

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

England & Wales · Charity number 1142813

Details

Status Registered

Legal form Other

Registered 2011-07-11

Register [View on the Charity Commission register](#)

Contact

Address The Representative Body Of The
Church In Wales
4th Floor 2 Callaghan Square
Cardiff
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Phone 02920348200

Website www.churchinwales.org.uk

Activities

Objects: TO PROMOTE THE MISSION AND MINISTRY OF THE CHURCH IN WALES MORE PARTICULARLY DESCRIBED IN:THE CONSTITUTION OF THE CHURCH IN WALES.THE ROYAL CHARTER 1919.THE WELSH CHURCH ACT 1914. THE WELSH CHURCH (TEMPORALITIES) ACT 1919.

Activities: The Representative Body's key objectives and activities are:1. To manage its investments;2. To manage the ecclesiastical and secular property vested in the Representative Body for the uses and purposes of the Church in Wales;3. To oversee the work of St Michael's College;4. To provide an efficient and professional administrative service across a wide range of administrative functions.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- Throughout Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£21,996,000	£28,639,000	£927,187,000	116
2023-12-31	£23,985,000	£29,065,000	£868,049,000	108
2022-12-31	£22,030,000	£27,739,000	£830,289,000	116
2021-12-31	£20,264,000	£30,867,000	£907,124,000	102
2020-12-31	£18,862,000	£29,149,000	£803,791,000	100

Trustees

Name	Role	Appointed
Professor Medwin Hughes	Chair	2021-11-18
Christopher Clarke		2023-05-12
Dr Elizabeth Heather Payne		2024-01-01
Dr Hywel Parry-Smith		2024-01-01
Elizabeth Thomas		2025-12-15
Ian Stuart Loynd		2024-09-17
Jane Heard		2021-01-01
Judith Hayward		2018-11-05
MICHAEL LAWLEY		2017-07-27
Nicola Caroline Gibbons		2024-01-01
PETER DUNCAN KENNEDY		2017-08-01
Paul Russell Williams		2024-01-01
Rev Miriam Joanna Beecroft		2021-09-10
Rev NIGEL WILLIAMS		2018-09-25
Richard Anning		2024-03-21
Sam Allin		2022-03-22
The Most Reverend Cherry Vann		2025-07-30
The Reverend Dr Adrian Morgan		2024-01-01
The Venerable Ian Kendall Rees		2024-01-01
Thomas Owen Saunders Lloyd		2012-10-22
Timothy James Llewelyn		2022-12-01
Venerable PAUL MACKNESS		2018-01-01

Linked charities

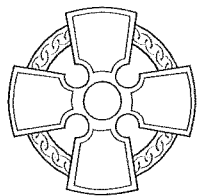
- ST MICHAEL'S COLLEGE LLANDAFF (1142813-1)

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

England & Wales - Charity number 1142813

Accounts

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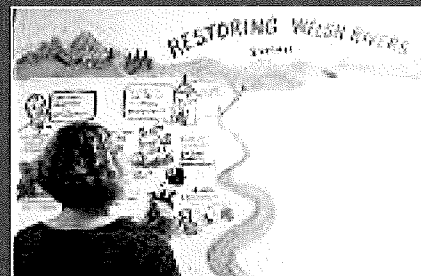


THE CHURCH
IN WALES

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2024



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Front cover photographs:

- top left:* Bishop David consecrated as the youngest ever bishop in the Church in Wales in Bangor Cathedral in May.
- top middle:* Bishop Dorrien enthroned as the 130th Bishop of St Davids in the Cathedral in February.
- top right:* The Restoring Welsh Rivers Summit, was hosted by the Archbishop in Cardiff in November.
- bottom left:* A farm church in the diocese of Monmouth in June – complete with a special baptism in the churchyard with a milk churn font!
- bottom middle:* The bishops of the Church in Wales at Bishop David's consecration in Bangor Cathedral in May.
- bottom right:* More than 200 people filled St Mary's Church, Abergavenny for the first Monmouth diocesan celebration service in May.

Chair's Introduction



2024 marked the start of a new triennium for the Representative Body. This marked some new beginnings, for Dean Nigel Williams who was appointed Deputy Chair of the Representative Body – and therefore became Chair of the Finance Committee – and Richard Anning who was appointed as Chair of the Investment Committee. I have full confidence that these appointments can only build on what has been achieved to date. The RB also welcomed several new trustees and I, as always, am very grateful for the time and service they, and those who serve on the RB's committees, are willing to give to our Church. Personally, I am honoured to have been reappointed as Chair of the Representative Body and am very grateful for the support shown again by my colleagues. It is therefore with gratitude that I present this annual report of the Representative Body. The Church in Wales, in this past year, has navigated a landscape

marked by significant global and local changes and we have witnessed significant milestones, strategic advancements, and a renewed commitment to our mission and values.

In my remarks for last year's annual report, I celebrated the inauguration of the Church Growth Fund: a commitment of £100 million from capital reserves to develop innovative approaches for sharing the transformative message of Jesus Christ throughout communities in Wales. Since then, sixteen applications have been approved by the Church Growth Fund Allocation Group, covering an inspiringly wide array of approaches – for projects big and small in their conception – to foster church growth. Alongside this, a further £3.7 million has been distributed to the dioceses through the Structural Resilience Fund, a strategic initiative to develop the long-term stability and strength of the Church's infrastructure. I continue to celebrate the Church's commitment to its mission.

The Representative Body's investment strategy remains the cornerstone of its financial stability, and this year has been no exception. Investments are managed prudently to fulfil the Representative Body's commitments to the Structural Resilience Fund, the Church Growth Fund, the provision of funding to the dioceses as well as operational expenditure.

I extend my heartfelt thanks to the clergy, lay leaders, volunteers, and congregants of the Church in Wales whose dedication and faith the Representative Body's supports. Your support is instrumental in advancing the mission of the Church in Wales.

To close, I will reiterate my commitment conveyed in last year's annual report: the Representative Body exists to serve, support, and resource the six dioceses and mission and ministry areas of the Church in Wales. We uphold this commitment as we embrace the challenges ahead, confident in the promise of growth and the flourishing of our province in the years to come.

Professor Medwin Hughes
Chair of the Representative Body

Trustees' Report

Objectives and Activities

The Representative Body's key objectives, purposes and main activities are:

- To manage its investments so as:
 - To meet the past service liability of the Clergy Pension Scheme.
 - To provide the maximum sustainable level of support for the work of bishops, dioceses, parishes and cathedrals.
- To manage the ecclesiastical and secular property vested in it for the uses and purposes of the Church in Wales.
- To support the Bench of Bishops in its oversight of the St Padarn's Institute by employing its staff and providing financial and operational support resource.
- To employ specialist staff to advise the bishops in connection with their allocated portfolios of activity.
- To provide an efficient and professional administrative service across a wide range of functions including:
 - Payment of stipends and pensions to serving clergy and pensioners.
 - Management of trusts and other funds held provincially.
 - Organisation of provincial meetings of the Representative Body, Governing Body, Bench of Bishops and their committees.
 - Provision of guidance for the wider Church on a range of issues including safeguarding, IT, property management, data protection and human resources.
 - Maintenance of databases and information management.

2024 Objectives

The Representative Body's key objectives in 2024 were to:

- Administer the Church Growth Fund in line with the criteria and application process devised by the Church Growth Fund Allocation Group, in consultation with the Representative Body, ensuring rigorous scrutiny and accountability with accessibility and a willingness to encourage and support innovation.
- To work with dioceses to develop protocols for the mutual sharing of information to ensure financial transparency.
- To develop a holistic property strategy which will inform decision-making around and management of each type of property within the Church in Wales.
- To continue to provide training and practical support to assist all parts of the Church in Wales to engage effectively with the Climate Emergency and the movement towards being carbon net zero by 2030.

On-going Objectives

The Representative Body's on-going objectives continue to be:

- **Maintaining diocesan support**
Maintaining financial support for dioceses through the Partnership Funding and other provisions.
- **Financial stability**
Ensuring the financial stability of the clergy and staff pension schemes.
- **Fund performance**
Generating investment returns that exceed agreed benchmarks.
- **Safeguarding**
Continuing to strengthen the church's capacity in safeguarding as we seek to be a safe church

The Representative Body's achievements towards the above objectives can be found within the achievements and performance section of the report.

Public Benefit

When planning its activities for the year, the Representative Body has taken into account the Charity Commission's guidance on public benefit and its specific guidance to charities for the advancement of religion. The Representative Body provides significant financial support for the activities of the Church in Wales which is present in all communities throughout Wales. As such, the Representative Body's assets (which include most church buildings and church halls) are available to the whole community. Regular worship, marriages, funerals, baptisms, pastoral care and outreach both at home and overseas are just some examples.

Achievements and Performance

To ensure the Representative Body's uses its resources in the best way to achieve its aims and objectives its operations are supported by four staff activity groups:

- 1. Mission and Strategy
- 2. St Padarn's Institute
- 3. Legal, Safeguarding and Data Protection
- 4. Operations

The achievements and activities of each staff activity group during 2024 have been summarised below:

Mission and Strategy

- † Published a digital lectionary and produced an online Advent course.
- † Thoroughly revised and implemented an updated Provincial Discernment Panel process and finalised a new clergy wellbeing programme
- † Produced guidance on a range of theological issues such as the use and misuse of spiritual authority and same sex unions.
- † Developed plans for a collective energy purchasing scheme for the Church in Wales.
- † Substantially increased the amount of material published via the website and on social media channels, including films to support the Church Growth Fund, the Restoring Welsh Rivers Summit, and St David's Day celebrations. All material is now produced bilingually across all platforms.
- † In 2024, the Church in Wales website had a total of 691,738 page views. Over the year, 364 pages were created or updated, a 58% increase from the 230 pages added or updated in 2023.
- † Completed an accessibility audit and published the first accessibility statement on the website. The Church in Wales website was also added to the Silktide Index, an index that evaluates the web accessibility of organisations and assigns them a score based on their level of compliance with the globally-recognised standard for web accessibility, Web Content Accessibility Guidelines (WCAG). Updates to the website, based on this feedback, are planned for 2025.
- † The Church in Wales social media team is now active on: Facebook, Instagram, Bluesky, X, YouTube, and LinkedIn. Reach and engagement continue to grow, with an increase in Facebook reach of 193,000, and an increase in Instagram engagement by 1,600. Video production capabilities have grown and reels and longer videos are regularly posted which reach thousands of people across all platforms.

St Padarn's Institute

- † Reorganisation of staffing to invest more in worship as foundational to the institute's life, and formation as a key priority for the Church.
- † First steps in a project to diversify assessments across all our academic programmes to increase accessibility, support the growing numbers (34%) of learners with identified disabilities, and respond to the challenge of generative AI.
- † Launching the 'Whole World Project' – a three-year focus on ethnicity and disability across our curriculum.
- † The beginning of a capital investment programme on the Llandaff site to ensure the facilities are fit for purpose.
- † Commission and design phase of new Continuing Ministerial Development package for 'ministers with enhanced responsibilities'.
- † Modest increase in numbers enrolling on Theology for Life (BTh) and Master's programmes.

Legal, Safeguarding and Data Protection

- † Safeguarding staff were responsible for managing or advising on 421 casework concerns and requests referred to them (an increase from 247 in 2023).
- † 125 Safeguarding training courses and 19 data protection training courses were provided, in-person across Wales and online, to volunteers, clergy and lay staff as well as canon law training to ordinands and clergy new to the Church in Wales.
- † Permission from the Charity Commission was obtained to revise the terms of over 300 Chancel Trusts, allowing £2.5 million of trust funds to be used for wider church fabric purposes.
- † A range of confidential advice was given to the Representative Body, Bench of Bishops and Governing Body committees on matters including property, employment, charity, canon and pension law.

Operations

- † Governance structures and processes for the Church Growth Fund were devised and implemented and the first grants were made.
- † Following a national consultation, the provincial HR service has been extended to dioceses and clergy.
- † The membership application, which allows the real-time recording of church attendance figures, was rolled out across the province.
- † A national consultation on property strategy was begun and a restructure of the department to meet contemporary demands was initiated.
- † A new InfoNet database system was delivered on schedule.
- † At the beginning of the new triennial period of membership, a trustee training day took place which marked the first time all trustees had been together since March 2020.

Other Achievements

- † The Restoring Welsh Rivers Summit, hosted by the Archbishop, at which more than 90 people from across the UK, including scientists, farmers, environmentalists and water industry representatives, came together to discuss the challenges facing watercourses in Wales and to look at ways of improving water quality.
- † The facilitation of a Diocesan Learning Community with over 70 guests in attendance. The event focused on the highs and lows of Mission Area life across the province, with sessions focused on different themes.
- † Fraud prevention workshops were provided to departments throughout the Representative Body as well as to the bishops' offices.

Support for Dioceses

During 2024 the Representative Body continued to provide a comprehensive portfolio of services, advice and financial support to the wider Church in Wales.

Examples of services and advice provided during the year were:

Human Resources

The team provided support in relation to clergy office holders and Representative Body employees. A thorough review of policies and procedures is underway to ensure that they are compliant with recent legislative changes and are fit for purpose. Work is underway, with others, to focus on training and development opportunities for clergy and staff.

Property Services

The team provided advice and support to the whole Church in Wales for its estate of church buildings, residential and other properties, graveyards and other land holdings.

Legal Services

The team provided advice to ministry areas and parishes in connection with approximately 1,890 trusts.

Safeguarding

The team provided training as required to mission areas and parishes, conducted the DBS checks and dealt with the high volume of casework across the province.

Finance Services

The team administered the payment of stipends, managed the administration of the Common Investment Fund, the Clergy Pension Scheme and the Staff Defined Benefit Scheme. The team also processed significant volumes of purchase invoices, prepared monthly management accounts and assisted with queries.

IT Services

The team provides computer services to staff in diocesan offices, the provincial office, St Padarn's and bishops' offices. Church in Wales e-mail addresses are provided for clergy in all dioceses with this work remaining ongoing in 2025.

Governance Services

The team provided the provision of secretariat support to the Governing Body, the Standing Committee, the Representative Body, and their sub-committees, and to the Bench of Bishops.

Financial Support

The Representative Body provided the following financial assistance to the dioceses in 2024:

Funding Type	Funding Provided
Partnership Funding	£2.5m
Structural Resilience Fund	£3.7m
Evangelism Fund	£1.2m
Church Growth Fund	£1.0m

Partnership Funding

Provided to help with costs such as stipends, clergy pensions (current service contributions) and certain other categories of expenditure, so enabling provincial funding to be used more flexibly by the dioceses.

In addition, Bishops’ costs (including their office costs) are met directly by the Representative Body.

Structural Resilience Fund

A strategic ten-year funding initiative totaling £37 million aimed at ensuring the long-term stability and strength of the Church’s infrastructure (see Note 18 for further details).

Evangelism Fund

Established in 2018 by the Representative Body to provide major funding for dioceses to enact their strategies on evangelism and church growth. The Evangelism Fund has now been replaced by the Church Growth Fund.

Church Growth Fund

Launched in October 2023 with £100 million of capital reserves being set aside to invest in evangelism over the next 10 years.

The Representative Body has committed significant sums of money over a 10-year period and this commitment may affect the long-term ability of the charity’s investment portfolio to generate income.

It is imperative that this funding is used appropriately, and an important element of ongoing work will be to ensure projects which receive support from the Church Growth Fund are held accountable for their effectiveness. It is a condition of all Tier 2 grants (£10,000 or more) that a Project Manager be employed. One of the roles of the Church Growth Fund Allocation Group is to monitor, audit and challenge projects that receive funding from the Fund and - where necessary - reduce or discontinue work that is not bearing fruit. The Allocation Group has also designed the application process for the Fund, assesses applications made and makes grants within agreed budgeting parameters.

Investments

Policy and Objectives

Section 20 of Chapter III of the Constitution gives the Representative Body the power to invest all monies it holds in trust for the Church in Wales, which gives wide ranging authority for investment.

The objectives of the Representative Body's investments are to:

- £ Achieve a balance between sustainable levels of income and capital growth.
- £ Optimise total returns without undue risk.
- £ Continue to meet the Representative Body's current to long-term liabilities and income commitments.
- £ Operate within the constraints of the Church in Wales's Ethical Investment Policy.

Diversification in a range of assets is essential to reducing risk and therefore forms an important part of the investment strategy of the fund. The assets in which the fund is invested are regularly reviewed.

Fund Managers

Sarasin & Partners LLP and Newton Investment Management each manage one half of the stock exchange investment fund, under a Global Multi-Asset mandate.

Cluttons LLP manage both the investment properties and the property unit trusts of the charity.

Investment Performance

Stock Exchange

- £ Investments increased by 9% to £739.1m.
- £ The total return of the investments was 8.2% compared to the ARC comparator of 10.3%.
- £ The annualised returns outperformed the comparator over 3 years.

The performance of the Representative Body's total investment fund, including the stock exchange investments and property investments, is measured relative to the ARC GBP Steady Growth ACI benchmark.

Investment Properties

- £ The Representative Body holds 9 investment properties as well as units in 1 Property Unit Trust.
- £ The 9 properties are independently valued at each year end.
- £ The investment property portfolio increased by 4% to £60.2 million
- £ The property portfolio is measured against the MSCI Monthly Index.
- £ The investment property portfolio equaled or outperformed the MSCI Monthly Index over all periods.

Ethical Investment Policy

The Church in Wales has had an Ethical Investment Policy for many years, with the current policy statement being adopted by the Governing Body in April 2021.

This policy provides the Representative Body with an investment framework that is both ethical and consistent with the furtherance of its aims and objectives. It is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investments, and to use its investments as an ethical means of contributing to the cost of ministry and mission in the province.

The Ethical Investment Policy can be viewed via the link:

<https://www.churchinwales.org.uk/en/publications/administration-and-business/ethical-investment-policy>

The Representative Body wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations, and exercising combined shareholder influence.

Ethical investing, including ESG items, are discussed by the Investment Committee at each meeting.

Financial Review

Results

The Representative Body operational results for the year were:

	2024	2023
General fund income	£21.3m	£23.0m
General fund expenditure	(£24.2m)	(£21.8m)
Net operational (deficit) / surplus	(£2.9m)	£1.2m

The overall results of the Representative Body for the year were:

	2024	2023
Net operational (deficit) / surplus	(£2.9m)	£1.2m
Investment gains	£64.7m	£46.5m
Clergy pension provision movement	£4.9m	(£12.5m)
Revaluation of fixed assets	(£7.5m)	(£1.0m)
Actuarial gain on pension scheme	£2.7m	£0.4m
Net movement in general funds (before transfers)	£61.9m	£34.6m

Financial Summary

Over 96% of the Representative Body's income is generated through its investments.

The income generated by these investments is used to fund the Partnership Funding to dioceses, training through St Padarn's Institute, the ministries of the seven bishops and the operations of the provincial office. As noted above the Representative Body is running an income and expenditure deficit and its expenditure has for many years exceeded its income, but this is offset by the capital gains of the investment portfolio. The Representative Body is aware that commitment to structural expenditure which progressively erodes its capital base will reduce its income and ability to fund the ministry and mission of the whole church in years to come.

Pension Schemes

Defined Benefit Pension Scheme

The charity operates a defined benefit pension scheme which closed to new entrants on 31st March 2017. A full actuarial valuation of the scheme was carried out on 31st March 2024. The table below summarises the results of the last 3 valuations:

	2024	2021	2018
Actuarial valuation	£2.89m	(£2.71m)	(£3.16m)
Employer contribution rate	18%	26%	22%

Clergy Pension Scheme

The Clergy Pension Scheme is a non-contributory final salary scheme and is a significant benefit for the clergy.

The Clergy Pension Scheme forms part of the overall investments of the Representative Body and the long-term challenge is to ensure that pension liabilities are held as a stable proportion of the Representative Body's total assets.

The Clergy Pension Scheme is reviewed every three years and the last actuarial valuation that took place as at 31st December 2022. The next actuarial valuation is due to take place at 31st December 2025.

The table below summarises the results of the last 3 valuations:

	2022	2019	2016
Market Value of the Representative Body's General Funds	£733m	£719m	£607m
Value of Past Service Liability	(£140.4m)	(£196.2m)	(£187.8m)
Liability as a proportion of General Fund	19.2%	27.3%	30.9%
Employer's Current Service Contributions	26.8%	36.5%	38.8%

Reserves Policy

Reserves provide financial stability and allow the Representative Body to continue operating through fluctuations in income, unexpected costs, and broader economic uncertainty.

The primary purposes of holding reserves are to:

- Provide a buffer against short-term income volatility, particularly due to the market fluctuation of the investment portfolio.

Reserves Policy *continued*

- Ensure operational continuity during periods of financial challenge.
- Invest in strategic opportunities aligned with the Representative Body's aims and objectives.
- Uphold the Representative Body's duty of stewardship over the resources entrusted to it.

The Representative Body holds a substantial portion of its reserves in stock exchange-listed investments. While these provide potential for growth and income generation, they are inherently subject to market volatility and may fluctuate significantly in value over short periods.

The Representative Body has agreed that unrestricted free reserves (excluding fixed assets, designated funds and endowment funds) should be maintained at a level sufficient to:

- Cover a minimum of 12 months of core operational costs.
- Withstand a 25% downturn in investment values without compromising the charity's ability to meet ongoing commitments.
- Enable the Representative Body to respond to strategic or emergency needs in line with its objectives.

Target free reserves level

Based on the above principles the Representative Body's target reserve policy is calculated to be:

	2024	2023
Target reserves level	£361m	£345m

The target free reserves level will be reviewed annually in light of changing risks, commitments, and financial forecasts.

Reserves of the charity

The Representative Bodys reserves at the year-end consist of:

	2024	2023
Endowment funds	£5m	£5m
Designated funds	£391m	£364m
Pension reserve	£4m	£1m
Free reserves	£527m	£498m
Total reserves	£927m	£868m

Reserves Policy *continued*

At the year-end, the Representative Body held free reserves in excess of the target level. The Representative Body's income is primarily generated through investments held on the stock exchange, and the majority of its reserves are also invested in listed securities. The value of these reserves can fluctuate with market conditions, and the current excess reflects favourable market performance rather than a significant change in underlying financial activity.

The trustees regularly review the reserves policy to ensure it remains appropriate in light of the investment strategy and long-term objectives. The current level of reserves provides a necessary buffer against market volatility and ensures the Representative Body can maintain its activities and respond flexibly to emerging needs within the Church in Wales.

Fund Purposes

The **Endowment Fund** represents the value of the former St Michael's College site which is used as a theological college and is known as St Padarn's Institute.

The **Designated Funds** are general funds earmarked for an agreed purpose. All designated funds are reviewed annually by the Finance Committee and returned to general funds if the purpose of their designation is no longer required.

33% of the total designed funds comprises the value placed on charity's fixed assets and non-investment properties. These are not income-generating assets and reflect the working plant of the Church. The remaining balance is specifically earmarked for future costs.

The **Pension Reserve** represents the value placed on the staff defined benefit pension scheme by the actuary.

The **Free Reserves (General Funds)** make up the balance of the funds and are the assets that are invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body's operations. The Representative Body aims to achieve a 5.5% total return, although this may not be sustainable in the future. The total return expenditure policy is based on the amount of General Funds held by the Representative Body. The policy is to set spending at a level intended to provide vital funding for the Church in the short term whilst preserving the investment base to provide sustainable increases in annual expenditure into the future.

Risk Management

The Representative Body has an extensive risk register which is overseen by the Audit and Risk Committee along with regular reviews by all risk owners, the Chief Executive and the Chief Operating Officer. It is formally reviewed annually by the Representative Body.

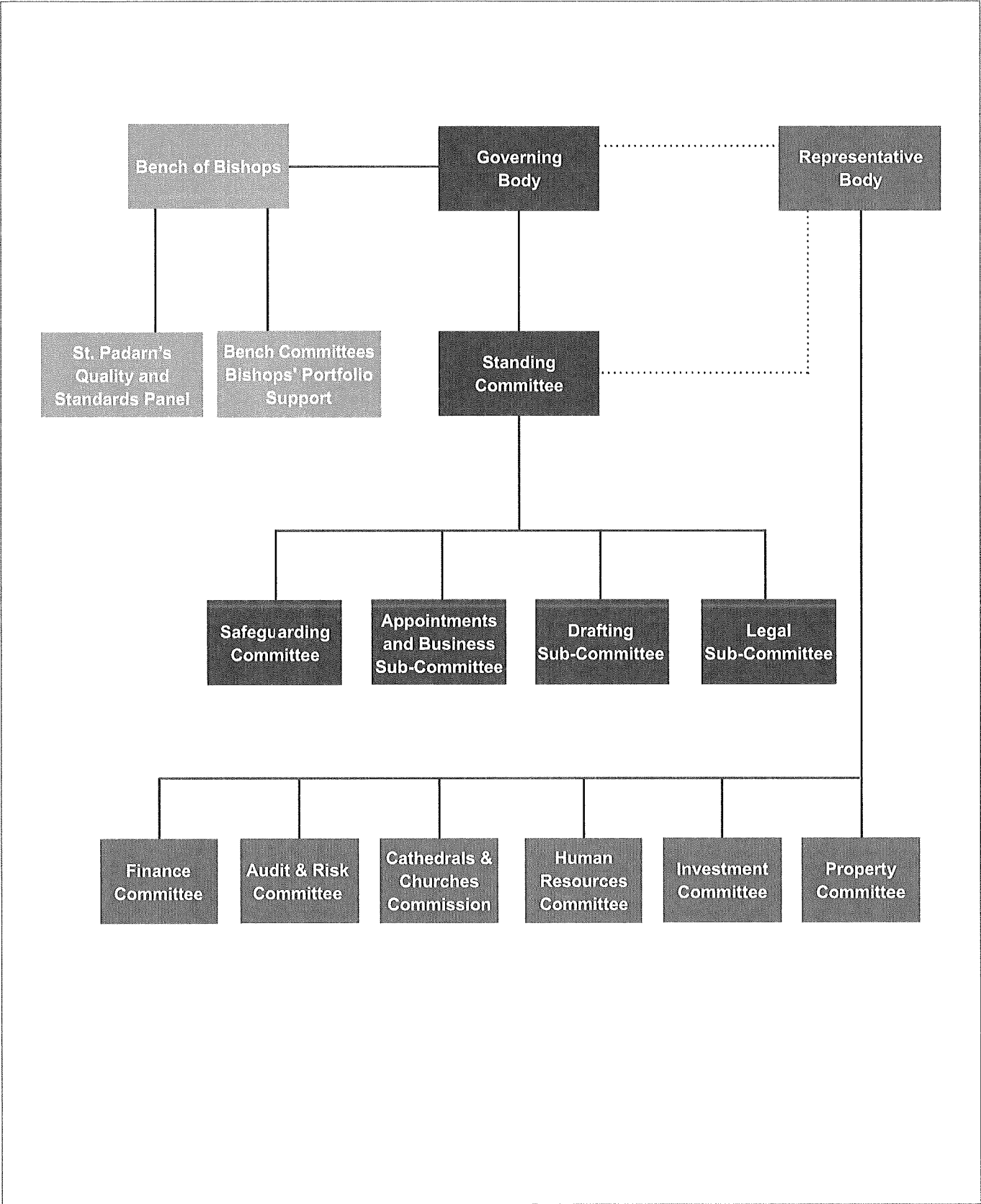
The 2024 risk register identifies the major risks to which the organisation is exposed and the scope of such risks. The register then identifies the controls and procedures which have been established to manage and mitigate those risks, from which there are defined action points, strategies and timescales to mitigate risk further.

The 2024 risk register has identified the following as the seven most significant risks and the plans and strategies for managing the highlighted risks:

Risk Management *continued*

Risk	Mitigation and Strategies
Unauthorised network access	• Firewall and security procedures in place at all sites • Deployment of DarkTrace network protection • Annual penetration testing • Two-factor authentication to access network.
Failure by any part of the Church in Wales to follow the Safeguarding Policy	• Safeguarding policy in place • Training provided for all clergy, lay ministers and volunteers • Dedicated safeguarding case working and trainers • Provincial Safeguarding Panel.
Increasing number of redundant churches	• Dedicated staff members to manage redundant church buildings • Grants provided to assist with repairs to avoid closures • Property department offers support and guidance • Regular meetings with diocesan teams to horizon scan.
Financial instability or insolvency of a DBF or cathedral	• Partnership funding and structural resilience funding provided with a 10-year agreement • Annual accounts and management accounts submitted by each diocese • Regular communication and dialogue with each diocese • Regular meetings between the DBF Chairs and the Chair of the RB.
Unplanned reduction of the charity's assets	• Investment performance reviewed quarterly by the Investment Committee and regularly by the Chief Executive and the Director of Finance • Diversified investment policy in place • Stock Exchange portfolio is managed by two fund management firms, with the property portfolio including a mix of property from different sectors, whose performance is measured relative to a respected benchmark • Robust cash flow forecast and reporting tool in place to ensure money is only withdrawn from portfolios when required.
Computer viral attack	• DarkTrace network protection system offers cutting edge AI driven network and viral protection • Password management protocols supersede recommended IT security audit standards • Annual penetration testing • Training provided to all staff at regular intervals.
Governance structure of the Church in Wales no longer appropriate for the needs of the organisation	• Interconnected membership of main structural bodies with consistent staff presence and support • Quarterly meeting of Representative Body and DBF Chairs and secretaries. • Governance Development Group formed • Bench developing proposals for a priorities statement.

Governance Structure



Plans for Future Periods

Climate Change

Following the Governing Body's Climate Emergency declaration in April 2021, the Representative Body appointed a full-time member of staff to bring focus to this important area of work and much work has been done to engage with all parts of the Church in Wales.

The Representative Body is committed to supporting the whole Church in its response to the global climate crisis.

Church Growth Fund

The Representative Body remains committed to supporting dioceses as part of its long-term mission. Looking ahead, the Representative Body will continue to provide this support through the £100 million Church Growth Fund. This investment will enable innovative projects and sustainable growth, ensuring the Church can continue to serve communities effectively and faithfully in the future.

Effectiveness of structural governance

The Church in Wales is a large organisation and its macro structure is complex. The leadership of the Church in Wales centres on its bishops working together as members of the Bench of Bishops; the strategic direction of the Church in Wales lies with the Governing Body through its Standing Committee; and management of the financial assets and governance lies with the Representative Body. Ideas will be explored to ensure the current arrangements are as effective as they might be with the possibility of bringing closer together the strategic work of the Standing Committee (which includes the bishops) with the asset management role of the Representative Body explored.

During 2025 both the finance and property teams will implement their restructuring plans.

Structure, Governance and Management

Governing document

The Representative Body was incorporated by Royal Charter on 24th April 1919 and registered with the Charity Commission on 11th July 2011. The charity is constituted to hold all property and investments vested in it in trust for the use and purposes of the Archbishop, Bishops, Clergy and Laity of the Church in Wales. These assets are held to maximise the support which can be given to the mission of the Church in parishes throughout the province.

Recruitment and appointment of trustees

The Representative Body comprises up to 26 members and normally meets three times a year. The membership and functions of the Representative Body are regulated by Chapter III of the Constitution of the Church in Wales.

Trustees (other than *ex-officio* trustees) are appointed for a three-year term of membership. The Representative Body's membership consists of:

- The Archbishop
- The Chair of the Standing Committee of the Governing Body
- The Chair of the Diocesan Board of Finance of each diocese
- One cleric elected by the Diocesan Conference of each diocese

Structure, Governance and Management *continued*

- One lay person elected by the Diocesan Conference of each diocese
- Up to four members nominated by the Bench of Bishops in consultation with the Standing Committee
- Up to two members co-opted by the other members of the Representative Body.

The following are eligible to be members of the Representative Body:

- Any cleric who holds an ecclesiastical office in the Church in Wales or a license from a diocesan bishop in the Church in Wales who is not retired nor has reached the age of 70.
- Any lay communicant over 18 and under 75 years of age who either:
 - Resides or has resided for a period of 12 months in a Church in Wales parish; or,
 - Whose name appears in the electoral register in a Church in Wales parish and who does not belong to a religious body which itself is not in communion with the Church in Wales.

A lay communicant may be elected a member of the Representative Body only for the diocese in which he or she either resides, holds diocesan office or has his or her name on the electoral roll of a parish in such diocese. No full-time employee of the Representative Body, a Diocesan Board of Finance or any other such provincial or diocesan body within the Church in Wales shall be eligible to be a member of the Representative Body.

Trustee induction and training

It is the policy of the Representative Body that its members should be provided with training appropriate to their duties both as charity trustees and as members of its committees. New members are given the opportunity to attend external training events for charity trustees and invited to an induction session at the provincial office to meet staff and to learn more about the work of the Representative Body, the Governing Body and the Bench of Bishops.

In addition, members are offered training tailored to meet specific gaps in knowledge or experience, often linked to a member's work with the Representative Body's committees. In the past this training has proved to be particularly beneficial in the complex and specialised areas of investments and audit.

During 2024 a trustee induction day was held which was well received by both new trustees and those who had been trustees for some time.

Committees

The Representative Body has six committees – Investment, Property, Human Resources, Audit and Risk, Finance and the Cathedrals and Churches Commission – each with specific terms of reference and functions delegated by the Representative Body and reviewed every three years. Each committee is made up of RB trustees as well as external members with the relevant specialist skill set

Investment Committee

The Investment Committee determines the investment strategy for approval by the Representative Body (within the overall policy objectives of the Representative Body and with advice from their appointed advisers) and recommends for the Representative Body's approval all strategic decisions necessary to manage the investments of the Representative Body within this strategy.

Structure, Governance and Management *continued*

Property Committee

The Property Committee has responsibility for policy relating to the Representative Body's non-investment property including churches, parsonages, burial grounds, glebe land, and bishops' residences and the management of those properties. Its duties are wide ranging and include authorising the sale and purchase of properties; developing strategies for dealing with redundant church buildings and churchyards; administering trusts, legacies and bequests; and administering grants for the repair and improvement of properties.

Human Resources Committee

The Human Resources Committee is responsible for developing policies and procedures for clergy, staff and volunteers in line with good practice and the specific legislation that applies to each group. This includes advising the Representative Body on the level of clergy stipends and staff salaries and the terms and funding of the pension schemes for clergy and staff respectively.

Audit and Risk Committee

The Audit and Risk Committee works with the Representative Body's external auditors to ensure proper financial reporting practice and compliance with charity accounting requirements. It is also responsible for monitoring the effectiveness of the internal audit function. It also has an important role in overseeing the risk management process and to consider the potential financial exposure on safeguarding matters.

Finance Committee

The Finance Committee was established in 2021 and is the principal place of detailed engagement and interface between the Representative Body and its staff on matters of financial strategy development; financial planning and budgeting; scrutiny of un-budgeted expenditure proposals; financial arrangements with the diocesan boards of finance; and matters relating to the staff and clergy pension schemes.

Cathedrals and Churches Commission

The role of the Cathedrals and Churches Commission is to provide expert advice to diocesan courts and advisory groups on applications for major works to cathedral and church buildings as part of the in-house procedure (or faculty procedure) established by the Church in Wales as a condition of the ecclesiastical exemption from local planning controls.

Conflicts of Interest

Representative Body members are likely to serve the Church in Wales in other ways and some, in particular clergy members, receive remuneration in these other roles. The Representative Body operates a conflicts of interest policy to ensure that members' other interests – either personal or on behalf of other organisations within the Church – do not exercise an inappropriate influence on the Representative Body's own decision making. A register of members' interests is maintained and updated regularly, and members are given the opportunity at the beginning of each meeting to declare any potential conflicts with items under consideration.

Fundraising

The Representative Body does not actively fundraise, but donations are gratefully received. No complaints have been received in respect of fundraising.

Structure, Governance and Management *continued*

Organisational structure and decision making

The organisational structure of the charity comprises the following:

Executive Leadership Team

- Chief Executive
- Chief Operating Officer
- Director of Mission and Strategy
- General Counsel and Head of Legal Services
- Principal of St Padarn's Institute

Senior Leadership Team

- Chief Executive
- Chief Operating Officer
- Director of Finance
- Director of Property Services
- Director of IT
- Governance Manager
- HR Manager

Other departments

- Safeguarding
- Data protection

The trustees delegate day to day management and decision making to the Chief Executive who is supported by the Executive Leadership Team.

Arrangements for setting the pay and remuneration of the charity's key management personnel

The salary structure of the charity is one that is based on a spinal system that has been in use since 2008. Each band contains six spinal points and employees annually progress through a pay band until they reach the top of the scale. At that point, pay is only increased in line with the cost-of-living increase proposed on an annual basis by the Human Resources Committee and agreed either as presented or in amended form by the Representative Body. On appointment of a new role, the role is benchmarked against market data and an employee is subsequently recruited at a grade and band in line with the market findings.

The Chief Executive's remuneration is reviewed and considered by a Remuneration Group which is convened by the Chair of the Representative Body. The remuneration is benchmarked using market data.

The pay structure is under active review and will be subject to an external benchmarking process facilitated by a specialist agency reporting into a nominated trustee.

Reference and Administrative Details

Charity name	The Representative Body of the Church in Wales
Known as	The Representative Body <i>or</i> the RB
Charity registration number	1142813
Principal office	2 Callaghan Square, Cardiff, CF10 5BT
Website	www.churchinwales.org.uk

Representative Body Membership

Chair	Professor M Hughes
Deputy Chair	The Very Reverend N H Williams

Ex Officio Membership

Archbishop of Wales	The Most Reverend A T G John, Archbishop of Wales
Chair of Standing Committee	Mr T Llewelyn
Chair of St Asaph Diocesan Board of Finance	Mrs S Allin
Chair of Bangor Diocesan Board of Finance	The Venerable J C Harvey resigned 1 st January 2025 Dr H J Parry-Smith appointed 1 st January 2025
Chair of St Davids Diocesan Board of Finance	Mrs H Evans
Chair of Llandaff Diocesan Board of Finance	Mr M A Lawley
Chair of Monmouth Diocesan Board of Finance	Mr P E Lea resigned 17 th September 2024 Mr I S Loynd appointed 17 th September 2024
Chair of Swansea and Brecon Diocesan Board of Finance	Mr J Brown resigned 4 th May 2025 (since vacant)

Reference and Administrative Details *continued*

Elected Membership

St Asaph The Very Reverend N H Williams, Dean of St Asaph Mr P R Williams
Bangor The Reverend M J Beecroft Dr H J Parry-Smith became <i>ex officio</i> from 1 st January 2025 (since vacant)
St Davids The Venerable P Mackness, Archdeacon of St Davids Mrs J A P Hayward
Llandaff The Venerable R E A Green, Archdeacon of Llandaff Dr H Payne
Monmouth The Venerable I K Rees, Archdeacon of Monmouth Miss N C Gibbons
Swansea and Brecon The Reverend Dr A Morgan

Nominated Membership

Professor M Hughes Mr C Clarke Mr P D Kennedy Mr T O S Lloyd OBE, DL, FSA
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Co-opted Membership

Mrs J Heard Mr R Anning

Key Management Personnel

Chief Executive Chief Operating Officer General Counsel and Head of Legal Services Director of Mission and Strategy Principal of St Padarn's Institute	Canon S J Lloyd Mr L Hughes Mr M Chinery Dr G Davies The Reverend Canon Professor J Duff
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Reference and Administrative Details *continued*

Advisors

Auditors	HaysMac LLP 10 Queen Street Place London EC4R 1AG
Bankers	Lloyds Bank Plc 4 th Floor, St William House Tresillian Terrace Cardiff CF10 5BH
Investment Property Advisors	Cluttons LLP Yarnwicke 119-121 Cannon Street London EC4N 5AT
Investment Advisors	Newton Investment Management BNY Mellon Financial Centre 160 Queen Victoria Street London EC4V 4LA Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
Actuaries	Quantum Advisory Cypress House Pascal Close St Mellons Cardiff CF3 0LW Atkin & Co. Nelson House Central Boulevard Blythe Valley Park Solihull B90 8BG

Statement of Trustees Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 of the incoming resources and application of resources of the charity for that year.

