

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

Independent Auditors

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

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

Connexional Solicitors

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Connexional Property Solicitors

ADVE Solicitors
33 High Street
Lampeter
Ceredigion
SA48 7BB

Employment Solicitors

Keelys LLP
28 Dam Street
Lichfield
Staffordshire
WS13 6AA

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.

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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:

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	Coleg Y Bala	Coleg Trefeca	Candidates and Training Department Fund
	Year Ended 31 December 2021 £'000	Year ended 31 December 2021 £'000	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	Coleg Trefeca	Candidates and Training Department Fund
	31 December 2021 £'000	31 December 2021 £'000	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.

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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.

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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).

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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.

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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.

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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.

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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.

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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.

Presbyterian Church of Wales

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

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
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	Total funds
		£'000	£'000	2021 £'000	2020 £'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

		Group		Charity	
	Note	2021 £'000	2020 £'000	2021 £'000	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
		<u>13,821</u>	<u>12,730</u>	<u>12,856</u>	<u>11,728</u>
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
		<u>3,171</u>	<u>2,772</u>	<u>2,727</u>	<u>2,328</u>
Creditors: amounts falling due within one year	15	<u>(629)</u>	<u>(570)</u>	<u>(720)</u>	<u>(606)</u>
Net current assets		<u>2,542</u>	<u>2,202</u>	<u>2,007</u>	<u>1,722</u>
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		<u>18,866</u>	<u>16,849</u>	<u>17,366</u>	<u>15,367</u>
Funds					
Unrestricted	16	5,062	4,507	5,062	4,507
Pension reserve		4,759	3,421	4,759	3,421
		<u>9,821</u>	<u>7,928</u>	<u>9,821</u>	<u>7,928</u>
Restricted	17	9,045	8,921	7,545	7,439
Total funds		<u>18,866</u>	<u>16,849</u>	<u>17,366</u>	<u>15,367</u>

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

KBMorris
.....
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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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)

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

3. Investment income

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<i>Investment Income</i>				
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	Restricted funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'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

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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:

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2021

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

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2021

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2021	2020
	£'000	£'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	2020
	£'000	£'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

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Notes to the financial statements for the year ended 31 December 2021

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

12. Investments

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'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.

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Notes to the financial statements for the year ended 31 December 2021

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

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2021

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

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Notes to the financial statements for the year ended 31 December 2021

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

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Notes to the financial statements for the year ended 31 December 2021

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

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Notes to the financial statements for the year ended 31 December 2021

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.

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Notes to the financial statements for the year ended 31 December 2021

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.

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Notes to the financial statements for the year ended 31 December 2021

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:			
<i>Ministers benefits</i>	2,920	611	3,531
<i>Ecumenical and PCW contributions</i>	482	195	677
<i>Colleges and centres costs</i>	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):			
<i>Loss on disposal of fixed assets</i>	-	-	-
<i>Valuation of heritage assets</i>	-	-	-
<i>Actuarial gain on defined pension scheme</i>	(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