	2,328
Creditors: amounts falling due within one year	15	(629)	(570)	(720)	(606)
Net current assets		**2,542**	**2,202**	**2,007**	**1,722**
Creditors: amounts falling due after more than 1 year	15	(2,256)	(1,504)	(2,256)	(1,504)
Net assets excluding pension scheme asset		**14,107**	**13,428**	**12,607**	**11,946**
Pension scheme surplus	9	4,759	3,421	4,759	3,421
Net assets		**18,866**	**16,849**	**17,366**	**15,367**
Funds					
Unrestricted	16	5,062	4,507	5,062	4,507
Pension reserve		4,759	3,421	4,759	3,421
		9,821	7,928	9,821	7,928
Restricted	17	9,045	8,921	7,545	7,439
Total funds		**18,866**	**16,849**	**17,366**	**15,367**

The financial statements on pages 18 to 38 were approved by the Board of Trustees on 19th May 2022 and signed on its behalf by:

Trustee .....

KB Morris

Trustee .....

Presbyterian Church of Wales
Consolidated Cash Flow Statement for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Reconciliation of net expenditure to net cash generated from /(used by)			
Net (expenditure)		(931)	(340)
Adjustments for:			
Investment income	3	(413)	(346)
Pension Fund	9	436	59
Depreciation charges	10	96	97
Add:			
(Increase) in stocks	13	-	-
Decrease / (increase) in debtors	14	(59)	41
Increase in creditors	15	811	628
Net cash generated from/(used by) operating activities		(60)	139
Statement of cash flows			
Cash flows from operating activities			
Net cash generated from/ (used by) operating activities		(60)	139
Cash flows from investing activities:			
Interest from investments		413	346
Purchase of investments		(1,052)	(1,252)
Proceeds from sale of investments		1,052	1,252
Proceeds from sale of fixed assets		-	-
Purchase of property, plant and equipment		(13)	(12)
Net cash provided by investing activities		400	334
Change in cash and cash equivalents		340	473
Cash & cash equivalents at 1 January		702	229
Cash & cash equivalents at 31 December		**1,042**	**702**
Cash equivalents at the year end comprise:			
Short term deposits		264	229
Cash at bank and in hand		778	473
Cash & cash equivalents at 31 December		**1,042**	**702**

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2021

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the revaluation of certain land and buildings, heritage assets and investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011, using consistently applied accounting policies. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements consolidate those of Coleg y Bala, Trefeca College, the Candidates and Training Department Fund and the Welsh Calvinistic Methodist Assurance Trust (dormant). In accordance with the Charities SORP, no separate Statement of Financial Activities has been presented for the Church alone.

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

Fund accounting

The purpose of the unrestricted funds (note 16) is to finance the general running of the Presbyterian Church of Wales. The primary source of income is the Ministry and Mission Contribution (formerly Connexional Contribution), the levy paid by each church within the Connexion. Unrestricted funds are used to finance the day to day running of the Church including the General Assembly and its constituent Boards and the administrative office in Cardiff.

Restricted funds (note 17) are funds subject to specific restrictive conditions imposed by the donor or by the purpose of an appeal. The principal restricted fund relates to the Ministries Department (formerly Life and Witness Board) General Fund (an amalgamation of the JJ Maintenance of Ministry, Mission Board and Christian Education Board Funds), the purpose of which is restricted to financing ministerial costs and mission work.

All income and expenditure is shown in the Statement of Financial Activities.

Accruals

The financial statements have been prepared on an accruals basis. All liabilities are recognised at their settlement value.

Incoming resources

Income from donations and gifts, legacies and grants is recognised on a receivable basis when there is sufficient certainty of receipt and the value of the incoming resource can be measured with sufficient reliability.

Property

Churches and manses and other ecclesiastical land or property which have been transferred to, bequeathed or given to the Presbyterian Church of Wales and were held by the Church (and managed by the trustees of local congregations or Presbyteries) at the balance sheet date have had no value placed on them.

Each local church, Presbytery and Association undertakes its own transactions and has its own trustees. The Elders, Ministers and Officers of each local church are the managing trustees. Therefore, all transactions undertaken by each Association, Presbytery and local congregation are excluded from these financial statements. Transactions relating to these properties e.g. repairs, insurance, or any rental income are included in the books of each local church.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Expenditure on tangible fixed assets with a cost below £3,000 is not capitalised.

Depreciation is charged by equal annual instalments to write down the cost of the assets to their expected residual values over their estimated useful lives at the following rates:

Buildings	2% per annum
Motor vehicles	20% per annum
Computer equipment	20% per annum
Fixtures and fittings	10% - 20% per annum
Property improvements	5% per annum

Freehold land is not depreciated. The useful economic lives of fixed assets are reviewed at the end of each accounting period along with a review for impairment where indicators of potential impairment are identified. There has been no change in the rates of depreciation in the year.

Heritage Assets

The Howell Harris Museum at Coleg Trefeca shows aspects of the life of Howell Harris, whose 1735 conversion led to the founding of Welsh Methodism; also the community 'Teulu Trefeca', which he established at the College in 1752. The displays include a room as it might have been in Harris' time, an outdoor preaching scene and panels telling his story. A collection of 32 religious books, most of which were printed by the 'Trevecka press' in the late eighteenth century are displayed in rotation in the museum along with artefacts and furniture from Harris's period at the College.

The museum also houses artefacts of the Presbyterian Church of Wales which were previously housed at the National Library of Wales. Items include furniture, silverware and other items of historical significance.

In accordance with the provisions of FRS 102, heritage assets have been included in the financial statements at their insurance valuation contained within the College policy with Ecclesiastical Insurance. The insurance value is reassessed annually. Any costs to maintain the museum or its artefacts are charged to the Statement of Financial Activities as incurred. The assets are deemed to have indeterminate lives and therefore no depreciation is charged.

The museum is managed by the trustees of College and on a day to day basis by the centre manager. Details of the artefacts are kept at the College. Additions to the museum can be made by way of donation. Any purchases or disposals (in exceptional circumstances) require the approval of the trustees and the Church through the General Assembly Board. The museum and artefacts are generally accessible Monday to Friday between 10am and 4pm. Coleg Trefeca and the museum were closed from March 2020 to May 2021 due to Covid-19.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

Fixed asset Investments

(a) Listed investments are stated at market values based on bid prices at 31 December 2021. Profits and losses on sales of investments are calculated by reference to the opening carrying amount and are transferred directly to the relevant funds. Unrealised revaluation surpluses or deficits are also included in the relevant funds movement. Both profits and losses on disposals and unrealised surpluses or deficits arising on revaluation of investments are reported in the Statement of Financial Activities.

(b) Investment properties are included in the balance sheet at fair value. Professional valuations are performed every three years on each property and market values are index linked in the

intervening years. Depreciation is not provided on investment properties as the properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. Depreciation or amortisation is only one of the many factors reflected in the property valuation and the amount which might otherwise have been shown cannot be identified. A valuation of investment properties was due at 31 December 2020 but the trustees considered it impractical to do so due to Covid-19 and values have been index linked for 2020 and 2021. It is intended that Professional valuations will be undertaken for the year ending 31st December 2022.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries.

The scheme is accounted for in accordance with the requirements of FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a separate fund entitled 'Pension Reserve' which is added or deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

In order to comply with auto enrolment regulations the Church operates a defined contribution scheme administered by AEGON for those ministers and employees who do not join the defined benefit scheme.

Taxation

The Church is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Church's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Consolidation

The consolidated financial statements incorporate the results of the Church and each of its subsidiaries for the financial year ended 31 December 2021. Intra-group balances and transactions are eliminated on consolidation. Uniform accounting policies are applied across the group.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Defined benefit pension scheme

The Church has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 9.

The Trustees consider that there are no further significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

2. Results of Connected Charities *

(excludes grant received from the Church)*

	2021	2020
	£'000	£'000
Incoming resources		
Course fees	27	25
Shop sales	-	1
Donations, grants and legacies	40	59
Investment income	14	12
HMRC Furlough reclaims	49	69
Sundry income	4	-
Total incoming resources	134	166
Resources Expended		
Charitable activities	393	433
Other	5	5
Total resources expended	398	438
Net outgoing resources	**(264)**	**(272)**

3. Investment income

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investment Income				
Unit Trusts	16	37	15	36
Fixed Interest and cash	22	54	21	52
Equities	304	191	294	184
Investment Property	71	64	71	64
	413	**346**	**401**	**336**

4. Other Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Bank interest	-	2	2	3
Loan interest receivable	29	-	29	27
HMRC furlough reclaim	75	245	320	441
Profit on sales of chapels and manses	1,072	4	1,076	1,039
Sundry income	8	16	24	15
Pension - interest	47	-	47	99
Total – Group	**1,231**	**267**	**1,498**	**1,624**

5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2021 £'000	Total 2020 £'000
Ministry benefits	3,625	291	3,916	3,531
Ecumenical and PCW contributions	180	505	685	677
College and centre costs	52	47	99	96
Other	-	32	32	38
Total Charity	**3,857**	**875**	**4,732**	**4,342**
College and centre costs	93	193	286	342
Total Group	**3,950**	**1,068**	**5,018**	**4,684**

Staff costs

Stipends, wages and salaries	2,664	2,614
Social security costs	225	221
Pension costs	1,061	735
	3,950	**3,570**

The total number of employees by function was:	2021 Number	2020 Number
Ministers – full time	40	40
Ministers – part time	8	8
Field workers	45	43
Colleges and centres	7	8
Administration	21	21
	121	**120**

Trustees

6 of the trustees (2019: 5) received a total of £175,468 in 2021 (2020: £161,967) in stipend (including employer pension contributions) as Ministers within the Presbyterian Church of Wales.