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

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient 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 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Representative Body

Professor Medwin Hughes – Chair



The Very Reverend Nigel Williams – Deputy Chair

24th June 2025



Independent Auditors' Report

Independent Auditors' Report to the Trustees of the Representative Body of the Church in Wales

Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31st December 2024 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 charity's affairs as at 31st December 2024 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's Introduction. Our opinion on the financial

Independent Auditors' Report *continued*

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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 for the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent Auditors' Report *continued*

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and key accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Yn eiddo'r RBC

HaysMac LLP
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date: 8 August 2025

HaysMac LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

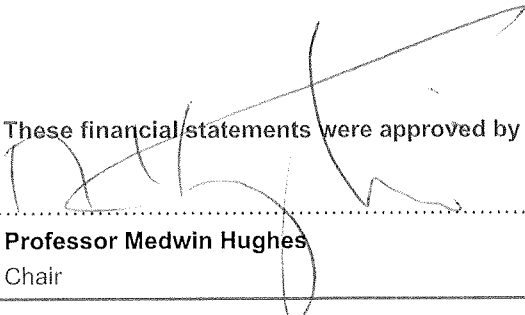
Statement of Financial Activities

for the year ending 31st December 2024

	Note	2024 Unrestricted Funds £000	2024 Designated Funds £000	2024 Endowment Funds £000	2024 Total Funds £000	2023 Total Funds £000
Income from:						
Donations and legacies	2	-	1	-	1	327
Charitable activities income	3	571	257	-	828	1,251
Investment income	4	20,753	414	-	21,167	22,643
Total Income		21,324	672	-	21,996	24,221
Expenditure on:						
Raising funds	5	3,279	-	-	3,279	3,397
Charitable activities	6	20,920	4,440	-	25,360	22,121
Total expenditure before clergy pension provision movement		24,199	4,440	-	28,639	25,518
Clergy pension provision movement		(4,984)	-	-	(4,984)	12,390
Total expenditure after clergy pension provision movement		19,215	4,440	-	23,655	37,908
Net income / (expenditure) before investment gains		2,109	(3,768)	-	(1,659)	(13,687)
Net gains on investments		64,657	844	-	65,501	47,321
Net income/ (expenditure)		66,766	(2,924)	-	63,842	33,634
Transfers between funds	18	(29,167)	29,167	-	-	-
Other recognised gains / (losses):						
Gains / (losses) on revaluation of fixed assets for the charity's own use		(7,529)	-	130	(7,399)	3,736
Actuarial gain on defined benefit pension schemes	21	2,695	-	-	2,695	390
Net movement in funds		32,765	26,243	130	59,138	37,760
Reconciliation of funds						
Total funds brought forward	19	498,644	364,335	5,070	868,049	830,289
Total funds carried forward	19	531,409	390,578	5,200	927,187	868,049
The statement of financial activities includes all gains and losses recognised in the year.						
All income and expenditure derive from continuing activities.						

Balance Sheet

as at 31st December 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	11	120	100
Investments	12	799,285	738,738
Non-investment properties	13	241,585	246,531
Total fixed assets		1,040,990	985,369
Current assets			
Debtors	14	16,740	16,373
Cash at bank and in hand		8,584	17,894
Total current assets		25,324	34,267
Creditors: amounts falling due within one year	15	(6,508)	(5,114)
Net current assets		18,816	29,153
Creditors: amounts falling due after one year			
Provision for liabilities	22	(137,100)	(147,500)
Net assets excluding defined benefit surplus		922,706	867,022
Defined benefit staff pension scheme	21	4,481	1,027
Total net assets		927,187	868,049
Funds of the charity			
Endowment funds	17	5,200	5,070
<i>Unrestricted funds</i>			
Designated funds	18	390,578	364,335
General unrestricted funds	19	526,928	497,617
Pension reserve	19	4,481	1,027
		921,987	862,979
		927,187	868,049
These financial statements were approved by the trustees on 24 th June 2025.			
 Professor Medwin Hughes Chair		 The Very Reverend Nigel Williams Deputy Chair	

Cash Flow Statement

for the year ending 31st December 2024

	Note	2024 £000	2023 £000
Cash generated from operations			
Surplus		59,138	37,760
<i>Adjustments for:</i>			
Investment income recognised in the statement of financial activities	4	(21,167)	(22,643)
(Gains) on investments	12	(31,170)	(4,729)
(Gains) / losses on fixed assets	13	2,692	(1,244)
Depreciation of tangible fixed assets	11	19	12
<i>Movements in working capital:</i>			
Increase in debtors	14	(242)	(960)
Increase in creditors	15	1,282	373
Increase / (decrease) in deferred income	16	112	(230)
Movement in clergy pension provision	22	(10,400)	7,100
Movement on staff defined pension asset	21	(3,454)	(1,154)
Net cash provided by operating activities		(3,190)	14,285
Statement of Cash flows			
Cash flows from operating activities			
Cash generated from operations		(3,190)	14,285
Cashflows from investing activities			
Investment income received	4	21,167	22,643
Purchase of non-investment property	13	(4,475)	(7,929)
Proceeds from the sale of non-investment property		6,729	245
Proceeds from the sale of investment property		-	4,741
Proceeds from the sale of property unit trusts		-	23
Purchase of stock exchange investments	12	(246,629)	(201,711)
Proceeds from the disposal of stock exchange investments		217,250	177,977
Purchase of fixed assets	11	(39)	
Net cash used in investing activities		(5,997)	(4,011)
Cashflows from financing activities			
Loan advances		(268)	(167)
Loan repayments		145	201
Net cash used in financing activities		(123)	34
Net (decrease) / increase in cash and cash equivalents		(9,310)	10,308
Cash and cash equivalents at beginning of year		17,894	7,586
Cash and cash equivalents at end of the year		8,584	17,894
Analysis of changes in net funds			
The charity had no debt during the current or previous year.			

Notes to the Accounts

Note 1 Accounting Policies

Charity information

The Representative Body of the Church in Wales is incorporated under Royal Charter and its principal office is 2 Callaghan Square, Cardiff, CF10 5BT.

Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view.

This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The financial statements have been prepared under the historical cost convention, modified to certain financial instruments at fair value.

The principal accounting policies adopted are set out below.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes.

The purposes and uses of the designated funds are set out in the notes to the financial statements.

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

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected.

If the amount is not known, the legacy is treated as a contingent asset.

Income from property and course income is recognised in the period to which the income relates. Any rent and course income received in advance is deferred and subsequently released in the period to which it relates.

Stock exchange income is recognised on the date the charity's right to receive payment is established.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Costs of raising funds comprise the costs in relation to generating income such as fundraising activities.

Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Resources expended *continued* ...

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities.

Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Foreign currency

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date.

Gains and losses arising on translation in the period are included in profit or loss.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements - over the life of the lease

Motor vehicles - 20% straight line

All other fixed assets are not capitalised due to their immaterial nature.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Heritage assets

A number of former church sites or ruins are owned. They are not saleable assets and are retained accordingly. No value has been included for them in the accounts.

Fixed asset investments

Stock exchange investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date.

Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Investment properties are initially measured at cost and subsequently revalued fair value at each reporting date with any changes in fair value being recognised in the Statement of Financial Activities.

Property unit trusts are initially measured at cost and subsequently revalued at each year end based on net asset value per unit.

Non-investment properties

The charity has included non-investment properties in the Balance Sheet at a valuation using the methodology set out below:

The charity does not value the cathedrals and churches it owns, as cost information is not available and any conventional valuation techniques lack sufficient reliability due to the unique and historically significant nature of the buildings.

The charity's property database confirms that their assets include 6 cathedrals, 1,228 churches and 1,220 churchyards at the year end.

These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the church's faculty system which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times.

Such assets are not marketed but are occasionally sold.

The following asset classes were valued by Savills (UK) Limited as at the year end and the basis of the valuation is set out below:

Parsonages, bishops' houses and sundry provincial property have been valued by the desktop valuation of a representative 21% sample of these properties and these results have been extrapolated to reflect the total valuation of the portfolio.

There are also a number sundry property buildings and plots which are not straightforward to value.

Church Halls are valued based on the desktop valuation of a representative 20% sample of these properties which has then been extrapolated to reflect the total valuation of the portfolio.

The St Michael's College site is valued at open market value (existing use) based on a professional valuation.

Glebe has been valued based on the desktop valuation of a representative 19% sample of the portfolio which has then been extrapolated to reflect the total value of the portfolio.

The valuations were carried out by Cooke & Arkwright Limited and Jones Peckover Limited

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Loans

The charity has the following loans contained in the financial statements:

- Clergy housing loans (interest bearing) – interest is charged at one half of the Bank of England base rate. The rate is reviewed in April each year when current rates and their impact on borrowers are considered.
- Clergy housing loans (equity linked) – no interest is charged.
- Housing and cathedral loans – interest is charged at 3%.
- Curate house loans – no interest is charged.
- Ministry area loans – interest is charged at 2% below Bank of England base rate, subject to a minimum rate of 2%.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

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

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers.

Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Taxation

As a registered charity, the charity is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Defined contribution scheme

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

Defined benefit scheme

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.

The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Defined benefit scheme continued

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly.

Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Pensions of Clergy and Surviving Spouses and Civil Partners

The Representative Body operates a pension scheme providing defined benefits based on years of service.

The assets of the scheme are held within the stock exchange investment portfolio of the charity.

The scheme is an unfunded scheme and is accounted for as a provision at the year end in line with the year end actuarial valuation.

Leases

Rentals payable under operating leases are charged to expenditure on a straight line basis over the term of the relevant lease.

Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

Retirement benefit scheme

As set out in notes, the charity operates a defined benefit pension scheme for all qualifying employees. The accounting cost of these benefits and the present value of the pension liabilities involved judgements about uncertain events including such factors as the life expectancy of members, the salary progression of current employees, price inflation and the discount rate used to calculate the net present value of the future pension payments. Estimates are used for all of these factors in determining the pension costs and liabilities incorporated in the financial statements. The assumptions reflect historical experience and judgement regarding future expectations and external actuarial specialists are also used to assist the exercise.

Clergy pension provision

As set out in the note the Representative Body operates a pension scheme for its clergy providing defined benefits based on years of service.

The accounting cost of these benefits and the present value of the pension liabilities involved judgements about uncertain events including such factors as price inflation the life expectancy of members, the salary progression of current employees, and the discount rate used to calculate the net present value of the future pension payments. Estimates are used for all of these factors in determining the pension costs and liabilities incorporated in the financial statements. The assumptions reflect historical experience and judgement regarding future expectations and external actuarial specialists are also used to assist the exercise.

Valuation of non investment properties

The charity holds non-investment properties which are used for charitable purposes. These properties are not revalued annually on an individual basis due to the scale and geographical dispersion of the portfolio. Instead, a representative sample comprising approximately 20% of the properties is revalued each year by qualified external valuers.

The results of this sample are then extrapolated to estimate the value of the remaining properties in the portfolio. This approach introduces estimation uncertainty, particularly in relation to changes in local property markets, condition of individual assets, and the appropriateness of the sample selected. Management reviews the valuation methodology and sample selection annually to ensure that the extrapolated results provide a reasonable approximation of fair value across the entire portfolio.

Note 2 Donations and Legacies	2024			2023		
	Unrestricted Funds £000	Designated Funds £000	Total Funds £000	Unrestricted Funds £000	Designated Funds £000	Total Funds £000
Donations	-	1	1	1	-	1
Legacies	-	-	-	326	-	326
Total	-	1	1	327	-	327

Note 3 Charitable Activities Income	2024			2023		
	Unrestricted Funds £000	Designated Funds £000	Total Funds £000	Unrestricted Funds £000	Designated Funds £000	Total Funds £000
Course income	265	-	265	236	-	236
Grants	137	-	137	159	-	159
Property income	-	257	257	-	834	834
Sundry	169	-	169	22	-	22
Total	571	257	828	417	834	1,251

Note 4 Investment Income	2024			2023		
	Unrestricted Funds £000	Designated Funds £000	Total Funds £000	Unrestricted Funds £000	Designated Funds £000	Total Funds £000
Interest	599	-	599	608	-	608
Property	3,625	-	3,625	4,018	-	4,018
Stock exchange	16,529	414	16,943	17,626	391	18,017
Total	20,753	414	21,167	22,252	391	22,643

Note 5 Expenditure on Raising Funds	2024			2023		
	Unrestricted Funds £000	Designated Funds £000	Total Funds £000	Unrestricted Funds £000	Designated Funds £000	Total Funds £000
<i>Investment management:</i>						
property	430	-	430	621	-	621
stock exchange	2,422	-	2,422	2,266	-	2,266
Property repairs and maintenance	275	-	275	171	-	171
Support costs	152	-	152	339	-	339
Total	3,279	-	3,279	3,397	-	3,397

Note 6 Expenditure on Charitable Activities	2024			2023		
	Unrestricted Funds	Designated Funds	Total Funds	Unrestricted Funds	Designated Funds	Total Funds
	£000	£000	£000	£000	£000	£000
Support for ministry						
Bishops	1,204	-	1,204	1,120	-	1,120
Communications	213	-	213	155	-	155
Clergy pension contributions	2,968	-	2,968	2,815	-	2,815
<i>Clergy property</i>						
Brecon Deanery costs	1,000	-	1,000	-	-	-
Diocesan inspector costs	493	-	493	469	-	469
Episcopal residencies	33	-	33	105	-	105
Sundry property costs	-	-	-	53	-	53
Ministry training - St Padarn's Institute	3,322	-	3,322	2,731	-	2,731
Mission and ministry	514	-	514	316	-	316
Safeguarding	393	-	393	379	-	379
Sundry clergy benefits	2	-	2	3	5	8
Support costs	1,468	-	1,468	800	-	800
Total	11,610	-	11,610	8,946	5	8,951
Support for dioceses and parishes						
Church Growth Fund	-	1,017	1,017	-	1,165	1,165
Emergency Aid Fund	-	715	715	-	332	332
Evangelism Fund	-	1,161	1,161	-	1,542	1,542
Partnership Funding	2,335	-	2,335	2,673	-	2,673
Repairs and extensions to churches	-	280	280	-	185	185
Structural Resilience Fund	3,700	-	3,700	3,594	101	3,695
Support costs	1,861	68	1,929	1,478	-	1,478
Total	7,896	3,241	11,137	7,745	3,325	11,070
Other church property						
Redundant churches	-	663	663	-	71	71
Church sales regulations	-	345	345	-	118	118
Climate change fund	55	71	126	-	26	26
Other property costs	30	-	30	47	-	47
Support costs	831	-	831	958	-	958
Total	916	1,079	1,995	1,005	215	1,220
Other financial support						
Cathedrals funding	4	110	114	321	84	405
Grants to Anglican and ecumenical bodies	178	-	178	173	-	173
Other support	83	10	93	75	68	143
Provincial court and tribunals	11	-	11	4	-	4
Support costs	222	-	222	155	-	155
Total	498	120	618	728	152	880
Total charitable activities expenditure	20,920	4,440	25,360	18,424	3,697	22,121

Note 7 Support Costs	2024			2023		
	Support costs	Governance costs	Total costs	Support costs	Governance costs	Total costs
	£000	£000	£000	£000	£000	£000
Audit fees	-	48	48	-	53	53
Defined benefit pension scheme current service costs	285	-	285	323	-	323
Depreciation	19	-	19	11	-	11
IT costs, software and subscriptions	535	-	535	339	-	339
Legal and professional fees	106	-	106	55	-	55
Meeting expenses	6	161	167	9	28	37
Office and premises expenses	756	-	756	623	-	623
Other staff costs	124	-	124	96	11	107
Staff costs	2,315	169	2,484	1,862	229	2,091
Sundry	17	-	17	54	-	54
Travel and subsistence	50	2	52	36	-	36
Trustees expenses	-	5	5	-	1	1
Trustee training	-	4	4	-	-	-
Total	4,213	389	4,602	3,408	322	3,730

<i>Analysed between:</i>						
Raising funds	152	-	152	339	-	339
Support for ministry	1,468	-	1,468	800	-	800
Support for dioceses for parishes	1,669	260	1,929	1,263	215	1,478
Other church property	831	-	831	958	-	958
Other financial support	93	129	222	48	107	155
Total	4,213	389	4,602	3,408	322	3,730

Support costs have been allocated on the basis of an estimated percentage of staff time spent on each charitable activity.

Unrestricted	4,534	3,629
Designated	68	101
Total	4,602	3,730

Note 8

Trustees Expenses and Remuneration

No trustee received remuneration during the current or prior year in relation to their role as trustee.

1 trustee (2023: 1) received remuneration from the charity in connection with their office.

The Most Reverend A T G John who is an *ex officio* member of the charity received benefits (including salary, employers pension contributions and benefits in kind) totaling £73,811 (2023: £71,312).

Trustee Chris Clarke is a director of Chris Clarke Surveyors Ltd of which the company received £1,140 (2023: £1,020) in fees in relation to the valuation of 3 properties.

15 (2023: 8) trustees were reimbursed for travel, subsistence and accommodation expenses incurred totaling £4,993 (2023: £863).

Note 9**Employees****Number of employees**

The average monthly number of employees during the year was: 116 (2023: 125).

Employment costs	2024 £000	2023 £000
Wages and salaries	4,888	4,221
Social security costs	528	467
Pension costs	341	235
FRS 102 defined benefit pension costs	285	355
Total	6,042	5,278

Key management personnel

During the year the key management personnel of the charity of which there were 5 (2023: 5) received total benefits (including gross salary, benefits in kind, employer's National Insurance contributions and employer's pension contributions) totaling £670,071 (2023:£522,633).

Employees earning > £60,000	2024	2023
The number of employees who received benefits (gross salary and benefits in kind) over £60,000 were:		
£60,000-£70,000	11	3
£70,001-£80,000	1	1
£80,001- £90,000	3	4
£90,001- £100,000	1	-
£120,001- £130,000	-	1
£150,001- £160,000	1	-

Note 10**Realised and Unrealised Gains**

	2024 £000	2023 £000
Realised	34,045	19,692
Unrealised	24,058	31,365
Total	58,103	51,057

Note 11			
Tangible Fixed Assets	Leasehold Improvements £000	Motor Vehicles £000	Total £000
Cost			
At 1 st January 2024	172	-	172
Additions	-	39	39
At 31st December 2024	172	39	211
Depreciation			
At 1 st January 2024	72	-	72
Depreciation charged in the year	11	8	19
At 31st December 2024	83	8	91
Carrying amount			
At 31 st December 2024	89	31	120
At 31 st December 2023	100	-	100

Note 12	Investment Properties £000	Property Unit Trusts £000	Listed Investments £000	Cash in Portfolio £000	Other Investments £000	Total £000
At 1 st January 2024	47,850	10,062	673,729	7,072	25	738,738
Additions	-	-	246,629	-	-	246,629
Disposals	-	-	(217,252)	-	-	(217,252)
Revaluation	1,700	563	29,376	-	-	31,639
Net movement in cash	-	-	-	(469)	-	(469)
At 31st December 2024	49,550	10,625	732,482	6,603	25	799,285
Historical cost	33,203	7,613	581,135	6,603	25	628,579

Investment properties

Investment properties were valued by Colliers at 31st December 2024 in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

Note 13	2024 £000	2023 £000
Non Investment Properties		
Brought forward	246,531	237,603
Additions	4,475	7,929
Disposals	(6,729)	(245)
Revaluation	(2,692)	1,244
Carried forward	241,585	246,531
The above consists of:		
Parsonages, bishops' houses and sundry provincial property	200,908	207,549
Church halls	14,870	13,852
Glebe	20,607	20,060
Operational properties	5,200	5,070
Total	241,585	246,531

Note 14	2024	2023
Debtors and Loans	£000	£000
Accrued income	2,040	2,158
Loans	8,053	7,929
Other debtors	5,698	5,219
Prepayments	949	1,067
Total	16,740	16,373
Loan balances due > 1 year	8,022	7,922

Note 15	2024	2023
Creditors: Amounts Faling Due Within One Year	£000	£000
Accruals	532	267
Amounts owed to special trusts	1,828	1,445
Creditors	2,051	1,742
Deferred income (note 16)	540	428
Other creditors	750	96
Other taxation and social security	807	1,136
Total	6,508	5,114

Note 16	2024			2023		
Deferred Income	Course Income	Rents	Total	Course Income	Rents	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward	6	422	428	7	651	658
Income received	271	3,731	4,002	235	3,789	4,024
Income released	(265)	(3,625)	(3,890)	(236)	(4,018)	(4,254)
Balanced carried forward	12	528	540	6	422	428

Deferred income relates to course income and rental income received in advance and which relates to future financial periods.

Note 17	1st January	Gains	31st December	Gains	31st December
Endowment Funds	2023	£000	2023	£000	2024
	£000	£000	£000	£000	£000
St Michael's College	4,840	230	5,070	130	5,200
Total	4,840	230	5,070	130	5,200

St Michael's college is held for the operation of an educational institution.

Note 18 Designated Funds	1 st January					31 st December
	2024 £000	Income £000	Expenditure £000	Transfers £000	Gains £000	2024 £000
Capital						
Church repairs capital reserve	15,427	86	-	-	844	16,357
Diocesan parsonage improvement fund	(411)	-	-	411	-	-
Pension equalisation reserve	115,201	-	-	(115,201)	-	-
Property reserve	43,906	-	-	(43,906)	-	-
Revaluation reserve	162,977	-	-	(162,977)	-	-
Tangible fixed assets	-	-	-	120	-	120
Non investment properties	-	-	-	236,385	-	236,385
Revenue						
Cathedrals funding quinquennial inspections	13	-	-	-	-	13
Cathedrals funding key building repairs	1,483	-	(110)	-	-	1,373
Cathedrals funding project development	158	-	-	-	-	158
Church Growth Fund	11,935	-	(1,017)	84,719	-	95,637
Church sales regulations	3,408	78	(345)	-	-	3,141
Climate change fund	524	-	(72)	548	-	1,000
Communication of good news fund	100	-	-	-	-	100
Dilapidation reserve	-	-	-	300	-	300
Emergency aid	371	72	(714)	300	-	29
Evangelism Fund	8,213	-	(1,161)	(162)	-	6,890
Overseas fund	19	19	(10)	-	-	28
Overseas students	1	-	-	-	-	1
Partnership Funding	-	-	-	81	-	81
Provincial priorities fund	327	1	-	-	-	328
Redundant churches	(57)	21	(663)	699	-	-
Repairs and extensions to churches	656	395	(280)	-	-	771
COVID fund	84	-	(68)	-	-	16
Structural Resilience Fund	-	-	-	27,750	-	27,750
Website development	-	-	-	100	-	100
Total	364,335	672	(4,440)	29,167	844	390,578

Note 18 Designated Funds (Prior Year)	1 st January					31 st December
	2023	Income	Expenditure	Transfers	Gains	2023
	£000	£000	£000	£000	£000	£000
Capital						
Church repairs capital reserve	14,598	16	-	-	813	15,427
Diocesan parsonage improvement fund	3,733	3,970	(8,114)	-	-	(411)
Pension equalisation reserve	115,081	125	(5)	-	-	115,201
Property reserve	37,182	-	-	-	6,724	43,906
Revaluation reserve	161,024	-	-	-	1,953	162,977
Revenue						
Cathedrals funding quinquennial inspections	17	-	(4)	-	-	13
Cathedrals funding key building repairs	1,500	-	(17)	-	-	1,483
Cathedrals funding project development	221	-	(63)	-	-	158
Church Growth Fund	-	-	(1,165)	13,100	-	11,935
Church sales regulations	2,905	621	(118)	-	-	3,408
Climate change fund	550	-	(26)	-	-	524
Communication of good news fund	-	-	-	100	-	100
Emergency aid	401	52	(332)	250	-	371
Evangelism Fund	12,755	-	(1,542)	(3,000)	-	8,213
Overseas fund	69	18	(68)	-	-	19
Overseas students	1	-	-	-	-	1
Provincial priorities fund	-	-	-	327	-	327
Redundant Churches	(130)	144	(71)	-	-	(57)
Repairs and Extensions to Churches	467	374	(185)	-	-	656
COVID Fund	185	-	(101)	-	-	84
Transformation Fund	24	-	-	(24)	-	-
Total	350,583	5,320	(11,811)	10,753	9,490	364,335

Capital	
Church repairs capital reserve	Capital fund for church repairs and relates to the value of investments held within our Common Investment Fund.
Diocesan parsonage improvement fund	Funds for the purchases, sales and improvements of parsonages. A transfer has been made at the year end from general funds due to the balance being in deficit at the end of 2024.
Pension equalisation reserve	Funds to meet future clergy pension liabilities, this fund has been released to general funds in 2024 due to the liability being shown on the Balance Sheet.
Property reserve	Funds relating to unrealised gains on general property held, this fund has been released to general funds in 2024 and has been replaced by the tangible fixed assets and non investment properties fund below.
Revaluation reserve	Funds relating to unrealised gains on parsonages, church halls and sundry property, this fund has been released to general funds in 2024 and has been replaced by the tangible fixed assets and non investment properties fund below.
Tangible fixed assets	Fund relates to the net book value of the charity's fixed assets.
Non-investment properties	Fund relates to the valuation of the charity's non investment properties.
Revenue	
Cathedrals funding quinquennial inspections	Funds available for quinquennial inspections.
Cathedrals funding key building repairs	Funds available for key building repairs.
Cathedrals funding project development	Funds available for project development.
Church Growth Fund	The charity made a £100m pledge to fund church growth projects over a 10 year period, the fund relates to amounts available for distribution and draw down.
Church sales regulations	Funds available from the sale of churches.
Climate change fund	Funds available to support the climate change work of the charity.
Communication of good news fund	Funds available to support the communication activities of the Archbishop.
Dilapidation reserve	Funds designated regarding dilapidation costs.
Emergency aid	Funds available for building emergencies.
Evangelism Fund	Funds available for dioceses to act on evangelism and church growth.
Overseas fund	Funds available for overseas aid.
Overseas students	Funds available for overseas students.
Partnership Funding	Fund relates to the 2024 partnership funding element not claimed by Bangor Diocesan Board of Finance. This fund will be expended during 2025.
Provincial priorities fund	Funds available for projects in support of the Church in Wales priorities statement.
Redundant churches	Funds available to support costs arising in the maintenance of redundant churches. A transfer has been made at the year end from general funds due to the balance being in deficit at the end of 2024.
Repairs and extensions to churches	Funds available to parishes regarding repairs to church buildings.
COVID fund	Funds available for provincial projects. This fund will be fully expended during 2025.
Structural Resilience Fund	Funds remaining to be distributed until funding period ends in June 2032.
Website development	Funds available for website development which is due to take place during 2025/26.

Note 19 Analysis of Net Assets Between Funds	2024			
	Unrestricted £000	Designated £000	Endowment £000	Total Funds £000
Tangible assets	-	120	-	120
Investments	645,212	154,073	-	799,285
Non investment properties	-	236,385	5,200	241,585
Current assets	18,816	-	-	18,816
Defined benefit pension scheme	4,481	-	-	4,481
Clergy pension scheme	(137,100)	-	-	(137,100)
Total	531,409	390,578	5,200	927,187

	2023			
	Unrestricted £000	Designated £000	Endowment £000	Total Funds £000
Tangible assets	100	-	-	100
Investments	516,428	222,310	-	738,738
Non investment properties	99,436	142,025	5,070	246,531
Current assets	29,153	-	-	29,153
Defined benefit pension scheme	1,027	-	-	1,027
Clergy pension scheme	(147,500)	-	-	(147,500)
Total	498,644	364,335	5,070	868,049

Note 20**Defined Contribution Pension Scheme**

The charity operates a defined contribution pension scheme for all qualifying employees.

The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £252,962 (2023: £191,943). Amounts outstanding at the year end totaled: £14,226 (2023: £nil).

Note 21**Defined Benefit Pension Scheme**

The charity operates a defined benefit pension scheme arrangement called 'The Representative Body of the Church in Wales Staff Retirement Benefit Scheme' (the Scheme).

The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Scheme closed to new members on 31st March 2017.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out every three years to determine whether the Statutory Funding Objective is met.

As part of the process the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits

A full actuarial valuation of the Scheme was carried out as at 31st March 2024 by Atkin Pensions and the next valuation of the Scheme is due as at 31st March 2027.

The results of the 2024 valuation have been updated by an independent qualifying actuary Atkin Pensions to 31st December 2024 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

Note 21 continued		
Defined Benefit Pension Scheme	2024	2023
	£000	£000
Retirement benefit obligations	4,481	1,027
Total	4,481	1,027

Key assumptions	2024	2023
Discount rate	5.55%	4.65%
Inflation assumption RPI	2.95%	3.00%
Revaluation in deferment	3.05%	3.20%
Salary increases	2.55%	2.75%
Mortality assumptions		
The assumed life expectations on retirement at age 65 are:		
Retiring today: Males	21.7	21.8
Retiring today: Females	24.1	24.2
Retiring in 20 years: Males	22.9	23.0
Retiring in 20 years: Females	25.6	25.6
Amounts recognised in the profit and loss account:	£000	£000
Current service cost	285	323
Net interest on defined benefit liability	(64)	(12)
Expenses	62	50
Total costs	283	361
Amounts taken to other comprehensive income:		
Experience gains and (losses) on scheme liabilities	148	(173)
Demographic assumptions gains and (losses) on scheme liabilities	70	(90)
Financial assumptions gains and (losses) on scheme liabilities	2,540	(203)
Experience gains and (losses) on scheme assets	(63)	856
Total	2,695	390
The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:		
Present value of defined benefit obligations	(16,447)	(18,769)
Fair value of assets	20,928	19,796
Surplus in scheme	4,481	1,027
Movements in the year of defined benefit assets:		
Assets brought forward	19,796	17,351
Interest income	927	816
Actuarial gain / (loss) on assets	(63)	856
Benefits paid	(831)	(434)
Expenses paid	(62)	(50)
Contributions by the employer	1,042	1,125
Contributions by scheme members	119	132
Assets carried forward	20,928	19,796
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	18,769	17,478
Interest costs	863	804
Actuarial (gain)	(2,758)	466
Benefits paid	(831)	(434)
Current service cost	285	323
Contributions	119	132
Closing defined benefit obligation	16,447	18,769

The fair value of plan assets at the reporting period end was as follows:		
Equity instruments	50%	61%
Bonds	48%	37%
Property	0%	0%
Cash	2%	2%
Total	100%	100%

Note 22**Clergy Pension Provision**

The clergy pension provision was established in accordance with the advice of our actuaries, to meet liabilities for clergy and surviving spouses and civil partners' pensions and gratuities.

The actuarial valuation and basis of annual provision is reviewed every three years.

At the date of the last triennial actuarial valuation at 31st December 2022 undertaken by Quantum Advisory, the liability of the Representative Body for past service on the current funding basis was assessed using a discount rate of 4.8% at £140.4 million, which represented 19.2% (previously 27.3%) of total funds at that date. Based upon this valuation, the annual transfer.

The key financial assumptions used for the full actuarial valuation at 31st December 2024 and the interim valuation for 2022 are set out below.

The next full actuarial valuation of the Scheme is due to take place at 31st December 2025.

	2024	2023
	£000	£000
Retirement benefit obligations	147,500	140,400
Current service contributions	2,968	2,581
Other current service contributions	120	(113)
Income allocated	3,415	3,783
Pension payments to retired clergy	(5,574)	(5,181)
Pension payments to surviving spouses and civil partners	(1,562)	(1,519)
Gratuity payments of retired clergy	(1,246)	(1,383)
Transfer payments	(14)	(3)
Administrative expenses	(108)	(126)
Movement in provision	(8,399)	9,061
Balance carried forward	137,100	147,500

Key assumptions	2024	2023
Discount rate	5.3%	4.5%
Inflation assumption RPI	3.3%	3.3%
Inflation assumption CPI	2.6%	2.6%
Stipend increases	3.1%	3.1%
Pension increases - stipend linked	3.1%	3.1%
Pension increases - RPI up to 5% per annum,	3.2%	3.2%
Deferred revaluation	3.2%	3.2%
<i>Post retirement morality assumptions</i>		
The assumed life expectations on retirement at age 65 are:		
<i>Retiring today: Males</i>	21.5	21.4
<i>Retiring today: Females</i>	23.9	23.8
<i>Retiring in 20 years: Males</i>	22.5	22.4
<i>Retiring in 20 years: Females</i>	25.0	25.0

Note 23**Special Trusts**

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds.

The aggregate value of these special trusts at 31st December 2024 was £67,064,154 (2023: £63,444,475) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £2,265,623 (2023: £2,202,841) and was wholly distributed to beneficiaries.

Note 24**Custodian Trustee**

The Representative Body is the custodian trustee of 9 parsonages.

Note 25**Related Party Transactions**

Due to the nature of the Representative Body's operations and its membership being drawn from a wide range of clerical and lay members, it is inevitable that transactions will take place with organisations in which a member of the Representative Body may have an interest.

The most significant transactions are as follows:

The six Diocesan Boards of Finance received the following funding:	2024 £000	2023 £000
Partnership Funding	2,335	2,674
Structural Resilience Fund	3,700	3,594
Evangelism Fund	1,161	1,542
Church Growth Fund	968	1,165
At the year-end they also had loans outstanding of:		
Clergy Retirement Housing Loan Scheme	1,532	1,165

Note 26**Operating Leases**

At the reporting date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £000	2023 £000
Within one year	499	362
Between two to five years	739	1,237
Total	1,238	1,599

Note 27**Commitments**

At 31st December 2024 the Representative Body has budgeted to provide the six diocese the following funding:

	2024 £000	2023 £000
Partnership funding	2,621	2,500
Structural resilience funding	3,700	3,700
Evangelism funding	6,890	8,051
Church growth funding	23,125	11,935
Total	36,336	26,186

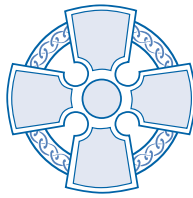
Note 28 Prior Year Statement of Financial Activities	2023	2023	2023	2023	2022
	Unrestricted	Designated	Endowment	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	£000	£000
Income from:					
Donations and legacies	327	-	-	327	19
Charitable activities income	417	834	-	1,251	1,050
Investment Income	22,252	391	-	22,643	20,961
Total income	22,996	1,225	-	24,221	22,030
Expenditure on:					
Raising funds	3,397	-	-	3,397	3,281
Charitable activities	18,424	3,697	-	22,121	19,553
Total expenditure before clergy pension provision movement	21,821	3,697	-	25,518	22,834
Clergy pension provision movement	12,515	(125)	-	12,390	(73,088)
Total expenditure after clergy pension provision movement	34,336	3,572	-	37,908	(50,254)
Net (expenditure) / income before investment (losses) / gains	(11,340)	(2,347)	-	(13,687)	72,284
Net gains / (losses) on investments	46,508	813	-	47,321	(88,061)
Net income / (expenditure)	35,168	(1,534)	-	33,634	(15,777)
Transfers between funds	(10,753)	10,753	-	-	-
Other recognised gains /(losses):					
Gains and losses on revaluation of fixed assets for the charity's own use	(1,027)	4,533	230	3,736	4,162
Actuarial gain on defined benefit pension schemes	390	-	-	390	8,495
Write down of the holding valuation of churches	-	-	-	-	(73,715)
Net movement in funds	23,778	13,752	230	37,760	(76,835)
Reconciliation of funds					
Total funds brought forward	474,866	350,583	4,840	830,289	907,124
Total funds carried forward	498,644	364,335	5,070	868,049	830,289
The statement of financial activities includes all gains and losses recognised in the year.					
All income and expenditure derive from continuing activities.					

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

England & Wales - Charity number 1142813

Accounts

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THE CHURCH
IN WALES

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2023



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Further copies of this report may be downloaded from the Church in Wales website:

https://www.churchinwales.org.uk/en/publications/administration-and-business/Annual_Report_Accounts/

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Charity Registration Number 1142813

Front cover photographs:

- top left:* St Peter's Church in Llanbedr, became the first church in Wales to achieve its Gold Eco-Church award.
- top middle:* Bishop Dorrien Davies was elected as the 130th Bishop of St Davids.
- top right:* In June 2023, the Bishop of St Asaph blessed and rededicated All Saints Church in Newtown after re-ordering project to transform the worship space.
- bottom left:* In their first official engagement in Wales after the Coronation, The King and Queen visited Brecon Cathedral to mark the centenary of the Diocese of Swansea and Brecon.
- bottom middle:* In 2023 we celebrated 900 years of pilgrimage at St Davids, culminating at a special service at St Davids Cathedral when the Archbishop blessed the shrine.
- bottom right:* Their Royal Highnesses the Prince and Princess of Wales visited St Davids Cathedral on the anniversary of the Queen's death.

CHAIR'S INTRODUCTION



As the world navigated the complexities of 2023, marked by the rise of artificial intelligence, the pressing issue of climate change with global temperatures on the rise, and increasing geopolitical tensions, the Church in Wales remained a steadfast presence, committed to

its mission and the well-being of its communities. One of the most significant challenges we continue to face is the decline in church attendance, which is reflective of a broader trend worldwide. Yet, at the heart of this challenge is an opportunity – an opportunity to rekindle the flame of faith and to reimagine the Church's role as a beacon of hope and community.

2023 has been a year of ambition and innovation. The Church Growth Fund was formally opened for applications in October. With a commitment of £100 million from capital reserves, this Fund aims to develop innovative approaches for sharing the transformative message of Jesus Christ throughout communities in Wales. It is a once-in-a-generation opportunity to empower confident and consistent evangelism across the province. Its primary goal is to facilitate encounters with Jesus, foster faith, encourage baptism, and nurture discipleship. The Church Growth Fund Allocation Group, responsible for assessing and approving funding applications, held its inaugural meeting in June, taking the first steps in this journey of innovation.

