

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

Contents

| | Page |
|--|-------------|
| Trustees, officers and advisers | 3 |
| Annual Report of the trustees | 5 |
| Independent Auditors' report | 15 |
| Consolidated Statement of Financial Activities | 18 |
| Consolidated and Parent Charity Balance Sheets | 19 |
| Consolidated Cash Flow Statement | 20 |
| Notes to the financial statements | 21 |

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)

Bardays 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
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 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.

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 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:

Presbyterian Church of Wales Annual Report of the Trustees

| | Coleg Y Bala | Coleg Trefeca | Candidates and Training Department Fund |
|--|---|---|---|
| | Year Ended 31 December 2023 £'000 | Year ended 31 December 2023 £'000 | 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 | Coleg Trefeca | Candidates and Training Department Fund |
|----------------------------------|---------------------------|---------------------------|---|
| | 31 December 2023 £'000 | 31 December 2023 £'000 | 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.

Presbyterian Church of Wales Annual Report of the Trustees

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

Presbyterian Church of Wales

Annual Report of the Trustees

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.

Presbyterian Church of Wales Annual Report of the Trustees

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.

Presbyterian Church of Wales

Annual Report of the Trustees

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.

Presbyterian Church of Wales

Annual Report of the Trustees

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.

Presbyterian Church of Wales

Annual Report of the Trustees

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 of 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.

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

.....**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.

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

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 | Restricted funds | Total funds | Total funds |
|--|------|--------------------|------------------|----------------|----------------|
| | | £'000 | £'000 | 2023 £'000 | 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

| | | Group | | Charity | |
|--|------|----------------|----------------|----------------|----------------|
| | Note | 2023 £'000 | 2022 £'000 | 2023 £'000 | 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:



 Trustee



 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 |
| <i>Net cash provided by (used in) financing</i> | | | |
| 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 |

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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 |

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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.

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

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 |
| <i>Investment Income</i> | | | | |
| 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 | Restricted funds | Total funds | Total funds |
|---------------------------------------|-----------------------|---------------------|----------------|----------------|
| | £'000 | £'000 | 2023 £'000 | 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 |

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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 |

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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.

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

Remeasurements over the year

| | 2023 | 2022 |
|--|--------------|----------------|
| | £'000 | £'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 | 2022 |
|--|---------------|---------------|
| | £'000 | £'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 | 2022 |
|---|---------------|---------------|
| | £'000 | £'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 |

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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.

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

12. Investments

| | Group | | Charity | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'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 McCarneys (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.

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

13. Stock

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

14. Debtors

| | Group | | Charity | |
|------------------------------------|--------------|--------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'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 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'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 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'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.

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

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 |

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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 |

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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 Baia | 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 |

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2023

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 Baia | 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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2023

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 |