9 of the trustees (2019: 8) received a total of £2,900 in 2021 (2020: £2,950) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

10 of the trustees (2020: 3) who served during the year received a total of £2,592 in 2021 (2020: £722) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

No employee, officer or minister received remuneration of more than £60,000. The number of employees who received emoluments in the following ranges was:

6. Ministry benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Stipends and salaries	1,650	631	2,281	2,236
Pastoral expenses	-	-	-	4
Support costs (note 8)	513	29	542	526
	2,163	660	2,823	2,766
Pension costs:				
Contributions paid	578	-	578	577
Current service pension costs	483	-	483	158
Pension audit	32	-	32	30
	1,093	-	1,093	765
Total ministers benefits	**3,256**	**660**	**3,916**	**3,531**

7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
International	2	-	2	30
Wales/UK	81	20	101	112
Ministers, workers, candidates, Association, Presbyteries and local churches	51	186	237	200
Support costs (note 8)	326	19	345	335
	460	**225**	**685**	**677**

8. Support costs

	Ministry Benefits £'000	Allocation of Ecumenical and PCW Contributions £'000	College and Centre costs £'000	Total 2021 £'000	Total 2020 £'000
Salaries & wages	283	180	52	515	500
Travelling & subsistence	23	14	4	41	26
Utility costs	19	12	3	34	30
Property & general insurances	20	13	4	37	37
Printing & stationery	19	13	4	36	59
Postage & telephone	19	12	4	35	30
Repairs, maintenance & improvements	7	4	1	12	15
Leasing charges	17	11	3	31	24
Equipment & materials	17	11	3	31	26
Legal & professional charges	77	49	14	140	104
Audit fees	21	13	4	38	50
Depreciation	6	4	1	11	11
Advertising & publicity	1	-	-	1	1
Course fees	1	-	-	1	1
Bad debt charge	12	8	2	22	35
Publishing costs	-	1	-	1	8
	542	**345**	**99**	**986**	**957**

Basis of allocation

Support costs are allocated on the basis of the estimated percentage allocation of staff time spent on each charitable activity.

9. Pension costs

The Presbyterian Church of Wales (the Church) operates a defined benefit pension arrangement called the Presbyterian Church of Wales Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2018 and the next valuation of the Scheme is due as at 31 December 2021. In the event that the valuation reveals a larger deficit than expected the Church may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

The Scheme is managed by a board of Trustees appointed in part by the Church and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisors where appropriate.

There were no plan amendments, curtailments or settlements during the period.

Assumptions

The principal actuarial assumptions used to calculate Scheme liabilities are:

	31 December 2021	31 December 2020
Discount rate	1.80%	1.30%
Inflation: RPI	3.65%	3.20%
Inflation: CPI	3.20%	2.70%
Pension increases in payment:		
Discretionary increase	0.00%	0.00%
CPI capped at 5.0% per annum	3.10%	2.60%
CPI capped at 2.5% per annum	2.20%	2.00%
Salary Increases	3.70%	3.20%
Retirements	All members retire at National Retirement Age (NRA)	
Post retirement mortality	2021 95% of the S2PA tables with the CMI_2017 projections using a long-term rate of improvement of 1.25% per annum. 2020 95% of the S2PA tables with the CMI_2015 projections using a long-term rate of improvement of 1.25% per annum.	
Commutation	80% of members are assumed to take of the maximum tax free cash possible	

The weighted average duration of the defined benefit obligation is around 16 years.

Assets

The major categories of assets as a percentage of total assets are as follows:

	31 December 2021	31 December 2020
Equities	32%	32%
Other assets	6%	4%
Index-linked gilts	31%	29%
Corporate bonds	29%	32%
Cash	2%	3%
Total	**100%**	**100%**

The total value of assets as at 31 December 2021 was £32,600,000 (2020: £31,657,000).

The assets do not include any investment in the Church.

Amounts Recognised in the Balance Sheet

	2021 £'000	2020 £'000
Fair value of plan assets	32,600	31,657
Present value of funded obligations	(27,841)	(28,236)
Surplus	**4,759**	**3,421**

Amounts Recognised in the Summary of Financial Activities over the year

	2021 £'000	2020 £'000
Current service cost	804	573
Administrative costs	114	121
Interest on liabilities	361	469
Interest on assets	(408)	(568)
Past service cost	139	34
Total	**1,010**	**629**

Remeasurements over the year

	2021 £'000	2020 £'000
Loss / (gain) on scheme assets in excess of interest	(1,019)	(2,914)
Experience losses / (gains) on liabilities	-	-
(Losses) / gains from changes to demographic assumptions	-	-
(Losses) / gains from changes to financial assumptions	(755)	4,155
Total	**(1,774)**	**1,241**

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2021 £'000	2020 £'000
Fair value of assets at the beginning of the year	31,657	28,624
Interest on assets	408	568
Employer contributions	574	570
Contributions by Scheme participants	161	159
Benefits paid (net of expenses)	(1,105)	(1,057)
Administration costs	(114)	(121)
Return on assets less interest	1,019	2,914
Fair value of assets at the end of the year	**32,600**	**31,657**

Actual return on scheme assets £1,427,000 (2020: £3,482,000)

The change in defined benefit liabilities over the year was:

	2021 £'000	2020 £'000
Defined benefit liabilities at the beginning of the year	28,236	23,903
Current service cost	804	573
Contributions by Scheme participants	161	159
Past service cost	139	34
Interest cost	361	469
Benefits paid (net of expenses)	(1,105)	(1,057)
Experience (gain) / loss on liabilities	-	-
Changes to demographic assumptions	-	-
Changes to financial assumptions	(755)	4,155
Defined benefit liabilities at the end of the year	**27,841**	**28,236**

10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
Cost/valuation					
At 1 January 2021	13	219	526	1,384	2,142
Additions	-	13	-	-	13
At 31 December 2021	13	232	526	1,384	2,155
Accumulated Depreciation					
At 1 January 2021	13	12	389	1,064	1,478
Charge for the year	-	5	23	68	96
At 31 December 2021	13	17	412	1,132	1,574
Net book value					
At 31 December 2021	-	**215**	**114**	**252**	**581**
At 31 December 2020	-	207	137	320	664
Charity					
Cost/valuation					
At 1 January 2021	-	219	93	-	312
Disposals	-	-	-	-	-
Additions	-	13	-	-	13
At 31 December 2021	-	232	93	-	325
Accumulated Depreciation					
At 1 January 2021	-	12	78	-	90
Charge for the year	-	5	6	-	11
At 31 December 2021	-	17	84	-	101
Net book value					
At 31 December 2021	-	**215**	**9**	-	**224**
At 31 December 2020	-	207	15	-	222

11. Heritage Assets

The Group's Heritage assets are included at the insurance valuation as follows:

	2021 £'000	2020 £'000
31 December	241	223

There were no additions or disposals in 2021 or 2020 and the estimated increase in the value of the heritage assets of £18,000 (2020: £nil) has been credited as an unrealised gain on valuation of Heritage Asset.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

12. Investments

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 January	11,843	12,678	11,506	12,309
Transfer from fixed assets	-	-	-	-
Additions	1,052	1,252	1,016	1,209
Disposals	(1,052)	(1,252)	(1,016)	(1,209)
(Losses) / Gains on investments	1,156	(835)	1,126	(803)
At 31 December	**12,999**	**11,843**	**12,632**	**11,506**
Cost at 31 December	**9,838**	**9,709**	**9,504**	**9,379**
Investment property	2,138	1,846	2,138	1,846
Unit trusts	1,286	1,286	1,242	1,242
UK Fixed interest securities	1,164	1,717	1,124	1,659
UK Equities	7,557	6,812	7,303	6,583
International Fixed interest securities	406	-	392	-
International Equities	127	-	123	-
Investment Company	108	-	104	-
Cash	213	182	206	176
Market value of investments	**12,999**	**11,843**	**12,632**	**11,506**

The Charity has recognised realised gains on sales of investments of £nil (2020: £nil).

The following represent investments valued at greater than 5% of the total market value of quoted investments.

	2021	2020
Jupiter Investment Management UK mid cap	5.30%	5.56%
UK Government Fixed Interest 1.75%, 2022	5.09%	5.65%

Investment properties consist of 9 properties (2019: 9) throughout Wales. All are valued every 3 years and 7 were valued at market value during 2017, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele and two by Seel & Co (Chartered Surveyors), Cardiff. One property was transferred from fixed assets in 2019 and was transferred at net book value and one property was purchased in 2019. Both properties added in 2019 were revalued at 31 December using the Nationwide property value index (Wales region). All properties were due to be valued in 2020 but due to Covid-19 restrictions the Executive Committee/Trustees Group deemed it impractical to do so in 2020 and 2021, as such all properties will now be valued in 2022. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Eight properties are residential and one is a commercial property which was acquired in 2012 from a local church.

13. Stock

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Goods for resale and consumables	6	6	-	-

14. Debtors

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debtors less than one year:				
Ministry and mission contributions	220	244	220	244
Loans and mortgages	196	123	196	123
Other debtors and prepayments	802	672	1,012	876
	1,218	**1,039**	**1,428**	**1,243**
Debtors more than one year:				
Loans and mortgages	905	1,025	905	1,025
	2,123	**2,064**	**2,333**	**2,268**

Loans and mortgages comprise car loans and mortgages relating to residential property which are made available to ministers and employees of the church.

The maximum car loan available is £6,500 repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans.

The maximum mortgage available is £175,000 repayable over a maximum period of 30 years, at an interest rate of 3%. There are certain exceptions to these terms within the mortgage rules set by the Church and each case will be considered on an individual basis. The mortgage is secured by a first charge against the property.