Furthermore, the Representative Body made a further £3.7 million available to the Dioceses through the Structural Resilience Fund, a strategic ten-year funding initiative aimed at ensuring the long-term stability and strength of the Church's infrastructure. The financial commitments made in 2023 are substantial, yet they are crucial for the long-term vitality of the Church's work, as detailed in this annual report. The investment environment is challenging, and the Investment Committee continues to work closely with our advisors to ensure that the funds needed to support the mission and ministry of the Church in Wales are available.

The Representative Body continued to support progress to build on the Governing Body's declaration of a climate emergency, the journey towards achieving a net-zero carbon footprint by 2030 saw practical steps being taken to reduce the environmental impact of church operations.

Of course, these accomplishments are not the Representative Body's alone, but are shared with every member of our church who has contributed their time, resources, and prayers.

In a year filled with both promise and uncertainty, the Church in Wales's commitment to the Gospel and the people of Wales prevailed. With a forward-looking approach, the Church continues to adapt and innovate.

Ultimately, the Representative Body exists for the Church; to serve, support and resource the six dioceses and mission and ministry areas of the Church in Wales; to steward its resources and enable the proclamation of the Gospel in the most effective manner. This is and remains our commitment. We embrace the challenging journey ahead with optimism and look forward to the growth and vitality of our province over the next decade.

May I take this opportunity to express my personal thanks to the clergy and lay leaders of the Church in Wales for all your contributions to our mission and ministry. Your support is very much appreciated.

Professor Medwin Hughes
Chair of the Representative Body

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

When planning its activities for the year, the Representative Body has taken into account the Charity Commission's guidance on public benefit and its specific guidance on charities for the advancement of religion. The Representative Body provides significant financial support for the activities of the Church in Wales which is present in all communities throughout Wales. As such, the Representative Body's assets (which include most church buildings and church halls) are available to the whole community. Regular worship, marriages, funerals, baptisms, pastoral care and outreach both at home and overseas are just some examples.

Key Objectives

The Representative Body's key objectives are:

- To manage its investments so as:
 - to meet the past service liability of the Clergy Pension Scheme;
 - to provide the maximum sustainable level of support for the work of bishops, dioceses, parishes and cathedrals.
- To manage the ecclesiastical and secular property vested in it for the uses and purposes of the Church in Wales.
- To support the Bench of Bishops in its oversight of the St Padarn's Institute by employing its staff and providing financial and operational support resource.
- To employ specialist staff to advise the bishops in connection with their allocated portfolios of activity.
- To provide an efficient and professional administrative service across a wide range of functions including:
 - payment of stipends and pensions to serving clergy and pensioners;
 - management of trusts and other funds held provincially;
 - organisation of provincial meetings of the Representative Body, Governing Body, Bench of Bishops and their committees;
 - provision of guidance for the wider Church on a range of issues including safeguarding, IT, property management, data protection and human resources;
 - maintenance of databases and information management.

Ongoing Objectives

- Maintaining diocesan support – to maintain financial support for dioceses through the Partnership Funding and other provisions.
- Financial stability – to ensure financial stability with regard to the clergy and staff pension schemes.
- Fund performance – to make investment returns that exceed agreed benchmarks.
- Safeguarding – to continue to strengthen the Church's capacity in safeguarding as we seek to be a Safe Church.

Additional Objectives for 2024

- To administer the Church Growth Fund in line with the criteria and application process devised by the Church Growth Fund Allocation Group, in consultation with the Representative Body, ensuring rigorous scrutiny and accountability with accessibility and a willingness to encourage and support innovation.
- To work with dioceses to develop protocols for the mutual sharing of information to ensure financial transparency.
- To develop a holistic property strategy which will inform decision-making around and management of each type of property within the Church in Wales.
- To continue to provide training and practical support to assist all parts of the Church in Wales to engage effectively with the Climate Emergency and the movement towards being carbon net zero by 2030.

ACHIEVEMENT AND PERFORMANCE

Investment Gains were £47m in a positive year for the markets

Overall Financial Position

The results for the year are shown in the Statement of Financial Activities on page 20.

There was an increase in total net funds for 2023 of £38 million. This was primarily due to gains on investments.

After considering other recognised gains and losses, the total funds shown on the balance sheet of the Representative Body at 31 December 2023 increased from £830 million to £868 million. Further details on the investment performance are given on page 6.

General Funds

Over 95% of the Representative Body's income is generated through its investments. During 2023, the Representative Body's investment income increased by £1.6 million. Expenditure remained at 2022 levels.

The following operational results were generated by the charity during the year:

	£m
General Fund income	22.8
General Fund expenditure	(25.4)
Net operational deficit	(2.6)

The resulting net deficit of £2.6 million was offset by investment gains of £47 million, a movement of (£8.7m) regarding the clergy pension provision, transfers to designated reserves of (£10.7m), losses on revaluation of fixed assets of (£1m) and an actuarial gain on the staff defined benefit pension scheme of £0.4m. This resulted in a net movement in funds over the year of £24 million.

Total Assets of the Representative Body

The Balance Sheet on page 21 presents the key financial data but it is of vital importance that Church members understand the nature of the Representative Body's total funds.

The table on page 4 explains how the Representative Body's assets are structured.

The total assets of the Representative Body as at 31 December 2023 stood at £1,015 million.

However, as the Clergy Pension Scheme is an unfunded scheme (which means that the assets that are set aside to match the liabilities of the Scheme are not segregated from the assets of the Representative Body) the total assets include £147.5 million representing the clergy pension liability.

The net effect of this means that the total funds excluding the pension liabilities of the Representative Body are £868 million.

These funds are split as follows:

	£m
General Funds	499
Endowment Fund	5
Designated Funds	364
Total	868

The Endowment Fund of £5.1 million represents the value of the former St Michael's College site.

The Designated Funds totalling £364 million are set out in detail on page 34. However, 57% of this total comprises the cost or valuation of the parsonages and church halls. These are not income-generating assets and reflect the working plant of the Church. The remaining balance is specifically earmarked for future costs, such as the Church Growth Fund, the Evangelism Fund, church repairs and future pension liabilities.

This leaves the General Funds which total £499 million. It is these assets that are invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body. The Representative Body aims to achieve a 5.5% total return, although this may not be sustainable in the future.

The income generated by these investments of around £22 million per annum is used to fund the Partnership Funding to dioceses, training through St Padarn's Institute, the bishops and the provincial office. With current expenditure levels of around £17 million, the Representative Body is running an income and expenditure deficit of around £2 million per annum. As may be seen on page 38, the Representative Body's expenditure has for many years exceeded its income, but this is offset by the capital gains. The Trustees are aware that commitment to structural expenditure

which progressively erodes the capital base of the Representative Body will reduce its income and ability to fund the ministry and mission of the whole Church in years to come.

	£m
Total Funds of the Representative Body	1,015
Less: Clergy Provision	(147)
Balance	868
Less: Endowment Fund	(5)
Less: Designated Funds	(364)
Balance – representing General Funds	499
It is this £499 million that is held as investment assets and generates the returns (income and capital).	

Supporting Ministry

Grants to Dioceses

The Representative Body continues to provide each diocese with Partnership Funding to help with costs such as stipends, clergy pensions (current service contributions) and certain other categories of expenditure, so enabling provincial funding to be used more flexibly by the dioceses.

In 2023 the total Partnership Funding was set at £2.7 million and an additional £3.6 million was provided to dioceses from the Structural Resilience Fund to provide additional assistance to the dioceses.

The Representative Body has agreed the Partnership Funding will be set at £2.5 million for 2024 together with £3.7 million from the Structural Resilience Fund.

In addition, Bishops' costs (including their office costs) are met directly by the Representative Body.

Overall the Representative Body meets over 30% of the total expenditure of the Church.

CLERGY PENSION SCHEME

Clergy Pension Scheme

The Clergy Pension Scheme is a non-contributory final salary scheme and is a significant benefit for the clergy.

An incumbent with 40 years' uninterrupted service, retiring in 2024 will receive a lump sum of up to £42,783 and an annual pension of £17,113. On the death of a cleric, a qualifying surviving spouse or civil partner receives 60% of the cleric's pension, which in 2024 is £10,267 for full service.

The Clergy Pension Provision forms part of the overall investments of the Representative Body and the long-term challenge is to ensure that pension liabilities are held as a stable proportion of the Representative Body's total assets.

The Clergy Pension Provision is shown in note 20 on page 33. The principal expenditure is the payment of pension benefits.

The membership of the Clergy Pension Scheme including the movements during the year are shown below:

Clergy Pension Scheme Membership				
	Active	Deferred	Pensioners	Total
Membership at 1 January 2023	393	229	866	1,488
Adjustments to opening figures	(3)	(4)	(4)	(11)
New entrants	35	-	-	35
Members returning to active service	4	(4)	-	-
Leavers with deferred benefits	(15)	15	-	-
Transfers out	-	(1)	-	(1)
Retirements	(23)	(14)	50	13
Deaths	-	(2)	(41)	(43)
Membership at 31 December 2023	391	219	871	1,481

The Clergy Pension Scheme is reviewed every three years and the results of the actuarial valuation that took place as at 31 December 2022, together with the previous three valuations are highlighted below. The new rates took effect from 1 January 2023. The next actuarial valuation is due to take place at 31 December 2025.

Clergy Pension Scheme Funding				
	2022	2019	2016	2013
Market Value of the Representative Body's General Funds	£733m	£719m	£607m	£512m
Value of Past Service Liability	£140.4m	£196.2m	£187.8m	£158.9m
Liability as a proportion of General Fund	19.2%	27.3%	30.9%	31.1%
Employer's Current Service Contributions	26.8%	36.5%	38.8%	32.7%

FINANCIAL REVIEW

Investments increased by 4.6% over 2023

Investment Policy

The power to invest all monies held by the Representative Body in trust for the Church in Wales is set out in section 20 of Chapter III of the Constitution, which gives wide ranging authority for investment.

Investment Objectives

The objectives of the Representative Body's investment policy are to:

- achieve a balance between sustainable levels of income and capital growth;
- optimise total returns without undue risk;
- continue to meet the Representative Body's current to long-term liabilities and income commitments;
- operate within the constraints of the Church's Ethical Investment Policy Statement, as set out on page 8.

Diversification in a range of assets is essential to reducing risk, and therefore forms an important part of the investment strategy of the fund. The assets in which the fund is invested are regularly reviewed.

Investment Managers

Sarasin & Partners and Newton Investment Management each manage one half of the stock exchange investment fund, under a Global Multi-Asset mandate.

Cluttons LLP manage both the investment properties and the property unit trusts.

Overall Fund Performance

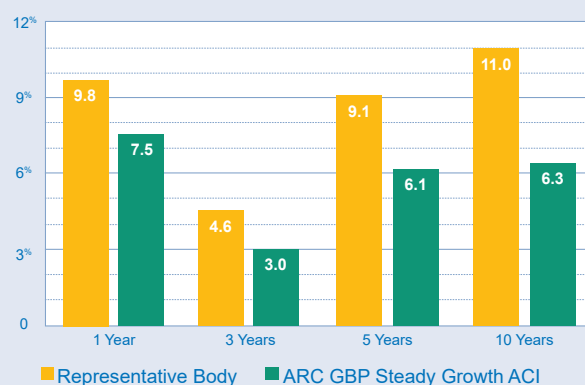
During 2023 the total value of the Representative Body's investments increased by 4.6% to £763 million as shown on the Balance Sheet on page 21.

The capital value of the fund is of particular significance in assessing the proportion of assets required to meet the Clergy Pension Scheme liabilities which were valued at £147.5 million on 31 December 2023 (2022: £140.4 million).

Total Return

The total return (both income and capital growth) from the Representative Body's fund during 2023 was 9.8%, outperforming the ARC comparator return of 7.5%. The annualised returns also outperformed the comparator over 3 years as highlighted in the table below.

Representative Body Total Return v Benchmark



Comparator

The performance of the Representative Body's total investment fund, including the stock exchange investments and property investments is measured relative to the ARC GBP Steady Growth ACI benchmark.

The property portfolio is measured against the MSCI Monthly Index.

Stock Exchange Investments

The value of stock exchange securities increased over the year from £623 million to £674 million at 31 December 2023, an increase of 8.1%.

2023 was an eventful year for markets with plenty of forces for investors to navigate. The year started on a positive note, with confidence buoyed by a number of good news stories underpinning investor risk appetite. However, this optimism was supplanted by worries around the trajectory of interest rates as central banks made it clear that they were prepared to continue on their hiking path in their determination to conquer inflation, which was proving stickier than anticipated.

Against this backdrop, the month of March saw some of the more fragile banking institutions, including Silicon Valley Bank and Credit Suisse, succumbing to the weight of higher interest rates, giving rise to

worries about the stability of the financial system and causing central banks to intervene amid fears of broader contagion. Markets began to worry about the consequences of the funding crisis in the banking sector and the potential for tighter credit conditions, as financial institutions struggled for liquidity. The likely slowdown in economic growth that may ensue resulted in weakness in the oil price, which had already been falling since last summer's geopolitically induced spike.

In the search for better outcomes elsewhere, investors began to focus on new innovations. The potential for artificial intelligence to improve productivity was much discussed, as the launch of ChatGPT was viewed as a potential inflection point in the democratisation of the technology. This growing excitement around artificial intelligence propelled technology stocks higher, which continued through much of the year.

Elsewhere, the general tone was one of muted performance across a broad swathe of financial assets through the Spring and Summer period. In particular, the prospect of interest rates remaining higher for longer, amid persistent inflation and robust employment market data, led to a major bond sell-off. Further concerns emerged in China, where the strength of the post-Covid recovery was called into question, with various economic indicators, such as retail sales and investments, weaker than expected as the country's beleaguered property sector in particular has remained a drag on the economy.

The final quarter of 2023 played out in two distinct phases. The first stage, comprising the majority of October, witnessed a continuation of the subdued equity markets, as stronger-than-expected US employment and growth data coupled with persistent inflation suggested that the US economy was still running too hot. However, the tone changed significantly at the end of October, which marked the beginning of a major cross-asset-class rally, fuelled by a combination of downside surprises for inflation and a more dovish tone by central banks, culminating in a series of interest-rate cuts being priced in by markets. This marked change in tone from the Federal Reserve, which steered investors away from prior expectations of "higher for longer" to anticipating rate cuts in the first half of next year, was the chief catalyst of the equity market's rally in the final few weeks of 2023, and heralded the prospect of achieving the fabled "soft-landing". Within equities, the 'magnificent seven' group of technology stocks continued to turbocharge performance, while bond yields retraced from their relentless climb higher.

Asset allocation ranges and the allocation as at 31 December 2023 are shown below:

Asset Allocation Range		
Asset class	Range	Allocation at 31 December 2023
UK Equities	15-40%	15%
Overseas Equities	20-70%	61%
Fixed Interest	5-25%	15%
Alternatives	0-15%	7%
Cash	0-25%	2%

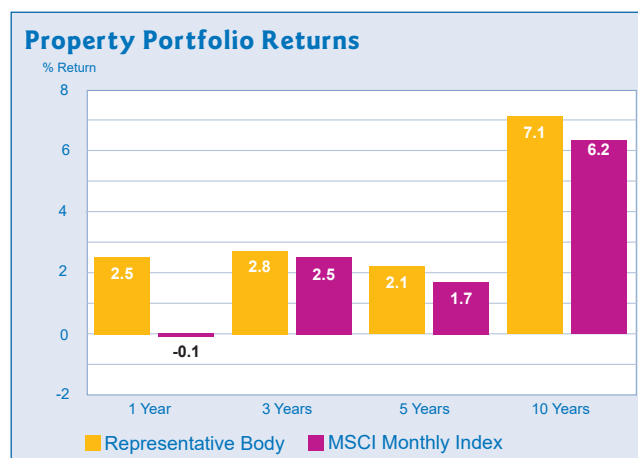
Investment Property

The value of the Representative Body's investment property portfolio decreased over the year from £62.8 million to £57.9 million. The Representative Body directly holds 9 investment properties and also holds units in 1 Property Units Trust (PUTs).

The direct properties are independently valued at each year end and as at 31 December 2023 at £47.9 million compared to £52.9 million at the end of 2022.

The PUTs investments were valued at 31 December 2023 at £10 million compared to £9.9 million the previous year.

The commercial property portfolio equalled or outperformed the MSCI Monthly Index over all periods as shown in the table below.



Ethical Investment Policy Statement

The Church in Wales has had an Ethical Investment Policy for many years. Informed by the work of Churches Ethical Investment Group and supported by the Representative Body's Investment Committee, the current policy statement was adopted by the Governing Body of the Church in Wales in April 2021.

As a Christian Church, we are tasked to co-operate with God's active presence in the world and with proclaiming the values of the kingdom of God. This means that the Church has a particular interest in promoting all that furthers justice and peace, that enables full human flourishing, that honours creation and that builds creative human communities.

The Church in Wales wishes to have an investment policy that is ethical and consistent with the furtherance of our aims and objectives. We believe that it is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investments, and to use our investments as an ethical means of contributing to the cost of ministry and mission in the Province.

Our aim is to invest in successful companies that are committed to developing their business in the interests of their shareholders, customers, local communities and employees by operating:

- Responsible employment practices;
- Conscientious corporate governance;
- Policies and practices which demonstrate a proper regard for the environment and for the well-being of the created order;
- Policies sensitive to the human rights and wellbeing of individuals and communities in which they operate;
- Fair trading practices.

In its policy for investment, the Church in Wales will use its best endeavours not to be associated with companies whose products or policies conflict with these aims or to invest in companies which:

- Are responsible for the wanton despoliation of the environment;
- Are responsible for anything that threatens peace, security and communal well-being;
- Exploit, demean, corrupt or degrade humankind, especially the poor or the financially vulnerable;
- Are indifferent to the well-being of animals.

We recognise the complexities surrounding the activities of companies in which we can invest, and reserve the right to make investment decisions on a case by case basis. We will endeavour to engage with companies which are in actual or potential breach of this policy or where concerns exist over environmental, social and governance issues before considering disinvestment.

It is the policy of the Church in Wales not normally or knowingly to invest in any company:

- which derives more than 10% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;
- which derives more than 5% of turnover from pornography, predatory lending activities or the proliferation of armaments;
- which derives more than 5% of turnover from the production or the extraction of fossil fuels.

The Church in Wales wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations, and exercising combined shareholder influence.

A valuable relationship exists between the Investment Committee and the Church in Wales Ethical Investment Group to which the Committee refers problematic cases, and from which it receives an annual report.

Risk Management Policy

The Representative Body has an extensive risk register which is overseen by the Audit and Risk Committee with regular reviews by senior management. It is formally reviewed annually by the Representative Body.

The 2023 risk register identifies the major risks to which the organisation is exposed and the scope of such risks. The register then identifies the controls and procedures which have been established to manage and mitigate those risks, from which there are defined action points, strategies and timescales to mitigate risk further.

The 2023 risk register has identified the following as the top four most significant risks:

1. Financial instability or insolvency of a diocese

Declining parish share income, as a consequence of declining congregations, may jeopardise the solvency of a diocese. If a diocese were to be insolvent intervention by the Representative Body would be needed to continue payment of clergy stipends, representing a significant additional financial burden for the Representative Body. Diocesan accounts and supporting information are provided to the Representative Body to allow potential problems to be identified at an early stage. In 2023 the Representative Body agreed a mechanism for the provision of additional funding to dioceses to help develop their financial resilience.

2. Depletion of the Representative Body's assets

Significant loss or reduction of the Representative Body's assets would have a detrimental effect on the Representative Body's ability to support the financial needs of the wider Church in Wales. The Investment Committee reviews the investment performance quarterly, with staff monitoring weekly. The investment portfolio is well diversified and managed by two investment managers with complementary investment approaches.

3. Accelerated decline in church attendance

The continuation of declining attendance and an increasing age profile would result in declining financial income for dioceses: this would lead to an inability to present established patterns of ministry to the

whole of Wales. The Representative Body endeavours to maintain the highest financial support to dioceses possible. Also, a renewed focus on mission and evangelism, including additional financial resources being made available, aims to stimulate church growth. A membership app is being rolled out to assist with monitoring church attendance statistics.

4. Increasing number of redundant church buildings

Accelerated decline may mean increased numbers of redundant church buildings, which become the responsibility of the Representative Body together with the associated liabilities. Some may be sold, but for others sale is problematic or even impossible. Dedicated property department staff members manage redundant church buildings to manage the liability risk. Work is taking place to improve the strategic approach to property generally and to provide a greater range of options for the future of church buildings.

Reserves Policy

At 31 December 2023, the Representative Body's total funds amounted to £868 million (2022: £830 million). This includes the Endowment and Designated Funds with a combined total of £369 million.

The Endowment Fund which total £5.1 million is in respect of the former St Michael's College site.

The Designated Funds total £364 million and £207 million is in respect of the non-investment properties held by the Representative Body, represented by church 'plant' – church halls and parsonages.

In determining the available reserves of the Representative Body, it is considered prudent to exclude the Endowment and Designated Funds, as these funds are not available to spend. The Representative Body therefore considers that the General Fund balance of £499 million (2022: £475 million) represents the reserves available.

As shown in the Balance Sheet on page 21, the Representative Body's General Fund balance is £499 million which as shown in the table on page 4, is made up of investment assets. It is those investment assets held by the Representative Body that generate the overwhelming majority of both its income and capital gains.

It is therefore in the interest of the Church as a whole to carefully steward and manage its investment assets in order to maintain the current levels of income and capital gains so that the Representative Body can continue, for both this generation and generations to come, the current levels of support it provides to dioceses and parishes.

General Funds

The amount of General Funds held by the Representative Body at 31 December 2023 totalled £499 million (2022: £475 million).

The total return expenditure policy is based on the amount of General Funds held by the Representative Body. The policy is to set spending at a level intended to provide vital funding for the Church in the short term whilst preserving the investment base to provide sustainable increases in annual expenditure into the future.

Designated Funds

The Trustees have the power to designate general funds to be retained for an agreed purpose where this is considered to be prudent.

At 31 December 2023 Designated Funds amounted to £364 million (2022: £350 million). Details of the Designated Funds are set out on page 34. The most significant fund is the Revaluation Reserve, with a balance of £163 million, and represents the difference between the market values assigned to non-investment property (including parsonages, church halls and sundry property) and the underlying cost. As such, the Revaluation Reserve can only be realised by the disposal of the non-investment property held by the Representative Body for the day-to-day work of the Church.

All designated funds are reviewed annually and returned to general funds in the event that the purpose of their designation can no longer be justified.

Endowment Fund

At 31 December 2023 the Endowment Fund amounted to £5.1 million (2022: £4.8 million), and represents the value of the former St Michael's College site.

FUTURE PLANS

An assessment of forthcoming strategic priorities for the Representative Body.

Short to medium term issues

Support for the Dioceses

The Representative Body continues to provide a comprehensive portfolio of services, advice and financial support to the wider Church in Wales. This includes Partnership Funding (originally called the Block Grant) to dioceses.

Examples of services and advice provided to dioceses:

Human Resources – the human resources team provides support in relation to clergy office holders and RB employees. A thorough review of policies and procedures is underway to ensure that they are compliant with recent legislative changes and fit for purpose. Work is underway, with others, to focus on training and development opportunities for clergy and staff.

Property Services – providing advice and support to the whole Church in Wales for its estate of church buildings, residential and other properties, graveyards and other land holdings.

Legal Services – providing advice to ministry / mission areas and parishes in connection with approximately 1,890 trusts.

Finance Services – payment of stipends, administration of the Common Investment Fund, administration of the Clergy Pension Scheme.

IT Services – Provision of computer services to staff in diocesan offices, the provincial office, St Padarn's and Bishops' offices. DBS checking; introduction of Church in Wales e-mail addresses for clergy in all dioceses.

Governance Services – provision of secretariat support to the Governing Body, the Standing Committee, the Representative Body, and their sub-committees, and to the Bench of Bishops.

Funding the Church in Wales

The Representative Body has committed £100 million of funding over the next ten years to the Church Growth Fund, to enable, promote and galvanise mission and evangelism in the Church in Wales, orienting it towards numerical and spiritual growth.

It has committed a further £37 million over the same period to a Structural Resilience Fund – to ensure that sufficient funding is available to undertake routine operational work optimally.

These are significant sums of money and this commitment may affect the long-term ability of the Representative Body's investment portfolio to generate income. Therefore, it is imperative that this funding is used appropriately and an important element of ongoing work will be to ensure projects which receive support from the Church Growth Fund are held accountable for their effectiveness. One of the roles of the Church Growth Fund Allocation Group is to monitor, audit and challenge projects that receive funding from the Fund and - where necessary - reduce or discontinue work that is not bearing fruit. The Allocation Group has also designed the application process for the Fund, assesses applications made and makes grants within agreed budgeting parameters.

Rationalising and reshaping the arrangements for the provision of structural provincial funding to dioceses was an important area of work during 2023 undertaken by the Distribution of Funds Review Group. This considered established practice and reviewed these in line with operational convenience and fairness of distribution. Proposals for the distribution of Partnership Funding and funding via the Structural Resilience Fund were agreed by the Representative Body in the autumn of 2023.

Operational development projects

A number of projects which will be significant to the operational support provided by the Representative Body are underway. The Infonet, the central database around which provincial administration revolves – including clergy and lay ministerial appointments, membership and finance data, DBS and Gift Direct administration, details of property ownership and occupation, committee membership and territorial configurations – has fulfilled its role for almost 20 years and the technical infrastructure upon which it is built is now outdated and maintenance support dependent on the expertise of a single member of current staff. The development of a new database system to replace Infonet is underway and is due to be completed in 2024.

A separate database to aid casework management within the provincial property department is also being developed for implementation in 2024.

Safeguarding

The Representative Body continues to invest in its safeguarding resource. The Director of Safeguarding has brought together, into one team, activities in casework, training, policy and procedure development, and relationship building with the statutory agencies and other partners. Governance oversight is provided by the Safeguarding Committee (for matters relating to policy, procedure and training) and the Safeguarding Panel, which principally oversees and advises on the handling of casework. Both the Panel and Safeguarding Committee are accountable to the Standing Committee on behalf of the Governing Body. An annual safeguarding report is provided to the Governing Body.

Training for Ministry

2023 saw St. Padarn's Institute continue its role as the Church in Wales's ministerial training resource, as it reached its seventh year of operation. St. Padarn's and its significant role in clergy training was at the forefront in efforts to make sure those training for ministry – both lay and ordained – were equipped to foster numerical and spiritual growth in their various ministerial contexts.

In July 2023 the Bench of Bishops approved a new strategic direction plan for St. Padarn's for the five years 2023-2028. St. Padarn's will continue to develop its core operations which centre around the provision of training and formation for licensed clergy and newly licensed ministers as well as continual ministry development (CMD) for clergy. St. Padarn's also supports theology programmes at master's level. Several areas of development were also expressed within the development plan, particularly maintaining and enhancing the reputation of St. Padarn's as a higher education institution.

The final report of the periodic external review (PER) undertaken during late 2022 was published in February 2023. This contained several commendations of good practice at St. Padarn's together with recommendations for enhancing current arrangements. A formal response was submitted in May 2023. A follow-up visit by the lead reviewer took place in late 2023, with good developments from the original report noted.

Monmouth Review

During 2023 the Representative Body, together with the Standing Committee and Bench of Bishops, worked to respond to the 28 recommendations within the report of the Monmouth Enquiry and Review which was published in December 2021 and considered

the events which led to the retirement of the former Bishop of Monmouth. The recommendations included a review and overhaul of disciplinary policies and procedures as well as people-related casework being undertaken in a more multi-disciplinary way. The implementation work has been overseen by a dedicated implementation group, the Monmouth Review Implementation Group which expects to conclude its work in 2024.

Long term issues

Pensions

The Representative Body keeps the Clergy Pension Scheme, including its funding and benefits, under active review. The next actuarial valuation of the Clergy Pension Scheme is due to take place as at 31 December 2025. The Scheme is well funded and continues to represent a prudent proportion of the Representative Body's total assets.

Climate Change

Following the Governing Body's Climate Emergency declaration in April 2021, the Representative Body appointed a full-time member of staff to bring focus to this important area of work and much work has been done to engage with all parts of the Church in Wales. This member of staff now sits within the Mission and Strategy group of staff to ensure this area of work is embedded with the overall strategic work of the Representative Body, and the wider Church in Wales.

The Representative Body is committed to supporting the whole Church in its response to the global climate crisis.

Effectiveness of structural governance

The Church in Wales is a large organisation and its macro structure is complex. The leadership of the Church in Wales centres on its bishops and their shared episcopate; the strategic direction of the Church in Wales lies with the Governing Body through its Standing Committee; and management of the financial assets and governance lies with the Representative Body. Ideas will be explored to ensure the current arrangements are as effective as they might be with the possibility of bringing together the strategic work of the Standing Committee (which includes the bishops) with the asset management role of the Representative Body explored.

GOVERNANCE AND MANAGEMENT

The Representative Body of the Church in Wales was created by a Charter of Incorporation on 24 April 1919 and is constituted to hold all property and investments vested in it in trust for the use and purposes of the Archbishop, Bishops, Clergy and Laity of the Church in Wales. These assets are held in order to maximise the support which can be given to the mission of the Church in parishes throughout the province.

The Representative Body comprises up to 26 members and normally meets three times a year. The membership and functions of the Representative Body are regulated by Chapter III of the Constitution of the Church in Wales.

Details of the trustees who served during the year and since the year end are set out on page 39. The relationship of the Representative Body to its committees and to the other provincial bodies of the Church in Wales is set out on page 15.

Membership Composition

Trustees (other than ex-officio trustees) are appointed for a three-year term of membership. The Representative Body's membership consists of:

- The Archbishop;
- The Chair of the Standing Committee of the Governing Body;
- The Chair of the Diocesan Board of Finance of each diocese;
- One cleric elected by the Diocesan Conference of each diocese;
- One lay person elected by the Diocesan Conference of each diocese;
- Up to four members nominated by the Bench of Bishops in consultation with the Standing Committee;
- Up to two members co-opted by the other members of the Representative Body.

Membership Eligibility

The following are eligible to be members of the Representative Body:

- Any cleric who holds an ecclesiastical office in the Church in Wales or a licence from a Welsh Diocesan Bishop who is not retired nor has reached the age of 70;
- Any lay communicant over 18 and under 75 years of age who either:
 - a. resides or has resided for a period of 12 months in a Church in Wales parish; or,

- b. whose name appears in the electoral roll in a Church in Wales parish and who does not belong to a religious body which itself is not in communion with the Church in Wales.

A lay communicant may be elected a member of the Representative Body only for the diocese in which he or she either resides, holds diocesan office or has his or her name on the electoral roll of a parish in such diocese. No full-time employee of the Representative Body, a Diocesan Board of Finance or any other such provincial or diocesan body within the Church in Wales shall be eligible to be a member of the Representative Body.

Membership – Induction and Training

It is the policy of the Representative Body that its members should be provided with training appropriate to their duties both as charity trustees and as members of its committees. New members are given the opportunity to attend external training events for charity trustees, and invited to an induction session at the Provincial Office to meet staff and to learn more about the work of the Representative Body, the Governing Body and the Bench of Bishops.

In addition, members are offered training tailored to meet specific gaps in knowledge or experience, often linked to a member's work with the Representative Body's committees. In the past this training has proved to be particularly beneficial in the complex and specialised areas of investments and audit.

Committees

The Representative Body has six committees – Finance, Investment, Property, Human Resources, Audit and Risk and the Cathedrals and Churches Commission – each with specific terms of reference and functions delegated by the Representative Body and reviewed every three years.

Investment Committee

The Investment Committee determines the investment strategy for approval by the Representative Body (within the overall policy objectives of the Representative Body and with advice from their appointed advisers) and recommends for the Representative Body's approval all strategic decisions necessary to manage the investments of the Representative Body within this strategy.

Property Committee

The Property Committee has responsibility for policy relating to the Representative Body's non-investment property including churches, parsonages, burial

grounds, glebe land, and bishops' residences and the management of those properties. Its duties are wide-ranging and include authorising the sale and purchase of properties; developing strategies for dealing with redundant church buildings and churchyards; administering trusts, legacies and bequests; and administering grants for the repair and improvement of properties.

Human Resources Committee

The Human Resources Committee is responsible for developing policies and procedures for clergy, staff and volunteers in line with good practice and the specific legislation that applies to each group. This includes advising the Representative Body on the level of clergy stipends and staff salaries and the terms and funding of the pension schemes for clergy and staff respectively.

Audit and Risk Committee

The Audit and Risk Committee works with the Representative Body's external auditors to ensure proper financial reporting practice and compliance with charity accounting requirements. It is also responsible for monitoring the effectiveness of the internal audit function. It also has an important role in overseeing the risk management process and to consider the potential financial exposure on safeguarding matters.

Finance Committee

The Finance Committee was established in 2021 and is the principal place of detailed engagement and interface between the Representative Body and its staff on matters of financial strategy development; financial planning and budgeting; scrutiny of un-budgeted expenditure proposals; financial arrangements with the diocesan boards of finance; and matters relating to the staff and clergy pension schemes.

Cathedrals and Churches Commission

The role of the Cathedrals and Churches Commission is to provide expert advice to diocesan courts and advisory groups on applications for major works to cathedral and church buildings as part of the in-house procedure (or faculty procedure) established by the Church in Wales as a condition of the ecclesiastical exemption from local planning controls.

Conflicts of Interest

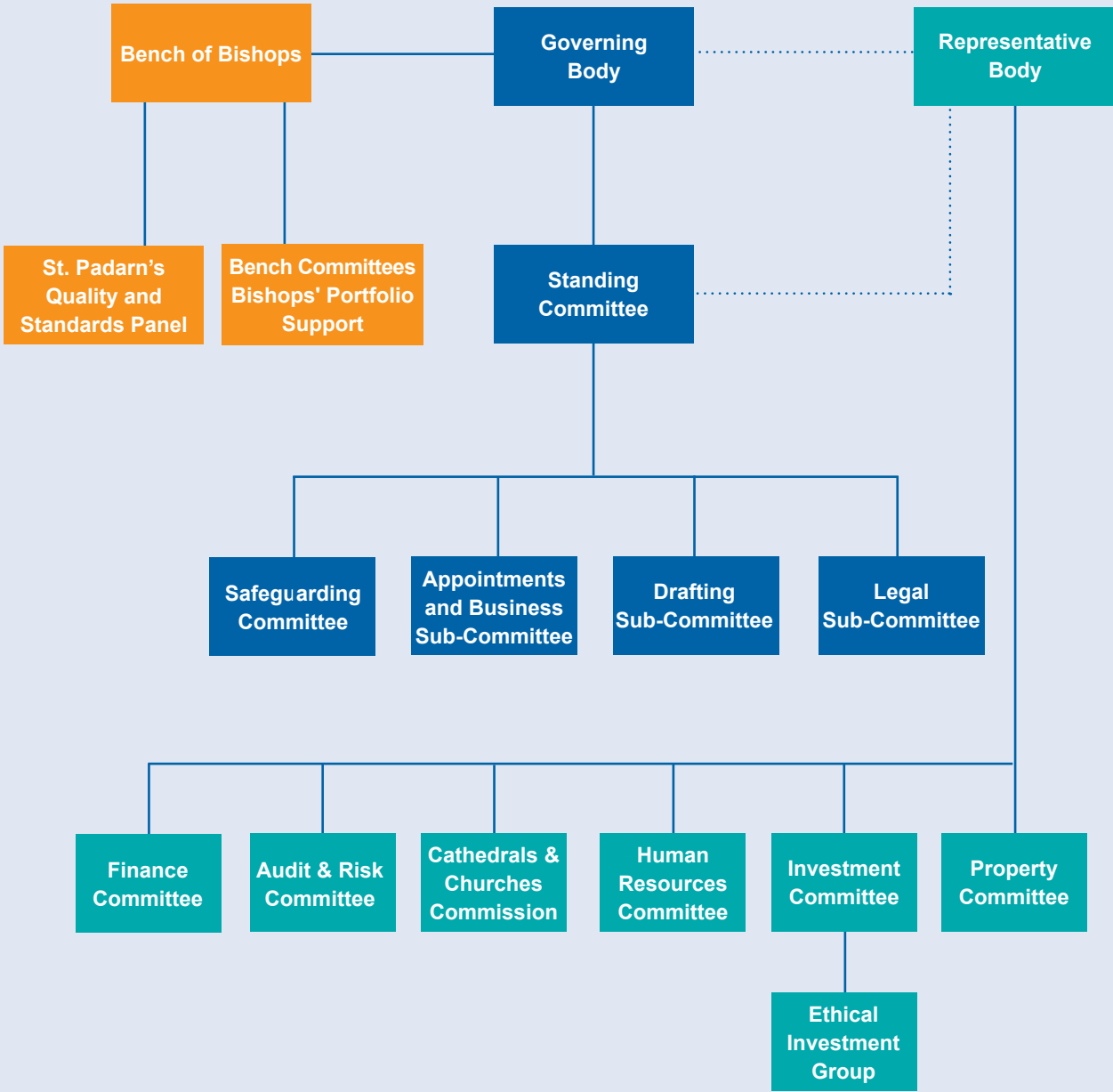
Representative Body members are likely to serve the Church in Wales in other ways and some, in particular clergy members, receive remuneration in these other roles. The Representative Body operates

a conflicts of interest policy to ensure that members' other interests – either personal or on behalf of other organisations within the Church – do not exercise an inappropriate influence on the Representative Body's own decision making. A register of members' interests is maintained and updated regularly, and members are given the opportunity at the beginning of each meeting to declare any potential conflicts with items under consideration.

Fundraising

The Representative Body does not actively fundraise but donations are gratefully received. No complaints have been received in respect of fundraising.

THE PROVINCIAL STRUCTURE



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 of the incoming resources and application of resources of the charity 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 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 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Representative Body.

Professor Medwin Hughes, Chair

The Very Reverend N H Williams, Deputy Chair

27 June 2024

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Trustees of the Representative Body of the Church in Wales

Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31 December 2023 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 charity's affairs as at 31 December 2023 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's Introduction. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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 for the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and key accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP
Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

For the year ending 31 December 2023

	Notes	General Funds 2023 £000	Designated Funds 2023 £000	Endowment Funds 2023 £000	Total Funds 2023 £000	Total Funds 2022 £000
Income from:						
Donations and Legacies		326	-	-	326	19
Charitable Activities		-	834	-	834	796
Investments	2	22,171	391	-	22,562	20,961
Other		263	-	-	263	254
		22,760	1,225	-	23,985	22,030
Expenditure on:						
Raising Funds	3	3,397	-	-	3,397	3,281
Charitable Activities						
Support for Ministry	4	12,241	5	-	12,246	14,234
Support for Dioceses and Parishes	5	7,745	3,325	-	11,070	7,972
Other Church Property	6	1,005	215	-	1,220	1,191
Other Financial Support	7	728	152	-	880	776
Communication	8	252	-	-	252	285
Expenditure before clergy pension provision movement		25,368	3,697	-	29,065	27,739
Clergy pension provision movement		8,732	(125)	-	8,607	(77,993)
Expenditure after clergy pension movement		34,100	3,572	-	37,672	(50,254)
Net (Deficit) / Surplus before Investment Gains		(11,340)	(2,347)		(13,687)	72,284
Net Gains / (Losses) on Investments		46,508	813	-	47,321	(88,061)
Net Surplus / (Deficit) After Net Gains/(Losses) on Investments		35,168	(1,534)	-	33,634	(15,777)
Transfers between funds:		(10,753)	10,753	-	-	-
Other Recognised Gains / (Losses):						
(Losses) / gains on revaluation of fixed assets		(1,027)	4,533	230	3,736	4,162
Write down of the holding valuation of Churches		-	-	-	-	(73,715)
Actuarial gain on Staff Pension Scheme		390	-	-	390	8,495
Net Movement in Funds		23,778	13,752	230	37,760	(76,835)
Reconciliation of Funds:						
Total Funds brought forward		474,866	350,583	4,840	830,289	907,124
Total Funds carried forward		498,644	364,335	5,070	868,049	830,289

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

All activities are continuing.

There is no material difference between the net expenditure before investment gains stated above and their historical cost equivalent.

A fund by fund analysis for both the current and prior year is shown in the notes to the accounts.

Balance Sheet

As at 31 December 2023

		31 December 2023		31 December 2022	
	Note	£000	£000	£000	£000
Fixed Assets					
Non-Investment Properties	12	246,531		237,603	
Tangible Assets	13	100		112	
			246,631		237,715
Investments					
Investment Properties	14	47,850		52,885	
Property Unit Trusts	15	10,062		9,925	
Stock Exchange Securities	16	673,729		623,123	
Funds held by Investment Managers		7,072		29,081	
Money Market Deposits and Loans	17	24,257		14,091	
			762,970		729,105
Current Assets					
Debtors	18	8,444		7,484	
Cash at Bank and in Hand		1,591		1,483	
		10,035		8,967	
Current Liabilities					
Creditors: amounts falling due within one year	19	(5,114)		(4,971)	
Net Current Assets			4,921		3,996
Total Assets Less Current Liabilities			1,014,522		970,816
Long Term Liabilities					
Clergy Pension Provision	20	(147,500)		(140,400)	
Net Assets excluding Staff Pension Surplus / (Liability)			867,022		830,416
Defined Benefit Staff Pension Surplus / (Liability)	11	1,027		(127)	
Net Assets including Staff Pension Surplus / (Liability)			868,049		830,289
Capital and Reserves					
General Funds		497,617		474,993	
Pension Reserve		1,027		(127)	
			498,644		474,866
Designated Funds	21	364,335		350,583	
Endowment Funds	22	5,070		4,840	
Total Funds			868,049		830,289

The financial statements on pages 20 to 36 were approved by the Representative Body on 27 June 2024.

Professor Medwin Hughes, Chair

The Very Reverend N H Williams, Deputy Chair

Cash Flow Statement

For the year ending 31 December 2023

	31 December 2023 £000	31 December 2022 £000
Reconciliation of net income to net cash provided by operating activities:		
Net Movement in Funds	37,760	(76,835)
Adjustment for:		
Depreciation of tangible assets	12	11
Income from investments	(22,562)	(20,961)
(Gains) / losses / on investments	(47,321)	88,061
(Gains) / losses on fixed assets	(1,244)	68,155
Add:		
Movement in debtors	(960)	(477)
Movement in creditors	143	467
Movement on clergy pension provision	7,100	(77,600)
Movement on staff pension liability	(1,154)	(8,659)
Net cash provided by operating activities	(28,226)	(27,838)
Statement of cash flows		
Cash flows from operating activities		
Net cash used in operating activities	(28,226)	(27,838)
Cash flows from investing activities		
Income from investments	22,562	20,961
Non-investment properties: additions	(7,929)	(2,560)
Non-investment properties: sale proceeds	1,477	2,545
Investment properties: additions	-	(3)
Investment properties: sale proceeds	2,656	-
Property unit trusts: sale proceeds	32	-
Stock exchange securities: additions	(201,711)	(275,543)
Stock exchange securities: sale proceeds	199,295	283,197
Other sale proceeds	109	274
Movement in funds held by investment managers	22,009	(9,203)
Movement in money market deposits and loans	(10,166)	8,577
Net cash provided by investing activities	28,334	28,245
Change in cash and cash equivalents	108	407
Cash and cash equivalents at 1 January	1,483	1,076
Cash and cash equivalents at 31 December	1,591	1,483

Analysis of changes in net funds

The charity had no debt during the year.

Notes to the Accounts

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The Representative Body of the Church in Wales is incorporated under Royal Charter and its registered address is 2 Callaghan Square, Cardiff, CF10 5BT.

The Representative Body of the Church in Wales constitutes a public benefit entity as defined by FRS 102.

1. Accounting Policies

The Representative Body of the Church in Wales (the Representative Body) holds all property and investments vested in it in trust for the use of the Archbishop, Bishops, Clergy and Laity of the Church in Wales.

The Representative Body is a registered charity, under the Charities Act 2011. The accounts have been prepared in pounds sterling rounded to the nearest thousand.

The principal accounting policies are set out below and have been applied consistently.

a. Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention as modified by the annual revaluation of stock exchange securities, investment properties, property unit trusts and non-investment properties.

b. Income

Rental income and interest on short term loans and deposits is accrued. Interest and dividends on stock exchange securities and proceeds from the sale of parsonages are credited on the date of receipt.

c. Expenditure

Expenditure is recognised when a liability is incurred. Costs of raising funds are those costs incurred in managing the investments.

d. Investments

Investment Properties:

Investment properties are valued individually at open market value in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Property Unit Trusts:

Property unit trusts are stated at market values based on net asset value per unit at 31 December 2023.

Stock Exchange Securities:

Stock exchange securities are stated at market values based on bid price at 31 December 2023. Securities denominated in foreign currency are converted into sterling at rates of exchange ruling at the balance sheet date. Investments sold are marked to market value at the date of sale. Consequently, the Statement of Financial Activities treats all movements as changes in the values of the investment portfolio.

e. Non-Investment Properties

The Representative Body has included non-investment properties in the Balance Sheet at a valuation using the methodology set out below.

The Representative Body does not value the cathedrals and churches it owns, as cost information is not available and any conventional valuation techniques lacks sufficient reliability due to the unique and historically significant nature of the buildings.

The Representative Body's Property Database confirms that assets include 6 Cathedrals, 1,373 Churches and 1,213 Churchyards at 31 December 2023. These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the Church's Faculty System which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times. Such assets are not marketed but are occasionally sold.

The following asset classes were valued by Savills (UK) Limited as at 31 December 2023 and the basis of the valuation is set out below:

Parsonages, Bishops' Houses and Sundry Provincial Property have been valued by the desktop valuation of a representative 19% sample of these properties and these results have been extrapolated to reflect the total valuation of the portfolio. There are also a number Sundry Property buildings and plots which are not straightforward to value. The valuation of these assets has been increased by 4.8% which is the average increase from the representative sample of Parsonage houses which are owned by the Representative Body.

Church Halls are valued based on the desktop valuation of a representative 19% sample of these properties which has then been extrapolated to reflect the total valuation of the portfolio.

Accounting Policies Continued

The St Michael's College site is valued at open market value (existing use) based on a professional valuation.

Glebe has been valued based on the desktop valuation of a representative 19% sample of the portfolio which has then been extrapolated to reflect the total value of the portfolio. The valuations were carried out by Cooke & Arkwright Limited and Jones Peckover Limited.

Depreciation of Other Tangible Assets

Assets or groups of related assets are written down to zero in the year of purchase. Leasehold improvements are depreciated over the life of the lease. Investment and non-investment properties are shown at market value and not depreciated. In the opinion of the Representative Body, the remaining useful economic life and residual values of these properties is such that depreciation is immaterial.

f. Heritage Assets

A number of former church sites or ruins are owned. They are not saleable assets and are retained accordingly. No value has been included for them in the accounts.

g. Foreign Currency Conversion

Foreign currencies are converted into sterling at the rate of exchange ruling at the date of the balance sheet except for purchases and sales of securities and remittances during the year which were converted at the actual rate prevailing.

h. Designated and Endowment Funds

Designated Funds represent monies made available by the Representative Body out of General Funds for the specific purpose designated when the fund is established. Endowment Funds are those held for specific purposes.

i. Pensions of Clergy and Surviving Spouses and Civil Partners

The Representative Body operates a pension scheme providing defined benefits based on years of service and the allocation to the Clergy Pension Provision is calculated every three years by a qualified actuary and is shown as a charge in the Statement of Financial Activities so as to spread the pension cost over the normal expected service lives of the clergy in such a way that the charge is a substantially level percentage of current and expected future pensionable payroll.

The scheme is accounted for under FRS 102 and an annual actuarial valuation is obtained. Any excess or shortfall between the actuarial liabilities and the Clergy Pension Provision is transferred to or from the Pension Equalisation Fund, a Designated Fund, such that the balance on the Clergy Pension Provision at the balance sheet date is based on the most up to date actuarial information.

j. Staff Retirement Benefit Scheme

A separate defined benefit pension scheme is operated for the staff of the Representative Body. Contributions to the scheme are charged to the Statement of Financial Activities on the basis of spreading the costs over the employees' working lives.

The scheme is accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a separate fund entitled 'Pension Reserve' which is deducted from General Funds in the Balance Sheet.

Details of the Staff Retirement Benefit Scheme are given in note 11 to the financial statements.

k. Taxation Status

The Representative Body benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fell within its charitable purposes and its funds are applied for these purposes, no provision for corporation tax is made.

l. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value. The recognition criteria for each class of financial instruments is as follows:

Financial instrument	Measurement criteria (initial and subsequent)
Cash:	Cash held, then on amortised cost
Debtors and loans:	Settlement amount or amount advanced then at amortised cost
Creditors:	Settlement amount after trade discounts then at amortised cost
Bank deposits:	Cash amount of deposit then at amortised cost
Investments:	Transaction cost then at fair value (market value of quoted investments)

m. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The most significant areas of judgement relate to the valuation of properties. The policies adopted in respect of the valuation of properties are set out in note 1(e).

2 Investment Income

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
Gross income from property	4,018	-	-	4,018	3,714	-	-	3,714
Income from stock exchange securities	17,545	391	-	17,936	16,851	289	-	17,140
Interest from money market deposits and loans	608	-	-	608	107	-	-	107
	22,171	391	-	22,562	20,672	289	-	20,961

3 Raising Funds

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
Stock Exchange Advisers	2,266	-	-	2,266	2,288	-	-	2,288
Investment Property Advisers	621	-	-	621	436	-	-	436
Sundry Property	171	-	-	171	253	-	-	253
Support Costs	339	-	-	339	304	-	-	304
	3,397	-	-	3,397	3,281	-	-	3,281

Stock exchange advisers' costs are calculated as a percentage of the underlying market value of the investments.

4 Support for Ministry

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
Clergy Pension Provision	3,783	-	-	3,783	4,905	-	-	4,905
Clergy Pension Contributions - Current	2,815	-	-	2,815	3,603	-	-	3,603
Ministry Training - St Padarn's Institute	2,495	-	-	2,495	2,441	-	-	2,441
Bishops	1,120	-	-	1,120	1,281	-	-	1,281
Clergy Property								
Diocesan Inspectors' Costs	469	-	-	469	491	-	-	491
Episcopal Residences	105	-	-	105	144	-	-	144
Sundry Property Costs	53	-	-	53	67	-	-	67
Safeguarding	379	-	-	379	358	-	-	358
Mission and Ministry	316	-	-	316	176	-	-	176
Sundry Clergy Benefits	3	5	-	8	115	37	-	152
Support Costs	703	-	-	703	616	-	-	616
	12,241	5	-	12,246	14,197	37	-	14,234

5 Support for Dioceses and Parishes

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
Partnership Funding	2,673	-	-	2,673	2,567	-	-	2,567
Structural Resilience Fund	3,594	101	-	3,695	1,584	79	-	1,663
Church Growth Fund	-	1,165	-	1,165	-	-	-	-
Repairs and Extensions to Churches	-	185	-	185	-	304	-	304
Emergency Aid	-	332	-	332	-	240	-	240
Evangelism Fund	-	1,542	-	1,542	-	1,107	-	1,107
Support Costs	1,478	-	-	1,478	2,091	-	-	2,091
	7,745	3,325	-	11,070	6,242	1,730	-	7,972

6 Other Church Property

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
Redundant Churches	-	71	-	71	-	162	-	162
Church Sales Regulations	-	118	-	118	-	396	-	396
Climate Change Fund	-	26	-	26	-	48	-	48
Other Property Costs	47	-	-	47	2	-	-	2
Support Costs	958	-	-	958	583	-	-	583
	1,005	215	-	1,220	585	606	-	1,191

7 Other Financial Support

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
DACs and Cathedrals and Churches Commission	-	-	-	-	51	-	-	51
Cathedrals Funding	321	84	-	405	318	21	-	339
Grants to Anglican and Ecumenical Bodies	173	-	-	173	156	-	-	156
Provincial Court and Tribunals	4	-	-	4	10	-	-	10
Other Support	75	68	-	143	87	-	-	87
Support Costs	155	-	-	155	133	-	-	133
	728	152	-	880	755	21	-	776

8 Communications

	General	Designated	Endowment	Total	General	Designated	Endowment	Total
	Funds 2023 £000				Funds 2022 £000			
Communications	155	-	-	155	175	-	-	175
Support Costs	97	-	-	97	110	-	-	110
	252	-	-	252	285	-	-	285

9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2023
Funds 2023 £000							
Chief Executive's Office	-	59	84	18	18	47	226
Governance	-	-	162	42	70	-	274
Human Resources	-	-	96	-	-	-	96
Office Services	75	141	258	197	19	20	710
Finance	247	175	222	78	39	-	761
Property	-	81	167	473	-	-	721
Legal	-	72	111	52	5	11	251
Information Technology	17	175	378	98	4	19	691
	339	703	1,478	958	155	97	3,730
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2022
Funds 2022 £000							
Chief Executive's Office	-	61	88	19	19	50	237
Human Resources	-	5	742	-	4	-	751
Office Services	43	78	273	80	19	13	506
Finance	247	178	198	77	39	-	739
Property	-	82	175	249	-	-	506
Legal	-	45	189	89	46	11	380
Information Technology	14	167	426	69	6	36	718
	304	616	2,091	583	133	110	3,837

The above figures include audit fees of £39,600 (2022: £36,545).

The total expenditure for Human Resources of £196,000 includes an accounting adjustment under FRS 102, section 28, for the Staff Retirement Benefit Scheme of -£764,000 (2022: - £164,000).

Basis of Allocation

Support costs have been allocated on the basis of an estimated percentage allocation of staff time spent over each charitable activity.

10 Staff Numbers and Remuneration**Staff Costs**

	Total 2023 £000	Total 2022 £000
Salaries	4,221	3,757
National Insurance Contributions	467	418
	4,688	4,175
Current Service Pensions Costs (Defined Benefit Scheme)	1,119	1,097
FRS 102 Pension Scheme Adjustment	(764)	(264)
Defined Contribution Pension Costs	192	150
Unfunded Pension Costs	43	23
	5,278	5,181

The numbers of staff whose employee benefits* fell in the following bands were:

	Total 2023 Number	Total 2022 Number
£60,001 to £70,000	3	1
£70,001 to £80,000	1	4
£80,001 to £90,000	4	2
£120,001 to £130,000	1	1

*Employee benefits include gross salaries and allowances but do not include employers' pension costs.

The key management personnel consists of five staff members, as set out on page 40 of this report. The total amount of their employee benefits was £467,826 (2022: 7 members, £691,625).

Trustees

No Trustee received any remuneration for the services they provided as a Trustee.

Three (2022: eight) Trustees had expenses paid or were reimbursed for expenses in the year. This covered their expenses incurred in performing their duties as Trustees. The payments were for travel, subsistence and accommodation costs and totalled £1,944 (2022: £863).

One Trustee received remuneration from the Representative Body in connection with their office. This was the Most Reverend A T G John who is an Ex Officio Member of the Representative Body. His total remuneration was £54,328 (2022: £51,740) and pension contributions of £14,560 (2022: £18,885). A car was provided for the performance of his duties for which the cash benefit was £780 (2022: £687).

11 Staff Defined Benefit Pension Scheme

The Representative Body operates a defined benefit pension scheme arrangement called 'The Representative Body of the Church in Wales Staff Retirement Benefit Scheme' (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Scheme closed to new members on 31 March 2017.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

A full actuarial valuation of the Scheme was carried out as at 31 March 2021 and the next valuation of the Scheme is due as at 31 March 2024. The results of the 2021 valuation have been updated by an independent qualifying actuary to 31 December 2023 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

	2023 £000	2022 £000
Amounts recognised in the Balance Sheet		
Fair value of assets	19,796	17,351
Present value of funded obligations	(18,769)	(17,478)
Deficit in Scheme	1,027	(127)
Net defined benefit surplus / (deficit)	1,027	(127)
Amounts recognised in the Statement of Financial Activities		
Current service cost	323	721
Administration cost	50	48
Net interest cost	(12)	172
Past Service Costs	-	-
Total	361	941
Remeasurements over the year		
(Gain) / Loss on Scheme assets in excess of interest	(856)	2,889
Losses / (gains) from changes to assumptions	203	(11,730)
Experience losses on liabilities	173	703
Losses / (gains) from changes to demographic assumptions	90	(357)
Total remeasurements	(390)	(8,495)
Reconciliation of assets and Defined Benefit Obligation:		
The change in the assets over the year was:		
Fair value of assets at the beginning of the year	17,351	19,132
Interest on assets	816	390
Employer contributions	1,125	1,105
Contributions by Scheme participants	132	131
Benefits paid	(434)	(470)
Administration costs	(50)	(48)
Return on plan assets less interest	856	(2,889)
Fair value of assets at the end of the year	19,796	17,351

11 Staff Defined Benefits Scheme *continued*

	2023 £000	2022 £000
The change in the defined benefit obligation over the year was:		
Defined benefit obligation at the beginning of the year	17,478	27,918
Current service cost	323	721
Contributions by Scheme participants	132	131
Past service costs	-	-
Interest cost	804	562
Benefits paid	(434)	(470)
Experience loss on liabilities	173	703
Changes to demographic assumptions	90	(357)
Changes to financial assumptions	203	(11,730)
Defined benefit obligation at the end of the year	18,769	17,478

Assets

The majority of the assets are invested with EdenTree Investment Management, with the remainder including some small AVC contracts invested with OneFamily and cash at bank. The actual return on the Scheme's assets (net of expenses) over the year to the review date was a loss of £2,499,000. The assets do not include any investment in the Employer.

Actuarial Assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

	2023	2022
Discount Rate	4.65%	4.60%
Inflation assumption (RPI)	3.10%	3.35%
Salary increases	2.75%	2.65%
Revaluation of deferred benefits before retirement:		
GMP	Fixed	Fixed
Non-GMP	3.20%	3.25%
Pension increases after retirement:		
RPI min 0% max 5%	3.00%	3.20%
RPI min 5% max 10%	5.10%	5.15%
Proportion married at retirement or earlier death	80.0%	80.0%
Post retirement mortality assumption:	95% of the S3PA tables, CMI 2022 with 1.25% per annum long-term trend.	95% of the S3PA tables, CMI 2021 model allowing for 25% of the data from 2020 and 2021 with 1.25% per annum long term trend.

12 Non-investment Properties

	2023 £000	2022 £000
At 1 January	237,603	305,743
Additions	7,929	2,560
Disposals	(245)	(2,545)
Net increase / (decrease) on revaluation	1,244	(68,155)
At 31 December	246,531	237,603
Comprising:		
Parsonage, bishops' houses and sundry provincial property	207,549	197,259
Church Halls	13,852	15,013
Glebe	20,060	20,491
Operational properties	5,070	4,840
	246,531	237,603

13 Tangible Assets**Office Equipment
£000****Cost**

At 1 January	172
Additions	-
Disposals	-
At 31 December	172

Accumulated Depreciation

At 1 January	60
Charge for the Year	12
At 31 December	72

Net Book Value

31 December 2023	100
31 December 2022	112

14 Investment Properties

	2023 £000	2022 £000
At 1 January	52,885	63,825
Additions	-	3
Disposals	(4,741)	-
Net decrease on revaluation	(294)	(10,943)
At 31 December	47,850	52,885

Investment properties were valued by Cushman & Wakefield at 31 December 2023 at £47,850,000 (2022: £52,885,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

15 Property Unit Trusts

	2023 £000	2022 £000
At 1 January	9,925	9,823
Disposals	(23)	-
Net increase on revaluation	160	102
At 31 December	10,062	9,925

16 Stock Exchange Securities

	2023 £000	2022 £000
At 1 January	623,123	708,272
Additions	201,711	275,543
Disposals	(177,977)	(249,505)
Net increase / (decrease) on revaluation	26,872	(111,187)
At 31 December	673,729	623,123
Historical cost at 31 December	554,114	530,381
Unrealised investment gains at 31 December	119,614	92,742
Investment gains calculated on historic basis	21,318	33,692
Listed in UK	229,086	227,470
Listed overseas	444,643	395,653
	673,729	623,123

17 Money Market Deposits and Loans

	2023 £000	2022 £000
At 1 January	14,091	22,667
Advances	14,749	6,221
Repayments	(4,583)	(14,797)
At 31 December	24,257	14,091
Comprising:		
Money Market Deposits	16,303	6,103
Clergy Housing Loans	7,778	7,808
Diocesan Loans	89	91
Curates House Loans	62	64
Churches' Mutual Credit Union	25	25
	24,257	14,091
Of the loan balances noted above the following is due in more than 1 year:		
Clergy Housing Loans	7,778	7,808
Diocesan Loans	82	84
Curates House Loans	62	64
	7,922	7,956

18 Debtors

	2023 £000	2022 £000
Prepayments	1,067	201
Other debtors	5,219	5,544
Accrued income	2,158	1,739
	8,444	7,484

19 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Taxation and National Insurance Contributions	506	447
Rents received in advance	342	285
Amounts owed to special trusts	1,445	1,425
Other creditors	981	1,163
Accruals	1,840	1,651
	5,114	4,971

20 Clergy Pension Provision

	31 December 2023		31 December 2022	
	£000	£000	£000	£000
Balance at 1 January		140,400		218,000
Current service contributions	2,922		3,762	
Past service cost allocations to maintain funding level of last triennial valuation	12,515		(15,513)	
Actuarial movement	(125)		(57,575)	
		15,312		(69,326)
Less:				
Pension payments to retired clergy	(5,181)		(4,974)	
Pension payments to surviving spouses and civil partners	(1,519)		(1,477)	
Gratuity payments of retired clergy	(1,383)		(1,291)	
Transfer Payments	(3)		(454)	
Administrative expenses	(126)		(78)	
		(8,212)		(8,274)
Balance at 31 December		147,500		140,400

The Clergy Pension Provision was established in accordance with the advice of our actuaries, to meet liabilities for clergy and surviving spouses and civil partners' pensions and gratuities. The actuarial valuation and basis of annual provision is reviewed every three years.

At the date of the last triennial actuarial valuation at 31 December 2022 undertaken by Quantum Advisory, the liability of the Representative Body for past service on the current funding basis was assessed using a discount rate of 4.8% at £140.4 million, which represented 19.2% (previously 27.3%) of total funds at that date. Based upon this valuation, the annual transfer from General Funds from 1 January 2023 has comprised 19.2% of both total income and net investment gains and losses (reflecting income on the liability for past service) and 26.8% (previously 36.5%) of total stipends being the contribution for continuing service. The provision has been adjusted to the liabilities and the balance transferred to the Pension Equalisation Fund.

The key financial assumptions used for the full actuarial valuation at 31 December 2023 and the interim valuation for 2022 are set out below. The next full actuarial valuation of the Scheme is due to take place at 31 December 2025.

	31 December	
	2023	2022
Financial assumptions (nominal % pa)		
Discount rate	4.5%	4.8%
Inflation - RPI	3.3%	3.4%
Inflation - CPI	2.6%	2.7%
Stipend increases	3.1%	3.2%
Pension increases - Stipend Linked	3.1%	3.2%
Pension increases - RPI up to 5% p.a.	3.2%	3.3%
Deferred revaluation	3.2%	3.3%
Post retirement mortality (life expectancy, in years)		
Current pensioners age 65 – males	21.4	21.2
Current pensioners age 65 – females	23.8	23.6
Future pensioners age 65 (currently age 45) – males	22.4	22.1
Future pensioners age 65 (currently age 45) – females	25.0	24.7

21 Designated Funds	Balance 1 January 2023 £000	Income £000	Expenditure £000	Transfers In / (Out) £000	Gains £000	Balance 31 December 2023 £000
Revaluation Reserve	161,024	-	-	-	1,953	162,977
Property Reserve	37,182	-	-	-	6,724	43,906
Church Repairs Capital Reserve	14,598	16	-	-	813	15,427
Church Sales Regulations	2,905	621	118	-	-	3,408
Pension Equalisation Fund	115,081	125	5	-	-	115,201
Evangelism Fund	12,755	-	1,542	(3,000)	-	8,213
Church Growth Fund	-	-	1,165	13,100	-	11,935
Climate Change Fund	550	-	26	-	-	524
Diocesan Parsonage Improvement Fund	3,733	3,970	8,114	-	-	(411)
Transformation Fund	24	-	-	(24)	-	-
Repairs and Extensions to Churches	467	374	185	-	-	656
Redundant Churches	(130)	144	71	-	-	(57)
Emergency Aid	401	52	332	250	-	371
Cathedrals Funding Quinquennial Inspections	17	-	4	-	-	13
Cathedrals Funding Key Building Repairs	1,500	-	17	-	-	1,483
Cathedrals Funding Project Development	221	-	63	-	-	158
Communication of Good News Fund	-	-	-	100	-	100
Provincial Priorities Fund	-	-	-	327	-	327
Structural Resilience Fund	185	-	101	-	-	84
Overseas Fund	69	18	68	-	-	19
Overseas Students	1	-	-	-	-	1
	350,583	5,320	11,811	10,753	9,490	364,335

Designated Funds (Prior Year)	Balance 1 January 2022 £000	Income £000	Expenditure £000	Transfers In £000	Gains / (Losses) £000	Balance 31 December 2022 £000
Revaluation Reserve	243,743	-	-	-	(82,719)	161,024
Property Reserve	34,636	-	-	-	2,546	37,182
Church Repairs Capital Reserve	16,110	29	-	-	(1,541)	14,598
Church Sales Regulations	2,881	420	396	-	-	2,905
Pension Equalisation Fund	57,344	57,774	37	-	-	115,081
Evangelism Fund	7,862	-	1,107	6,000	-	12,755
Climate Change Fund	598	-	48	-	-	550
Diocesan Parsonage Improvement Fund	5,161	2,333	3,761	-	-	3,733
Transformation Fund	24	-	-	-	-	24
Repairs and Extensions to Churches	495	276	304	-	-	467
Redundant Churches	(44)	76	162	-	-	(130)
Emergency Aid	340	101	240	200	-	401
Cathedrals Funding Quinquennial Inspections	25	-	8	-	-	17
Cathedrals Funding Key Building Repairs	-	-	-	1,500	-	1,500
Cathedrals Funding Project Development	-	-	13	234	-	221
Structural Resilience Fund	-	-	79	264	-	185
Overseas Fund	56	13	-	-	-	69
Overseas Students	1	-	-	-	-	1
	369,232	61,022	6,155	8,198	(81,714)	350,583

Revaluation Reserve (Unrealised gains on parsonages, church halls and sundry property)

Property Reserve (Property improvements and acquisitions)

Church Repairs Capital Reserve (Capital fund for church repairs)

Church Sales Regulations (Funds available from the sale of churches)

Pension Equalisation Fund (Funds to meet future clergy pension liabilities)

Evangelism Fund (Funds available for dioceses to act on evangelism and church growth)

Church Growth Fund (Funds available for church growth initiatives)

Climate Change Fund (Funds available to support the climate change work of the Church in Wales)

Diocesan Parsonage Improvement Fund (Funds available for parsonage improvements and acquisitions)

Transformation Fund (Funds for diocesan and national projects - now closed)

Repairs and Extensions to Churches (Funds available to parishes)

Redundant Churches (Funds available to support costs arising in the maintenance of redundant churches)

Emergency Aid (Funds available for emergencies)

Cathedrals Funding (Funds available for Quinquennial Inspections)

Cathedrals Funding (Funds available for Key Building Repairs)

Cathedrals Funding (Funds available for Project Development)

Communication of Good News Fund (Funds to support the communication activities of the Archbishop)

Provincial Priorities Fund (Funds for projects in support of the Church in Wales priorities statement)

Structural Resilience Fund (Funds available for Provincial Projects)

Overseas Fund (Funds available at Bishops discretion for overseas aid)

Overseas Students (Funds available for overseas students)

22 Endowment Fund

	Balance 1 January 2023 £000	Gains £000	Balance 31 December 2023 £000
St Michael's College	4,840	230	5,070
(Fund held for the operation of an educational institution)			
	Balance 1 January 2022 £000	Gains £000	Balance 31 December 2022 £000
St Michael's College	4,550	290	4,840
Endowment Fund (Prior Year)			

23 Funds Held on Behalf of Others**Special Trusts**

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds. The aggregate value of these special trusts at 31 December 2023 was £63,444,000 (2022: £60,078,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £2,203,000 (2022: £1,701,000) and was wholly distributed to beneficiaries.

Custodian Trustee

The Representative Body is the custodian trustee of 9 parsonages.

24 Related Party Transactions

Due to the nature of the Representative Body's operations and its membership being drawn from a wide range of clerical and lay members, it is inevitable that transactions will take place with organisations in which a member of the Representative Body may have an interest.

The most significant transactions are as follows:

- The Archbishop and some stipendiary clergy are members of and in receipt of payment from the Representative Body. Payments to bishops and stipendiary clergy are based on the clergy stipends set out in the Constitution.
- The six Diocesan Boards of Finance received Partnership Funding totalling £2,673,523 (2022: £2,566,876). Additional support was also provided to the dioceses in 2023 from the Structural Resilience Fund which totalled £3,593,557 (2022: £1,584,000). As at 31 December 2023 the dioceses also had outstanding loans totalling £1,658,000 (2022: £1,801,000) which have been advanced under the Clergy Retirement Housing Loan Scheme.

25 Charitable and Capital Commitments

At 31 December 2023 the Representative Body has budgeted to provide £2.5 million to the dioceses in respect of Partnership Funding in 2024. In addition, dioceses will receive funding from the Structural Resilience Fund in 2024, of up to £3.7 million in total.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £000	2022 £000
Within one year	362	362
Between two to five years	1,237	1,599
Total	1,599	1,961

26 Stock Exchange Securities**31 December 2023
Market Value****£000****%****Fixed Interest**

British Government Bonds	38,605	5.7
UK Bonds	43,510	6.5
Overseas Bonds	15,121	2.2
Total Fixed Interest	97,236	14.4

Equities

Communication Services	23,675	3.5
Consumer Goods and Services	87,308	13.0
Energy (Renewables)	21,023	3.1
Financials	106,106	15.7
Health Care	85,376	12.7
Industrials	80,069	11.9
Materials	24,626	3.7
Property and REITs	17,455	2.6
Technology	103,073	15.3
Utilities	14,149	2.1
Total Equities	562,860	83.6
Alternative Assets	13,633	2.0
	673,729	100.0

Top Twenty Holdings as at 31 December 2023**£000****£000**

Microsoft Corp	23,141	Otis Worldwide Corp	8,351
Alphabet Inc	22,903	Merck & Co. Inc	8,138
Relx Plc	15,692	Colgate - Palmolive Co	7,967
Accenture Plc	12,513	American Tower Corp	7,587
Mastercard Inc	12,422	Linde Plc	7,195
Medtronic Plc	12,402	Amgen Inc	6,931
AIA Group Ltd	12,338	Eli Lilly & Co	6,879
Apple Inc NPV	12,106	Informa Plc	6,780
CME Group Inc	11,959	Universal Music Group NV	6,723
Amazon.Com Inc	9,865	2.75% Treasury Stock 2024	6,472

Ten Year Review - General Funds

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income										
Stock Exchange Investments	17,545	16,851	15,287	14,054	17,008	15,750	15,795	14,385	13,983	13,281
Property Income	4,018	3,714	3,460	3,202	3,670	3,560	3,565	3,480	3,408	3,513
Other Income	1,197	380	784	493	433	357	327	308	323	293
Total Gross Income	22,760	20,945	19,531	17,749	21,111	19,667	19,687	18,173	17,714	17,087
Investment Managers' Costs	(3,058)	(2,977)	(2,771)	(2,537)	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)
Total Net Income	19,702	17,968	16,760	15,212	18,379	17,302	17,338	15,996	15,818	15,068
Less: Allocation to Clergy Pension Provision	(3,783)	(4,905)	(4,575)	(4,153)	(5,679)	(5,346)	(5,357)	(4,975)	(4,919)	(4,686)
Net Income after allocation to Clergy Pension Provision	15,919	13,063	12,185	11,059	12,700	11,956	11,981	11,021	10,899	10,382
Expenditure										
Ministry Training	2,495	2,441	1,988	1,989	2,217	1,975	710	620	709	612
Bishops	1,120	1,281	942	918	990	939	967	926	873	839
Clergy Pension Contributions - current	2,815	3,603	1,792	-	-	-	-	-	-	-
Clergy Property	522	559	454	451	520	543	564	511	511	496
Mission and Ministry	316	176	207	199	245	180	189	256	320	341
Safeguarding	379	358	292	153	182	169	197	209	185	132
Sundry Clergy Benefits	3	115	3	18	4	4	5	4	6	5
Support for Dioceses	6,267	4,151	10,725	12,403	6,158	6,158	6,293	6,293	6,293	6,793
Other Church Property and Financial Support	1,378	2,965	1,298	709	599	484	481	488	423	375
Communications	155	175	192	188	201	189	86	47	46	40
Provincial Services	4,494	4,001	3,459	3,746	3,654	3,365	3,107	2,645	2,441	2,324
Church Growth, Evangelism & Transformation Funds	10,100	6,000	-	-	-	10,000	1,000	1,000	1,000	500
Total Expenditure	30,044	25,825	21,352	20,774	14,770	24,006	13,599	12,999	12,807	12,457
Deficit	(14,125)	(12,762)	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)
Reconciliation to the Statement of Financial Activities:										
Net operational deficit	(2,608)	(4,400)	(8,532)	(9,415)	(1,683)	(2,576)	(1,978)	(2,026)	(2,115)	(1,419)
Transfers between Funds	(10,753)	(8,198)	(753)	(310)	(200)	(10,100)	(100)	(100)	(100)	(600)
FRS 102 Pension Scheme Adjustment	(764)	(164)	118	10	(187)	626	461	137	342	(55)
Capital Gifts and Legacies	-	-	-	-	-	-	(1)	11	(35)	(1)
Deficit as shown above	(14,125)	(12,762)	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)

REFERENCE AND ADMINISTRATIVE INFORMATION

Representative Body Membership

Chair and Deputy Chair

Professor M Hughes
Chair

The Very Reverend N H Williams (*from 21 March 2024*)
Deputy Chair

Mrs H M Wiseman (*to 31 December 2023*)
Deputy Chair

Ex Officio Membership

The Most Reverend A T G John
Archbishop of Wales

Mr T Llewelyn
Chair of Standing Committee

Mrs S Allin
Chair, St Asaph Diocesan Board of Finance

The Venerable J C Harvey
Chair, Bangor Diocesan Board of Finance

Mrs H Evans
Chair, St Davids Diocesan Board of Finance

Mr M A Lawley
Chair, Llandaff Diocesan Board of Finance

Mr P E Lea
Chair, Monmouth Diocesan Board of Finance

Mr J Brown
Chair, Swansea and Brecon Diocesan Board of Finance
(*from 15 November 2023*)

Elected Membership

St Asaph

The Very Reverend N H Williams,
Dean of St Asaph

Mrs H M Wiseman (*to 31 December 2023*)

Mr P R Williams (*from 1 January 2024*)

Bangor

The Reverend M J Beecroft

Dr H J Parry-Smith

St Davids

The Venerable P Mackness,
Archdeacon of St Davids

Mrs J A P Hayward

Llandaff

The Venerable R E A Green,
Archdeacon of Llandaff (*from 1 January 2024*)

The Venerable M Komor,
Archdeacon of Margam (*to 31 December 2023*)

Mr G I Moses (*to 31 December 2023*)

Dr H Payne (*from 1 January 2024*)

Monmouth

The Venerable I K Rees,
Archdeacon of Monmouth (*from 1 January 2024*)

Miss P R Brown (*to 31 December 2023*)

Miss N C Gibbons (*from 1 January 2024*)

Swansea and Brecon

The Venerable A N Jevons,
Archdeacon of Brecon (*to 31 December 2023*)

The Reverend Dr A Morgan (*from 1 January 2024*)

Mr J M Watson (*to 23 March 2023*)

Nominated Membership

Professor M Hughes
Mr C Clarke (*from 12 May 2023*)
Mr R Davies (*to 26 June 2023*)
Mr P D Kennedy
Mr T O S Lloyd OBE, DL, FSA

Co-opted Membership

Mrs J Heard
Mr R Anning (*from 21 March 2024*)

Committee Membership

(*denotes non-RB member)

Investment Committee

Mr G I Moses (*Chair*) (to 31 December 2023)
Mr R Anning (*Chair*) (from 21 March 2024)
Mr G Davies*
Mr J G Davies*
Professor M Hughes
Mr J Fox*
Mr J Minett*
Mr D G Myrddin-Evans*
The Venerable I K Rees

Audit and Risk Committee

Mrs J Heard (*Chair*)
The Very Reverend N H Williams (to 21 March 2024)
Mr V Jones*
Mr T Llewelyn (from 21 March 2024)
Mrs R Nelson*
Mr D Richards*
Sir P Silk*

Finance Committee

Mrs H M Wiseman (*Chair*)
(to 31 December 2023)
The Very Reverend N H Williams (*Chair*)
(from 21 March 2024)
The Most Reverend A T G John
The Venerable P R Mackness
Mrs H Evans (from 21 March 2024)
Professor M Hughes
Mr M A Lawley
Dr H Payne (from 21 March 2024)

Property Committee

Mr R Davies (*Chair*) (to 26 June 2023)
Mr C Clarke (*Chair*) (from 26 June 2023)
The Venerable R E A Green (from 21 March 2024)
The Venerable A N Jevons (to 31 December 2023)
The Venerable M Komor (to 31 December 2023)
The Venerable P R Mackness
The Venerable I K Rees (from 21 March 2024)
The Venerable N H Williams
The Reverend M J Beecroft
The Reverend Dr A Morgan (from 21 March 2024)
Ms M Gerrard*
Mr J E Jones* (to 31 December 2023)
Mr D Penwarden* (from 21 March 2024)
Mr D A Williams* (to 31 December 2023)

Human Resources Committee

Mr P D Kennedy (*Chair*)
The Right Reverend G K Cameron*
The Venerable R H E Davies*
The Reverend Canon J W Davies*
Mrs H Evans
Mrs J A P Hayward (from 26 June 2023)
Mr J M Watson (to 23 March 2023)
Mrs H M Wiseman (to 31 December 2023)

Cathedrals and Churches Commission

Mr T O S Lloyd OBE, DL, FSA (*Chair*)
The Right Reverend J W Evans*
Mr J Orbach*
Mr R J Silvester*
Mr P Welford*

Key Management Posts

Chief Executive
Chief Operating Officer
General Counsel and Head of Legal Services
Director of Mission and Strategy
Principal of St Padarn's Institute

Advisers

Independent Auditors:

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Bankers:

Lloyds Bank Plc
4th Floor, St William House
Tresillian Terrace
Cardiff
CF10 5BH

Investment Property Advisers:

Cluttons LLP
Yarnwicke
119-121 Cannon Street
London
EC4N 5AT

Investment Advisers:

Newton Investment Management
BNY Mellon Financial Centre
160 Queen Victoria Street
London
EC4V 4LA

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Actuaries:

Quantum Advisory
Cypress House
Pascal Close
St Mellons
Cardiff
CF3 0LW

Atkin & Co.
Nelson House
Central Boulevard
Blythe Valley Park
Solihull
B90 8BG

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

England & Wales - Charity number 1142813

Accounts

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2022



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Further copies of this report may be downloaded from the Church in Wales website:

https://www.churchinwales.org.uk/en/publications/administration-and-business/Annual_Report_Accounts/

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Charity Registration Number 1142813

Front cover photographs:

- top left:* The Bishop of Swansea and Brecon, John Lomas, is consecrated at St Deiniol's Cathedral, Bangor.
- top middle:* The Archbishop of Wales, Andrew John, is enthroned at St Deiniol's Cathedral, Bangor.
- top right:* The Assistant Bishop in Bangor, Mary Stallard, is consecrated at St Deiniol's Cathedral, Bangor.
- bottom left:* Congregation at Citizen Church, Cardiff.
- bottom middle:* Their Majesties The King and The Queen Consort visit Llandaff Cathedral following the death of HM The Queen.
- bottom right:* Congregation at Hope Street, St Asaph.