15. Creditors:

Amounts falling due within one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Creditors and accruals	249	227	340	263
Other liabilities	380	343	380	343
	629	**570**	**720**	**606**

Amounts falling due after more than one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loan from the Properties Board of the Presbyterian Church of Wales	2,256	1,504	2,256	1,504
	2,256	**1,504**	**2,256**	**1,504**

16. Movement in Unrestricted Funds

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Unrestricted Funds	4,507	3,459	(3,350)	562	(116)	5,062
Pension Reserve	3,421	47	(483)	1,774	-	4,759
Total Group and Charity	**7,928**	**3,506**	**(3,833)**	**562**	**(116)**	**9,821**

Prior year

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2020 £000
Unrestricted Funds	4,652	3,551	(3,356)	(183)	(157)	4,507
Pension Reserve	4,721	99	(158)	(1,241)	-	3,421
Total Group and Charity	**9,373**	**3,650**	**(3,514)**	**(1,424)**	**(157)**	**7,928**

17. Movement in Restricted Funds

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Ministries Department	4,397	388	(712)	422	(122)	4,373
Robert Davies Trust	371	-	-	29	-	400
Historical Society	8	2	(3)	-	-	7
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	43	10	(71)	-	50	32
Moderators Fund	22	-	-	-	(3)	19
Davies Lecture Trust	105	3	(1)	7	-	114
Sale of Theological College Fund	1,364	-	-	107	-	1,471
Sale of Chapels Fund	1,128	-	-	-	-	1,128
Total Charity	**7,439**	**403**	**(787)**	**565**	**(75)**	**7,545**
Coleg y Bala	211	47	(129)	-	97	226
Coleg Trefeca	301	63	(157)	-	44	251
Howell Harris Museum and Artefacts	223	-	-	18	-	241
Candidates and Training Department Fund	707	67	(112)	29	50	741
Welsh Calvinistic Methodist Assurance Trust	40	1	-	-	-	41
	1,482	**178**	**(398)**	**47**	**191**	**1,500**
Total Group	**8,921**	**581**	**(1,185)**	**612**	**116**	**9,045**

Prior year

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2020 £000
Ministries Department	5,191	423	(657)	(464)	(96)	4,397
Robert Davies Trust	403	-	-	(32)	-	371
Historical Society	6	2	-	-	-	8
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	19	64	(65)	-	25	43
Moderators Fund	24	-	(2)	-	-	22
Davies Lecture Trust	116	3	(8)	(6)	-	105
Sale of Theological College Fund	1,482	-	-	(118)	-	1,364
Sale of Chapels Fund	1,128	-	-	-	-	1,128
Total Charity	**8,370**	**492**	**(733)**	**(620)**	**(71)**	**7,439**
Coleg y Bala	192	73	(146)	-	92	211
Coleg Trefeca	344	66	(195)	-	86	301
Howell Harris Museum and Artefacts	223	-	-	-		223
Candidates and Training Department Fund	723	63	(97)	(32)	50	707
Welsh Calvinistic Methodist Assurance Trust	40	-	-	-	-	40
	1,522	**202**	**(438)**	**(32)**	**228**	**1,482**
Total Group	**9,892**	**694**	**(1,170)**	**(652)**	**157**	**8,921**

18. Analysis of Group Net Assets

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2021 £'000
Unrestricted funds	224	5,530	(692)	5,062
Total	**224**	**5,530**	**(692)**	**5,062**
Restricted funds				
Ministries Department	-	5,300	(927)	4,373
Robert Davies Trust	-	366	34	400
Historical Society	-	-	7	7
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	32	32
Moderators Fund	-	-	19	19
Davies Lecture Trust	-	90	24	114
Sale of Theological College Fund	-	1,346	125	1,471
Sale of Chapels Fund	-	-	1,128	1,128
Coleg Y Bala	28	-	198	226
Coleg Trefeca	329	-	(78)	251
Howell Harris Museum	241	-	-	241
Candidates & Training Fund Charity	-	367	374	741
Welsh Calvinistic Methodist Assurance Trust	-	-	41	41
Total	**598**	**7,469**	**978**	**9,045**
Total net assets (excluding pension asset)	**822**	**12,999**	**286**	**14,107**

Prior year

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2020 £'000
Unrestricted funds	223	4,969	(685)	4,507
Total	**223**	**4,969**	**(685)**	**4,507**
Restricted funds				
Ministries Department	-	4,878	(481)	4,397
Robert Davies Trust	-	337	34	371
Historical Society	-	-	8	8
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	43	43
Moderators Fund	-	-	22	2
Davies Lecture Trust	-	83	22	105
Sale of Theological College Fund	-	1,239	125	1,364
Sale of Chapels Fund	-	-	1,128	1,128
Coleg Y Bala	56	-	155	211
Coleg Trefeca	385	-	(84)	301
Howell Harris Museum	223	-	-	223
Candidates & Training Fund Charity	-	337	370	707
Welsh Calvinistic Methodist Assurance Trust	-	-	40	40
Total	**664**	**6,874**	**1,383**	**8,921**
Total net assets (excluding pension asset)	**887**	**11,843**	**698**	**13,428**

19. Funds held on behalf of others

The Properties Board is the custodian trustee of the Presbyterian Church of Wales. The Board administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales and these funds are not consolidated within these financial statements. The majority of funds are managed by Barclays Wealth and the total funds held are:

	2021 £'000	2020 £'000
Multi asset class investments	16,447	15,237
Higher yield bonds	1,018	1,095
Investment grade bonds	3,268	3,381
Cash and short maturity bonds	3,698	3,452
Debtor from Presbyterian Church of Wales	2,256	1,504
Cash held by Presbyterian Church of Wales	1,061	744
Total funds	**27,748**	**25,413**

The Church holds funds of £160,000 (2020: £130,000) on behalf of Coleg y Bala, £60,000 on behalf of Coleg Trefeca (2020: £nil), £12,000 (2020: £12,000) on behalf of the Davies Lecture Trust and £32,000 (2020: £31,000) on behalf of the Welsh CM Assurance Trust. These balances have been consolidated in the balance sheet.

20. Related Party Transactions

In accordance with paragraph 33.1A of FRS 102, the Church has not needed to disclose related party transactions with the exemptions afforded group entities.

At the year-end no trustee (2020: none) of the Church had an outstanding mortgage from the Church. At the year-end no trustee (2020: one) had an outstanding car loan from the Church with a value of £nil (2020: £782). Additionally, five members of senior staff of the Church (2020: five) had outstanding mortgages and car loans from the Church with an aggregate value of £181,842 at year end (2020: £188,638). Total interest of £5,601 (2020: £5,410) was payable in relation to these balances relating to trustees and senior staff during the year.

The Church provides accommodation for the General Secretary who is also a trustee of Coleg y Bala, Coleg Trefeca, and the Candidates and Training Department Fund. Job related accommodation is also provided for three other senior staff members, the manager at Coleg Trefeca, and the joint managers at Coleg y Bala.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which five (2020: six) have outstanding mortgages and car loans with the Church with an aggregate value of £80,454 (2020: £90,793). Total interest of £2,292 (2020: £2,698) was payable in relation to these balances relating to close relatives of senior staff during the year.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2020: nil) with a value of £nil (20120: £nil). Total interest of £nil (2020: £nil) was payable in relation to those balance relating to a close relative of a Trustees during the year.

21. Prior year analysis of unrestricted and restricted income and expenditure

	Unrestricted funds	Restricted funds	Total funds 2020
	£'000	£'000	£'000
Income from generated funds:			
Ministry and mission contributions	2,183	-	2,183
Donations	41	32	73
Legacies	-	-	-
Grants	4	88	92
Income from investments	152	194	346
Income from charitable activities:			
Colleges and centres	-	26	26
Other income	1,270	354	1,624
Total	**3,650**	**694**	**4,344**
Expenditure on:			
Charitable activities:			
Ministers benefits	2,920	611	3,531
Ecumenical and PCW contributions	482	195	677
Colleges and centres costs	91	347	438
	3,493	1,153	4,646
Other	21	17	38
Total	**3,514**	**1,170**	**4,684**
Net income / (expenditure)	**136**	**(476)**	**(340)**
Net gains / (losses) on investments	(183)	(652)	(835)
Net income / (expenditure)	**(47)**	**(1,128)**	**(1,175)**
Transfers between funds	(157)	157	-
Other recognised gains / (losses):			
Loss on disposal of fixed assets	-	-	-
Valuation of heritage assets	-	-	-
Actuarial gain on defined pension scheme	(1,241)	-	(1,241)
Net movement on funds	**(1,445)**	**(971)**	**(2,416)**
Reconciliation of funds:			
Total funds brought forward	9,373	9,892	19,265
Total funds carried forward	**7,928**	**8,921**	**16,849**

EGLWYS BRESBYTERAIDD CYMRU - THE PRESBYTERIAN CHURCH OF WALES

England & Wales - Charity number 1132022

Accounts

Presbyterian Church of Wales

(Registered Charity Number 1132022)

Annual report

For the year ended 31 December 2020

Presbyterian Church of Wales

Annual Report for the Year Ended 31 December 2020

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Presbyterian Church of Wales
Trustees, Officers and Advisers

Legal status of the Presbyterian Church of Wales

The Presbyterian Church of Wales (also known as the Calvinistic Methodist Church of Wales) ("the Church") is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution adopted in 2008, together with its Handbook of Order and Rules, Constitutional Deed 1826, The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, and the Calvinistic Methodist or Presbyterian Church of Wales (Amendment) Act 1959. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

Trustees

The trustee appointments are confirmed at the Annual General Meeting, the General Assembly each year before completing induction activities.

The General Assembly at its meeting on 13th October 2020 approved the following temporary changes made by the Executive Committee/Trustees Group for the Covid-19 period:

- Reverend Marcus Wyn Robinson to continue as Moderator. The Moderator elect Rev Evan Morgan would be invited as a non-voting member.
- Moderators from the past 10 years were invited to join the Executive Committee/Trustees Group as Co-opted members.
- All Co-opted members of the Executive Committee/Trustees Group had been given voting rights.

The trustees, who served during the year to 31 December 2020, and up to the date of approval of the financial statements, are as follows:

Mr Idris O Hughes	Chair of the Resources Department and Properties Board and Deputy Chair of Trustees
Mrs Kathryn Morris	Treasurer of the Association in the South
Rev Brian H Jones	Chair of the Ministries Department and Chair of Trustees
Rev Michael Ward	Clerk of the Association in the East
Rev Elwyn Richards	Clerk of the Association in the North
Rev Wyn Rhys Morris	Clerk of the Association in the South – retired 25 August 2020
Mr Hywyn Pritchard	Treasurer of the General Assembly
Rev J Paul Morgan	Treasurer of the Association in the East– appointed 1 January 2020
Rev Marcus Robinson	Moderator of General Assembly
Mr Dewi Lewis-Jones	Treasurer of the Association in the North
Miss Glynis Owen	Co-opted – retired 2 June 2020
Mr Cliff Williams	Co-opted
Rev Dafydd Andrew Jones	Co-opted past Moderator – appointed 4 May 2020 and Clerk of the Association in the South – appointed 25 August 2020
Rev Brian Matthews	Co-opted past Moderator – appointed 4 May 2020
Rev Neil Kirkham	Co-opted past Moderator – appointed 4 May 2020
Rev Trefor Lewis	Co-opted past Moderator – appointed 4 May 2020
Rev Robert Roberts	Co-opted past Moderator – appointed 4 May 2020
Prof John Gwynfor Jones	Co-opted past Moderator – appointed 4 May 2020 – deceased 18 December 2020

Principal Address

Presbyterian Church of Wales
Tabernacle Chapel
81 Merthyr Road
Whitchurch
Cardiff
CF14 1DD