CHAIR'S INTRODUCTION



2022 was a year which saw the Church in Wales, along with the rest of society, emerge from the final rounds of restrictions following the COVID-19 pandemic with all the accompanying anticipation, trepidation and expectation. Our clergy, lay ministers

and congregations proved so adaptable and willing to innovate over the last three difficult years, demonstrating the Church's invaluable role in the lives of our communities.

2022 was therefore a year of reconstruction and renewal. The Representative Body, in close collaboration with the Bench of Bishops, the Standing Committee and others, took the very bold step of committing a significant portion of its funds into ensuring the Church in Wales is adequately and effectively resourced for mission, evangelism and growth. This decision means the Representative Body will make £100 million available for projects targeting both spiritual and numerical growth. 2022 also saw census data emerge which showed, in Wales, a 14% decline in those identifying themselves as Christian. A stark reminder of our need to be determined in our commitment to communicate our joyful story in our time. I hope it also demonstrates to our brothers and sisters around the province that the Church in Wales has faith in its future and that the Representative Body wishes to help an expectation of growth to flourish.

A further £37 million is also to be made available to provide additional structural resilience funding over that same ten-year period. Work will also be undertaken to review, simplify and consolidate the channels of provincial funding to the dioceses to ensure our structural arrangements are as convenient – and resilient – as they may be.

These additional financial commitments come at a time when the financial world is in a volatile state and 2022 saw a reduction of almost £100 million in the Representative Body's total assets, which in turn will lead to a reduction in investment income. The Investment Committee keeps the situation under close scrutiny with staff being in touch with the investment fund managers on a very regular, sometimes daily, basis. This is important work because it is the investment income which provides the financial means by which the Representative Body undertakes its

operations, as set out in this annual report. Clearly the additional financial commitments the Representative Body has made are significant and will inevitably have an impact on future income generation, but this impact will be assessed and managed as needed.

In 2021 the Governing Body declared a climate emergency and committed the Church in Wales to being net zero in terms of our carbon footprint by 2030. This is an ambitious task and 2022 saw the Representative Body instigate a number of areas of work which form part of our journey towards this goal. I am pleased by the commitment demonstrated and work undertaken so far, particularly to those who attended events such as the climate leaders programme and who undertook carbon literacy training during the year. A tool has also been developed and launched to help calculate the carbon footprint of church buildings.

As always, please be assured of the Representative Body's commitment to ensuring the Church in Wales is resourced to provide the mission and ministry necessary for the proclamation of the Gospel in our times and stewarding its resources to allow this to happen in the most effective manner. I look forward to the next ten years in the life of our province.

Professor Medwin Hughes
Chair of the Representative Body

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

When planning its activities for the year, the Representative Body has taken into account the Charity Commission's guidance on public benefit and their specific guidance on charities for the advancement of religion. The Representative Body provides significant financial support for the activities of the Church in Wales which is present in all communities throughout Wales. As such, the Representative Body's assets (which include most church buildings and church halls) are available to the whole community. Regular worship, marriages, funerals, baptisms, pastoral care and outreach both at home and overseas are just some examples.

Key Objectives

The Representative Body's key objectives are:

- To manage its investments so as:
 - to meet the past service liability of the Clergy Pension Scheme;
 - to provide the maximum sustainable level of support for the work of bishops, dioceses, parishes and cathedrals.
- To manage the ecclesiastical and secular property vested in it for the uses and purposes of the Church in Wales.
- To support the Bench of Bishops in its oversight of the St Padarn's Institute by employing its staff and providing financial resource.
- To employ specialist staff to advise the bishops in connection with their allocated portfolios of activity.
- To provide an efficient and professional administrative service across a wide range of functions including:
 - payment of serving clergy and pensioners;
 - management of trusts and other funds held provincially;
 - organisation of provincial meetings of the Representative Body, Governing Body, Bench of Bishops and their committees;
 - provision of guidance for the wider Church on a range of issues including safeguarding, ICT, property management and human resources;
 - maintenance of databases and management information.

Ongoing Objectives

- Maintaining diocesan support – To maintain financial support for dioceses through the Partnership Funding and other provisions.
- Financial stability – To ensure financial stability with regard to the clergy and staff pension schemes.
- Fund performance – To make investment returns that exceed agreed benchmarks.
- Safeguarding – To continue to strengthen the Church's capacity in safeguarding as we seek to be a Safe Church.

Additional Objectives for 2023

- To develop and communicate a structure for the administration of the Church Growth Fund which effectively balances rigorous scrutiny and accountability with convenience and accessibility.
- To establish a new approach to the channeling of provincial structural funding to the dioceses.
- To implement projects which would improve operational efficiency including a new property management database and a Church in Wales membership app.
- To finalise and implement a new approach to the management of church buildings which have closed.
- To continue to provide training and practical support to assist all parts of the Church in Wales to engage effectively with the Climate Emergency and the moving towards being carbon net zero by 2030.

ACHIEVEMENT AND PERFORMANCE

An extensive review of the valuation of the non-investment properties in 2022 has resulted in an overall reduction in asset values of £70 million.

Overall Financial Position

The results for the year are shown in the Statement of Financial Activities on page 20.

There was a negative movement in total net funds for 2022 of £77 million. This was primarily due to losses on the revaluation of fixed assets of £70 million which arose following an extensive review of how the non-investment properties are valued, and the decision to place a nil value on churches, which had been valued at £74 million in the 2021 accounts.

After considering other recognised gains and losses, the total funds shown on the balance sheet of the Representative Body at 31 December 2022 decreased from £907 million to £830 million. Further details on the investment performance are given on page 6.

General Funds

Over 95% of the Representative Body's income is generated through its investments. During 2022, the Representative Body's investment income increased by £1.9 million. Expenditure decreased by £2.8 million in 2022 as the previous year included the additional financial support provided to dioceses following the pandemic.

The resulting net loss of £4.4 million was further compounded by investment losses of £86 million and resulted in a net movement in funds over the year of £58 million.

Total Assets of the Representative Body

The Balance Sheet on page 21 presents the key financial data but it is of vital importance that Church members understand the nature of the Representative Body's total funds.

The chart on page 4 explains how the Representative Body's assets are structured.

The total assets of the Representative Body as at 31 December 2022 stood at £971 million.

However, as the Clergy Pension Scheme is an unfunded scheme (which means that the assets that are set aside to match the liabilities of the Scheme are not segregated from the assets of the Representative Body) the total assets include £140.4 million and £127,000 which represent the clergy and staff pension liabilities respectively.

The net effect of this means that the total funds excluding the pension liabilities of the Representative Body are £830 million.

These funds are split as follows:

	£m
General Funds	475
Restricted Funds	5
Designated Funds	350
Total	830

The Restricted Funds of £4.8 million represents the value of the former St Michael's College site, held as an endowment fund.

The Designated Funds totalling £350 million are set out in detail on page 34. However, 56% of this total comprises the cost or valuation of the parsonages and church halls. These are not income-generating assets and reflect the working plant of the Church. The remaining balance is specifically earmarked for future costs, such as the Evangelism Fund, church repairs and future pension liabilities.

This leaves the General Funds which total £475 million. It is these assets that are invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body. The Representative Body aims to achieve a 5.5% total return, although this may not be sustainable in the future.

The income generated by these investments of around £20 million per annum is used to fund the Partnership Funding to dioceses, training through St Padarn's Institute, the bishops and the provincial office. With current expenditure levels of around £17 million, the Representative Body is running an income and expenditure deficit of around £2 million per annum (excluding exceptional COVID support payments). As may be seen on page 37, the Representative Body's expenditure has for many years exceeded its income, but this is offset by the capital gains. The Trustees

are aware that commitment to structural expenditure which progressively erodes the capital base of the Representative Body will reduce its income and ability to fund the ministry and mission of the whole Church in years to come.

Total Funds of the Representative Body	£970 million
Less: Clergy and Staff Pension Scheme liabilities	(£140 million)
Balance	£830 million
Less: Restricted Funds	(£5 million)
Less: Designated Funds	(£350 million)
Balance – representing General Funds	£475 million
It is this £475 million that is held as investment assets and generates the returns (income and capital).	

Supporting Ministry

Grants to Dioceses

The Representative Body continues to provide each diocese with Partnership Funding to help with costs such as stipends, clergy pensions (current service contributions) and certain other categories of expenditure, so enabling provincial funding to be used more flexibly by the dioceses.

In 2022 the total Partnership Funding was set at £2.6 million and an additional £1.6 million was provided to dioceses from the newly formed Structural Resilience Fund to provide post- Covid assistance to the dioceses.

The Representative Body has agreed the Partnership Funding will be set at £2.6 million for 2023 together with £3.5 million from the Structural Resilience Fund.

In addition, Bishops' costs (including their office costs) are met directly by the Representative Body.

Overall the Representative Body meets over 30% of the total expenditure of the Church.

CLERGY PENSION SCHEME

Clergy Pension Scheme

The Clergy Pension Scheme is a non-contributory final salary scheme and is a significant benefit for the clergy.

An incumbent with 40 years' uninterrupted service, retiring in 2023 will receive a lump sum of up to £40,746 and an annual pension of £16,298. On the death of a cleric, a qualifying surviving spouse or civil partner receives 60% of the cleric's pension, which in 2023 is £9,778 for full service.

The Clergy Pension Provision forms part of the overall investments of the Representative Body and the long-term challenge is to ensure that pension liabilities are held as a stable proportion of the Representative Body's total assets.

The Clergy Pension Provision is shown in note 21 on page 33. The principal expenditure is the payment of pension benefits.

The membership of the Clergy Pension Scheme including the movements during the year are shown below:

Clergy Pension Scheme Membership				
	Active	Deferred	Pensioners	Total
Membership at 1 January 2022	389	227	852	1,468
New entrants	35	-	-	35
Leavers with deferred benefits	(12)	12	-	-
Transfers out	-	(1)	-	(1)
Retirements	(20)	(6)	33	7
Deaths	(1)	-	(21)	(22)
Adjustments to opening figures	2	(3)	2	1
Membership at 31 December 2022	393	229	866	1,488

The Clergy Pension Scheme is reviewed every three years and the results of the actuarial valuation that took place as at 31 December 2022, together with the previous three valuations are highlighted below. The new rates will take effect from 1 January 2023. The next actuarial valuation is due to take place at 31 December 2025.

Clergy Pension Scheme Funding				
	2022	2019	2016	2013
Market Value of the Representative Body's General Funds	£733m	£719m	£607m	£512m
Value of Past Service Liability	£140.4m	£196.2m	£187.8m	£158.9m
Liability as a proportion of General Fund	19.2%	27.3%	30.9%	31.1%
Employer's Current Service Contributions	26.8%	36.5%	38.8%	32.7%

FINANCIAL REVIEW

Investments decreased by 11.5% over 2022.

Investment Policy

The power to invest all monies held by the Representative Body in trust for the Church in Wales is set out in section 20 of Chapter III of the Constitution, which gives wide ranging authority for investment.

Investment Objectives

The objectives of the Representative Body's investment policy are to:

- achieve a balance between sustainable levels of income and capital growth;
- optimise total returns without undue risk;
- continue to meet the Representative Body's current to long-term liabilities and income commitments;
- operate within the constraints of the Church's Ethical Investment Policy Statement, as set out on page 8.

Diversification in a range of assets is essential to reducing risk, and therefore forms an important part of the investment strategy of the fund. The assets in which the fund is invested are regularly reviewed.

Investment Managers

Sarasin & Partners and Newton Investment Management each manage one half of the stock exchange investment fund, under a Global Multi-Asset mandate.

Cluttons LLP manage both the investment properties and the property unit trusts.

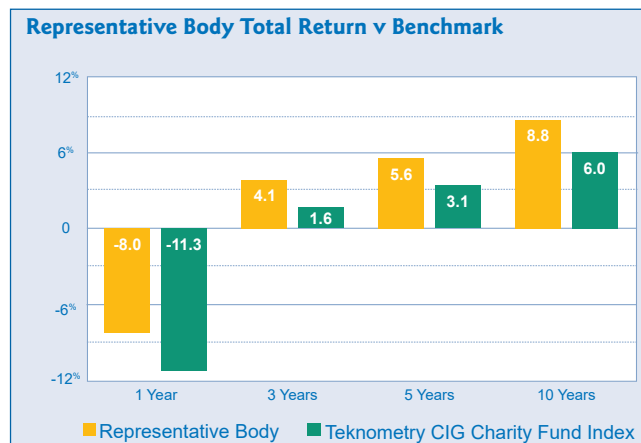
Overall Fund Performance

During 2022 the total value of the Representative Body's investments decreased by 11.5% to £729 million as shown on the Balance Sheet on page 21.

The capital value of the fund is of particular significance in assessing the proportion of assets required to meet the Clergy Pension Scheme liabilities which were valued at £140 million on 31 December 2022 (2021: £218 million).

Total Return

The total return (both income and capital growth) from the Representative Body's fund during 2022 was negative 8.0%, outperforming the Teknometry comparator return of negative 11.3%. Over three and five years the annualised returns also outperformed the comparator as highlighted in the table below.



Comparator

The performance of the Representative Body's total investment fund, including the stock exchange investments and property investments is measured relative to the Teknometry CIG Charity Fund Universe Benchmark.

The property portfolio is measured against the MSCI Monthly Index.

Stock Exchange Investments

The value of stock exchange securities decreased over the year from £708 million to £623 million at 31 December 2022, an decrease of 12%.

2022 was a particularly challenging period for financial markets. While Russia's invasion of Ukraine at the end of February was the defining geopolitical and economic event and an obvious catalyst for equity market weakness, equity indices had already been under considerable pressure throughout January. The proximate cause was tightening US monetary policy, as the Federal Reserve (Fed), having fallen 'behind the curve' in addressing inflationary pressures, signalled that US interest-rate rises would now come earlier, and potentially be more aggressive, than previously foreshadowed. Such a course of action drove government bond yields steeply higher, and in the equity market, put acute pressure on long-duration equities. However, many of these names moderated

their losses by meaningfully participating in a broader rally which developed towards the end of the first quarter of 2022 as indices bounced.

Worries around a shift in global monetary policy continued to weigh on equities into the second quarter of 2022, with stretched valuations a cause for concern in the face of hawkish central banks. Renewed Covid-19-related lockdowns in China also weighed on investor sentiment given the implications for economic growth and supply chains. The risk of recession loomed towards the end of the review period amid concerns around a more aggressive, Fed-led global tightening cycle in response to the return of inflation.

After a promising start marked by a strong equity-market rally in July, the third quarter of 2022 proved to be very volatile with sharp, broad-based declines seen in all major asset classes. Investor hopes of a 'pivot' by the Fed on the interest-rate trajectory were dashed early in the quarter as it became increasingly clear that the central bank's priority was to quash inflation rather than support the economy and financial asset prices. Such rhetoric was reinforced with interest-rate hikes by the Fed, the European Central Bank and the Bank of England, leading markets to quickly price in a more aggressive path of future rate hikes. Central-bank hawkishness was coupled with major disruptions to Europe's energy supply, a knock-on effect of the Ukraine-Russia conflict, and led to increasing concerns about the likelihood of recession. Later in September, the sell-off developed into something akin to a liquidity crisis affecting major asset classes, all of which fell in tandem. Finally, there was serious turbulence in the UK gilt market that stemmed from the UK's mini-budget.

During the final quarter of 2022 equities recovered some of the ground lost earlier in the year. The outlook for inflation, and the trajectory of monetary policy, continued to dominate the narrative within financial markets. In early October, evidence of decelerating price growth in the US ISM (Institute for Supply Management) Manufacturing report raised hopes that inflation had peaked, ensuring risk assets got off to a flying start. Further positive momentum was injected a month later, when it was the turn of US consumer price inflation to come in lower than expected, a development that also drove government bond yields lower. However, in spite of this encouraging news flow, central bankers steadfastly maintained a hawkish tone, both in terms of their rhetoric and their actions. At the end of the quarter, even the Bank of Japan, hitherto an outlier in the process of monetary tightening, surprised investors by

moderating its policy of yield-curve control as it raised the cap on the country's long-term interest rates. These developments contributed to the broader trend of profit-taking into year end, both in equities and government bonds.

Asset allocation ranges and the allocation as at 31 December 2022 are shown below:

Asset Allocation Range		
Asset class	Range	Allocation at 31 December 2022
UK Equities	15-40%	15%
Overseas Equities	20-70%	57%
Fixed Interest	5-25%	15%
Alternatives	0-15%	8%
Cash	0-25%	5%

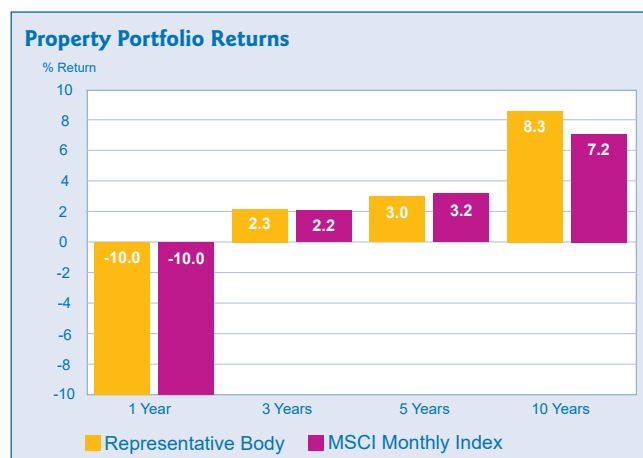
Investment Property

The value of the Representative Body's investment property portfolio decreased over the year from £73.6 million to £62.8 million. The Representative Body directly holds 10 investment properties and also holds units in 2 Property Units Trusts (PUTs).

The direct properties are independently valued at each year end and as at 31 December 2022 at £52.9 million compared to £63.8 million at the end of 2021.

The PUTs investments were valued at 31 December 2022 at £9.9 million compared to £9.8 million the previous year.

The commercial property portfolio equalled or outperformed the MSCI Monthly Index over all periods as shown in the table below.



Ethical Investment Policy Statement

The Church in Wales has had an Ethical Investment Policy for many years. Informed by the work of Churches Ethical Investment Group and supported by the Representative Body's Investment Committee, the current policy statement was adopted by the Governing Body of the Church in Wales in April 2021.

As a Christian Church, we are tasked to co-operate with God's active presence in the world and with proclaiming the values of the kingdom of God. This means that the Church has a particular interest in promoting all that furthers justice and peace, that enables full human flourishing, that honours creation and that builds creative human communities.

The Church in Wales wishes to have an investment policy that is ethical and consistent with the furtherance of our aims and objectives. We believe that it is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investments, and to use our investments as an ethical means of contributing to the cost of ministry and mission in the Province.

Our aim is to invest in successful companies that are committed to developing their business in the interests of their shareholders, customers, local communities and employees by operating:

- Responsible employment practices;
- Conscientious corporate governance;
- Policies and practices which demonstrate a proper regard for the environment and for the well-being of the created order;
- Policies sensitive to the human rights and wellbeing of individuals and communities in which they operate;
- Fair trading practices.

In its policy for investment, the Church in Wales will use its best endeavours not to be associated with companies whose products or policies conflict with these aims or to invest in companies which:

- Are responsible for the wanton despoliation of the environment;
- Are responsible for anything that threatens peace, security and communal well-being;
- Exploit, demean, corrupt or degrade humankind, especially the poor or the financially vulnerable;
- Are indifferent to the well-being of animals.

We recognise the complexities surrounding the activities of companies in which we can invest, and reserve the right to make investment decisions on a case by case basis. We will endeavour to engage with companies which are in actual or potential breach of this policy or where concerns exist over environmental, social and governance issues before considering disinvestment.

It is the policy of the Church in Wales not normally or knowingly to invest in any company:

- which derives more than 10% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;
- which derives more than 5% of turnover from pornography, predatory lending activities or the proliferation of armaments;
- which derives more than 5% of turnover from the production or the extraction of fossil fuels.

The Church in Wales wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations, and exercising combined shareholder influence.

A valuable relationship exists between the Investment Committee and the Church in Wales Ethical Investment Group to which the Committee refers problematic cases, and from which it receives an annual report.

Risk Management Policy

The Representative Body has an extensive risk register which is overseen by the Audit and Risk Committee with regular reviews by senior management. It is formally reviewed annually by the Representative Body.

The 2022 risk register identifies the major risks to which the organisation is exposed and the scope of such risks. The register then identifies the controls and procedures which have been established to manage and mitigate those risks, from which there are defined action points, strategies and timescales to mitigate risk further.

The 2022 risk register has identified the following as the top four most significant risks:

1. Poor total returns from the Representative Body's investments

Significant loss or reduction of the Representative Body's assets would have a detrimental effect on the Representative Body's ability to support the financial needs of the wider Church in Wales. The Investment Committee reviews the investment performance quarterly, with staff monitoring daily. The investment portfolio is well diversified and managed by two investment managers with complementary investment approaches.

2. Insolvency of a diocese

Declining parish share income, as a consequence of declining congregations, may jeopardise the solvency of a diocese. If a diocese were to be insolvent intervention by the Representative Body would be needed to continue payment of clergy stipends, representing a significant additional financial burden for the Representative Body. Diocesan accounts are provided to the Representative Body to allow potential problems to be identified at an early stage.

3. Accelerated decline in church attendance

The continuation of declining attendance and an increasing age profile would result in declining financial income for dioceses: this would lead to an inability to present established patterns of ministry to the whole of Wales. The Representative Body endeavours to maintain the highest financial support to dioceses possible. Also, a renewed focus on mission and evangelism, including additional financial resources being made available, aims to stimulate church growth.

4. Organisational structure of the Church in Wales no longer appropriate for the needs of the organisation

Complex structures mean inefficient decision-making and the establishment of a clear strategic direction. Increasingly regular meetings of the main governance bodies of the Church in Wales (the Representative Body, Standing Committee and Bench of Bishops) with the diocesan secretaries and senior provincial staff aim to ensure draw together strategic planning.

The Trustees keep these risks and steps taken to mitigate them under active review.

Reserves Policy

At 31 December 2022, the Representative Body's total funds amounted to £830 million (2021: £907 million). This includes the Restricted and Designated Funds with a combined total of £355 million.

The Restricted Funds which total £4.8 million represent an Endowment Fund in respect of the former St Michael's College site.

The Designated Funds total £350 million and £198 million is in respect of the non-investment properties held by the Representative Body, represented by church 'plant' – church halls and parsonages.

In determining the available reserves of the Representative Body, it is considered prudent to exclude the Restricted and Designated Funds, as these funds are not available to spend. The Representative Body therefore considers that the General Fund balance of £475 million (2021: £533 million) represents the reserves available.

As shown in the Balance Sheet on page 21, the Representative Body's General Fund balance is £475 million which as shown in the table on page 4, is made up of investment assets. It is those investment assets held by the Representative Body that generate the overwhelming majority of both its income and capital gains.

It is therefore in the interest of the Church as a whole to carefully steward and manage its investment assets in order to maintain the current levels of income and capital gains so that the Representative Body can continue, for both this generation and generations to come, the current levels of support it provides to dioceses and parishes.

General Funds

The amount of General Funds held by the Representative Body at 31 December 2022 totalled £475 million (2021: £533 million).

The total return expenditure policy is based on the amount of General Funds held by the Representative Body. The policy is to set spending at a level intended to provide vital funding for the Church in the short term whilst preserving the investment base to provide sustainable increases in annual expenditure into the future.

Designated Funds

The Trustees have the power to designate general funds to be retained for an agreed purpose where this is considered to be prudent.

At 31 December 2022 Designated Funds amounted to £350 million (2021: £369 million). Details of the Designated Funds are set out on page 34. The most significant fund is the Revaluation Reserve, with a balance of £161 million, and represents the difference between the market values assigned to non-investment property (including parsonages, church halls and sundry property) and the underlying cost. As such, the Revaluation Reserve can only be realised by the disposal of the non-investment property held by the Representative Body for the day-to-day work of the Church.

All designated funds are reviewed annually and returned to general funds in the event that the purpose of their designation can no longer be justified.

Restricted Funds

At 31 December 2022 Restricted Funds amounted to £4.8 million (2021: £4.6 million) held by the Representative Body, and represents the value of the former St Michael's College site.

FUTURE PLANS

An assessment of forthcoming strategic priorities for the Representative Body.

Short to medium term issues

Support for the Dioceses

The Representative Body continues to provide a comprehensive portfolio of services, advice and financial support to the wider Church in Wales. This includes Partnership Funding (Block Grant) to dioceses.

Examples of services and advice provided to dioceses:

Human Resources – the human resources team has new leadership and provides support in relation to clergy office holders and RB employees. Policies and procedures have been revised and updated and work is underway, with others, to focus on training and development opportunities for clergy and staff.

Property Services – providing advice and support to the whole Church in Wales for its estate of church buildings, residential and other properties, graveyards and other land holdings.

Legal Services – providing advice to ministry/mission areas and parishes in connection with approximately 2,500 trusts.

Finance Services – payment of stipends, administration of the Common Investment Fund, administration of the Clergy Pension Scheme.

ICT Services – Provision of computer services to staff in diocesan offices, the provincial office and St Padarns. New system introduced for DBS checking; introduction of Church in Wales e-mail addresses for clergy in all dioceses.

Governance Services – provision of secretariat support to the Governing Body, the Standing Committee, the Representative Body, and their sub-committees, and to the Bench of Bishops.

Funding the Church in Wales

The Representative Body has committed £100 million of funding over the next ten years to the Church Growth Fund, to enable, promote and galvanise mission and evangelism in the Church in Wales, orienting it towards numerical and spiritual growth. It has committed a further £37 million over the same period to a Structural Resilience Fund – to ensure

that sufficient funding is available to undertake routine operational work optimally.

These are significant sums of money and this commitment will affect the long term ability of the Representative Body's investment portfolio to generate income. Therefore, it is imperative that this funding is used appropriately and an important element of ongoing work will be to ensure projects which receive support from the Fund are held accountable for their effectiveness. The Church Growth Fund Allocation Group will be formed and one of its main areas of work will be to monitor, audit and challenge projects that receive funding from the Fund and - where necessary - reduce or discontinue work that is not bearing fruit. The Allocation Group will also design the application process for the distribution of funding as well as assessing applications made and making grants within agreed budgeting parameters.

Rationalising and reshaping the arrangements for the provision of structural provincial funding to dioceses is an important area of work which will be undertaken by the Distribution of Funds Review Group. This will consider established practice and aim to review these in line with operational convenience and fairness of distribution. Resources must be used in the most effective way possible and the Group will seek to stimulate conversations about areas of work which may be done more efficiently and effectively jointly.

Operational development projects

A number of projects which will be significant to the operational support provided by the Representative Body are underway. Infonet, the central database around which provincial administration revolves – including clergy and lay ministerial appointments, membership and finance data, DBS and Gift Direct administration, details of property ownership and occupation, committee membership and territorial configurations – has fulfilled its role for almost 20 years and the technical infrastructure upon which it is built is now outdated and maintenance support dependent on the expertise of a single member of current staff. The development of a new database system to replace Infonet is underway and is due to be completed in April 2024.

A separate database to aid casework management within the provincial property department is being developed.

A mobile app to capture membership and finance data is in the process of being developed. An electronic means of submission will allow such data to be

current and useable in a variety of ways. It would be possible for correlations to be made with other data, including demographic data, which could help support the tailoring of mission, evangelism and growth to the needs of a particular locality.

Safeguarding

The Representative Body continues to invest in its safeguarding resource. The Director of Safeguarding has brought together, into one team, activities in casework, training, policy and procedure development, and relationship building with the statutory agencies and other partners. A strategy for safeguarding-related governance together with a framework for the provision of training were agreed during 2022. Governance oversight is provided by the Safeguarding Committee (for matters relating to policy, procedure and training) and the Safeguarding Panel, which principally oversees and advises on the handling of casework. Both the Panel and Safeguarding Committee are accountable to the Standing Committee on behalf of the Governing Body. An annual safeguarding-related report is provided to the Governing Body.

Training for Ministry

2022 saw St. Padarn's Institute continue to consolidate its role as the Church in Wales's institute for initial ministerial training, as it reached its sixth year of operation. St. Padarn's and its significant role in clergy training was at the forefront in efforts to make sure those training for ministry – both lay and ordained – were equipped to foster numerical and spiritual growth in their various ministerial contexts.

During 2022 a period external review (PER) was undertaken at St. Padarn's. PER is a review system operated by the Church of England for theological educational institutions which offer formational training, assessing the quality of ministerial formation provided. PER is a good vehicle for providing external scrutiny of the ministerial training programmes available at St. Padarn's as well as of its culture and practices as a Christian learning institution.

The final report was published in February 2023. The report contained several commendations of good practice at St. Padarn's together with recommendations for enhancing current arrangements. A formal response to the PER report has been prepared.

Monmouth Review

During 2022 the Representative Body, together with the Standing Committee and Bench of Bishops, worked to respond to the 28 recommendations within the report of the Monmouth Enquiry and Review which

was published in December 2021 and considered the events which led to the retirement of the former Bishop of Monmouth. The recommendations included a review and overhaul of disciplinary policies and procedures as well as people-related casework being undertaken in a more multi-disciplinary way. The implementation work has been overseen by a dedicated implementation group, the Monmouth Review Implementation Group, and the majority of the recommendations have now been implemented. Work continues on the few areas of work that remain.

Long term issues

Pensions

The actuarial valuation of the Clergy Pension Scheme at 31 December 2022 confirmed that the Scheme is well funded and continues to represent a prudent proportion of the Representative Body's total assets. The Representative Body will keep the Clergy Pension Scheme, including its funding and benefits, under active review. The next actuarial valuation of the Clergy Pension Scheme is due to take place as at 31 December 2025.

Climate Change

Following the Governing Body's Climate Emergency declaration in April 2021, the Representative Body appointed a full-time Climate Change Champion to bring focus to this important area of work and much work has been done to engage with all parts of the Church in Wales.

A Net Zero Carbon Framework for the Church in Wales was approved by the Governing Body in 2022 and, in April 2023, an energy footprint tool for measuring the carbon footprint of buildings was launched.

A training programme in carbon literacy has been provided to Church leaders, provided by the Centre for Alternative Technology. Other gatherings to increase knowledge and galvanise action have been arranged, including a Climate Leaders programme, which focussed on theology, practical actions and missional outreach, and a gathering of a province-wide focus group to discuss onward work in this area. A Climate Change Hub will be developed to share information and ideas to progress and promote the work towards net zero throughout the Church in Wales and to monitor and update the framework to ensure it enables the net zero goal to be realised.

The Representative Body is committed to supporting the whole Church in its response to the global climate crisis.

GOVERNANCE AND MANAGEMENT

The Representative Body of the Church in Wales was created by a Charter of Incorporation on 24 April 1919 and is constituted to hold all property and investments vested in it in trust for the use and purposes of the Archbishop, Bishops, Clergy and Laity of the Church in Wales. These assets are held in order to maximise the support which can be given to the mission of the Church in parishes throughout the province.

The Representative Body comprises up to 26 members and normally meets three times a year. The membership and functions of the Representative Body are regulated by Chapter III of the Constitution of the Church in Wales.

Details of the trustees who served during the year and since the year end are set out on page 39. The relationship of the Representative Body to its committees and to the other provincial bodies of the Church in Wales is set out on page 15.

Membership Composition

Trustees (other than ex-officio trustees) are appointed for a three-year term of membership. The Representative Body's membership consists of:

- The Archbishop;
- The Chair of the Standing Committee of the Governing Body;
- The Chair of the Diocesan Board of Finance of each diocese;
- One cleric elected by the Diocesan Conference of each diocese;
- One lay person elected by the Diocesan Conference of each diocese;
- Up to four members nominated by the Bench of Bishops in consultation with the Standing Committee;
- Up to two members co-opted by the other members of the Representative Body.

Membership Eligibility

The following are eligible to be members of the Representative Body:

- Any cleric who holds an ecclesiastical office in the Church in Wales or a licence from a Welsh Diocesan Bishop who is not retired nor has reached the age of 70;
- Any lay communicant over 18 and under 75 years of age who either:

- a. resides or has resided for a period of 12 months in a Church in Wales parish; or,
- b. whose name appears in the electoral roll in a Church in Wales parish and who does not belong to a religious body which itself is not in communion with the Church in Wales.

A lay communicant may be elected a member of the Representative Body only for the diocese in which he or she either resides, holds diocesan office or has his or her name on the electoral roll of a parish in such diocese. No full-time employee of the Representative Body, a Diocesan Board of Finance or any other such provincial or diocesan body within the Church in Wales shall be eligible to be a member of the Representative Body.

Membership – Induction and Training

It is the policy of the Representative Body that its members should be provided with training appropriate to their duties both as charity trustees and as members of its committees. New members are given the opportunity to attend external training events for charity trustees, and all new members are also invited to the Provincial Office to meet staff and to learn more about the work of the Representative Body, the Governing Body and the Bench of Bishops.

In addition, members are offered training tailored to meet specific gaps in knowledge or experience, often linked to a member's work with the Representative Body's committees. In the past this training has proved to be particularly beneficial in the complex and specialised areas of investments and audit.

Committees

The Representative Body has six committees – Finance, Investment, Property, Human Resources, Audit and Risk and the Cathedrals and Churches Commission – each with specific terms of reference and functions delegated by the Representative Body and reviewed every three years.

Investment Committee

The Investment Committee determines the investment strategy for approval by the Representative Body (within the overall policy objectives of the Representative Body and with advice from their appointed advisers) and recommends for the Representative Body's approval all strategic decisions necessary to manage the investments of the Representative Body within this strategy.

Property Committee

The Property Committee has responsibility for policy relating to the Representative Body's non-investment property including churches, parsonages, burial grounds, glebe land, and bishops' residences and the management of those properties. Its duties are wide-ranging and include authorising the sale and purchase of properties; developing strategies for dealing with redundant church buildings and churchyards; administering trusts, legacies and bequests; and administering grants for the repair and improvement of properties.

Human Resources Committee

The Human Resources Committee is responsible for developing policies and procedures for clergy, staff and volunteers in line with good practice and the specific legislation that applies to each group. This includes advising the Representative Body on the level of clergy stipends and staff salaries and the terms and funding of the pension schemes for clergy and staff respectively.

Audit and Risk Committee

The Audit and Risk Committee works with the Representative Body's external auditors to ensure proper financial reporting practice and compliance with charity accounting requirements. It is also responsible for monitoring the effectiveness of the internal audit function. It also has an important role in overseeing the risk management process and to consider the potential financial exposure on safeguarding matters.

Finance Committee

The Finance Committee was established in May 2021 and is the principal place of detailed engagement and interface between the Representative Body and its staff on matters of financial strategy development; financial planning and budgeting; scrutiny of un-budgeted expenditure proposals; financial arrangements with the diocesan boards of finance; and matters relating to the staff and clergy pension schemes.

Cathedrals and Churches Commission

The role of the Cathedrals and Churches Commission is to provide expert advice to diocesan courts and advisory groups on applications for major works to cathedral and church buildings as part of the in-house procedure (or faculty procedure) established by the Church in Wales as a condition of the ecclesiastical exemption from local planning controls.

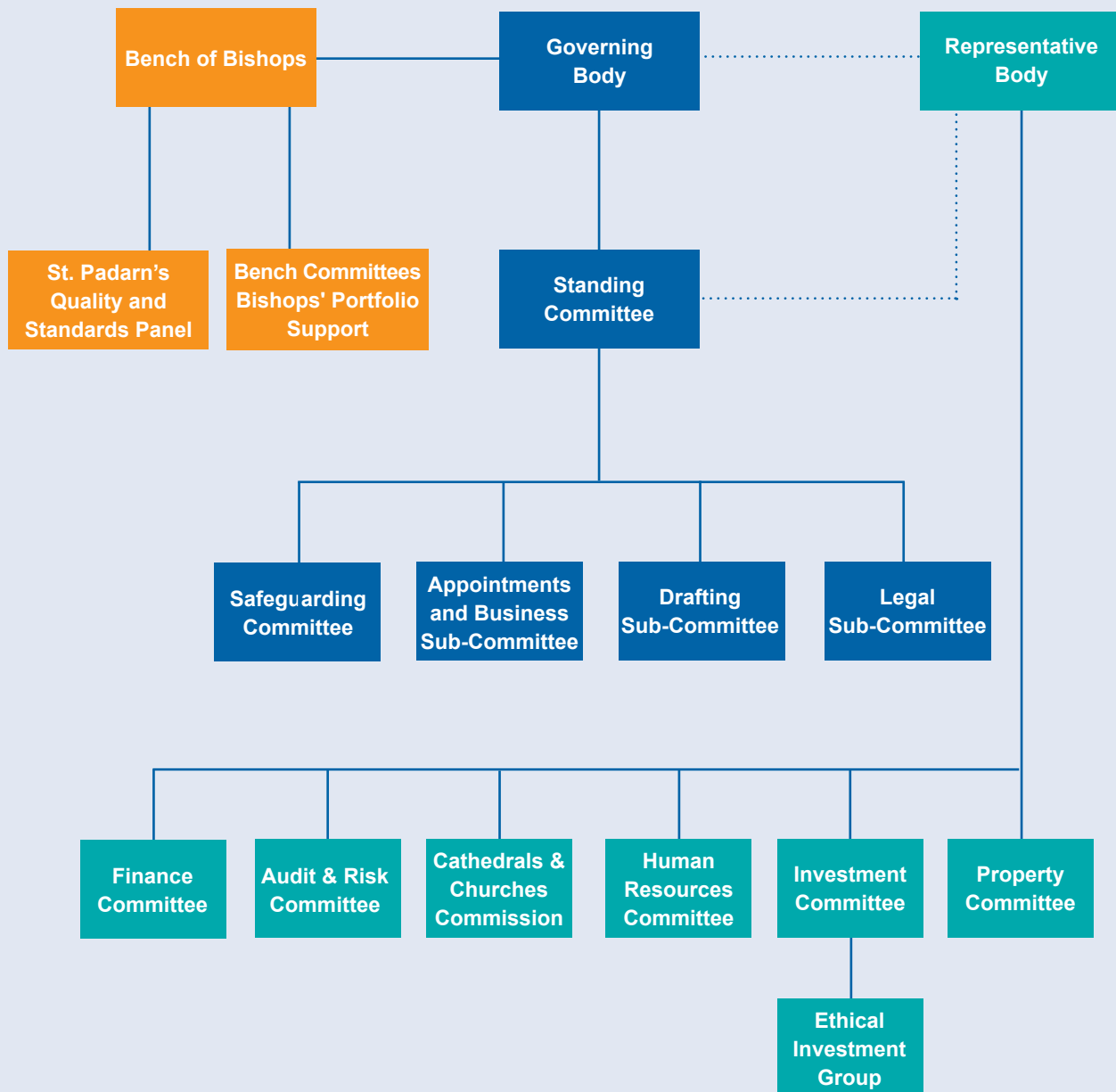
Conflicts of Interest

Representative Body members are likely to serve the Church in Wales in other ways and some, in particular clergy members, receive remuneration in these other roles. The Representative Body operates a conflicts of interest policy to ensure that members' other interests – either personal or on behalf of other organisations within the Church – do not exercise an inappropriate influence on the Representative Body's own decision making. A register of members' interests is maintained and updated regularly, and members are given the opportunity at the beginning of each meeting to declare any potential conflicts with items under consideration.

Fundraising

The Representative Body does not actively fundraise but donations are gratefully received. No complaints have been received in respect of fundraising.

THE PROVINCIAL STRUCTURE



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 of the incoming resources and application of resources of the charity 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 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 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Representative Body.

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

26 June 2023

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Trustees of the Representative Body of the Church in Wales

Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 charity's affairs as at 31 December 2022 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's Introduction. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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 for the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and key accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Statutory Auditor
26 June 2023

10 Queen Street Place
London
EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

For the year ending 31 December 2022

	Notes	General Funds 2022 £000	Designated Funds 2022 £000	Restricted Funds 2022 £000	Total Funds 2022 £000	Total Funds 2021 £000
Income from:						
Donations and Legacies		19	-	-	19	523
Charitable Activities		-	796	-	796	339
Investments	2	20,672	289	-	20,961	19,151
Other		254	-	-	254	251
		20,945	1,085	-	22,030	20,264
Expenditure on:						
Raising Funds	3	3,281	-	-	3,281	3,023
Charitable Activities						
Support for Ministry	4	14,197	37	-	14,234	10,941
Support for Dioceses and Parishes	5	6,242	1,730	-	7,972	14,438
Other Church Property	6	585	606	-	1,191	1,437
Other Financial Support	7	755	21	-	776	705
Communication	8	285	-	-	285	323
		25,345	2,394	-	27,739	30,867
Net Expenditure before Investment Gains		(4,400)	(1,309)	-	(5,709)	(10,603)
Net (Losses) / Gains on Investments		(86,520)	(1,541)	-	(88,061)	83,526
Net Expenditure / Income		(90,920)	(2,850)	-	(93,770)	72,923
Transfers between funds:						
Emergency Aid Fund		(200)	200	-	-	-
Cathedrals Funding		(1,734)	1,734	-	-	-
Evangelism Fund		(6,000)	6,000	-	-	-
Structural Resilience Fund		(264)	264	-	-	-
Other Recognised Gains / (Losses):						
(Losses) / gains on revaluation of fixed assets		11,729	(7,857)	290	4,162	19,450
Write down of the holding valuation of Churches		-	(73,715)	-	(73,715)	-
Allocation from / (to) Clergy Pension Provision		20,418	-	-	20,418	(22,135)
Transfer from Clergy Pension Provision		-	57,575	-	57,575	26,154
Actuarial gain on Staff Pension Scheme		8,495	-	-	8,495	6,941
Net Movement in Funds		(58,476)	(18,649)	290	(76,835)	103,333
Reconciliation of Funds:						
Total Funds brought forward		533,342	369,232	4,550	907,124	803,791
Total Funds carried forward		474,866	350,583	4,840	830,289	907,124

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

All activities are continuing.

There is no material difference between the net expenditure before investment gains stated above and their historical cost equivalent.

A fund by fund analysis for both the current and prior year is shown in the notes to the accounts.

Balance Sheet

As at 31 December 2022

		31 December 2022		31 December 2021	
	Note	£000	£000	£000	£000
Fixed Assets					
Non-Investment Properties	12	237,603		305,743	
Tangible Assets	13	112		123	
			237,715		305,866
Investments					
Investment Properties	14	52,885		63,825	
Property Unit Trusts	15	9,925		9,823	
Stock Exchange Securities	16	623,123		708,272	
Funds held by Investment Managers		29,081		19,878	
Money Market Deposits and Loans	17	14,091		22,667	
			729,105		824,465
Current Assets					
Debtors	18	7,484		7,007	
Cash at Bank and in Hand		1,483		1,076	
		8,967		8,083	
Current Liabilities					
Creditors: amounts falling due within one year	19	(4,971)		(4,504)	
Net Current Assets			3,996		3,579
Total Assets Less Current Liabilities			970,816		1,133,910
Long Term Liabilities					
Clergy Pension Provision	21		(140,400)		(218,000)
Net Assets excluding Staff Pension Liability			830,416		915,910
Defined Benefit Staff Pension Liability	11		(127)		(8,786)
Net Assets including Staff Pension Liability			830,289		907,124
Capital and Reserves					
General Funds		474,993		542,128	
Pension Reserve		(127)		(8,786)	
			474,866		533,342
Designated Funds	22		350,583		369,232
Restricted Funds	23		4,840		4,550
Total Funds			830,289		907,124

The financial statements on pages 20 to 36 were approved by the Representative Body on 26 June 2023.

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

Cash Flow Statement

For the year ending 31 December 2022

		31 December 2022	31 December 2021
	Note	£000	£000
Reconciliation of net income to net cash provided by operating activities:			
Net (expenditure)/ income		(93,770)	72,923
Adjustment for:			
(Losses) / gains on revaluation of fixed assets		(69,553)	19,450
Allocations to clergy pension provision		77,993	4,019
Gain on staff pension scheme		8,495	6,941
Depreciation of tangible assets	13	11	12
Income from investments	2	(20,961)	(19,151)
Expenditure on raising funds	3	3,281	3,023
Losses / (gains) on investments		88,061	(83,526)
Losses / (gains) on fixed assets	12	68,155	(18,760)
Add:			
Movement in debtors	18	(477)	(419)
Movement in creditors	19	467	(1,438)
Movement on clergy pension provision	21	(77,600)	(4,000)
Movement on staff pension liability	11	(8,659)	(6,823)
Net cash provided by operating activities		(24,557)	(27,749)
Statement of cash flows			
Cash flows from operating activities			
Net cash used in operating activities		(24,557)	(27,749)
Cash flows from investing activities			
Income from investments	2	20,961	19,151
Expenditure on raising funds	3	(3,281)	(3,023)
Non-investment properties: additions	12	(2,560)	(1,433)
Non-investment properties: sale proceeds	12	2,545	4,734
Investment properties: additions	14	(3)	-
Investment properties: sale proceeds	14	-	1,420
Property unit trusts: sale proceeds	15	-	7,272
Stock exchange securities: additions	16	(275,543)	(151,655)
Stock exchange securities: sale proceeds	16	283,197	168,147
Other sale proceeds		274	976
Movement in funds held by investment managers		(9,203)	(6,914)
Movement in money market deposits and loans	17	8,577	(10,935)
Net cash provided by investing activities		24,964	27,740
Change in cash and cash equivalents		407	(9)
Cash and cash equivalents at 1 January		1,076	1,085
Cash and cash equivalents at 31 December		1,483	1,076

Notes to the Accounts

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The Representative Body of the Church in Wales is incorporated under Royal Charter and its registered address is 2 Callaghan Square, Cardiff, CF10 5BT.

The Representative Body of the Church in Wales constitutes a public benefit entity as defined by FRS 102.

1. Accounting Policies

The Representative Body of the Church in Wales (the Representative Body) holds all property and investments vested in it in trust for the use of the Archbishop, Bishops, Clergy and Laity of the Church in Wales.

The Representative Body is a registered charity, under the Charities Act 2011. The financial statements have been prepared on a going concern basis and in accordance with the Statement of Recommended Practice 2015 (SORP 2015) and applicable accounting standards in the United Kingdom (FRS 102). The accounts have been prepared in pounds sterling rounded to the nearest thousand.

The principal accounting policies are set out below and have been applied consistently.

a. Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention as modified by the annual revaluation of stock exchange securities, investment properties, property unit trusts and non-investment properties.

b. Income

Rental income and interest on short term loans and deposits is accrued. Interest and dividends on stock exchange securities and proceeds from the sale of parsonages are credited on the date of receipt.

c. Expenditure

Expenditure is recognised when a liability is incurred. Costs of raising funds are those costs incurred in managing the investments.

d. Investments

Investment Properties:

Investment properties are valued individually at open market value in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Property Unit Trusts:

Property unit trusts are stated at market values based on net asset value per unit at 31 December 2022.

Stock Exchange Securities:

Stock exchange securities are stated at market values based on bid price at 31 December 2022. Securities denominated in foreign currency are converted into sterling at rates of exchange ruling at the balance sheet date. Investments sold are marked to market value at the date of sale. Consequently, the Statement of Financial Activities treats all movements as changes in the values of the investment portfolio.

e. Non-Investment Properties

The Representative Body has included non-investment properties in the Balance Sheet at a valuation using the methodology set out below.

The Representative Body does not value the cathedrals and churches it owns, as cost information is not available and any conventional valuation techniques lacks sufficient reliability due to the unique and historically significant nature of the buildings. The Representative Body's Property Database confirms that assets include 6 Cathedrals, 1,383 Churches and 1,215 Churchyards at 31 December 2022. These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the Church's Faculty System which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times. Such assets are not marketed but are occasionally sold.

The following asset classes were valued by Savills (UK) Limited as at 31 December 2022 and the basis of the valuation is set out below:

Parsonages, Bishops' Houses and Sundry Provincial Property have been valued by the desktop valuation of a representative 19% sample of these properties and these results have been extrapolated to reflect the total valuation of the portfolio. There are also a number Sundry Property buildings and plots which are not straightforward to value. The valuation of these assets has been increased by 2.3% which is the average increase from the representative sample of Parsonage houses which are owned by the Representative Body.

Church Halls are valued based on the desktop valuation of a representative 19% sample of these properties which has then been extrapolated to reflect the total valuation of the portfolio.

Accounting Policies Continued

The St Michael's College site is valued at open market value (existing use) based on a professional valuation.

Glebe has been valued based on the desktop valuation of a representative 18% sample of the portfolio which has then been extrapolated to reflect the total value of the portfolio. The valuations were carried out by Cooke & Arkwright Limited and Jones Peckover Limited.

Depreciation of Other Tangible Assets

Assets or groups of related assets are written down to zero in the year of purchase. Leasehold improvements are depreciated over the life of the lease. Investment and non-investment properties are shown at market value and not depreciated. In the opinion of the Representative Body, the remaining useful economic life and residual values of these properties is such that depreciation is immaterial.

f. Heritage Assets

A number of former church sites or ruins are owned. They are not saleable assets and are retained accordingly. No value has been included for them in the accounts.

g. Foreign Currency Conversion

Foreign currencies are converted into sterling at the rate of exchange ruling at the date of the balance sheet except for purchases and sales of securities and remittances during the year which were converted at the actual rate prevailing.

h. Designated and Restricted Funds

Designated Funds represent monies made available by the Representative Body out of General Funds for the specific purpose designated when the fund is established. Restricted Funds are those held for specific restricted purposes.

i. Pensions of Clergy and Surviving Spouses and Civil Partners

The Representative Body operates a pension scheme providing defined benefits based on years of service and the allocation to the Clergy Pension Provision is calculated every three years by a qualified actuary and is shown as a charge in the Statement of Financial Activities so as to spread the pension cost over the normal expected service lives of the clergy in such a way that the charge is a substantially level percentage of current and expected future pensionable payroll.

The scheme is accounted for under FRS 102 and an annual actuarial valuation is obtained. Any excess or shortfall between the actuarial liabilities and the Clergy Pension Provision is transferred to or from the Pension Equalisation Fund, a Designated Fund, such that the balance on the Clergy Pension Provision at the balance sheet date is based on the most up to date actuarial information.

j. Staff Retirement Benefit Scheme

A separate defined benefit pension scheme is operated for the staff of the Representative Body. Contributions to the scheme are charged to the Statement of Financial Activities on the basis of spreading the costs over the employees' working lives.

The scheme is accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a separate fund entitled 'Pension Reserve' which is deducted from General Funds in the Balance Sheet.

Details of the Staff Retirement Benefit Scheme are given in note 11 to the financial statements.

k. Taxation Status

The Representative Body benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fell within its charitable purposes and its funds are applied for these purposes, no provision for corporation tax is made.

l. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value. The recognition criteria for each class of financial instruments is as follows:

Financial instrument	Measurement criteria (initial and subsequent)
Cash:	Cash held, then on amortised cost
Debtors and loans:	Settlement amount or amount advanced then at amortised cost
Creditors:	Settlement amount after trade discounts then at amortised cost
Bank deposits:	Cash amount of deposit then at amortised cost
Investments:	Transaction cost then at fair value (market value of quoted investments)

m. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The most significant areas of judgement relate to the valuation of properties. The policies adopted in respect of the valuation of properties are set out in note 1(e).

2 Investment Income

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Gross income from property	3,714	-	-	3,714	3,460	-	-	3,460
Income from stock exchange securities	16,851	289	-	17,140	15,287	395	-	15,682
Interest from money market deposits and loans	107	-	-	107	9	-	-	9
	20,672	289	-	20,961	18,756	395	-	19,151

3 Raising Funds

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Stock Exchange Advisers	2,288	-	-	2,288	2,354	-	-	2,354
Investment Property Advisers	436	-	-	436	278	-	-	278
Sundry Property	253	-	-	253	139	-	-	139
Support Costs	304	-	-	304	252	-	-	252
	3,281	-	-	3,281	3,023	-	-	3,023

Stock exchange advisers' costs are calculated as a percentage of the underlying market value of the investments.

4 Support for Ministry

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Clergy Pension Provision (note 21)	4,905	-	-	4,905	4,575	-	-	4,575
Clergy Pension Contributions - Current	3,603	-	-	3,603	1,792	-	-	1,792
Ministry Training - St Padarn's Institute	2,441	-	-	2,441	1,988	-	-	1,988
Bishops	1,281	-	-	1,281	942	-	-	942
Clergy Property								
Diocesan Inspectors' Costs	491	-	-	491	449	-	-	449
Episcopal Residences	144	-	-	144	62	-	-	62
Sundry Property Costs	67	-	-	67	5	-	-	5
Safeguarding	358	-	-	358	292	-	-	292
Mission and Ministry	176	-	-	176	207	-	-	207
Sundry Clergy Benefits	115	37	-	152	3	-	-	3
Support Costs	616	-	-	616	626	-	-	626
	14,197	37	-	14,234	10,941	-	-	10,941

5 Support for Dioceses and Parishes

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Block Grant to Dioceses	2,567	-	-	2,567	2,028	-	-	2,028
Additional Grant Funding to Dioceses	-	-	-	-	8,697	-	-	8,697
Structural Resilience Fund	1,584	79	-	1,663	-	-	-	-
Repairs and Extensions to Churches	-	304	-	304	-	325	-	325
Emergency Aid	-	240	-	240	-	206	-	206
Evangelism Fund	-	1,107	-	1,107	-	1,195	-	1,195
Support Costs	2,091	-	-	2,091	1,987	-	-	1,987
	6,242	1,730	-	7,972	12,712	1,726	-	14,438

6 Other Church Property

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Redundant Churches	-	162	-	162	-	536	-	536
Church Sales Regulations	-	396	-	396	-	461	-	461
Climate Change Fund	-	48	-	48	-	34	-	34
Other Property Costs	2	-	-	2	4	-	-	4
Support Costs	583	-	-	583	402	-	-	402
	585	606	-	1,191	406	1,031	-	1,437

7 Other Financial Support

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
DACs and Cathedrals and Churches Commission	51	-	-	51	65	-	-	65
Cathedrals Funding	318	21	-	339	180	5	-	185
Grants to Anglican and Ecumenical Bodies	156	-	-	156	146	-	-	146
Provincial Court and Tribunals	10	-	-	10	12	-	-	12
Other Support	87	-	-	87	76	10	33	119
Support Costs	133	-	-	133	178	-	-	178
	755	21	-	776	657	15	33	705

8 Communications

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Communications	175	-	-	175	192	-	-	192
Support Costs	110	-	-	110	131	-	-	131
	285	-	-	285	323	-	-	323

9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2022
Funds 2022 £000							
Chief Executive's Office	-	61	88	19	19	50	237
Human Resources	-	5	742	-	4	-	751
Office Services	43	78	273	80	19	13	506
Finance	247	178	198	77	39	-	739
Property	-	82	175	249	-	-	506
Legal	-	45	189	89	46	11	380
Information Technology	14	167	426	69	6	36	718
	304	616	2,091	583	133	110	3,837
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2021
Funds 2021 £000							
Chief Executive's Office	-	56	153	21	21	77	328
Human Resources	-	90	821	-	63	-	974
Office Services	34	76	247	54	24	15	450
Finance	208	152	106	65	33	-	564
Property	-	75	157	185	-	-	417
Legal	-	29	111	52	29	6	227
Information Technology	10	148	392	25	8	33	616
	252	626	1,987	402	178	131	3,576

The above figures include audit fees of £36,245 (2021: £32,950) in respect of the audit of the Representative Body, and £4,400 (2021: £5,335) in respect of the audit of the Staff Retirement Benefit Scheme.

The total expenditure for Human Resources of £751,000 includes an accounting adjustment under FRS 17 for the Staff Retirement Benefit Scheme of -£164,000 (2021: + £118,000).

Basis of Allocation

Support costs have been allocated on the basis of an estimated percentage allocation of staff time spent over each charitable activity.

10 Staff Numbers and Remuneration**Staff Costs**

	Total 2022 £000	Total 2021 £000
Salaries	3,757	3,497
National Insurance Contributions	418	357
	4,175	3,854
Current Service Pensions Costs (Defined Benefit Scheme)	1,097	1,026
FRS 102 Pension Scheme Adjustment	(264)	118
Defined Contribution Pension Costs	150	121
Unfunded Pension Costs	23	23
	5,181	5,142

The numbers of staff whose employee benefits* fell in the following bands were:

	Total 2022 Number	Total 2021 Number
£0 to £10,000	12	11
£10,001 to £20,000	17	11
£20,001 to £30,000	24	23
£30,001 to £40,000	37	30
£40,001 to £50,000	7	11
£50,001 to £60,000	11	10
£60,001 to £70,000	1	-
£70,001 to £80,000	4	5
£80,001 to £90,000	2	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-
	116	102

*Employee benefits include gross salaries and allowances but do not include employers' pension costs. Of the 116 staff employed during 2022, 11 had left prior to the end of the year.

The key management personnel consists of seven staff members, as set out on page 39 of this report. The total amount of their employee benefits was £691,625 (2021: 7 members, £636,241).

Trustees

No Trustee received any remuneration for the services they provided as a Trustee.

Eight (2021: fifteen) Trustees had expenses paid or were reimbursed for expenses in the year. This covered their expenses incurred in performing their duties as Trustees. The payments were for travel, subsistence and accommodation costs and totalled £863 (2021: £2,557).

One Trustee received remuneration from the Representative Body in connection with their office. This was the Most Reverend A T G John who is an Ex Officio Member of the Representative Body. His total remuneration was £51,740 (2021: £3,613) and pension contributions of £18,885 (2021: £1,319). A car was provided for the performance of his duties for which the cash benefit was £687 (2021: £143).

11 Staff Defined Benefit Pension Scheme

The Representative Body operates a defined benefit pension scheme arrangement called 'The Representative Body of the Church in Wales Staff Retirement Benefit Scheme' (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Scheme closed to new members on 31 March 2017.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

A full actuarial valuation of the Scheme was carried out as at 31 March 2021 and the next valuation of the Scheme is due as at 31 March 2024. The results of the 2021 valuation have been updated by an independent qualifying actuary to 31 December 2022 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

	2022 £000	2021 £000
Amounts recognised in the Balance Sheet		
Fair value of assets	17,351	19,132
Present value of funded obligations	(17,478)	(27,918)
Deficit in Scheme	(127)	(8,786)
Net defined benefit liability	(127)	(8,786)
Amounts recognised in the Statement of Financial Activities		
Current service cost	721	875
Administration cost	48	51
Interest on liabilities	562	456
Interest on assets	(390)	(238)
Past Service Costs	-	-
Total	941	1,144
Remeasurements over the year		
Loss / (gain) on Scheme assets in excess of interest	2,889	(1,811)
Gains from changes to assumptions	(11,730)	(3,548)
Experience losses / (gains) on liabilities	703	(250)
Gains from changes to demographic assumptions	(357)	(1,332)
Total remeasurements	(8,495)	(6,941)
Reconciliation of assets and Defined Benefit Obligation:		
The change in the assets over the year was:		
Fair value of assets at the beginning of the year	19,132	16,970
Interest on assets	390	238
Employer contributions	1,105	1,026
Contributions by Scheme participants	131	133
Benefits paid	(470)	(995)
Administration costs	(48)	(51)
Return on plan assets less interest	(2,889)	1,811
Fair value of assets at the end of the year	17,351	19,132

11 Staff Defined Benefits Scheme *continued*

	2022 £000	2021 £000
The change in the defined benefit obligation over the year was:		
Defined benefit obligation at the beginning of the year	27,918	32,579
Current service cost	721	875
Contributions by Scheme participants	131	133
Past service costs	-	-
Interest cost	562	456
Benefits paid	(470)	(995)
Experience loss on liabilities	703	(250)
Changes to demographic assumptions	(357)	(1,332)
Changes to financial assumptions	(11,730)	(3,548)
Defined benefit obligation at the end of the year	17,478	27,918

Assets

The majority of the assets are invested with EdenTree Investment Management, with the remainder including some small AVC contracts invested with OneFamily and cash at bank. The actual return on the Scheme's assets (net of expenses) over the year to the review date was a loss of £2,499,000. The assets do not include any investment in the Employer.

Actuarial Assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

	2022	2021
Discount Rate	4.60%	2.00%
Inflation assumption (RPI)	3.35%	3.45%
Salary increases	2.65%	3.15%
Limited Price Indexation pension increases (RPI Max 5%)	3.35%	3.45%
Proportion married at retirement or earlier death	80.0%	80.0%
Post retirement mortality assumption:	95% of the S3PA tables and CMI 2020 projections with a long-term rate of improvement of 1.25% pa.	95% of the S3PA tables and CMI 2020 projections with a long-term rate of improvement of 1.25% pa.

12 Non-investment Properties

	2022 £000	2021 £000
At 1 January	305,743	290,284
Additions	2,560	1,433
Disposals	(2,545)	(4,734)
Net (decrease) / increase on revaluation	(68,155)	18,760
At 31 December	237,603	305,743
Comprising:		
Parsonage, bishops' houses and sundry provincial property	197,259	194,366
Churches	-	73,715
Church Halls	15,013	21,086
Glebe	20,491	12,026
Operational properties	4,840	4,550
	237,603	305,743

13 Tangible Assets**Office Equipment
£000****Cost**

At 1 January	172
Additions	-
Disposals	-
At 31 December	172

Accumulated Depreciation

At 1 January	49
Charge for the Year	11
At 31 December	60

Net Book Value

31 December 2022	112
31 December 2021	123

14 Investment Properties**2022
£000****2021
£000**

At 1 January	63,825	57,040
Additions	3	-
Disposals	-	(1,580)
Net (decrease) / increase on revaluation	(10,943)	8,365
At 31 December	52,885	63,825

Investment properties were valued by Cushman & Wakefield at 31 December 2022 at £52,885,000 (2021: £63,825,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

15 Property Unit Trusts**2022
£000****2021
£000**

At 1 January	9,823	16,832
Disposals	-	(3,996)
Net increase / (decrease) on revaluation	102	(3,013)
At 31 December	9,925	9,823

16 Stock Exchange Securities**2022
£000****2021
£000**

At 1 January	708,272	650,682
Additions	275,543	151,655
Disposals	(249,505)	(138,352)
Net (decrease) / increase on revaluation	(111,187)	44,287
At 31 December	623,123	708,272
Historical cost at 31 December	530,381	504,343
Unrealised investment gains at 31 December	92,742	203,929
Investment gains calculated on historic basis	33,692	29,795
Listed in UK	227,470	267,805
Listed overseas	395,653	440,467
	623,123	708,272

17 Money Market Deposits and Loans

	2022 £000	2021 £000
At 1 January	22,667	11,732
Advances	6,221	20,022
Repayments	(14,797)	(9,087)
At 31 December	14,091	22,667
Comprising:		
Money Market Deposits	6,103	15,092
Clergy Housing Loans	7,808	7,389
Diocesan Loans	91	95
Curates House Loans	64	66
Churches' Mutual Credit Union	25	25
	14,091	22,667

18 Debtors

	2022 £000	2021 £000
Prepayments	201	209
Other debtors	5,544	5,135
Accrued income	1,739	1,663
	7,484	7,007

19 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Taxation and National Insurance Contributions	447	437
Rents received in advance	285	219
Amounts owed to special trusts	1,425	1,297
Other creditors	1,163	1,114
Accruals	1,651	1,437
	4,971	4,504

20 Diocesan Maintenance of Ministry Fund

	31 December 2022		31 December 2021	
	£000	£000	£000	£000
Income				
Diocesan Boards of Finance	11,076		11,073	
Other Income	2		7	
		11,078		11,080
Less: Payments				
Clergy Stipends	9,038		9,008	
Curates Stipends	886		950	
National Insurance Contributions	1,005		956	
Vacancy Fees	53		22	
Sundry expenses and other payments	96		144	
		11,078		11,080

21 Clergy Pension Provision

	31 December 2022		31 December 2021	
	£000	£000	£000	£000
Balance at 1 January		218,000		222,000
Current service contributions	3,762		3,756	
Transfer from General Funds:				
Allocation from income (note 4)	4,905		4,575	
Allocation of net investment (losses) / gains	(20,418)		22,135	
		(11,751)		30,466
Less:				
Pension payments to retired clergy	(4,974)		(4,759)	
Pension payments to surviving spouses and civil partners	(1,477)		(1,498)	
Gratuity payments of retired clergy	(1,291)		(1,393)	
Transfer Payments	(454)		(371)	
DIS Lump Sum Payments	-		(192)	
Administrative expenses	(78)		(99)	
		(8,274)		(8,312)
Transfer to Pension Equalisation Fund		(57,575)		(26,154)
Balance at 31 December		140,400		218,000

The Clergy Pension Provision was established in accordance with the advice of our actuaries, to meet liabilities for clergy and surviving spouses and civil partners' pensions and gratuities. The actuarial valuation and basis of annual provision is reviewed every three years.

At the date of the last triennial actuarial valuation at 31 December 2022 undertaken by Quantum Advisory, the liability of the Representative Body for past service on the current funding basis was assessed using a discount rate of 4.8% at £140.4 million, which represented 19.2% (previously 27.3%) of total funds at that date. Based upon this valuation, the annual transfer from General Funds from 1 January 2023 will comprise 19.2% of both total income and net investment gains and losses (reflecting income on the liability for past service) and 26.8% (previously 36.5%) of total stipends being the contribution for continuing service. The provision has been adjusted to the liabilities and the balance transferred to the Pension Equalisation Fund.

The key financial assumptions used for the full actuarial valuation at 31 December 2022 and the interim valuation for 2021 are set out below. The next full actuarial valuation of the Scheme is due to take place at 31 December 2025.

	31 December	
	2022	2021
Financial assumptions (nominal % pa)		
Discount rate	4.8%	1.8%
Inflation - RPI	3.4%	3.5%
Inflation - CPI	2.7%	2.7%
Stipend increases	3.2%	3.2%
Pension increases - Stipend Linked	3.2%	3.2%
Pension increases - RPI up to 5% p.a.	3.3%	3.4%
Deferred revaluation	3.3%	3.4%
Post retirement mortality (life expectancy, in years)		
Current pensioners age 65 – males	21.2	21.3
Current pensioners age 65 – females	23.6	23.6
Future pensioners age 65 (currently age 45) – males	22.1	22.3
Future pensioners age 65 (currently age 45) – females	24.7	24.7

22 Designated Funds

	Balance 1 January 2022 £000	Income* £000	Expenditure* £000	Balance 31 December 2022 £000
Revaluation Reserve (Unrealised gains on parsonages, churches, church halls and sundry property)	243,743	-	82,719	161,024
Property Reserve (Property improvements and acquisitions of parsonages)	34,636	2,546	-	37,182
Church Repairs Capital Reserve (Capital fund for church repairs)	16,110	29	1,541	14,598
Church Sales Regulations (Funds available from the sale of churches towards the cost of providing or adapting another place of worship in the same parish)	2,881	420	396	2,905
Pension Equalisation Fund (Funds available to meet future clergy pension liabilities)	57,344	57,774	37	115,081
Evangelism Fund (Funds available for dioceses to enact their strategies on evangelism and church growth)	7,862	6,000	1,107	12,755
Climate Change Fund (Funds available to support the climate change work of the Church in Wales)	598	-	48	550
Diocesan Parsonage Improvement Fund (Funds available for improvements to parsonages and acquisitions of new parsonages)	5,161	2,333	3,761	3,733
Transformation Fund	24	-	-	24
Repairs and Extensions to Churches (Funds available to parishes)	495	276	304	467
Redundant Churches (Funds available to contribute to costs arising in the maintenance and safety of redundant churches)	(44)	76	162	(130)
Emergency Aid (Funds available for emergencies)	340	301	240	401
Cathedrals Funding (Funds available for Quinquennial Inspections)	25	-	8	17
Cathedrals Funding (Funds available for Key Building Repairs)	-	1,500	-	1,500
Cathedrals Funding (Funds available for Project Development)	-	234	13	221
Structural Resilience Fund (Funds available for Provincial Projects)	-	264	79	185
Overseas Fund (Funds available at the discretion of the Bishops to assist in overseas aid)	56	13	-	69
Overseas Students (Funds available for overseas students)	1	-	-	1
* includes gains and losses.	369,232	71,766	90,415	350,583

22 Designated Funds (Prior Year)

	Balance 1 January 2021 £000	Income* £000	Expenditure* £000	Balance 31 December 2021 £000
Revaluation Reserve	228,395	15,348	-	243,743
Property Reserve	33,620	1,016	-	34,636
Church Repairs Capital Reserve	13,185	3,312	387	16,110
Church Sales Regulations	3,154	187	460	2,881
Pension Equalisation Fund	31,199	26,155	10	57,344
Evangelism Fund	9,057	-	1,195	7,862
Climate Change Fund	110	522	34	598
Diocesan Parsonage Improvement Fund	2,556	4,664	2,059	5,161
Transformation Fund	24	-	-	24
Repairs and Extensions to Churches	568	252	325	495
Redundant Churches	374	119	537	(44)
Emergency Aid	215	330	205	340
Cathedrals Funding	-	30	5	25
Overseas Fund	43	13	-	56
Overseas Students	1	-	-	1
	322,501	51,948	5,217	369,232

23 Restricted Funds

	Balance 1 January 2022 £000	Income £000	Expenditure £000	Balance 31 December 2022 £000
St Michael's College Site (Endowment Fund held for the operation of an educational institution)	4,550	290	-	4,840
	4,550	290	-	4,840

23 Restricted Funds (Prior Year)

	Balance 1 January 2021 £000	Income £000	Expenditure £000	Balance 31 December 2021 £000
St Michael's College Site (Endowment Fund held for the operation of an educational institution)	4,550	-	-	4,550
Centenary Appeal Fund (Funds available to support two specific projects)	-	33	33	-
	4,550	33	33	4,550

24 Funds Held on Behalf of Others**Special Trusts**

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds. The aggregate value of these special trusts at 31 December 2022 was £60,078,000 (2021: £67,165,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £1,701,000 (2021: £1,578,000) and was wholly distributed to beneficiaries.

Custodian Trustee

The Representative Body is the custodian trustee of 10 parsonages.

25 Related Party Transactions

Due to the nature of the Representative Body's operations and its membership being drawn from a wide range of clerical and lay members, it is inevitable that transactions will take place with organisations in which a member of the Representative Body may have an interest.

The most significant transactions are as follows:

- The Archbishop and some stipendiary clergy are members of and in receipt of payment from the Representative Body. Payments to bishops and stipendiary clergy are based on the clergy stipends set out in the Constitution.
- The six Diocesan Boards of Finance received a Block Grant totalling £2,566,876 (2021: £2,028,000). Additional support was also provided to the dioceses in 2022 from the Structural Resilience Fund which totalled £1,584,000. As at 31 December 2022 the dioceses also had outstanding loans totalling £1,801,000 (2021: £1,868,00) which have been advanced under the Clergy Retirement Housing Loan Scheme.

26 Charitable and Capital Commitments

At 31 December 2022 the Representative Body has committed to pay £2.674 million to the dioceses in respect of the Block Grant in 2023. In addition, dioceses will receive an equal share of funding from the Structural Resilience Fund in 2023, amounting to £3.6 million in total.

The Representative Body has a commitment under an operating lease for the rental of 2 Callaghan Square, Cardiff greater than five years which totals £1.0 million (2021: £1.2 million).