Presbyterian Church of Wales
Trustees, Officers and Advisers

Principal Officers

Rev Meirion Morris	General Secretary
Mrs Ffion Williams	Head of Corporate
Mrs Joanna Thomas-Wright	Head of Strategic Support
Rev Gwyn Rhydderch	Head of Projects and Communication
Rev Nan Powell-Davies	Assistant Director of Ministries
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support
Mrs Sian Edwards	Manager – Coleg y Bala (joint)
Mr Owain Edwards	Manager – Coleg y Bala (joint)
Miss Mair Jones	Manager – Coleg Trefeca
Rev W Bryn Williams	Academic Director
Mrs Eleri Melhuish	Head of Administration
Miss Carys Moseley	Church and Society Liaison Officer

Bankers

Barclays Bank plc
85 High Street
Blackwood
NP2 1ZA

Investment Managers

Investec Bank plc
2 Gresham Street
London
EC2V 7QN

Investment Managers (Properties Board Deposit)

Barclays Wealth and Investments
1 Churchill Place
Canary Wharf
London
E14 5HP

Connexional Solicitors (appointed 1 January 2020)

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Employment Solicitors

Keelys LLP
28 Dam Street
Lichfield
Staffordshire
WS13 6AA

Independent Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Actuaries and Pension Administrator

Barnett Waddingham LLP
St James's House
St James's Square
Cheltenham
Glos GL50 3PR

Health and Safety Advisors

CDM Consultant Limited
12 Moriah Mews
Risca
Newport
NP11 6RL

Connexional Property Solicitors

ADVE Solicitors
33 High Street
Lampeter
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SA48 7BB

Presbyterian Church of Wales
Annual Report of the Trustees

The trustees are pleased to present their annual report together with the audited consolidated financial statements of the Presbyterian Church of Wales ("the Church") for the year ended 31 December 2020. The financial statements have been prepared on a going concern basis in compliance with the applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP): Accounting and Reporting by charities in preparing their financial statements in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102).

Charitable Status

The Church was registered as a charity with the Charity Commission for England and Wales on 7 October 2009. Prior to registration the Presbyterian Church of Wales was an excepted charity. This registration covers the central body of the Presbyterian Church of Wales only and does not cover local churches, Presbyteries or the Association in the three provinces. Discussions are on-going with the Charity Commission in relation to the constitution and whether or not one central registration could cover the whole Church in the future.

Church objectives

The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ. We seek to achieve this purpose by:

- preaching the Gospel, administering the sacraments, pastoral care of local churches, holding meetings for fellowship and prayer;
- religious biblical education and training in the Faith;
- missionary work and evangelising at home and abroad, setting people aside for this work;
- providing and publishing literature;
- setting an example of Christian life and good works;
- serving our communities and our country through practical activity;
- taking a stand for justice and peace in the world;
- safeguarding our environment in every possible way.

In order to meet its objectives the General Assembly, together with the trustees, and its constituent courts review annually the developments, activities, achievements and performance of the Church.

In planning and reviewing its activities the Church has considered the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion.

Organisational structure

The ultimate decision making body of the Presbyterian Church of Wales is the General Assembly which meets annually. The General Assembly is representative of the whole Church with representatives being nominated by the General Assembly Board and Departments of General Assembly and also the Association in the three Provinces and the 14 Presbyteries.

The day to day running of the Presbyterian Church of Wales and the implementation of the decisions of General Assembly is carried out by the General Assembly Board and its Executive Committee/Trustees Group with specific issues dealt with by five departments. Each department presents a report annually to the General Assembly through the General Assembly Board.

It is only the transactions and the assets and liabilities controlled by the General Assembly Board and the Departments which are included in these financial statements. The charity registration covers these funds only. Inter-fund grants, debtors and creditors are eliminated on consolidation.

All transactions and assets/liabilities administered by local churches, Presbyteries and the Association in the three provinces are excluded from these financial statements.

The Properties Board of the Calvinistic Methodist Church of Wales or the Presbyterian Church of Wales ("Properties Board") is the custodian trustee of the Presbyterian Church of Wales. The Properties Board, a body corporate created by The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. All such funds are used in accordance with the objects of the Presbyterian Church of Wales.

The funds are held separately from other assets of the Presbyterian Church of Wales. The Properties Board has a separate bank account and the majority of funds are managed by Barclays Wealth Management (see note 19).

At a local level, the Presbyterian Church of Wales is comprised of the Association in the three provinces (the North and South Association being mainly Welsh speaking with the Association in the East being the English speaking section of the Church). Each Association is divided into Presbyteries of which there are 14 in total. Each individual local church is a member of a Presbytery; the sizes of the current Presbyteries vary from 24 churches up to 68 churches. There were 557 churches at 31st December 2020 (2019: 558 churches).

Related parties

The Church undertakes some of its work at its centres at Bala and Trefeca. These centres have been established as separate charities although they both report to the Resources Department and Properties Board. The Candidates and Training Department Fund has also been established as a separate charity and reports to the Ministries Department.

The transactions of these three charities are fully consolidated into the financial statements. The principal contact addresses and main activities of each charity are:

Coleg y Bala, Ffordd Ffrydan, Y Bala, Gwynedd, LL23 7RY

- Coleg y Bala continues to be the Church's training centre for children and young people and continues to employ gap year students as part of its programme.

Coleg Trefeca, Trefeca, Brecon, Powys, LD3 0PP

- Coleg Trefeca continues to be the Lay Training Centre for the Church and the work is guided by the Candidates and Training Department Fund.

Candidates and Training Department Fund, Tabernacle Chapel, Merthyr Road, Cardiff, CF14 1DD

- The object of the charity is to provide training for ministry for the Presbyterian Church of Wales.

In addition, the Church is the ultimate controlling party of the Welsh Calvinistic Methodist Assurance Trust. The principal activity of the company was that of an insurance company. However, the company ceased to trade in 2006 and is currently dormant.

Copies of the financial statements of all the above entities can be obtained from the General Secretary of the Presbyterian Church of Wales at the principal address shown on page 3. A summary of the results and financial position of the three charities is set out below:

	Coleg Y Bala Year Ended 31 December 2020 £'000	Coleg Trefeca Year ended 31 December 2020 £'000	Candidates and Training Department Fund Year ended 31 December 2020 £'000
Income			
From Presbyterian Church of Wales	92	86	85
Charitable Activities (incl course fees)	10	16	-
Investment income and interest	2	1	10
Other (incl grants and furlough reclaims)	61	49	18
	165	**152**	**113**
Expenditure			
Salaries and wages	52	47	42
Other	94	148	55
	146	**195**	**97**
Surplus / (Deficit)	**19**	**(43)**	**16**

	Coleg Y Bala 31 December 2020 £'000	Coleg Trefeca 31 December 2020 £'000	Candidates and Training Department Fund 31 December 2020 £'000
Tangible Fixed Assets	56	385	-
Heritage Assets	-	223	-
Investments	-	-	337
Fixed Assets	**56**	**608**	**337**
Net Current Assets/(Liabilities)	155	(84)	370
	211	**524**	**707**
Unrestricted Funds	211	301	707
Restricted Funds	-	223	-
Total Funds	**211**	**524**	**707**

Summary of developments, activities, achievements and performance

The developments, activities and achievements of the Church are reviewed in the reports of the General Assembly Board and the departments published in the General Assembly proceedings.

The main items during the year were:

- the Church has sought to respond in a timely way to the issues which have come to the forefront in the light of Covid-19. This has meant that all our responses to the current social, political and practical consequences have been discussed and responded to by the Trustees as the Executive Committee of our Board;

- receiving reports and updates from all of the workers and projects through the Ministries Department including church planting in various locations and projects funded by a new Ministries Fund;

- the oversight of the new Properties Board Deposit which seeks to obtain a better return for the churches, Presbyteries and other funds deposited with the Properties Board;

- the development of national and local projects including the Mission Programme, CAMU, Dorcas, industrial and university chaplaincies, and the Gap Year at Coleg y Bala;

- monies raised from the Moderators appeal launched by Trefor Lewis for Shillong Hospital in India were transferred to Shillong Hospital to fund an extension to house the College of Nursing; the sum transferred was £113,063;

- the development of Ministry and Mission Strategy plans for each Presbytery together with detailed analysis of funding and creation of viable Ministries;

- the production of a training video to assist local managing trustees in their work;

- the decision to allow churches to apply to release funds from the sale of property towards revenue projects focussed on Ministry; and

- the work of the interdenominational protection panel, and the voluntary Protection Co-ordinator;

Financial review

Incoming resources

The primary source of income continues to be the Ministry and Mission Contribution (formerly Connexional Contribution) which is used towards the financing of our Ministers, Mission and Field workers throughout the Church. The continuing financial viability of the Church is dependent upon the contributions of membership as assessed annually and reflected in the Ministry and Mission Contribution. Contributions receivable decreased from £2,308k in 2019 to £2,183k in 2020 due to a rebate of 25% of one quarters contribution being given to the churches and this amounted to £146k.

The Church's overall income increased from £3,976k in 2019 to £4,344k in 2020, due to an increase within other income. Investment income decreased from £476k in 2019 to £346k in 2020 and income from the colleges and centres decreased from £125k in 2019 to £26k in 2020. Both centres at Bala and Trefeca remain closed due to the Covid-19 restrictions.

The main item within Other Income is a proportion of the proceeds of sale of buildings which is transferred to the central funds as income, and this sum increased from £770k in 2019 to £1,039k in 2020. The sum of £441k that was reclaimed in respect of furlough through the job retention scheme is also included within Other Income.

A summary of the main categories of income is shown below:

	£'000	%
Ministry and Mission Contributions	2,183	50.2
Donations, legacies and grants	165	3.8
Investment income and interest	346	8.0
Income from Colleges and Centres	26	0.6
Other	1,624	37.4
Total	**4,344**	**100**

Expenditure

The main item of expenditure continues to be Ministry benefits which comprises the stipend, employer pension contributions and employers national insurance of all ministers. In addition the salary, employer pension contributions and employers national insurance of contracted employees promoting the interests of the Church through the Ministries Department are included as ministry benefits. A proportion of support is allocated to Ministerial Benefits (see Note 8).