27 Stock Exchange Securities**31 December 2022
Market Value****£000 %****Fixed Interest**

British Government Bonds	37,696	6.0
UK Bonds	32,744	5.3
Overseas Bonds	22,644	3.6
Total Fixed Interest	93,084	14.9

Equities

Communication Services	12,373	2.0
Consumer Goods and Services	59,173	9.5
Energy (Renewables)	23,952	3.9
Financials	114,015	18.3
Health Care	86,613	13.9
Industrials	69,993	11.2
Materials	30,893	5.0
Property and REITs	18,513	3.0
Technology	89,257	14.3
Utilities	11,275	1.8
Total Equities	516,057	82.9
Alternative Assets	13,982	2.2
	623,123	100.0

Top Twenty Holdings as at 31 December 2022**£000****£000**

Microsoft Corp	19,346	Accenture Plc	8,150
AIA Group Ltd	16,686	Otis Worldwide Corp	7,954
Medtronic Plc	14,028	Essilorluxottica	7,678
Mastercard Inc	11,689	National Instruments Corp	7,290
CME Group Inc	11,585	Intl Flavors and Fragrances	7,281
Astrazeneca Plc	10,606	Alphabet Inc	7,022
HDFC Bank Ltd ADR	9,038	Relx Plc	6,943
Unilever Plc	9,033	2.75% Treasury Stock 2024	6,655
Merck & Co. Inc	8,776	Broadcom Inc	6,618
BNY Mellon Global Dynamic Bond Fund	8,185	Prudential Plc	6,451

Ten Year Review - General Funds

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Income	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Stock Exchange Investments	16,851	15,287	14,054	17,008	15,750	15,795	14,385	13,983	13,281	12,808
Property Income	3,714	3,460	3,202	3,670	3,560	3,565	3,480	3,408	3,513	3,916
Other Income	380	784	493	433	357	327	308	323	293	356
Total Gross Income	20,945	19,531	17,749	21,111	19,667	19,687	18,173	17,714	17,087	17,080
Investment Managers' Costs	(2,977)	(2,771)	(2,537)	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)	(1,793)
Total Net Income	17,968	16,760	15,212	18,379	17,302	17,338	15,996	15,818	15,068	15,287
Less: Allocation to Clergy Pension Provision	(4,905)	(4,575)	(4,153)	(5,679)	(5,346)	(5,357)	(4,975)	(4,919)	(4,686)	(4,800)
Net Income after allocation to Clergy Pension Provision	13,063	12,185	11,059	12,700	11,956	11,981	11,021	10,899	10,382	10,487
Expenditure										
Ministry Training	2,441	1,988	1,989	2,217	1,975	710	620	709	612	633
Bishops	1,281	942	918	990	939	967	926	873	839	833
Clergy Pension Contributions - current	3,603	1,792	-	-	-	-	-	-	-	-
Clergy Property	559	454	451	520	543	564	511	511	496	552
Mission and Ministry	176	207	199	245	180	189	256	320	341	341
Safeguarding	358	292	153	182	169	197	209	185	132	98
Sundry Clergy Benefits	115	3	18	4	4	5	4	6	5	7
Funding to Dioceses	4,151	10,725	12,403	6,158	6,158	6,293	6,293	6,293	6,793	6,610
Other Church Property and Financial Support	2,965	1,298	709	599	484	481	488	423	375	400
Communications	175	192	188	201	189	86	47	46	40	60
Provincial Services	4,001	3,459	3,746	3,654	3,365	3,107	2,645	2,441	2,324	2,360
Evangelism Fund / Transformation Fund	6,000	-	-	-	10,000	1,000	1,000	1,000	500	-
Total Expenditure	25,825	21,352	20,774	14,770	24,006	13,599	12,999	12,807	12,457	11,894
Deficit	(12,762)	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)
Reconciliation to the Statement of Financial Activities:										
Net expenditure before investment gains /(losses)	(4,400)	(8,532)	(9,415)	(1,683)	(2,576)	(1,978)	(2,026)	(2,115)	(1,419)	(940)
Transfers between Funds	(8,198)	(753)	(310)	(200)	(10,100)	(100)	(100)	(100)	(600)	(100)
FRS 102 Pension Scheme Adjustment	(164)	118	10	(187)	626	461	137	342	(55)	(112)
Capital Gifts and Legacies	-	-	-	-	-	(1)	11	(35)	(1)	(255)
Deficit as shown above	(12,762)	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)

REFERENCE AND ADMINISTRATIVE INFORMATION

Representative Body Membership

Chair and Deputy Chair

Professor M Hughes
Chair

Mrs H M Wiseman
Deputy Chair

Ex Officio Membership

The Most Reverend A T G John
Archbishop of Wales

Mr T Llewellyn (*from 1 December 2022*)
Chair of Standing Committee

Dr S Miller (*to 1 December 2022*)
Chair of Standing Committee

Mrs S Allin (*from 22 March 2022*)
Chair, St Asaph Diocesan Board of Finance

The Venerable J C Harvey (*from 22 November 2022*)
Chair, Bangor Diocesan Board of Finance

The Right Reverend M K R Stallard (*to 5 April 2022*)
Chair, Bangor Diocesan Board of Finance

Mrs H Evans (*from 19 July 2022*)
Chair, St Davids Diocesan Board of Finance

Mr N Griffin (*to 19 July 2022*)
Chair, St Davids Diocesan Board of Finance

Mr M A Lawley
Chair, Llandaff Diocesan Board of Finance

Mr P E Lea
Chair, Monmouth Diocesan Board of Finance

Sir P Silk (*to 8 August 2022*)
Chair, Swansea and Brecon Diocesan Board of Finance

Elected Membership

St Asaph

The Very Reverend N H Williams,
Dean of St Asaph

Mrs H M Wiseman

Bangor

The Reverend M J Beecroft

Dr H J Parry-Smith

St Davids

The Venerable P Mackness,
Archdeacon of St Davids

Mrs J A P Hayward

Llandaff

The Venerable M Komor,
Archdeacon of Margam

Mr G I Moses

Monmouth

The Venerable J S Williams,
Archdeacon of Newport (*to 11 October 2022*)

Miss P R Brown

Swansea and Brecon

The Venerable A N Jevons,
Archdeacon of Brecon

Mr J M Watson (*to 23 March 2023*)

Nominated Membership

Mr R Davies (*to 26 June 2023*)

Mr P D Kennedy

Mr T O S Lloyd OBE, DL, FSA

Mr C Clarke (*from 12 May 2023*)

Co-opted Membership

Professor M Hughes

Mrs J Heard

Committee Membership

(*denotes non-RB member)

Investment Committee

Mr G I Moses (*Chair*)
 Mr R Anning*
 Mr G Davies*
 Mr J G Davies*
 Professor M Hughes
 Mr J Fox*
 Mr J Minett*
 Mr D G Myrddin-Evans*
 Mr R F Page* (*to 31 March 2022*)
 The Venerable I K Rees*

Audit and Risk Committee

Mrs J Heard (*Chair*)
 The Very Reverend N H Williams
 Mr V Jones*
 Mrs R Nelson* (*from 31 March 2022*)
 Mr D Richards* (*from 31 March 2022*)
 Sir P Silk*

Finance Committee

Mrs H M Wiseman (*Chair*)
 The Most Reverend A T G John (*from 30 June 2022*)
 The Right Reverend M K R Stallard (*to 5 April 2022*)
 The Venerable P R Mackness
 The Venerable J S Williams (*to 11 October 2022*)
 Professor M Hughes (*from 30 June 2022*)
 Mr M A Lawley

Property Committee

Mr R Davies (*Chair, to 30 June 2023*)
 Mr C Clarke
 The Venerable A N Jevons
 The Venerable M Komor
 The Venerable P R Mackness
 The Venerable N H Williams
 The Venerable J S Williams (*to 11 October 2022*)
 The Reverend M J Beecroft
 Ms M Gerrard*
 Mr J E Jones*
 Mr D A Williams*

Human Resources Committee (formerly the People Committee)

Mr P D Kennedy (*Chair*)
 The Right Reverend G K Cameron*
 The Venerable R H E Davies* (*from 30 June 2022*)
 The Reverend J W Davies* (*from 30 June 2022*)
 Mrs H Evans (*from 24 November 2022*)
 Mr N Griffin (*to 19 July 2022*)
 Mr J M Watson (*to 23 March 2023*)
 Mrs H M Wiseman

Cathedrals and Churches Commission

Mr T O S Lloyd OBE, DL, FSA (*Chair*)
 The Right Reverend J W Evans*
 Mr J Orbach*
 Mr R J Silvester*
 Mr P Welford*

Key Management Posts

Chief Executive
 Head of Legal Services
 Head of Finance
 Head of Property Services
 Head of Communications and Technology
 Director of People Services
 Principal of St Padarn's Institute

Advisers

Independent Auditors:

Haysmacintyre LLP
10 Queen Street Place
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EC4R 1AG

Bankers:

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Investment Property Advisers:

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Investment Advisers:

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EC4V 4LA

Sarasin & Partners LLP
Juxon House
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Actuaries

Quantum Advisory
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Pascal Close
St Mellons
Cardiff
CF3 0LW

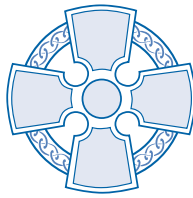
Atkin & Co.
Nelson House
Central Boulevard
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Solihull
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THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

England & Wales - Charity number 1142813

Accounts

YR EGLWYS
YNG NGHYMRU



THE CHURCH
IN WALES

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2021



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Further copies of this report may be downloaded from the Church in Wales website:

https://www.churchinwales.org.uk/en/publications/administration-and-business/Annual_Report_Accounts/

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Front cover photographs:

- top left:* The Bishop of Bangor, Andrew John, is elected as the 14th Archbishop of Wales.
- bottom left:* The Archdeacon of Wrexham, John Lomas, was announced as the 10th Bishop of Swansea and Brecon.
- top middle:* Diocesan pilgrimage from Brecon to Llanddew (September 2021).
- bottom middle:* HRH Prince Charles visiting St Davids Cathedral for the Church in Wales' centenary service (July 2021).
- top right:* The Welsh leg of a 1,000 mile climate justice relay to the COP26 summit in Glasgow was launched with a prayer breakfast at St Thomas' Church, Swansea.
- middle right:* The Reverend Jonathan Parker with members of the Newcastle Emlyn branch of the Royal British Legion at a celebration of the Legion's centenary (July 2021).
- bottom right:* Pupils from St David's Church in Wales Primary School, Pentwyn, took part in project which developed their understanding about why people seek sanctuary and how we might help them. The children extended their learning further during Refugee Week with a whole school theme of "We Cannot Walk Alone" (June 2021).

CHAIR'S INTRODUCTION



I am very pleased to be writing this my first introduction to the Representative Body's annual report following my election as its new Chair in November 2021. I very much value the opportunity of engaging with my fellow trustees and the Representative Body staff and I am

looking forward to being part of the far-sighted plans which are being developed to further the mission and ministry of the Church in Wales. The Representative Body has been well served by my predecessor as Chair, James Turner, for whose diligence, skillful stewardship and good financial sense I am extremely grateful. James served the Church in Wales with great distinction, and I wish him a very happy retirement.

2021 saw the effects of the COVID-19 pandemic continue and much uncertainty remain. During the first half of the year the Representative Body provided an additional £4.4million in financial support to dioceses to assist them in navigating the pandemic. There can be little doubt that the pandemic will cast a long shadow and as we emerge from it, the Representative Body is keen to ensure its approach to investment management and expenditure are configured to best suit the needs of the Church in our times, times which have inevitably changed over the last two years. Recovery from the COVID-19 pandemic has dominated everyone's thoughts over the past few months.

In the two years leading up to my appointment much constructive work has been done by the Representative Body, Standing Committee and Bench of Bishops meeting jointly. This work has formed the backbone of a strategic plan for the Church in Wales for the next ten years which is being led by our new Archbishop. As part of this, the Representative Body has adopted a series of principles it will use to guide its approach to expenditure and budget formation, which aims to pivot expenditure plans towards stimulating growth and maximising organisational effectiveness.

The Representative Body is very keen to provide financial support that will help our dioceses and church communities flourish and be alive to mission and the proclamation of the Gospel in our times. Having a provincial strategy and goals towards which financial resources can be directed will be

of great assistance and allow the Representative Body to provide those resources as required. We need to take this opportunity to craft a new narrative whereby the collective strengths of the dioceses and the Representative Body come together to form a strong coalition that will focus upon enhancing and strengthening the Church in Wales. This can only be achieved if there is recognition that all independent parts are equal and that we value the clear strategic direction given by our dioceses to further mission and Christian witness.

Another significant theme of work running through 2021 has been the action we need to take as a Church following the Governing Body's decision in April 2021 to declare a climate emergency and commit the Church in Wales to being net zero in terms of our carbon footprint by 2030. The Representative Body has appointed a dedicated member of provincial staff, our Climate Change Champion, to work specifically on preparing the way for meeting this ambitious target and much positive work has been done. The Representative Body has financed the preparation of a framework for action and adopted a Climate Change and Net Zero Policy which will guide its decisions and activities – and, in some areas, spending – to help the Church in Wales achieve its target. Relevant training for various key groups of people around the province will be provided by the Representative Body during 2022.

As I begin my time as Chair of the Representative Body, I want to provide a clear message about investment. The Representative Body must, and is willing to, invest in both the present and future of the Church in Wales to allow all our bishops, clergy and laity to flourish and be the people God is so clearly calling us to be.

Professor Medwin Hughes
Chair of the Representative Body

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

When planning its activities for the year, the Representative Body has taken into account the Charity Commission's guidance on public benefit and their specific guidance on charities for the advancement of religion. The Representative Body provides significant financial support for the activities of the Church in Wales which is present in all communities throughout Wales. As such, the Representative Body's assets (which include most church buildings and church halls) are available to the whole community. Regular worship, marriages, funerals, baptisms, pastoral care and outreach both at home and overseas are just some examples.

Key Objectives

The Representative Body's key objectives are:

- To manage its investments so as:
 - to meet the past service liability of the Clergy Pension Scheme;
 - to provide the maximum sustainable level of support for the work of bishops, dioceses, parishes and cathedrals.
- To manage the ecclesiastical and secular property vested in it for the uses and purposes of the Church in Wales.
- To support the Bench of Bishops in their oversight of the St Padarn's Institute by employing its staff and providing financial resource.
- To employ specialist staff to advise the bishops in connection with their allocated portfolios of activity.
- To provide an efficient and professional administrative service across a wide range of functions including:
 - payment of serving clergy and pensioners;
 - management of trusts and other funds held provincially;
 - organisation of provincial meetings of the Representative Body, Governing Body, Bench of Bishops and their committees;
 - provision of guidance for the wider Church on a range of issues including safeguarding, ICT, property management and human resources;
 - maintenance of databases and management information.

Ongoing Objectives

- Maintaining Diocesan Support – To maintain financial support for dioceses through the Block Grant and other provisions.
- Financial Stability – To ensure financial stability with regard to the clergy and staff pension schemes.
- Fund Performance – To make investment returns that exceed agreed benchmarks.
- Safeguarding – To continue to strengthen the Church's capacity in safeguarding as we seek to be a Safe Church.

Additional Objectives for 2021

- To consider the funding implications of the Cathedrals Review.
- To consider the funding implications and legal considerations of the Clergy Remuneration Review.
- To instigate a project plan to digitise the Representative Body's collection of paper records.
- To consider the provision of further financial support for dioceses to mitigate the effects of the COVID-19 pandemic.
- To review the asset allocation within the Representative Body's Investment Policy.
- To undertake a recruitment campaign to appoint a new Chair for the Representative Body.

Additional Objectives for 2022

- To work with the Bench of Bishops and the Standing Committee to agree a ten-year plan for the Church in Wales which sets out its purpose, values, ambition and goals.
- To produce a ten-year funding plan to ensure that the Representative Body's financial strategy and resources are directed in support of the Church in Wales's goals.
- To implement a new payroll and HR management system.
- To implement those recommendations of the Monmouth Enquiry and Review report which are allocated to the Representative Body and its committees for action.
- To provide training and practical support to assist all parts of the Church in Wales to engage effectively with the Climate Emergency.

ACHIEVEMENT AND PERFORMANCE

The Representative Body made available further financial assistance to the dioceses in the first half of 2021 as the Church continued to come to terms with the COVID pandemic.

Overall Financial Position

The results for the year are shown in the Statement of Financial Activities on page 20.

There was a positive movement in total net funds for 2021 of £103 million. This was primarily due to investment gains of £84 million.

After considering other recognised gains and losses, the total funds shown on the balance sheet of the Representative Body at 31 December 2021 increased from £804 million to £907 million. Further details on the investment performance are given on page 6.

General Funds

Over 95% of the Representative Body's income is generated through its investments. During 2021, the Representative Body's investment income increased by £1.4 million, having decreased by £3.5 million in 2020 as a direct result of Covid. Expenditure increased by £898,000, having increased by £4.4 million in 2020. This was a result of additional funding provided to dioceses in both 2021 and 2020 to assist parishes in the wake of the pandemic.

The resulting net loss of £8.5 million compares to annual losses pre-Covid (as highlighted in the Ten Year Review on page 37) of around £2 million.

However, despite the turbulent few years, stock markets remained resilient and the investment portfolio produced net unrealised gains of £82 million which offset the income and expenditure loss and resulted in an overall increase in General Funds of £57 million.

Total Assets of the Representative Body

Although it might appear from the Balance Sheet on page 21 that the Representative Body is a wealthy charity, it is of vital importance that Church members understand the nature of the Representative Body's total funds.

The chart on page 4 explains how the Representative Body's assets are structured.

The total assets of the Representative Body as at 31 December 2021 stood at £1,134 million.

However, as the Clergy Pension Scheme is an unfunded scheme (which means that the assets that are set aside to match the liabilities of the Scheme are not segregated from the assets of the Representative Body) the total assets include £218 million and £9 million which represent the clergy and staff pension liabilities respectively.

The net effect of this means that the total funds excluding the pension liabilities of the Representative Body are £907 million.

These funds are split as follows:

	£m
General Funds	533
Restricted Funds	5
Designated Funds	369
Total	907

The Restricted Funds of £4.6 million represents the value of the former St Michael's College site, held as an endowment fund.

The Designated Funds totalling £369 million are set out in detail on page 34. However, 75% of this total comprises the cost or valuation of the parsonages, churches and church halls. These are not income-generating assets and reflect the working plant of the Church. The remaining balance is specifically earmarked for future costs, such as the Evangelism Fund, church repairs and future pension liabilities.

This leaves the General Funds which total £533 million. It is these assets that are invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body. The Representative Body aims to achieve a 5.5% total return, although this may not be sustainable in the future.

The income generated by these investments of around £15 million per annum is used to fund the Block Grant to dioceses, clergy training through St Padarn's Institute, the bishops and the provincial office. With current expenditure levels of around

£17 million, the Representative Body is running an income and expenditure deficit of around £2 million per annum (excluding exceptional COVID support payments). As may be seen on page 37, the Representative Body's expenditure has for many years exceeded its income, but this is offset by the capital gains. The Trustees are aware that commitment to structural expenditure which progressively erodes the capital base of the Representative Body will reduce its income and ability to fund the ministry and mission of the whole Church in years to come.

Total Funds of the Representative Body	£1,134 million
Less: Clergy and Staff Pension Scheme liabilities	(£227 million)
Balance	£907 million
Less: Restricted Funds	(£5 million)
Less: Designated Funds	(£369 million)
Balance – representing General Funds	£533 million

It is this £533 million that is held as investment assets and generates the returns (income and capital).

Supporting Ministry

Grants to Dioceses

The Representative Body continues to provide each diocese with a Block Grant to help with costs such as stipends, clergy pensions (current service contributions) and certain other categories of expenditure, so enabling provincial funding to be used more flexibly by the dioceses.

In 2021 the total Block Grant was set at £6.2 million, however as a result of the COVID pandemic, it was agreed to provide the dioceses with additional financial assistance of £4.4 million, which meant that the total funding that was provided to dioceses in 2021 was £10.6 million.

The Representative Body has agreed the Block Grant will be set at £2.6 million for 2022. Whilst this may look like a substantial reduction, a change in the accounting method for current service contributions to the clergy pension scheme mean that this figure represents a small increase.

In addition, Bishops' costs (including their office costs) are met directly by the Representative Body.

Overall the Representative Body meets over 30% of the total expenditure of the Church.

CLERGY PENSION SCHEME

Clergy Pension Scheme

The Clergy Pension Scheme is a non-contributory final salary scheme and is a significant benefit for the clergy.

An incumbent with 40 years' uninterrupted service, retiring in 2022 will receive a lump sum of up to £38,805 and an annual pension of £15,522. On the death of a cleric, a qualifying surviving spouse or civil partner receives 60% of the cleric's pension, which in 2022 is £9,313 for full service.

The Clergy Pension Provision forms part of the overall investments of the Representative Body and the long-term challenge is to ensure that pension liabilities are held as a stable proportion of the Representative Body's total assets.

The Clergy Pension Provision is shown in note 21 on page 33. The principal expenditure is the payment of pension benefits.

The membership of the Clergy Pension Scheme including the movements during the year are shown below:

Clergy Pension Scheme Membership				
	Active	Deferred	Pensioners	Total
Membership at 1 January 2021	407	234	839	1,480
Members returning to active status	1	-	-	1
New entrants	21	-	-	21
Leavers with deferred benefits	(13)	13	-	-
Transfers out	-	(1)	-	(1)
Leavers pending a transfer decision	(1)	-	-	(1)
New pending members	1	-	-	1
Retirements	(26)	(15)	54	13
Deaths	(1)	(1)	(42)	(44)
Adjustments to opening figures	-	(3)	1	(2)
Membership at 31 December 2021	389	227	852	1,468

The Clergy Pension Scheme is reviewed every three years and the results of the actuarial valuation that took place as at 31 December 2019, together with the previous three valuations are highlighted below. The new rates took effect from 1 January 2020. The next actuarial valuation is due to take place at 31 December 2022.

Clergy Pension Scheme Funding				
	2019	2016	2013	2010
Market Value of the Representative Body's General Funds	£719m	£607m	£512m	£452m
Value of Past Service Liability	£196.2m	£187.8m	£158.9m	£141.9m
Liability as a proportion of General Fund	27.3%	30.9%	31.1%	31.4%
Employer's Current Service Contributions	36.5%	38.8%	32.7%	27.2%

FINANCIAL REVIEW

Investments increased during the year by 10%.

Investment Policy

The power to invest all monies held by the Representative Body in trust for the Church in Wales is set out in section 20 of Chapter III of the Constitution, which gives wide ranging authority for investment.

Investment Objectives

The objectives of the Representative Body's investment policy are to:

- achieve a balance between sustainable levels of income and capital growth;
- optimise total returns without undue risk;
- continue to meet the Representative Body's current to long-term liabilities and income commitments;
- operate within the constraints of the Church's Ethical Investment Policy Statement, as set out on page 8.

Diversification in a range of assets is essential to reducing risk, and therefore forms an important part of the investment strategy of the fund. The assets in which the fund is invested are regularly reviewed.

Investment Managers

Sarasin & Partners and Newton Investment Management each manage one half of the stock exchange investment fund, under a Global Multi-Asset mandate.

Cluttons LLP manage both the investment properties and the property unit trusts.

Overall Fund Performance

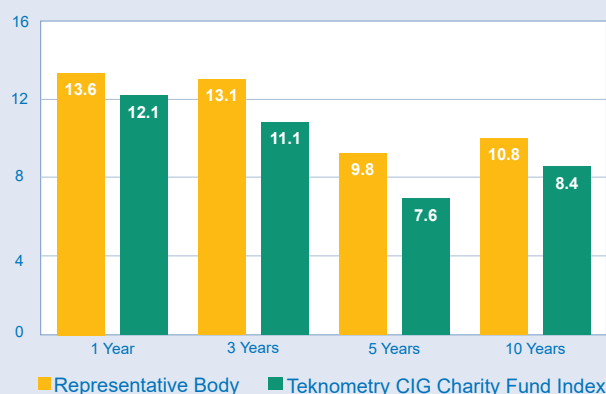
During 2021 the total value of the Representative Body's investments increased by 10% to £824 million as shown on the Balance Sheet on page 21.

The capital value of the fund is of particular significance in assessing the proportion of assets required to meet the Clergy Pension Scheme liabilities which were valued at £218 million on 31 December 2021 (2020: £222 million).

Total Return

The total return (both income and capital growth) from the Representative Body's fund during 2021 was 13.6%, outperforming the Teknometry comparator return of 12.1%. Over three and five years the annualised returns also outperformed the comparator as highlighted in the table below.

Representative Body Total Return v Benchmark



Comparator

The performance of the Representative Body's total investment fund, including the stock exchange investments and property investments is measured relative to the Teknometry CIG Charity Fund Universe Benchmark.

The property portfolio is measured against the MSCI Monthly Index.

Stock Exchange Investments

The value of stock exchange securities increased over the year from £651 million to £708 million at 31 December 2021, an increase of 8.9%.

Global equities advanced as they passed the first anniversary of the Covid-19 pandemic. Although fresh lockdowns were enforced across several major economies in 2021, the accelerating rollout of Covid-19 vaccination programmes, and the promising results witnessed in those countries furthest ahead in this process, were key factors that bolstered investors' risk appetite early in the review period. By contrast, the influence of monetary accommodation, which had undoubtedly been a critical support for financial-asset prices, took a somewhat different turn as investors began to anticipate a dialling back of the exceptional levels of monetary stimulus. This contributed to a sharp rise in government bond yields over the start of 2021.

As 2021 progressed, the inflation debate remained a high-profile and contentious issue, with a series of elevated data points prompting many to question the narrative that this phase would be transitory. Given the inextricable linkage with the direction of monetary policy, which had been such a prominent support to asset prices since the pandemic began, this became a key factor driving sentiment.

Other challenges including the Covid-19 Delta variant, threatened to undermine global growth. Sentiment was also roiled by the Chinese government's decision to launch fresh interventions across several sectors, the most significant, in terms of market impact, being the major technology platforms. Once more, it was rising government bond yields that formed a major part of the narrative behind a sell-off at the end of September 2021.

Higher energy prices, goods shortages and wage-inflation numbers led to the suggestion that monetary stimulus could be 'tapered' and interest rates moved higher. Meanwhile, late in 2021, the new Covid-19 Omicron variant initially provoked draconian responses from several governments, which, in turn, undermined risk appetite.

Over the 12-month period, US equities led the pack, delivering a +28.1% return in sterling terms. UK equities and European ex UK equities returned +18.3% and +17.4% respectively. Asia Pacific ex Japan equities delivered an +8.2% return, while Japanese and emerging-market equities produced a +2.5% return and +1.0% return respectively.

Corporate bonds delivered a -3.0% return in sterling terms. Gilts also fell, returning -5.2% over the 12-month period, while overseas government bonds returned -5.7%.

Asset allocation ranges and the allocation as at 31 December 2021 are shown below:

Asset Allocation Range		
Asset class	Range	Allocation at 31 December 2021
UK Equities	15-40%	23%
Overseas Equities	20-70%	56%
Fixed Interest	5-25%	9%
Alternatives	0-15%	9%
Cash	0-25%	3%

Investment Property

The value of the Representative Body's investment property portfolio decreased marginally over the year from £73.9 million to £73.6 million.

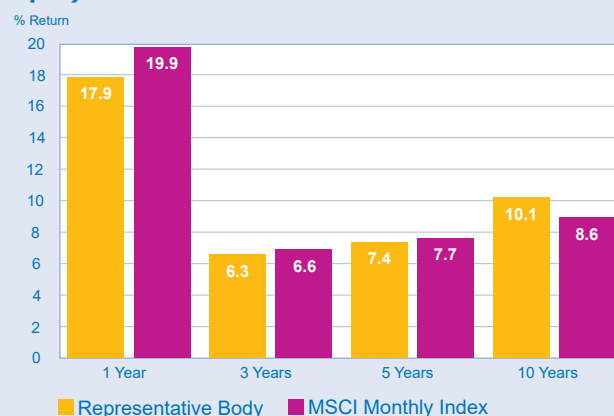
The Representative Body directly holds 10 investment properties and also holds units in 2 Property Units Trusts (PUTs).

The direct properties are independently valued at each year end and as at 31 December 2021 at £63.8 million compared to £57 million at the end of 2020, despite the sale of one property during 2021 for £1.4 million.

The PUTs investments were valued at 31 December 2021 at £9.8 million compared to £16.8 million the previous year, following the sale of the WELPUT investment for £7.2 million during the year.

The commercial property portfolio equalled or outperformed the MSCI Monthly Index over all periods as shown in the table below.

Property Portfolio Returns



Ethical Investment Policy Statement

The Church in Wales has had an Ethical Investment Policy for many years. Informed by the work of Churches Ethical Investment Group and supported by the Representative Body's Investment Committee, the current policy statement was adopted by the Governing Body of the Church in Wales in April 2021.

As a Christian Church, we are tasked to co-operate with God's active presence in the world and with proclaiming the values of the kingdom of God. This means that the Church has a particular interest in promoting all that furthers justice and peace, that enables full human flourishing, that honours creation and that builds creative human communities.

The Church in Wales wishes to have an investment policy that is ethical and consistent with the furtherance of our aims and objectives. We believe that it is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investments, and to use our investments as an ethical means of contributing to the cost of ministry and mission in the Province.

Our aim is to invest in successful companies that are committed to developing their business in the interests of their shareholders, customers, local communities and employees by operating:

- Responsible employment practices;
- Conscientious corporate governance;
- Policies and practices which demonstrate a proper regard for the environment and for the well-being of the created order;
- Policies sensitive to the human rights and wellbeing of individuals and communities in which they operate;
- Fair trading practices.

In its policy for investment, the Church in Wales will use its best endeavours not to be associated with companies whose products or policies conflict with these aims or to invest in companies which:

- Are responsible for the wanton despoliation of the environment;
- Are responsible for anything that threatens peace, security and communal well-being;
- Exploit, demean, corrupt or degrade humankind, especially the poor or the financially vulnerable;
- Are indifferent to the well-being of animals.

We recognise the complexities surrounding the activities of companies in which we can invest, and reserve the right to make investment decisions on a case by case basis. We will endeavour to engage with companies which are in actual or potential breach of this policy or where concerns exist over environmental, social and governance issues before considering disinvestment.

It is the policy of the Church in Wales not normally or knowingly to invest in any company:

- which derives more than 10% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;
- which derives more than 5% of turnover from pornography, predatory lending activities or the proliferation of armaments;
- which derives more than 5% of turnover from the production or the extraction of fossil fuels.

The Church in Wales wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations, and exercising combined shareholder influence.

A valuable relationship exists between the Investment Committee and the Church in Wales Ethical Investment Group to which the Committee refers problematic cases, and from which it receives an annual report.

Risk Management Policy

The Representative Body has an extensive risk register which is overseen by the Audit and Risk Committee with regular reviews by senior management. It is formally reviewed annually by the Representative Body.

The 2021 risk register identifies the major risks to which the organisation is exposed and the scope of such risks. The register then identifies the controls and procedures which have been established to manage and mitigate those risks, from which there are defined action points, strategies and timescales to mitigate risk further.

The 2021 risk register has identified the following as the most significant risks:

1. Poor total returns from the Representative Body's investments;
2. Insolvency of a diocese;
3. Accelerated decline in church attendance;
4. Suspension of public worship due to unforeseen circumstances;
5. Organisational structure of the Church in Wales no longer appropriate for the needs of the organisation;
6. Unauthorised network access;
7. Increasing numbers of redundant churches;
8. Cyber security breach
9. Falling clergy numbers;
10. GDPR breach;
11. Failure by any part of the Church in Wales to follow the Safeguarding Policy;
12. Increasing demands on property staff team;
13. Clergy Pension Scheme assets not ring-fenced;
14. Emergence of unknown tax liabilities;
15. Continuing deficit of the Staff Retirement Benefit Scheme;
16. Difficulties in recruiting sufficient committee members with appropriate skills and experience.

The Trustees keep these risks and steps taken to mitigate them under active review.

Reserves Policy

At 31 December 2021, the Representative Body's total funds amounted to £907 million (2020: £804 million). This includes the Restricted and Designated Funds with a combined total of £374 million.

The Restricted Funds which total £4.6 million represent an Endowment Fund in respect of the former St Michael's College site.

The Designated Funds total £369.2 million and £278 million is in respect of the non-investment properties held by the Representative Body, represented by church 'plant' – churches, church halls and parsonages.

In determining the available reserves of the Representative Body, it is considered prudent to exclude the Restricted and Designated Funds, as these funds are not available to spend. The Representative Body therefore considers that the General Fund balance of £533 million (2020: £477 million) represents the reserves available.

As shown in the Balance Sheet on page 21, the Representative Body's General Fund balance is £533 million which as shown in the table on page 4, is made up of investment assets. It is those investment assets held by the Representative Body that generate the overwhelming majority of both its income and capital gains.

It is therefore in the interest of the Church as a whole to carefully steward and manage its investment assets in order to maintain the current levels of income and capital gains so that the Representative Body can continue, for both this generation and generations to come, the current levels of support it provides to dioceses and parishes.

General Funds

The amount of General Funds held by the Representative Body at 31 December 2021 totaled £533 million (2020: £477 million).

The total return expenditure policy is based on the amount of General Funds held by the Representative Body. The policy is to set spending at a level intended to provide vital funding for the Church in the short term whilst preserving the investment base to provide sustainable increases in annual expenditure into the future.

Designated Funds

The Trustees have the power to designate general funds to be retained for an agreed purpose where this is considered to be prudent.

At 31 December 2021 Designated Funds amounted to £369 million (2020: £323 million). Details of the Designated Funds are set out on page 34. The most significant fund is the Revaluation Reserve, with a balance of £244 million, and represents the difference between the market values assigned to non-investment property (including parsonages, churches, church halls and sundry property) and the underlying cost. As such, the Revaluation Reserve can only be realised by the disposal of the non-investment property held by the Representative Body for the day to day work of the Church.

All designated funds are reviewed annually and returned to general funds in the event that the purpose of their designation can no longer be justified.

Restricted Funds

At 31 December 2021 Restricted Funds amounted to £4.6 million (2020: £4.6 million) held by the Representative Body, and represents the value of the former St Michael's College site.

FUTURE PLANS

An assessment of forthcoming strategic priorities for the Representative Body.

Short to medium term issues

COVID-19

Since the beginning of the pandemic in March 2020, the Trustees have been met remotely rather than in person. They have met much more frequently than their previous pattern of three times per year. During 2021, additional financial support was provided to the six dioceses of £4.4 million bringing the total of additional support during the pandemic to £12.5 million.

The Representative Body's Investment Committee worked closely with its investment managers to ensure that resources were in place to fund this large additional grant expenditure. Cashflow is monitored closely, and regular forecasts are produced.

During 2021, the office in Cardiff remained open, subject to compliance with COVID-19 restrictions but most staff worked from home. The substantial investment in ICT made when the office was relocated to Callaghan Square has made the introduction of dispersed and hybrid working relatively straight forward. The St Padarn's Institute returned to in-person teaching during the year when this was permitted.

Support for the dioceses

In addition to the exceptional grants set out above, the Representative Body continued to provide a comprehensive portfolio of services, advice and financial support to the wider Church in Wales. This included maintaining Block Grant funding to dioceses (amounting to £6.2 million).

Examples of services and advice provided to dioceses:

Safeguarding casework advice and training. The team was strengthened during the year with new safeguarding appointments and the portfolio of safeguarding training resources refreshed.

People services. Several new appointments were made during the year to ensure that appropriate resource is available in support of people-related matters for both clergy office-holders and Representative Body employees. Additionally, work has been commissioned to refresh the suite of people-related policies and procedures.

Property services – providing advice and support to the whole Church in Wales for its estate of church buildings, residential and other properties, graveyards and other land holdings.

Legal services – providing advice to Ministry / Mission areas and parishes in connection with approximately 2,500 trusts.

ICT services – new system introduced for DBS checking; introduction of Church in Wales e-mail addresses for clergy in several dioceses.

Clergy Remuneration

In 2017, the Representative Body commissioned a comprehensive review of clergy remuneration arrangements. The working group which undertook the review produced a report in May 2019 which was highly detailed, incorporating complex financial models and projections, and made 35 recommendations. The report also placed significant emphasis on clergy well-being. In response, the Representative Body formed a small implementation group to advise it on implementation strategy. This implementation group has produced its report which has been considered by the Representative Body. Specialist legal and pensions-related advice has been sought to enable the Representative Body to make final decisions. A separate group, led by the Bishop of Monmouth, is considering the recommendations in the report which relate to clergy well-being.

Safeguarding

The Representative Body continues to invest in its safeguarding resource. During the year, a new Director of Safeguarding was appointed who has brought together, into one team, activities in casework, training, policy and procedure development, and relationship building with the statutory agencies and other partners.

New resources have been published during the year and governance re-organised to ensure that oversight of safeguarding has clear linkage to the Governing Body.

Training for Ministry

2021 saw the launch of the Church in Wales Ministerial Development Review scheme, to ensure that all clergy across the six dioceses have an annual review. The scheme was carefully constructed to hold together a common Church in Wales core – to ensure commonality for clergy across the Church and continuity when clergy move diocese – and distinctive diocesan sections to reflect diocesan strategies and

cultures. There was new focus on the Pioneer and Welsh-Medium Mission networks, organised by the St Padarn's institute, to support and stimulate ministry in these important areas, and changes within the tutorial team at St Padarn's to strengthen its expertise in Biblical studies and Welsh theology.

In 2021 St Padarn's moved its university partner for its master's level courses from Cardiff University to Durham University. While the partnership with Cardiff had served the Church in Wales well for many years, the Cardiff department had steadily become less interested in Christian theology, and thus the partnership with the Church more marginal to it. Durham University (ranked the fifth best university in the world for theology in 2021) has a significant focus on Christian theology and ministry, and a dedicated partnership arm ('common awards') to work with theological colleges.

Cathedrals Review

In 2017 the Governing Body received a report from an independent review into the role, governance and resourcing of cathedrals. Since then the Constitutional requirements for cathedral governance have been updated to allow cathedrals the ability to build governance mechanisms that are more suitable to their own individual circumstances. In 2019, following further discussions about the arrangements for providing funding for the cathedrals, the Representative Body arranged for a small group of trustees to visit each of the six cathedrals to gain a detailed understanding of their local context and specific situations. The Representative Body received a number of updates from the group and a final report with recommendations was received during 2021. Those recommendations have now been implemented in full.

Long term issues

Pensions

The actuarial valuation of the Clergy Pension Scheme at 31 December 2019 confirmed that the Scheme is well funded and continues to represent a prudent proportion of the Representative Body's total assets. The Representative Body will keep the Clergy Pension Scheme, including its funding and benefits, under active review. The next actuarial valuation of the Clergy Pension Scheme is due to take place as at 31 December 2022.

Climate Change

Following the Governing Body's Climate Emergency declaration in April 2021, the Representative Body appointed a full-time Climate Change Champion to bring focus to this vital area of work. The Representative Body completed the divestment process from all forms of fossil fuel production and supply, agreed an environmental policy and focused on the development of the Net Zero Carbon Framework of the Church in Wales, for approval at the April 2022 Governing Body.

Over the last twelve months, the Representative Body's Property Committee developed a Net Zero Policy, the People Committee approved the Smart Working Policy for staff and Archbishop Andrew has become the first bishop to switch to the use of an electric vehicle.

With an agreed net zero strategy for action with immediate steps for all levels of the Church in place, the implementation of the Governing Body's Framework will be the focus of the Climate Change Champion engaging with all parts of the Church. Immediately, this will involve arranging a comprehensive training programme of carbon literacy for key church leaders, developing an energy footprint tool for churches and church halls and commissioning energy audits for key buildings.

The Representative Body is committed to supporting the whole Church in its response to the global climate crisis.

GOVERNANCE AND MANAGEMENT

The Representative Body of the Church in Wales was created by a Charter of Incorporation on 24 April 1919 and is constituted to hold all property and investments vested in it in trust for the use and purposes of the Archbishop, Bishops, Clergy and Laity of the Church in Wales. These assets are held in order to maximise the support which can be given to the mission of the Church in parishes throughout the province.

The Representative Body comprises up to 26 members and normally meets three times a year. The membership and functions of the Representative Body are regulated by Chapter III of the Constitution of the Church in Wales.

Details of the trustees who served during the year and since the year end are set out on page 39. The relationship of the Representative Body to its committees and to the other provincial bodies of the Church in Wales is set out on page 15.

Membership Composition

Trustees (other than ex-officio trustees) are appointed for a three-year term of membership. The Representative Body's membership consists of:

- The Archbishop;
- The Chair of the Standing Committee of the Governing Body;
- The Chair of the Diocesan Board of Finance of each diocese;
- One cleric elected by the Diocesan Conference of each diocese;
- One lay person elected by the Diocesan Conference of each diocese;
- Up to four members nominated by the Bench of Bishops in consultation with the Standing Committee;
- Up to two members co-opted by the other members of the Representative Body.

Membership Eligibility

The following are eligible to be members of the Representative Body:

- Any cleric who holds an ecclesiastical office in the Church in Wales or a licence from a Welsh Diocesan Bishop who is not retired nor has reached the age of 70;
- Any lay communicant over 18 and under 75 years of age who either:

- a. resides or has resided for a period of 12 months in a Church in Wales parish; or,
- b. whose name appears in the electoral roll in a Church in Wales parish and who does not belong to a religious body which itself is not in communion with the Church in Wales.

A lay communicant may be elected a member of the Representative Body only for the diocese in which he or she either resides, holds diocesan office or has his or her name on the electoral roll of a parish in such diocese. No full-time employee of the Representative Body, a Diocesan Board of Finance or any other such provincial or diocesan body within the Church in Wales shall be eligible to be a member of the Representative Body.

Membership – Induction and Training

It is the policy of the Representative Body that its members should be provided with training appropriate to their duties both as charity trustees and as members of its committees. New members are given the opportunity to attend external training events for charity trustees, and all new members are also invited to the Provincial Office to meet staff and to learn more about the work of the Representative Body, the Governing Body and the Bench of Bishops.

In addition, members are offered training tailored to meet specific gaps in knowledge or experience, often linked to a member's work with the Representative Body's committees. In the past this training has proved to be particularly beneficial in the complex and specialised areas of investments and audit.