A summary of the main categories of expenditure and their percentage of the total is as follows:

	£'000	%
Ministry benefits	3,531	75.4
Ecumenical and PCW contributions	677	14.4
Colleges and centres Costs	438	9.4
Other	38	0.8
Total	**4,684**	**100**

Results

The net outgoing resources, before movements in investments, have decreased from a deficit of £1,114k in 2019 to a deficit of £340k in 2020.

The movement can be principally attributed to the increase in income as noted above whilst expenditure had also decreased from £5,090k in 2019 to £4,684k in 2020. The decrease was noted across all categories of charitable expenditure including support costs.

The net movement in funds in 2020 after investment gains and losses and actuarial gains and losses on the pension scheme was a deficit of £2,416k (2019: surplus of £1,735k). Unrealised losses on investments and unrealised actuarial losses on the pension scheme in 2020 were £835k and £1,241k respectively (2019: unrealised gains of £1,093k and £1,749 respectively).

Ministry and mission contribution (formerly Connexional contribution)

A detailed review of overdue debts is regularly undertaken by the Association in each of the three provinces and by the Executive Committee/Trustee Group. During the year, there has been an increase of £81k in the gross debtor from £334k at 31 December 2019 to £415k at 31 December 2020.

A bad debt charge of £171k has been made against overdue Ministry and Mission contributions. The charge has increased by £32k in 2020 and represents a specific charge against 19 overdue amounts.

Capital expenditure

During the year, capital expenditure of £12k (2019: £33k) was incurred in respect of fixtures and fittings at Coleg Trefeca.

Heritage Assets

In accordance with the provisions of FRS 102 (para 34.50 -34.56), the value of the Howell Harris Museum together with artefacts transferred from the National Library of Wales, Aberystwyth in 2014, located at Coleg Trefeca and included in the financial statements of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £223k (2019: £223k). The valuation used an insurance value and the trustees consider this a cost effective valuation method for this type of asset. There are further details in Note 1 – Statement of accounting policies and Note 11 – Heritage assets to the financial statements.

Investment policy and performance

The Church has an agreed customised benchmark for measuring performance with the investment managers. The benchmark is based on mid points of asset allocation parameters and was changed at the 2016 General Assembly with cash being removed from the benchmark. The new parameters and benchmark are noted together with the previous in brackets:

	Asset Allocation Parameters	Benchmark
UK Equities	75% - 85% (70% - 80%)	80% (75%)
Fixed Interest	15% - 25% (15% - 25%)	20% (20%)
Cash	0% - 5% (0% - 10%)	0% (5%)

During the year to 31 December 2020, the performance of the fund was -5.8% against the benchmark of -5.9%.

The Church has adopted the provisions of the Trustee Act 2000 subject to our ethical policy.

Investment performance is monitored by a sub committee appointed by the Executive Committee/Trustee Group and the Resources Department and Properties Board by means of quarterly reports and at least one meeting per year with the investment manager.

Investment properties

The Church holds nine properties for investment purposes seven of which were valued in 2017. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and two by Seel & Co (Chartered Surveyors), Cardiff. In the intervening years market values are adjusted using a recognised index. All properties were due be valued again in 2020 but the Executive Committee/Trustee Group deemed it impractical due the Covid-19 restrictions in place. All properties will now be revalued in 2021. One property was transferred from fixed assets in 2019 as the property was no longer required for a member of staff and has been let commercially. The property was transferred at net book value and revalued using the recognised index in 2019 and 2020 A further property was purchased in 2019 and was revalued at the end of 2019 and 2020 using the recognised index.

Eight properties are residential; the ninth property was acquired in 2012 at a market value of £180k, as per a chartered surveyors report. The property is a commercial property, located next to the central office in Whitchurch, Cardiff and was previously managed by the trustees of Tabernacle Chapel, Whitchurch, Cardiff.

Resources expended

The Church does not undertake any fund raising activities and, consequently, there are no costs of generating funds to disclose.

Charitable Expenditure can be broadly divided into three activities:

i) *Ministry Benefits* are costs of service (including stipend, employers national insurance and pension costs) for ministers in pastorates together with those ministers serving the Church in other posts. This amount also includes the costs of those employees serving the Church through the Ministries Department.

ii) *Ecumenical and PCW Contributions* are amounts paid to partner organisations throughout Wales and worldwide to promote the objects of the Church through Mission and Ministry. The contributions are analysed between internal Church amounts, those relating to Wales/United Kingdom and those to international churches and church bodies. These sums include annual affiliations to UK and International inter-church organisations.

iii) *Colleges and centres costs* relate to all amounts incurred by Coleg y Bala and Coleg Trefeca in their work as the centre for training children and young people and lay training centre respectively.

Support costs are allocated based upon an estimate of the proportion of staff time that has been spent on each charitable activity. The appropriateness of this split is reviewed annually as part of the preparation of the financial statements; and the current percentage allocation is 55% ministry benefits, 35% ecumenical/PCW contributions and 10% colleges and centres costs.

Risk management

The Church has developed a risk strategy to identify, assess and monitor the risks that the Church may be exposed to. A comprehensive risk register is reviewed annually by the General Assembly Board and the trustees. A further review of the strategy and the risk register is to be carried out to assess the impact of Covid-19 on the activities and finances of the Church.

The Executive Committee/Trustees Group, in conjunction with the General Assembly Board, have developed a rolling plan to mitigate the major risks to which the organisation is exposed. Major risks are those which may have significant impact on:

- the effective governance of the Church;
- the ability to finance all current activities;
- legislative compliance including Health and Safety, Employment Law and the protection of children and vulnerable adults.
- the reputation of the Church; and
- operational performance given the continued decline in ministers and members.

The Board and trustees prioritise the risks according to the likelihood of occurrence and potential impact and has set up a sub-group to undertake this task and they report to the trustees annually.

The trustees have linked the setting and monitoring of objectives to this risk management exercise by defining risks as those occurrences which prevent the Presbyterian Church of Wales from achieving its objectives.

Reserves policy

The Church's policy is to maintain the amount of total reserves at the equivalent of 2 years' worth of expenditure. Current levels of annual expenditure require reserves to be maintained at £10,000k. At this level, the trustees believe that they would be able to continue the current activities of the Church in the event of a drop in income. At 31 December 2020 total reserves were £16,849k (2019: £19,625k) and the trustees have agreed a financial forecast to reduce reserves to £12,000k over a five to ten year period (excluding any Pension reserve). Further consideration is to be given to ensuring sufficient reserves are held in cash and whether a specific sum should be set aside to fund any future deficit in the Church's defined benefit pension scheme. It is therefore deemed that sufficient and appropriate resources are held to enable each fund to be applied in accordance with any restrictions. The reserves policy will be further reviewed in the light of the impact of Covid-19 on the activities and finances of the Church at all levels.

Total unrestricted funds had a deficit (including investment and actuarial gains or losses) of £1,445k for the year to 31st December 2020 compared to a surplus of £1,429k for the year to 31st December 2019.

The value in the pension reserve has been calculated in accordance with the provisions of FRS102.

The Executive Committee/Trustees Group intend to review the adequacy of the current reserves policy in the light of their financial forecasts; these forecasts to be reconsidered in detail in 2021 and 2022 taking into account the impact of the Covid-19 pandemic.

Investment review

Market Review

Covid-19 proved the most influential factor effecting markets in 2020, even ahead of the US Presidential election and Brexit. Markets fell sharply in the early part of 2020 as the Covid-19 pandemic spread across the globe but as more positive news on the development of vaccines, coupled with financial stimulus policies, filtered through markets recovered. There was a disparity between equity markets with the UK market lagging, as much due to market composition as anything else. The US market has a greater proportion of tech stocks (27%) and the US S&P 500 returned +13.9% in sterling whilst the FTSE 100 in the UK returned -11.5%.

Performance

The portfolio was disadvantaged by only being able to invest in UK equities during a period where global equities performance better. The total return on Presbyterian Church of Wales fund was -5.8% for 2020 compared with the return from the benchmark of -5.9%. The value of the fund solely managed by Investec Bank Plc was £9,914k at 31 December 2020 (2019: £10,857k). There was no capital withdrawal/addition from/to the portfolio in either 2019 or 2020.

Outlook

The Presbyterian Church of Wales funds are long term investments and there has been no change in 2020 to the asset allocation and benchmark within the portfolio (see section on investment policy and performance on page 9); the Church will continue to review its future cash flow requirements in the light of the current reserves policy. The Resources Department have opened discussions with Investec Bank Plc regarding the asset allocation of the portfolio and in particular whether investment in overseas equities, property unit trusts and alternatives is possible to further diversify the portfolio. The Church is currently considering a draft environmental policy and discussions are also taking place on the potential impact of adopting such a policy on the restrictions contained in the ethical policy, in particular the effect of excluding oil and gas stocks on income and the asset allocation in the portfolio.

ESG (Environmental, Social and Governance) issues are factors in measuring the sustainability and societal impact of investing in particular companies and will continue to be prevalent in setting investment strategies.

Two elements of uncertainty were resolved in late 2020 and early 2021, the announcement of a Brexit deal on Christmas Eve and that Joe Biden moved into the White House on 20th January.

Governments will need to balance the conundrum of ensuring public safety as Covid-19 remains, despite the positive roll-out of vaccinations, whilst supporting economies without destroying the public finances.

Despite high overall deficits used partly to fund furlough repayments, the situation is deemed to be sustainable owing to low interest rates and bond yields. However, any rise in inflation could lead to a tightening of monetary policy. There may be a market reaction to any volatility in inflation indices.

Climate change will be increasingly important for markets following announcements from China and the Democrat victory in the US election realigning the US with the Paris climate accord.

Global earnings are estimated to fall by 18% in 2020 but are forecast to increase by 26% in 2021. The latest IMF forecasts estimate the global economy growing by 5.2% in 2021 following a fall in 2020 of 4.4%

COVID-19

The General Assembly at its meeting of 13th October 2020 approved the Executive Committee/Trustees Group's decision to take responsibility for the matters that are usually delegated to the General Assembly Board, Departments and Association, for the duration of the Covid-19 pandemic. The General Assembly also approved the Executive Committee/Trustees Group's decision to hold the General Assembly meeting of 13th October 2020 by Zoom.

The impact of the measures to combat the spread of Covid-19 have affected the work of the Church at both local and central level. Many local churches have been closed since March 2020 as have the centres at Bala and Trefeca and appropriate measures to allow reopening will be made in accordance with guidelines issued by the relevant public health authorities. The Church committee structure has had to be curtailed with the Executive Committee/Trustees Group taking on day to day responsibility for matters previously delegated to the General Assembly Board and Departments. These temporary governance measures are reviewed regularly.

The Church has sufficient reserves and investments which are easily realised to cope with any net loss of income arising from the pandemic. Investment income fell by 27% in 2020 and local churches were granted a rebate on their contributions for the second quarter of 2020. The Church has offset this reduction in income by general cost saving measures and taking advantage of the furlough scheme.

The Executive Committee/Trustees Group are considering the risk register, financial forecasts and reserves policy in the light of the effects of the Covid-19 pandemic including potential loss of revenue should membership numbers fall by greater than forecasted. Most key administrative functions have continued with office staff working from home although the colleges at Bala and Trefeca remain closed.

Future developments

The following items will hopefully be considered by the Board and departments in 2021 with recommendations or progress updates presented to the General Assembly in 2021.

- the possibility of changes to the provision of theological education in Wales; the Academic Director is in consultation with a number of colleges and other denominations in Wales;
- the report on the review of the centres, Coleg Trefeca and Coleg y Bala;
- the MSP 4 (Mission Support Programme) has been agreed by the CWM (Council for World Mission). The sum of £92k has been allocated for this programme focussing on dementia;
- the Communications Department is reviewing the Church publications;
- the academic director is revising the Training Prospectus for the Department and is liaising with other Denominations and Coleg Cymraeg Cenedlaethol;
- the responses from Association and Presbyteries to the draft environmental policy;
- and the implications of the postponed changes to the excepted charity status in 2021.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity/group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the trustees

B. H. Jones ..... Trustee

Date: 27th May 2021

Independent auditors' report to the trustees of Presbyterian Church of Wales

Report on the audit of the financial statements

Opinion

In our opinion, Presbyterian Church of Wales's group financial statements and parent charity financial statements (the financial statements"):

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2020 and of the group's and parent charity's incoming resources and application of resources, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the consolidated and parent charity balance sheets as at 31 December 2020; the consolidated statement of financial activities for the year then ended, the consolidated cash flow statement for the year then ended; and the notes to the financial statements which include a summary of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group and parent charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charity's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and parent charity/industry, we identified that the principal risks of non-compliance with laws and regulations related to employer related legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008). We evaluated the trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the charity. Audit procedures performed included:

- Reviewing Board minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk manual journals, in particular those having unusual account combinations;
- Reviewing the appropriateness of the assumptions used by the charity in estimating the value of the defined benefit pension scheme surplus; and
- Obtaining third party confirmations of all the charity's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Presbyterian Church of Wales
Independent Auditors' Report to the Trustees of the Presbyterian Church of Wales

Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

27 May 2021

Presbyterian Church of Wales
Consolidated Statement of Financial Activities
for the year ended 31 December 2020

	Note	Unrestricted funds	Restricted funds	Total funds 2020	Total funds 2019
		£'000	£'000	£'000	£'000
Income from generated funds:					
Ministry and mission contributions		2,183	-	2,183	2,308
Donations		41	32	73	114
Legacies		-	-	-	2
Grants		4	88	92	23
Income from investments	3	152	194	346	476
Income from charitable activities:					
Colleges and centres		-	26	26	125
Other income	4	1,270	354	1,624	928
Total		**3,650**	**694**	**4,344**	**3,976**
Expenditure on:					
Charitable activities:					
Ministry benefits	6	1,320	2,211	3,531	3,641
Ecumenical and PCW contributions	7	482	195	677	892
Colleges and centres costs		91	347	438	529
		1,893	2,753	4,646	5,062
Other		21	17	38	28
Total		**1,914**	**2,770**	**4,684**	**5,090**
Net income / (expenditure)		**1,736**	**(2,076)**	**(340)**	**(1,114)**
Net gains /(losses) on investments	12	(183)	(652)	(835)	1,093
Net income / (expenditure)		**1,553**	**(2,728)**	**(1,175)**	**(21)**
Transfers between funds		(1,757)	1,757	-	-
Other recognised gains / (losses):					
Loss on disposal of fixed assets		-	-	-	(1)
Valuation of heritage assets	11	-	-	-	8
Actuarial (loss)/gain on defined pension scheme	9	(1,241)	-	(1,241)	1,749
Net movement on funds		**(1,445)**	**(971)**	**(2,416)**	**1,735**
Reconciliation of funds:					
Total funds brought forward		9,373	9,892	19,265	17,530
Total funds carried forward		**7,928**	**8,921**	**16,849**	**19,265**

The statement of financial activities incorporates the statement of comprehensive income.

All activities are continuing.

Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2020

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Fixed assets					
Tangible fixed assets	10	664	749	222	234
Heritage assets	11	223	223	-	-
Investments	12	11,843	12,678	11,506	12,309
		12,730	13,650	11,728	12,543
Current assets					
Stock	13	6	6	-	-
Debtors	14	2,064	2,105	2,268	2,011
Short term deposits		229	228	12	12
Cash at bank and in hand		473	1	48	59
		2,772	2,340	2,328	2,082
Creditors: amounts falling due within one year	15	(570)	(696)	(606)	(853)
Net current assets		**2,202**	**1,644**	**1,722**	**1,229**
Creditors: amounts falling due after more than 1 year	15	(1,504)	(750)	(1,504)	(750)
Net assets excluding pension scheme asset		**13,428**	**14,544**	**11,946**	**13,022**
Pension scheme surplus	9	3,421	4,721	3,421	4,721
Net assets		**16,849**	**19,265**	**15,367**	**17,743**
Funds					
Unrestricted	16	4,507	4,652	4,507	4,652
Pension reserve		3,421	4,721	3,421	4,721
		7,928	9,373	7,928	9,373
Restricted	17	8,921	9,892	7,439	8,370
Total funds		**16,849**	**19,265**	**15,367**	**17,743**

The financial statements on pages 16 to 35 were approved by the Board of Trustees on 27th May 2021 and signed on its behalf by:

B. H. .....
Trustee

.....
Trustee

Presbyterian Church of Wales
Consolidated Cash Flow Statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Reconciliation of net expenditure to net cash generated from /(used by)			
Net (expenditure)		(340)	(1,114)
Adjustments for:			
Investment income	3	(346)	(476)
Pension Fund	9	59	134
Depreciation charges	10	97	98
Add:			
(Increase) in stocks	13	-	(1)
Decrease / (increase) in debtors	14	41	(129)
Increase in creditors	15	628	911
Net cash generated from/(used by) operating activities		139	(577)
Statement of cash flows			
Cash flows from operating activities			
Net cash generated from/ (used by) operating activities		139	(577)
Cash flows from investing activities:			
Interest from investments		346	476
Purchase of investments		(1,252)	(1,085)
Proceeds from sale of investments		1,252	909
Proceeds from sale of fixed assets		-	1
Purchase of property, plant and equipment		(12)	(33)
Net cash provided by investing activities		334	268
Change in cash and cash equivalents		473	(309)
Cash & cash equivalents at 1 January		229	538
Cash & cash equivalents at 31 December		**702**	**229**
Cash equivalents at the year end comprise:			
Short term deposits		229	228
Cash at bank and in hand		473	1
Cash & cash equivalents at 31 December		**702**	**229**

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the revaluation of certain land and buildings, heritage assets and investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities), Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Charities Act 2011, using consistently applied accounting policies.

The financial statements consolidate those of Coleg y Bala, Trefeca College, the Candidates and Training Department Fund and the Welsh Calvinistic Methodist Assurance Trust (dormant). In accordance with the Charities SORP, no separate Statement of Financial Activities has been presented for the Church alone.

Fund accounting

The purpose of the unrestricted funds (note 16) is to finance the general running of the Presbyterian Church of Wales. The primary source of income is the Ministry and Mission Contribution (formerly Connexional Contribution), the levy paid by each church within the Connexion. Unrestricted funds are used to finance the day to day running of the Church including the General Assembly and its constituent Boards and the administrative office in Cardiff.

Restricted funds (note 17) are funds subject to specific restrictive conditions imposed by the donor or by the purpose of an appeal. The principal restricted fund relates to the Ministries Department (formerly Life and Witness Board) General Fund (an amalgamation of the JJ Maintenance of Ministry, Mission Board and Christian Education Board Funds), the purpose of which is restricted to financing ministerial costs and mission work.

All income and expenditure is shown in the Statement of Financial Activities.

Accruals

The financial statements have been prepared on an accruals basis. All liabilities are recognised at their settlement value.

Incoming resources

Income from donations and gifts, legacies and grants is recognised on a receivable basis when there is sufficient certainty of receipt and the value of the incoming resource can be measured with sufficient reliability.

Property

Churches and manses and other ecclesiastical land or property which have been transferred to, bequeathed or given to the Presbyterian Church of Wales and were held by the Church (and managed by the trustees of local congregations or Presbyteries) at the balance sheet date have had no value placed on them.

Each local church, Presbytery and Association undertakes its own transactions and has its own trustees. The Elders, Ministers and Officers of each local church are the managing trustees. Therefore, all transactions undertaken by each Association, Presbytery and local congregation are excluded from these financial statements. Transactions relating to these properties e.g. repairs, insurance, or any rental income are included in the books of each local church.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Expenditure on tangible fixed assets with a cost below £3,000 is not capitalised.

Depreciation is charged by equal annual instalments to write down the cost of the assets to their expected residual values over their estimated useful lives at the following rates:

Buildings	2% per annum
Motor vehicles	20% per annum
Computer equipment	20% per annum
Fixtures and fittings	10% - 20% per annum
Property improvements	5% per annum

Freehold land is not depreciated. The useful economic lives of fixed assets are reviewed at the end of each accounting period along with a review for impairment where indicators of potential impairment are identified. There has been no change in the rates of depreciation in the year.

Heritage Assets

The Howell Harris Museum at Coleg Trefeca shows aspects of the life of Howell Harris, whose 1735 conversion led to the founding of Welsh Methodism; also the community 'Teulu Trefeca', which he established at the College in 1752. The displays include a room as it might have been in Harris' time, an outdoor preaching scene and panels telling his story. A collection of 32 religious books, most of which were printed by the 'Trevecka press' in the late eighteenth century are displayed in rotation in the museum along with artefacts and furniture from Harris's period at the College.

The museum also houses artefacts of the Presbyterian Church of Wales which were previously housed at the National Library of Wales. Items include furniture, silverware and other items of historical significance.

In accordance with the provisions of FRS 102, heritage assets have been included in the financial statements at their insurance valuation contained within the College policy with Ecclesiastical Insurance. The insurance value is reassessed annually. Any costs to maintain the museum or its artefacts are charged to the Statement of Financial Activities as incurred. The assets are deemed to have indeterminate lives and therefore no depreciation is charged.

The museum is managed by the trustees of College and on a day to day basis by the centre manager. Details of the artefacts are kept at the College. Additions to the museum can be made by way of donation. Any purchases or disposals (in exceptional circumstances) require the approval of the trustees and the Church through the General Assembly Board. The museum and artefacts are generally accessible Monday to Friday between 10am and 4pm. Coleg Trefeca and the museum have been closed since March 2020 due to Covid-19.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

Fixed asset Investments

(a) Listed investments are stated at market values based on bid prices at 31 December 2020. Profits and losses on sales of investments are calculated by reference to the opening carrying amount and are transferred directly to the relevant funds. Unrealised revaluation surpluses or deficits are also included in the relevant funds movement. Both profits and losses on disposals and unrealised surpluses or deficits arising on revaluation of investments are reported in the Statement of Financial Activities.

(b) Investment properties are included in the balance sheet at fair value. Professional valuations are performed every three years on each property and market values are index linked in the intervening years. Depreciation is not provided on investment properties as the properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. Depreciation or amortisation is only one of the many factors reflected in the property valuation and the amount which might otherwise have been shown cannot be identified. A valuation of investment properties was due at 31 December 2020 but the trustees considered it impractical to do so due to Covid-19 and values have been index linked.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries.

The scheme is accounted for in accordance with the requirements of FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a separate fund entitled 'Pension Reserve' which is deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

In order to comply with auto enrolment regulations the Church operates a defined contribution scheme administered by AEGON for those ministers and employees who do not join the defined benefit scheme.

Taxation

The Church is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Church's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Consolidation

The consolidated financial statements incorporate the results of the Church and each of its subsidiaries for the financial year ended 31 December 2020. Intra-group balances and transactions are eliminated on consolidation. Uniform accounting policies are applied across the group.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Defined benefit pension scheme

The Church has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 9.

The Trustees consider that there are no further significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

2. Results of Connected Charities *

(excludes grant received from the Church)*	2020 £'000	2019 £'000
Incoming resources		
Course fees	25	120
Shop sales	1	3
Donations, grants and legacies	59	23
Investment income	12	14
HMRC Furlough reclaims	69	-
Sundry income	-	5
Total incoming resources	166	165

Resources Expended		
Charitable activities	433	541
Other	5	5
Total resources expended	438	546
Net outgoing resources	**(272)**	**(381)**

3. Investment income

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Investment Income				
Unit Trusts	37	53	36	51
Fixed Interest and cash	54	74	52	72
Equities	191	298	184	288
Investment Property	64	51	64	51
	346	**476**	**336**	**462**

4. Other Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
Bank interest	-	3	3	3
Loan interest receivable	27	-	27	36
HMRC furlough reclaim	91	350	441	-
Profit on sales of chapels and manses	1,039	-	1,039	770
Sundry income	14	1	15	28
Pension - interest	99	-	99	91
Total – Group	**1,270**	**354**	**1,624**	**928**

5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2020 £'000	Total 2019 £'000
Ministry benefits	3,246	285	3,531	3,641
Ecumenical and PCW contributions	175	502	677	892
College and centre costs	50	46	96	118
Other	-	38	38	28
Total Charity	**3,471**	**871**	**4,342**	**4,679**
College and centre costs	99	243	342	411
Total Group	**3,570**	**1,114**	**4,684**	**5,090**

Staff costs		
Stipends, wages and salaries	2,614	2,542
Social security costs	221	216
Pension costs	735	668
	3,570	**3,426**

The total number of employees by function was:	2020 Number	2019 Number
Ministers – full time	40	39
Ministers – part time	8	9
Field workers	43	39
Colleges and centres	8	7
Administration	21	23
	120	**117**

Trustees

5 of the trustees (2019: 4) received a total of £161,697 in 2020 (2019: £123,933) in stipend (including employer pension contributions) as Ministers within the Presbyterian Church of Wales.

8 of the trustees (2019: 6) received a total of £2,950 in 2020 (2019: £2,850) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

3 of the trustees (2019: 12) who served during the year received a total of £722 in 2020 (2019: £11,829) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

No employee, officer or minister received remuneration of more than £60,000. The number of employees who received emoluments in the following ranges was:

	2020 Number	2019 Number
£0 to £10,000	14 (14*)	18 (18*)
£10,001 to £20,000	20 (19*)	15 (14*)
£20,001 to £30,000	39 (18*)	40 (16*)
£30,001 to £40,000	40 (2*)	37
£40,001 to £50,000	7 (1*)	7 (1*)
£50,001 to £60,000	0	0
	120 (54*)	**117 (49*)**

**Denotes part time staff*

6. Ministry benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Stipends and salaries	55	2,181	2,236	2,189
Pastoral expenses	-	4	4	21
Support costs (note 8)	500	26	526	737
	555	2,211	2,766	2,947
Pension costs:				
Contributions paid	577	-	577	443
Current service pension costs	158	-	158	225
Pension audit	30	-	30	26
	765	-	765	694
Total ministers benefits	**1,320**	**2,211**	**3,531**	**3,641**

7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
International	24	6	30	38
Wales/UK	80	32	112	126
Ministers, workers, candidates, Association, Presbyteries and local churches	59	141	200	313
Support costs (note 8)	319	16	335	415
	482	**195**	**677**	**892**

8. Support costs

	Ministers Benefits £'000	Allocation of Ecumenical Contributions £'000	College and Centre costs £'000	Total 2020 £'000	Total 2019 £'000
Salaries & wages	275	175	50	500	469
Travelling & subsistence	14	9	3	26	177
Utility costs	17	10	3	30	31
Property & general insurances	20	13	4	37	34
Printing & stationery	32	21	6	59	120
Postage & telephone	16	11	3	30	40
Repairs, maintenance & improvements	8	5	2	15	33
Leasing charges	13	9	2	24	18
Equipment & materials	14	9	3	26	38
Legal & professional charges	57	37	10	104	240
Audit fees	28	17	5	50	48
Depreciation	6	4	1	11	12
Advertising & publicity	1	-	-	1	6
Course fees	1	-	-	1	2
Bad debt charge	20	12	3	35	1
Publishing costs	4	3	1	8	1
	526	**335**	**96**	**957**	**1,270**

Basis of allocation

Support costs are allocated on the basis of the estimated percentage allocation of staff time spent on each charitable activity.

9. Pension costs

The Presbyterian Church of Wales (the Church) operates a defined benefit pension arrangement called the Presbyterian Church of Wales Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2018 and the next valuation of the Scheme is due as at 31 December 2021. In the event that the valuation reveals a larger deficit than expected the Church may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

The Scheme is managed by a board of Trustees appointed in part by the Church and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisors where appropriate.

There were no plan amendments, curtailments or settlements during the period.

Assumptions

The principal actuarial assumptions used to calculate Scheme liabilities are:

	31 December 2020	31 December 2019
Discount rate	1.30%	2.00%
Inflation: RPI	3.20%	3.25%
Inflation: CPI	2.70%	2.40%
Pension increases in payment:		
Discretionary increase	0.00%	0.00%
CPI capped at 5.0% per annum	2.60%	2.30%
CPI capped at 2.5% per annum	2.00%	1.90%
Salary Increases	3.20%	2.90%
Retirements	All members retire at National Retirement Age (NRA)	
Post retirement mortality	2020 95% of the S2PA tables with the CMI_2017 projections using a long-term rate of improvement of 1.25% per annum. 2019 95% of the S2PA tables with the CMI_2015 projections using a long-term rate of improvement of 1.25% per annum.	
Commutation	80% of members are assumed to take of the maximum tax free cash possible	

The weighted average duration of the defined benefit obligation is around 16 years.

Assets

The major categories of assets as a percentage of total assets are as follows:

	31 December 2020	31 December 2019
Equities	32%	33%
Other assets	4%	5%
Index-linked gilts	29%	28%
Corporate bonds	32%	32%
Cash	3%	2%
Total	**100%**	**100%**

The total value of assets as at 31 December 2020 was £31,657,000 (2019: £28,624,000).

The assets do not include any investment in the Church.

Amounts Recognised in the Balance Sheet

	2020 £'000	2019 £'000
Fair value of plan assets	31,657	28,624
Present value of funded obligations	(28,236)	(23,903)
Surplus	**3,421**	**4,721**

Amounts Recognised in the Summary of Financial Activities over the year

	2020 £'000	2019 £'000
Current service cost	573	448
Administrative costs	121	118
Interest on liabilities	469	606
Interest on assets	(568)	(697)
Past service cost	34	97
Total	**629**	**572**

Remeasurements over the year

	2020 £'000	2019 £'000
Gain on scheme assets in excess of interest	(2,914)	(3,350)
Experience losses / (gains) on liabilities	-	(395)
(Losses) / gains from changes to demographic assumptions	-	(429)
(Losses) / gains from changes to financial assumptions	4,155	2,425
Total	**1,241**	**(1,749)**

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2020 £'000	2019 £'000
Fair value of assets at the beginning of the year	28,624	25,234
Interest on assets	568	697
Employer contributions	570	438
Contributions by Scheme participants	159	155
Benefits paid (net of expenses)	(1,057)	(1,132)
Administration costs	(121)	(118)
Return on plan assets less interest	2,914	3,350
Fair value of assets at the end of the year	**31,657**	**28,624**

Actual return on scheme assets £3,482,000 (2019: £4,047,000)

The change in defined benefit liabilities over the year was:

	2020 £'000	2019 £'000
Defined benefit liabilities at the beginning of the year	23,903	22,128
Current service cost	573	448
Contributions by Scheme participants	159	155
Past service cost	34	97
Interest cost	469	606
Benefits paid (net of expenses)	(1,057)	(1,132)
Experience (gain) / loss on liabilities	-	(395)
Changes to demographic assumptions	-	(429)
Changes to financial assumptions	4,155	2,425
Defined benefit liabilities at the end of the year	**28,236**	**23,903**

10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
Cost/valuation					
At 1 January 2020	13	219	514	1,384	2,130
Additions	-	-	12	-	12
At 31 December 2020	13	219	526	1,384	2,142
Accumulated Depreciation					
At 1 January 2020	13	8	365	995	1,381
Charge for the year	-	4	24	69	97
At 31 December 2020	13	12	389	1,064	1,478
Net book value					
At 31 December 2020	**-**	**207**	**137**	**320**	**664**
At 31 December 2019	-	211	149	389	749
Charity					
Cost/valuation					
At 1 January 2020	-	219	93	-	312
Transfer to investments	-	-	-	-	-
Disposals	-	-	-	-	-
Additions	-	-	-	-	-
At 31 December 2020	-	219	93	-	312
Accumulated Depreciation					
At 1 January 2020	-	8	70	-	78
Charge for the year	-	4	8	-	12
At 31 December 2020	-	12	78	-	90
Net book value					
At 31 December 2020	**-**	**207**	**15**	**-**	**222**
At 31 December 2019	-	211	23	-	234

11. Heritage Assets

The Group's Heritage assets are included at the insurance valuation as follows:

	2020 £'000	2019 £'000
31 December	223	223

There were no additions or disposals in 2020 or 2019 and the estimated increase in the value of the heritage assets of £nil (2019: £8,000) has been credited as an unrealised gain on valuation of Heritage Asset.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

12. Investments

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 January	12,678	11,136	12,309	10,802
Transfer from fixed assets	-	273	-	273
Additions	1,252	1,085	1,209	1,054
Disposals	(1,252)	(909)	(1,209)	(878)
(Losses) / Gains on investments	(835)	1,093	(803)	1,058
At 31 December	**11,843**	**12,678**	**11,506**	**12,309**
Cost at 31 December	**9,709**	**10,133**	**9,379**	**9,788**
UK Investments				
Investment property	1,846	1,732	1,846	1,732
Unit trusts	1,286	1,369	1,242	1,323
Fixed interest securities	1,717	1,798	1,659	1,737
Equities	6,812	7,711	6,583	7,451
Cash	182	68	176	66
Market value of investments	**11,843**	**12,678**	**11,506**	**12,309**

The Charity has recognised realised gains on sales of investments of £nil (2019: £nil).

The following represent investments valued at greater than 5% of the total market value of quoted investments.

	2020	2019
Merian Investment Management UK mid cap	5.56%	-
Unilever Ordinary Shares	5.62%	5.09%
UK Government Fixed Interest 1.75%, 2022	5.65%	5.16%

Investment properties consist of 9 properties (2019: 9) throughout Wales. All are valued every 3 years and 7 were valued at market value during 2017, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele and two by Seel & Co (Chartered Surveyors), Cardiff. One property was transferred from fixed assets in 2019 and was transferred at net book value and one property was purchased in 2019. Both properties added in 2019 were revalued at 31 December using the Nationwide property value index (Wales region). All properties were due to be valued in 2020 but due to Covid-19 restrictions the Executive Committee/Trustees Group deemed it impractical to do so, as such all properties will now be valued in 2021. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Eight properties are residential and one is a commercial property which was acquired in 2012 from a local church.

13. Stocks

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Goods for resale and consumables	6	6	-	-

14. Debtors

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Debtors less than one year:				
Ministry and mission contributions	244	195	244	195
Loans and mortgages	123	108	123	108
Other debtors and prepayments	672	684	876	590
	1,039	**987**	**1,243**	**893**
Debtors more than one year:				
Loans and mortgages	1,025	1,118	1,025	1,118
	2,064	**2,105**	**2,268**	**2,011**

Loans and mortgages comprise car loans and mortgages relating to residential property which are made available to ministers and employees of the church.

The maximum car loan available is £6,500 repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans.

The maximum mortgage available is £175,000 repayable over a maximum period of 30 years, at an interest rate of 3%. There are certain exceptions to these terms within the mortgage rules set by the Church and each case will be considered on an individual basis. The mortgage is secured by a first charge against the property.

15. Creditors:

Amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Creditors and accruals	227	358	263	515
Other liabilities	343	338	343	338
	570	**696**	**606**	**853**

Amounts falling due after more than one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loan from the Properties Board of the Presbyterian Church of Wales	1,504	750	1,504	750
	1,504	**750**	**1,504**	**750**

16. Movement in Unrestricted Funds

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	(Losses) /gains £000	At 31 December 2020 £000
Unrestricted Funds	4,652	4,578	(4,540)	(183)	4,507
Total Group and Charity	**4,652**	**4,578**	**(4,540)**	**(183)**	**4,507**

17. Movement in Restricted Funds

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	At 31 December 2020 £000
Ministries Department	5,191	2,023	(2,353)	(464)	4,397
Robert Davies Trust	403	-	-	(32)	371
Historical Society	6	2	-	-	8
Christian Aid	1	-	-	-	1
Mission Programme Fund	19	89	(65)	-	43
Moderators Fund	24	-	(2)	-	22
Davies Lecture Trust	116	3	(8)	(6)	105
Sale of Theological College Fund	1,482	-	-	(118)	1,364
Sale of Chapels Fund	1,128	-	-	-	1,128
Total Charity	**8,370**	**2,117**	**(2,428)**	**(620)**	**7,439**
Coleg y Bala	192	165	(146)	-	211
Coleg Trefeca	344	152	(195)	-	301
Howell Harris Museum and Artefacts	223	-	-	-	223
Candidates and Training Department Fund	723	113	(97)	(32)	707
Welsh Calvinistic Methodist Assurance Trust	40	-	-	-	40
	1,522	**430**	**(438)**	**(32)**	**1,482**
Total Group	**9,892**	**2,547**	**(2,866)**	**(652)**	**8,921**

18. Analysis of Group Net Assets

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2020 £'000
Unrestricted funds	223	4,969	(685)	4,507
Total	**223**	**4,969**	**(685)**	**4,507**
Restricted funds				
Ministries Department	-	4,878	(481)	4,397
Robert Davies Trust	-	337	34	371
Historical Society	-	-	8	8
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	43	43
Moderators Fund	-	-	22	22
Davies Lecture Trust	-	83	22	105
Sale of Theological College Fund	-	1,239	125	1,364
Sale of Chapels Fund	-	-	1,128	1,128
Coleg Y Bala	56	-	155	211
Coleg Trefeca	385	-	(84)	301
Howell Harris Museum	223	-	-	223
Candidates & Training Fund Charity	-	337	370	707
Welsh Calvinistic Methodist Assurance Trust	-	-	40	40
Total	**664**	**6,874**	**1,383**	**8,921**
Total net assets (excluding pension asset)	**887**	**11,843**	**698**	**13,428**

19. Funds held on behalf of others

The Properties Board is the custodian trustee of the Presbyterian Church of Wales. The Board administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales and these funds are not consolidated within these financial statements. The majority of funds are managed by Barclays Wealth and the total funds held are:

	2020 £'000	2019 £'000
Multi asset class investments	15,237	6,310
Higher yield bonds	1,095	1,095
Investment grade bonds	3,381	2,237
Cash and short maturity bonds	3,452	12,184
Debtor from Presbyterian Church of Wales	1,504	750
Cash held by Presbyterian Church of Wales	744	1,524
Total funds	**25,413**	**24,100**

The Church holds funds of £130,000 (2019: £130,000) on behalf of Coleg y Bala and this balance has been consolidated on the face of the balance sheet. The Church also holds £12,000 (2019: £12,000) on behalf of the Davies Lecture Trust and £31,000 (2019: £31,000) on behalf of the Welsh CM Assurance Trust.

20. Related Party Transactions

In accordance with paragraph 33.1A of FRS 102, the Church has not needed to disclose related party transactions with the exemptions afforded group entities.

At the year-end no trustee (2019: none) of the Church had an outstanding mortgage from the Church. One trustee (2019: one) had an outstanding car loan from the Church with a value of £782 (2019: £2,512). Additionally, five members of senior staff of the Church (2019: five) had outstanding mortgages and car loans from the Church with an aggregate value of £188,638 at year end (2019: £195,608). Total interest of £5,410 (2019: £6,021) was payable in relation to these balances relating to trustees and senior staff during the year.

The Church provides accommodation for the General Secretary who is also a trustee of Coleg y Bala, Coleg Trefeca, and the Candidates and Training Department Fund. Job related accommodation is also provided for three other senior staff members, the manager at Coleg Trefeca, and the joint managers at Coleg y Bala.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which six (2019: six) have outstanding mortgages and car loans with the Church with an aggregate value of £90,793 (2019: £102,640). Total interest of £2,698 (2019: £3,355) was payable in relation to these balances relating to close relatives of senior staff during the year.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2019: nil) with a value of £nil (2019: £nil). Total interest of £nil (2019: £nil) was payable in relation to those balance relating to a close relative of a Trustees during the year.

A close relative of a senior staff member undertook contracted building work in 2020 with a value of £2,840 (2019: £9,244).

21. Prior year analysis of unrestricted and restricted income and expenditure

	Unrestricted funds	Restricted funds	Total funds 2019
	£'000	£'000	£'000
Income from generated funds:			
Ministry and mission contributions	2,308	-	2,308
Donations	45	69	114
Legacies	2	-	2
Grants	4	19	23
Income from investments	184	292	476
Income from charitable activities:			
Colleges and centres	-	125	125
Other income	923	5	928
Total	**3,466**	**510**	**3,976**
Expenditure on:			
Charitable activities:			
Ministers benefits	1,419	2,222	3,641
Ecumenical and PCW contributions	536	356	892
Colleges and centres costs	107	422	529
	2,062	3,000	5,062
Other	20	8	28
Total	**2,082**	**3,008**	**5,090**
Net income / (expenditure)	**1,384**	**(2,498)**	**(1,114)**
Net gains on investments	352	741	1,093
Net income / (expenditure)	**1,736**	**(1,757)**	**(21)**
Transfers between funds	(2,055)	2,055	-
Other recognised gains / (losses):			
Loss on disposal of fixed assets	(1)	-	(1)
Valuation of heritage assets	-	8	8
Actuarial gain on defined pension scheme	1,749	-	1,749
Net movement on funds	**1,429**	**306**	**1,735**
Reconciliation of funds:			
Total funds brought forward	7,944	9,586	17,530
Total funds carried forward	**9,373**	**9,892**	**19,265**