Committees

The Representative Body has seven committees – Finance, Investment, Property, People, Audit and Risk, Training, Formation and Ministerial Development (formerly St Padarn's Council) and the Cathedrals and Churches Commission – each with specific terms of reference and functions delegated by the Representative Body and reviewed every three years. The Training Formation and Ministerial Development committee was disbanded at the end of 2021.

Investment Committee

The Investment Committee determines the investment strategy for approval by the Representative Body (within the overall policy objectives of the Representative Body and with advice from their appointed advisers) and recommends for the Representative Body's approval all strategic decisions necessary to manage the investments of the Representative Body within this strategy.

Property Committee

The Property Committee has responsibility for policy relating to the Representative Body's non-investment property including churches, parsonages, burial grounds, glebe land, and bishops' residences and the management of those properties. Its duties are wide-ranging and include authorising the sale and purchase of properties; developing strategies for dealing with redundant church buildings and churchyards; administering trusts, legacies and bequests; and administering grants for the repair and improvement of properties.

People Committee

The People Committee is responsible for developing policies and procedures for clergy, staff and volunteers in line with good practice and the specific legislation that applies to each group. This includes advising the Representative Body on the level of clergy stipends and staff salaries and the terms and funding of the pension schemes for clergy and staff respectively.

Audit and Risk Committee

The Audit and Risk Committee works with the Representative Body's external auditors to ensure proper financial reporting practice and compliance with charity accounting requirements. It is also responsible for monitoring the effectiveness of the internal audit function. It also has an important role in overseeing the risk management process and to consider the potential financial exposure on safeguarding matters.

Finance Committee

The Finance Committee was established in May 2021 and is the principal place of detailed engagement and interface between the Representative Body and its staff on matters of financial strategy development; financial planning and budgeting; scrutiny of un-budgeted expenditure proposals; financial arrangements with the diocesan boards of finance; and matters relating to the staff and clergy pension schemes.

Training, Formation and Ministerial Development Committee

The Training, Formation and Ministerial Development Committee was disbanded on 31 December 2021. It previously oversaw the work of St Padarn's Institute, providing academic governance, quality assurance and enhancement, and more broadly, the oversight of training, formation and ministerial development. The Committee was accountable to the Representative Body. From 1 January 2022, the St Padarn's Quality and Standards Panel was formed, which reports directly to the Bench of Bishops.

Cathedrals and Churches Commission

The role of the Cathedrals and Churches Commission is to provide expert advice to diocesan courts and advisory groups on applications for major works to cathedral and church buildings as part of the in-house procedure (or faculty procedure) established by the Church in Wales as a condition of the ecclesiastical exemption from local planning controls.

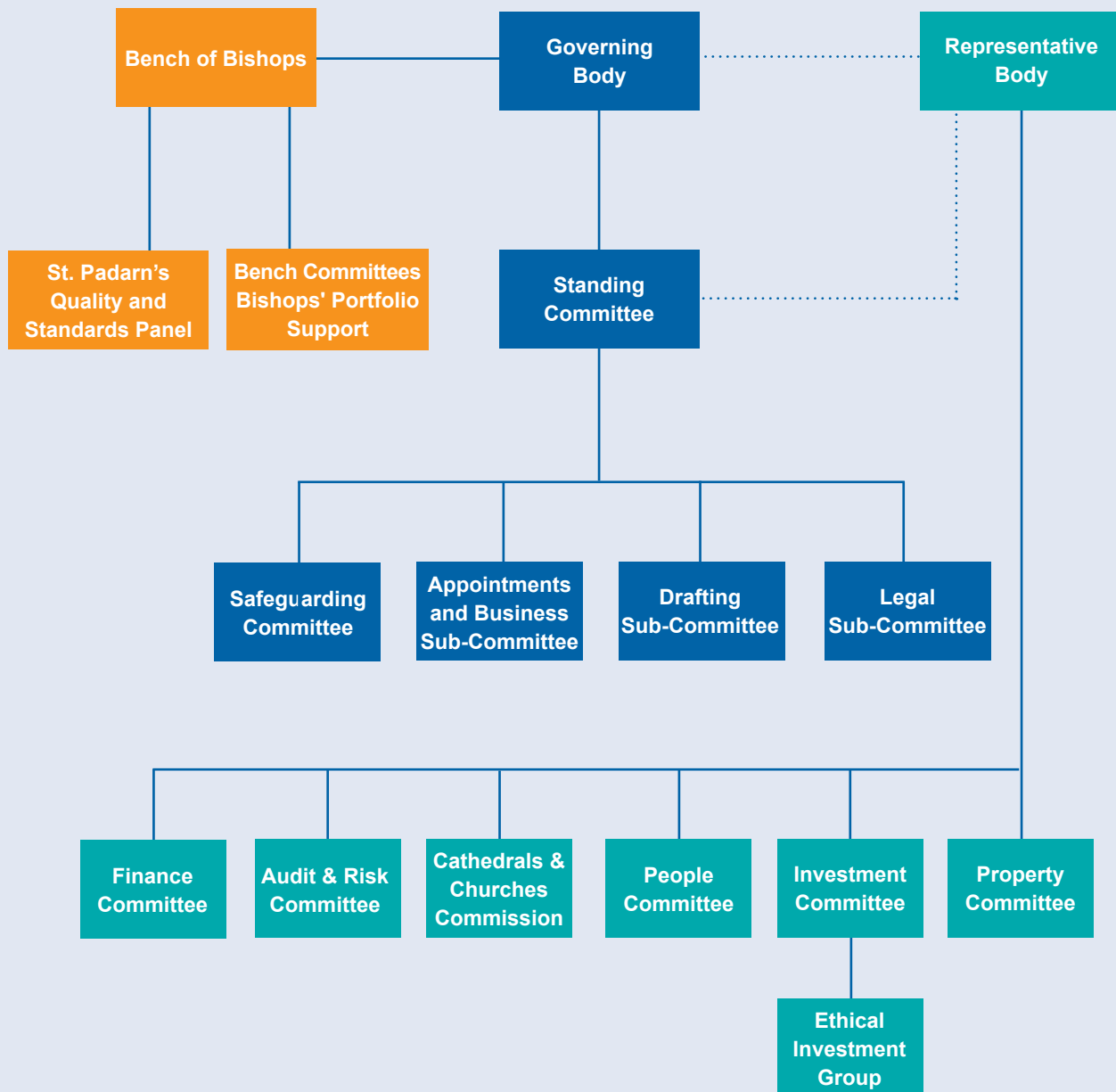
Conflicts of Interest

Representative Body members are likely to serve the Church in Wales in other ways and some, in particular clergy members, receive remuneration in these other roles. The Representative Body operates a conflicts of interest policy to ensure that members' other interests – either personal or on behalf of other organisations within the Church – do not exercise an inappropriate influence on the Representative Body's own decision making. A register of members' interests is maintained and updated regularly, and members are given the opportunity at the beginning of each meeting to declare any potential conflicts with items under consideration.

Fundraising

The Representative Body does not actively fundraise but donations are gratefully received. No complaints have been received in respect of fundraising.

THE PROVINCIAL STRUCTURE (as at 1 January 2022)



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 of the incoming resources and application of resources of the charity 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 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 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Representative Body.

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

30 June 2022

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Trustees of the Representative Body of the Church in Wales

Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 charity's affairs as at 31 December 2021 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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 for the financial statements

As explained more fully in the Trustees' Responsibilities Statement on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the COVID-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;

- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our Report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Statutory Auditor

30 June 2022

10 Queen Street Place

London

EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

For the year ending 31 December 2021

	Notes	General Funds 2021 £000	Designated Funds 2021 £000	Restricted Funds 2021 £000	Total Funds 2021 £000	Total Funds 2020 £000
Income from:						
Donations and Legacies		523	-	-	523	120
Charitable Activities		-	306	33	339	728
Investments	2	18,756	395	-	19,151	17,724
Other		251	-	-	251	290
		19,530	701	33	20,264	18,862
Expenditure on:						
Raising Funds	3	3,023	-	-	3,023	3,106
Charitable Activities						
Support for Ministry	4	10,941	-	-	10,941	8,867
Support for Dioceses and Parishes	5	12,712	1,726	-	14,438	14,751
Other Church Property	6	406	1,031	-	1,437	1,514
Other Financial Support	7	657	15	33	705	553
Communication	8	323	-	-	323	358
		28,062	2,772	33	30,867	29,149
Net Expenditure before Investment Gains		(8,532)	(2,071)	-	(10,603)	(10,287)
Net Gains on Investments		82,142	1,384	-	83,526	39,684
Net Income / (Expenditure)		73,610	(687)	-	72,923	29,397
Transfers between funds:						
Emergency Aid Fund		(200)	200	-	-	-
Cathedrals Funding		(30)	30	-	-	-
Climate Change Fund		(523)	523	-	-	-
Other Recognised Gains / (Losses):						
(Losses) / gains on revaluation of fixed assets		(1,061)	20,511	-	19,450	19,529
Allocation to Clergy Pension Provision		(22,135)	-	-	(22,135)	(10,903)
Transfer from / (to) Clergy Pension Provision		-	26,154	-	26,154	(12,750)
Actuarial gain / (loss) on Staff Pension Scheme		6,941	-	-	6,941	(5,350)
Net Movement in Funds		56,602	46,731	-	103,333	19,923
Reconciliation of Funds:						
Total Funds brought forward		476,740	322,501	4,550	803,791	783,868
Total Funds carried forward		533,342	369,232	4,550	907,124	803,791

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

All activities are continuing.

There is no material difference between the net expenditure before investment gains stated above and their historical cost equivalent.

Balance Sheet

As at 31 December 2021

		31 December 2021		31 December 2020	
	Note	£000	£000	£000	£000
Fixed Assets					
Non-Investment Properties	12	305,743		290,284	
Tangible Assets	13	123		135	
			305,866		290,419
Investments					
Investment Properties	14	63,825		57,040	
Property Unit Trusts	15	9,823		16,832	
Stock Exchange Securities	16	708,272		650,682	
Funds held by Investment Managers		19,878		12,964	
Money Market Deposits and Loans	17	22,667		11,732	
			824,465		749,250
Current Assets					
Debtors	18	7,007		6,588	
Cash at Bank and in Hand		1,076		1,085	
		8,083		7,673	
Current Liabilities					
Creditors: amounts falling due within one year	19	(4,504)		(5,942)	
Net Current Assets			3,579		1,731
Total Assets Less Current Liabilities			1,133,910		1,041,400
Long Term Liabilities					
Clergy Pension Provision	21		(218,000)		(222,000)
Net Assets excluding Staff Pension Liability			915,910		819,400
Defined Benefit Staff Pension Liability	11		(8,786)		(15,609)
Net Assets including Staff Pension Liability			907,124		803,791
Capital and Reserves					
General Funds		542,128		492,349	
Pension Reserve		(8,786)		(15,609)	
			533,342		476,740
Designated Funds	22		369,232		322,501
Restricted Funds	23		4,550		4,550
Total Funds			907,124		803,791

The financial statements on pages 20 to 36 were approved by the Representative Body on 30 June 2022.

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

Cash Flow Statement

For the year ending 31 December 2021

		31 December 2021	31 December 2020
	Note	£000	£000
Reconciliation of net income to net cash provided by operating activities:			
Net income		72,923	29,397
Adjustment for:			
Gains on revaluation of fixed assets		19,450	19,529
Allocations to clergy pension provision		4,019	(23,653)
Gain / (loss) on staff pension scheme		6,941	(5,350)
Depreciation of tangible assets	13	12	239
Income from investments	2	(19,151)	(17,724)
Expenditure on raising funds	3	3,023	3,106
Gains on investments		(83,526)	(39,684)
Gains on fixed assets	12	(18,760)	(21,839)
Add:			
Movement in debtors	18	(419)	(280)
Movement in creditors	19	(1,438)	(26)
Movement on clergy pension provision	21	(4,000)	25,800
Movement on staff pension liability	11	(6,823)	5,360
Net cash provided by operating activities		(27,749)	(25,125)
Statement of cash flows			
Cash flows from operating activities			
Net cash used in operating activities		(27,749)	(25,125)
Cash flows from investing activities			
Income from investments	2	19,151	17,724
Expenditure on raising funds	3	(3,023)	(3,106)
Non-investment properties: additions	12	(1,433)	(1,724)
Non-investment properties: sale proceeds	12	4,734	4,911
Tangible assets: additions	13	-	(12)
Investment properties: sale proceeds	14	1,420	-
Property unit trusts: additions	15	-	(12)
Property unit trusts: sale proceeds	15	7,272	511
Stock exchange securities: additions	16	(151,655)	(185,711)
Stock exchange securities: sale proceeds	16	168,147	176,379
Other sale proceeds		976	145
Movement in funds held by investment managers		(6,914)	(1,413)
Movement in money market deposits and loans	17	(10,935)	17,663
Net cash provided by investing activities		27,740	25,355
Change in cash and cash equivalents		(9)	75
Cash and cash equivalents at 1 January		1,085	1,010
Cash and cash equivalents at 31 December		1,076	1,085

Notes to the Accounts

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The Representative Body of the Church in Wales is incorporated under Royal Charter and its registered address is: 2 Callaghan Square, Cardiff, CF10 5BT.

The Representative Body of the Church in Wales constitutes a public benefit entity as defined by FRS 102.

1. Accounting Policies

The Representative Body of the Church in Wales (the Representative Body) holds all property and investments vested in it in trust for the use of the Archbishop, Bishops, Clergy and Laity of the Church in Wales.

The Representative Body is a registered charity, under the Charities Act 2011. The financial statements have been prepared on a going concern basis and in accordance with the Statement of Recommended Practice 2015 (SORP 2015) and applicable accounting standards in the United Kingdom (FRS 102). The accounts have been prepared in pounds sterling rounded to the nearest thousand.

The principal accounting policies are set out below and have been applied consistently.

a. Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention as modified by the annual revaluation of stock exchange securities, investment properties, property unit trusts and non-investment properties.

b. Income

Rental income and interest on short term loans and deposits is accrued. Interest and dividends on stock exchange securities and proceeds from the sale of parsonages are credited on the date of receipt.

c. Expenditure

Expenditure is recognised when a liability is incurred. Costs of raising funds are those costs incurred in managing the investments.

d. Investments

Investment Properties:

Investment properties are valued individually at open market value in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Property Unit Trusts:

Property unit trusts are stated at market values based on net asset value per unit at 31 December 2021.

Stock Exchange Securities:

Stock exchange securities are stated at market values based on bid price at 31 December 2021. Securities denominated in foreign currency are converted into sterling at rates of exchange ruling at the balance sheet date. Investments sold are marked to market value at the date of sale. Consequently, the Statement of Financial Activities treats all movements as changes in the values of the investment portfolio.

e. Non-Investment Properties

The Representative Body has included parsonages, churches and church halls in the Balance Sheet at a valuation using the methodology set out below.

The Representative Body does not value the 6 cathedrals it owns, as cost information is not available and any conventional valuation techniques would lack sufficient reliability due to the unique and historically significant nature of the buildings.

The Representative Body's Property Database confirms that assets include 6 Cathedrals, 1,386 Churches and 1,215 Churchyards at 31 December 2021. These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the Church's Faculty System which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times. Such assets are not marketed but are occasionally sold.

The following asset classes were valued by the in-house Property Department headed by Alex Glanville, FRICS, as at 31 December 2021 and basis of the valuation is set out below:

Parsonages, Bishops' Houses and Sundry Provincial Property which were owned by the Representative Body at 31 December 2007 are stated at the midpoint of the Council Tax band valuation (as at April 2005) as adjusted by house price inflation (Nationwide House Price Index) to 31 December 2021. Such properties acquired after 31 December 2007 are stated at cost less provisions for impairment (where required) as adjusted by house price inflation (Nationwide House Price Index) from the period of acquisition to 31 December 2021.

Church Halls were originally valued using evidence using sales from this type of property. They are now adjusted by the Nationwide House Price Index on an annual basis.

The St Michael's College site is valued at open market value (existing use) based on a professional valuation.

Accounting Policies Continued

Churches were initially valued based on an assessment of the sales values achieved for such properties over a period of time. This valuation has been adjusted at the transition date using the Nationwide House Price Index. In 2021 valuations are unchanged from the previous year.

Glebe has historically been valued on the average price of agricultural land in Wales, based on the RICS – RAU Farmland Market Directory of land prices. However, this index is no longer available and in 2020 the Nationwide House Price Index was used. In 2021 valuations are unchanged from the previous year.

f. Depreciation of Other Tangible Assets

Assets or groups of related assets are written down to zero in the year of purchase.

Leasehold improvements are depreciated over the life of the lease.

Investment and non-investment properties are shown at market value and not depreciated. In the opinion of the Representative Body, the remaining useful economic life and residual values of these properties is such that depreciation is immaterial.

g. Heritage Assets

A number of former church sites or ruins are owned. They are not saleable assets and are retained accordingly. No value has been included for them in the accounts.

h. Foreign Currency Conversion

Foreign currencies are converted into sterling at the rate of exchange ruling at the date of the balance sheet except for purchases and sales of securities and remittances during the year which were converted at the actual rate prevailing.

i. Designated and Restricted Funds

Designated Funds represent monies made available by the Representative Body out of General Funds for the specific purpose designated when the fund is established. Restricted Funds are those held for specific restricted purposes.

j. Pensions of Clergy and Surviving Spouses and Civil Partners

The Representative Body operates a pension scheme providing defined benefits based on years of service and the allocation to the Clergy Pension Provision is calculated every three years by a qualified actuary and is shown as a charge in the Statement of Financial Activities so as to spread the pension cost over the normal expected service lives of the clergy in such a way that the charge is a substantially level percentage of current and expected future pensionable payroll. The scheme is accounted for under FRS 102 and an annual actuarial valuation is obtained. Any excess or shortfall between the actuarial liabilities and the Clergy Pension Provision is transferred to or from the Pension Equalisation Fund, a Designated Fund, such that the balance on the Clergy Pension Provision at the balance sheet date is based on the most up to date actuarial information.

k. Staff Retirement Benefit Scheme

A separate defined benefit pension scheme is operated for the staff of the Representative Body. Contributions to the scheme are charged to the Statement of Financial Activities on the basis of spreading the costs over the employees' working lives.

The scheme is accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a separate fund entitled 'Pension Reserve' which is deducted from General Funds in the Balance Sheet.

Details of the Staff Retirement Benefit Scheme are given in note 11 to the financial statements.

l. Taxation Status

The Representative Body benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fell within its charitable purposes and its funds are applied for these purposes, no provision for corporation tax is made.

m. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value. The recognition criteria for each class of financial instruments is as follows:

Financial instrument	Measurement criteria (initial and subsequent)
Cash:	Cash held, then on amortised cost
Debtors and loans:	Settlement amount or amount advanced then at amortised cost
Creditors:	Settlement amount after trade discounts then at amortised cost
Bank deposits:	Cash amount of deposit then at amortised cost
Investments:	Transaction cost then at fair value (market value of quoted investments)

n. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The most significant areas of judgement relate to the valuation of properties. The policies adopted in respect of the valuation of properties are set out in note 1(e).

2 Investment Income

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Gross income from property	3,460	-	-	3,460	3,202	-	-	3,202
Income from stock exchange securities	15,287	395	-	15,682	14,054	385	-	14,439
Interest from money market deposits and loans	9	-	-	9	83	-	-	83
	18,756	395	-	19,151	17,339	385	-	17,724

3 Raising Funds

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Stock Exchange Advisers	2,354	-	-	2,354	2,145	-	-	2,145
Investment Property Advisers	278	-	-	278	249	-	-	249
Sundry Property	139	-	-	139	143	-	-	143
Support Costs	252	-	-	252	569	-	-	569
	3,023	-	-	3,023	3,106	-	-	3,106

Stock exchange advisers' costs are calculated as a percentage of the underlying market value of the investments.

4 Support for Ministry

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Clergy Pension Provision (note 21)	4,575	-	-	4,575	4,153	-	-	4,153
Ministry Training - St Padarn's Institute	1,988	-	-	1,988	1,989	-	-	1,989
Clergy Pension Contributions - Current	1,792	-	-	1,792	-	-	-	-
Bishops	942	-	-	942	918	-	-	918
Clergy Property								
Diocesan Inspectors' Costs	449	-	-	449	444	-	-	444
Episcopal Residences	62	-	-	62	71	-	-	71
Sundry Property Costs	5	-	-	5	6	-	-	6
Safeguarding	292	-	-	292	153	-	-	153
Mission and Ministry	207	-	-	207	199	-	-	199
Sundry Clergy Benefits	3	-	-	3	3	-	-	3
Clergy Remuneration Review	-	-	-	-	15	-	-	15
Support Costs	626	-	-	626	916	-	-	916
	10,941	-	-	10,941	8,867	-	-	8,867

5 Support for Dioceses and Parishes

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Block Grant to Dioceses	2,028	-	-	2,028	3,079	-	-	3,079
Additional Grant Funding to Dioceses	8,697	-	-	8,697	9,324	-	-	9,324
Repairs and Extensions to Churches	-	325	-	325	-	220	-	220
Emergency Aid	-	206	-	206	-	121	-	121
Evangelism Fund	-	1,195	-	1,195	-	703	-	703
Support Costs	1,987	-	-	1,987	1,304	-	-	1,304
	12,712	1,726	-	14,438	13,707	1,044	-	14,751

6 Other Church Property

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Redundant Churches	-	536	-	536	-	283	-	283
Church Sales Regulations	-	461	-	461	-	632	-	632
Climate Change Fund	-	34	-	34	-	-	-	-
Other Property Costs	4	-	-	4	7	-	-	7
Support Costs	402	-	-	402	592	-	-	592
	406	1,031	-	1,437	599	915	-	1,514

7 Other Financial Support

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
DACs and Cathedrals and Churches Commission	65	-	-	65	65	-	-	65
Cathedrals Funding	180	5	-	185	-	-	-	-
Grants to Anglican and Ecumenical Bodies	146	-	-	146	138	-	-	138
Centenary Projects	-	-	33	33	43	-	16	59
Provincial Court and Tribunals	12	-	-	12	7	-	-	7
Other Support	76	10	-	86	69	10	-	79
Support Costs	178	-	-	178	205	-	-	205
	657	15	33	705	527	10	-	553

8 Communications

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Communications	192	-	-	192	188	-	-	188
Support Costs	131	-	-	131	170	-	-	170
	323	-	-	323	358	-	-	358

9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2021
Funds 2021 £000							
Chief Executive's Office	-	56	153	21	21	77	328
People Services	-	90	821	-	63	-	974
Office Services	34	76	247	54	24	15	450
Finance	208	152	106	65	33	-	564
Property	-	75	157	185	-	-	417
Legal	-	29	111	52	29	6	227
Information Technology	10	148	392	25	8	33	616
	252	626	1,987	402	178	131	3,576
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2020
Funds 2020 £000							
Chief Executive's Office	-	108	74	18	61	59	320
People Services	-	-	-	-	-	-	-
Office Services	72	112	153	75	25	52	489
Finance	472	361	258	175	76	-	1,342
Property	-	89	180	128	-	-	397
Legal	-	45	149	170	24	8	396
Information Technology	25	201	490	26	19	51	812
	569	916	1,304	592	205	170	3,756

The above figures include audit fees of £32,950 (2020: £32,000) in respect of the audit of the Representative Body, and £5,335 (2020: £5,375) in respect of the audit of the Staff Retirement Benefit Scheme.

The total expenditure for Human Resources of £974,000 includes an accounting adjustment under FRS 17 for the Staff Retirement Benefit Scheme of £118,000 (2020: £10,000 included in Finance).

Basis of Allocation

Support costs have been allocated on the basis of an estimated percentage allocation of staff time spent over each charitable activity.

10 Staff Numbers and Remuneration

	Total 2021 £000	Total 2020 £000
Staff Costs		
Salaries	3,497	3,470
National Insurance Contributions	357	351
	3,854	3,821
Current Service Pensions Costs (Defined Benefit Scheme)	1,026	1,069
FRS 102 Pension Scheme Adjustment	118	10
Defined Contribution Pension Costs	121	93
Unfunded Pension Costs	23	28
	5,142	5,021

The numbers of staff whose employee benefits* fell in the following bands were:

	Total 2021 Number	Total 2020 Number
£0 to £10,000	11	8
£10,001 to £20,000	11	11
£20,001 to £30,000	23	24
£30,001 to £40,000	30	31
£40,001 to £50,000	11	10
£50,001 to £60,000	10	10
£70,001 to £80,000	5	5
£110,001 to £120,000	1	1
	102	100

*Employee benefits include gross salaries and allowances but do not include employers' pension costs. Of the 102 staff employed during 2021, 7 had left prior to the end of the year.

The key management personnel consists of seven staff members, as set out on page 39 of this report. The total amount of their employee benefits was £636,241(2020: 6 members, £574,711).

Trustees

No Trustee received any remuneration for the services they provided as a Trustee.

Fifteen (2020: fifteen) Trustees had expenses paid or were reimbursed for expenses in the year. This covered their expenses incurred in performing their duties as Trustees. The payments were for travel, subsistence and accommodation costs and totalled £2,557 (2020: £5,123).

Two Trustees received remuneration from the Representative Body in connection with their office. Until his retirement on 2 May 2021, The Most Reverend J D E Davies was an Ex Officio Member of the Representative Body. His remuneration was £16,816 (2020: £50,726) and pension contributions of £6,138 (2020: £18,515). A car was provided for the performance of his duties for which the cash benefit was £2,634 (2020: £7,881).

The Most Reverend A T G John became Archbishop of Wales on 6 December 2021 and an Ex Officio Member of the Representative Body. His remuneration from that date was £3,613 (2020: nil) and pension contributions of £1,319 (2020: nil). A car was provided for the performance of his duties for which the cash benefit was £143 (2020: nil).

11 Staff Defined Benefit Pension Scheme

The Representative Body operates a defined benefit pension scheme arrangement called 'The Representative Body of the Church in Wales Staff Retirement Benefit Scheme' (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Scheme closed to new members on 31 March 2017.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

A full actuarial valuation of the Scheme was carried out as at 31 March 2021 and the next valuation of the Scheme is due as at 31 March 2024. The results of the 2021 valuation have been updated by an independent qualifying actuary to 31 December 2021 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

	2021 £000	2020 £000
Amounts recognised in the Balance Sheet		
Fair value of assets	19,132	16,970
Present value of funded obligations	(27,918)	(32,579)
Deficit in Scheme	(8,786)	(15,609)
Net defined benefit liability	(8,786)	(15,609)
Amounts recognised in the Statement of Financial Activities		
Current service cost	875	787
Administration cost	51	80
Interest on liabilities	456	578
Interest on assets	(238)	(365)
Past Service Costs	-	-
Total	1,144	1,080
Remeasurements over the year		
(Gain) / loss on Scheme assets in excess of interest	(1,811)	1,104
(Gains) / losses from changes to assumptions	(3,548)	4,307
Experience gains on liabilities	(250)	(61)
Gains from changes to demographic assumptions	(1,332)	-
Total remeasurements	(6,941)	5,350
Reconciliation of assets and Defined Benefit Obligation:		
The change in the assets over the year was:		
Fair value of assets at the beginning of the year	16,970	17,035
Interest on assets	238	365
Employer contributions	1,026	1,070
Contributions by Scheme participants	133	152
Benefits paid	(995)	(468)
Administration costs	(51)	(80)
Return on plan assets less interest	1,811	(1,104)
Fair value of assets at the end of the year	19,132	16,970

11 Staff Defined Benefits Scheme *continued*

	2021 £000	2020 £000
The change in the defined benefit obligation over the year was:		
Defined benefit obligation at the beginning of the year	32,579	27,284
Current service cost	875	787
Contributions by Scheme participants	133	152
Past service costs	-	-
Interest cost	456	578
Benefits paid	(995)	(468)
Experience loss on liabilities	(250)	(61)
Changes to demographic assumptions	(1,332)	-
Changes to financial assumptions	(3,548)	4,307
Defined benefit obligation at the end of the year	27,918	32,579

Assets

The majority of the assets are invested with EdenTree Investment Management, with the remainder including some small AVC contracts invested with OneFamily and cash at bank. The actual return on the Scheme's assets (net of expenses) over the year to the review date was a gain of £2,049,000. The assets do not include any investment in the Employer.

Actuarial Assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

	2021	2020
Discount Rate	2.00%	1.40%
Inflation assumption (RPI)	3.45%	3.10%
Salary increases	3.15%	2.60%
Limited Price Indexation pension increases (RPI Max 5%)	3.45%	3.05%
Proportion married at retirement or earlier death	80.0%	80.0%
Post retirement mortality assumption:	95% of the S3PA tables and CMI 2020 projections with a long-term rate of improvement of 1.25% pa.	95% of the PCA00 tables and CMI 2017 projections with a long-term rate of improvement of 1.25% pa.

12 Non-investment Properties

	2021 £000	2020 £000
At 1 January	290,284	271,632
Additions	1,433	1,724
Disposals	(4,734)	(4,911)
Net increase on revaluation	18,760	21,839
At 31 December	305,743	290,284
Comprising:		
Parsonage, bishops' houses and sundry provincial property	194,366	179,316
Churches and church halls	94,801	93,024
Glebe	12,026	13,394
Operational properties	4,550	4,550
	305,743	290,284

13 Tangible Assets**Office Equipment
£000****Cost**

At 1 January	660
Additions	-
Write off fully depreciated asset cost	(488)
At 31 December	172

Accumulated Depreciation

At 1 January	525
Charge for the Year	12
Write off fully depreciated asset cost	(488)
At 31 December	49

Net Book Value

31 December 2021	123
31 December 2020	135

14 Investment Properties**2021
£000** **2020
£000**

At 1 January	57,040	58,905
Disposals	(1,580)	-
Net increase/ (decrease) on revaluation	8,365	(1,865)
At 31 December	63,825	57,040

Investment properties were valued by Cushman & Wakefield at 31 December 2021 at £63,825,000 (2020: £57,040,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

15 Property Unit Trusts**2021
£000** **2020
£000**

At 1 January	16,832	18,245
Additions	-	12
Disposals	(3,996)	(208)
Net decrease on revaluation	(3,013)	(1,217)
At 31 December	9,823	16,832

16 Stock Exchange Securities**2021
£000** **2020
£000**

At 1 January	650,682	598,877
Additions	151,655	185,877
Disposals	(138,352)	(150,496)
Net increase on revaluation	44,287	16,424
At 31 December	708,272	650,682
Historical cost at 31 December	504,343	491,040
Unrealised investment gains at 31 December	203,929	159,642
Investment gains calculated on historic basis	29,795	25,883
Listed in UK	267,805	276,091
Listed overseas	440,467	374,591
	708,272	650,682

17 Money Market Deposits and Loans

	2021 £000	2020 £000
At 1 January	11,732	29,395
Advances	20,022	12,808
Repayments	(9,087)	(30,471)
At 31 December	22,667	11,732
Comprising:		
Money Market Deposits	15,092	3,859
Clergy Housing Loans	7,389	7,620
Diocesan Loans	95	162
Curates House Loans	66	66
Churches' Mutual Credit Union	25	25
	22,667	11,732

18 Debtors

	2021 £000	2020 £000
Prepayments	209	170
Other debtors	2,823	3,541
Accrued income	3,975	2,877
	7,007	6,588

19 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Taxation and National Insurance Contributions	437	454
Rents received in advance	219	287
Amounts owed to special trusts	1,297	2,471
Other creditors	1,114	1,108
Accruals	1,437	1,622
	4,504	5,942

20 Diocesan Maintenance of Ministry Fund

	31 December 2021		31 December 2020	
	£000	£000	£000	£000
Income				
Diocesan Boards of Finance	11,073		11,420	
Other Income	7		2	
		11,080		11,422
Less: Payments				
Clergy Stipends	9,008		9,294	
Curates Stipends	950		986	
National Insurance Contributions	956		991	
Vacancy Fees	22		44	
Sundry expenses and other payments	144		107	
		11,080		11,422

21 Clergy Pension Provision

	31 December 2021		31 December 2020	
	£000	£000	£000	£000
Balance at 1 January		222,000		196,200
Current service contributions	3,756		3,853	
Other Income - legacy	-		314	
Transfer from General Funds:				
Allocation from income (note 4)	4,575		4,153	
Allocation of net investment gains	22,135		10,903	
		30,466		19,223
Less:				
Pension payments to retired clergy	(4,759)		(4,828)	
Pension payments to surviving spouses and civil partners	(1,498)		(1,539)	
Gratuity payments of retired clergy	(1,393)		(735)	
Transfer Payments	(371)		(74)	
DIS Lump Sum Payments	(192)		(76)	
Administrative expenses	(99)		(115)	
		(8,312)		(7,367)
Transfer (to) / from Pension Equalisation Fund		(26,154)		13,944
Balance at 31 December		218,000		222,000

The Clergy Pension Provision was established in accordance with the advice of our actuaries, to meet liabilities for clergy and surviving spouses and civil partners' pensions and gratuities. The actuarial valuation and basis of annual provision is reviewed every three years.

At the date of the last triennial actuarial valuation at 31 December 2019 undertaken by Quantum Advisory, the liability of the Representative Body for past service on the current funding basis was assessed using a discount rate of 2% at £196.2 million, which represented 27.3% (previously 30.9%) of total funds at that date. Based upon this valuation, the annual transfer from General Funds has comprised 27.3% of both total income and net investment gains and losses (reflecting income on the liability for past service) and 36.5% (previously 38.8%) of total stipends being the contribution for continuing service. The provision has been adjusted to the liabilities and the balance transferred to the Pension Equalisation Fund. The key financial assumptions used for the full actuarial valuation at 31 December 2019 and the interim valuations for 2020 and 2021 are set out below. The next full actuarial valuation of the Scheme is due to take place at 31 December 2022.

	31 December		
	2021	2020	2019
Financial assumptions (nominal % pa)			
Discount rate	1.8%	1.2%	2.0%
Inflation - RPI	3.5%	3.0%	3.2%
Inflation - CPI	2.7%	2.2%	2.2%
Stipend increases	3.2%	2.7%	2.7%
Pension increases - Stipend Linked	3.2%	2.7%	2.7%
Pension increases - RPI up to 5% p.a.	3.4%	2.9%	3.1%
Deferred revaluation	3.4%	2.9%	3.1%
Post retirement mortality (life expectancy, in years)			
Current pensioners age 65 – males	21.3	21.2	21.2
Current pensioners age 65 – females	23.6	23.5	23.5
Future pensioners age 65 (currently age 45) – males	22.3	22.3	22.2
Future pensioners age 65 (currently age 45) – females	24.7	24.7	24.6

22 Designated Funds

	Balance 1 January 2021 £000	Income* £000	Expenditure* £000	Balance 31 December 2021 £000
Revaluation Reserve (Unrealised gains on parsonages, churches, church halls and sundry property)	228,395	15,348	-	243,743
Property Reserve (Property improvements and acquisitions of parsonages)	33,620	1,016		34,636
Church Repairs Capital Reserve (Capital fund for church repairs)	13,185	3,312	387	16,110
Church Sales Regulations (Funds available from the sale of churches towards the cost of providing or adapting another place of worship in the same parish)	3,154	187	460	2,881
Pension Equalisation Fund (Funds available to meet future clergy pension liabilities)	31,199	26,155	10	57,344
Evangelism Fund (Funds available for dioceses to enact their strategies on evangelism and church growth)	9,057	-	1,195	7,862
Climate Change Fund (Funds available to support the climate change work of the Church in Wales, working towards net zero carbon emissions)	110	522	34	598
Diocesan Parsonage Improvement Fund (Funds available for improvements to parsonages and acquisitions of new parsonages)	2,556	4,664	2,059	5,161
Transformation Fund (Funds available for 2020 Vision related projects)	24	-	-	24
Repairs and Extensions to Churches (Funds available to parishes)	568	252	325	495
Redundant Churches (Funds available to contribute to costs arising in the maintenance and safety of redundant churches)	374	119	537	(44)
Emergency Aid (Funds available for costs arising due to emergencies)	215	330	205	340
Cathedrals Funding (Funds available for Quinquennial Inspections)	-	30	5	25
Overseas Fund (Funds available at the discretion of the Bishops to assist in overseas aid)	43	13	-	56
Overseas Students (Funds available to provide financial assistance to overseas students)	1	-	-	1
* includes gains and losses.	322,501	51,948	5,217	369,232

22 Designated Funds (Prior Year)

	Balance 1 January 2020 £000	Income* £000	Expenditure* £000	Balance 31 December 2020 £000
Revaluation Reserve	212,511	15,884	-	228,395
Property Reserve	31,897	1,723	-	33,620
Church Repairs Capital Reserve	11,895	1,329	39	13,185
Church Sales Regulations	3,319	466	631	3,154
Pension Equalisation Fund	43,949	-	12,750	31,199
Evangelism Fund	9,761	-	704	9,057
Climate Change Fund	-	110	-	110
Diocesan Parsonage Improvement Fund	2,178	3,074	2,696	2,556
Transformation Fund	24	-	-	24
Repairs and Extensions to Churches	555	233	220	568
Redundant Churches	408	249	283	374
Emergency Aid	(3)	339	121	215
Overseas Fund	40	13	10	43
Overseas Students	1	-	-	1
	316,535	23,420	17,454	322,501

23 Restricted Funds

	Balance 1 January 2021 £000	Income £000	Expenditure £000	Balance 31 December 2021 £000
St Michael's College Site (Endowment Fund held for the operation of an educational institution)	4,550	-	-	4,550
Centenary Appeal Fund (Funds available to support two specific projects)	-	33	33	-
	4,550	33	33	4,550

23 Restricted Funds (Prior Year)

	Balance 1 January 2020 £000	Income £000	Expenditure £000	Balance 31 December 2020 £000
St Michael's College Site (Endowment Fund held for the operation of an educational institution)	4,550	-	-	4,550
Centenary Appeal Fund (Funds available to support two specific projects)	3	13	16	-
	4,553	13	16	4,550

24 Funds Held on Behalf of Others**Special Trusts**

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds. The aggregate value of these special trusts at 31 December 2021 was £67,172,000 (2020: £61,776,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £1,578,000 (2020: £1,273,000) and was wholly distributed to beneficiaries.

Custodian Trustee

The Representative Body is the custodian trustee of 10 parsonages.

25 Related Party Transactions

Due to the nature of the Representative Body's operations and its membership being drawn from a wide range of clerical and lay members, it is inevitable that transactions will take place with organisations in which a member of the Representative Body may have an interest.

The most significant transactions are as follows:

- The Archbishop and some stipendiary clergy are members of and in receipt of payment from the Representative Body. Payments to bishops and stipendiary clergy are based on the clergy stipends set out in the Constitution.
- The six Diocesan Boards of Finance received a Block Grant totalling £2,028,000 (2020: £3,079,000). Additional support was also provided to the dioceses in 2020 due to the impact of the Covid-19 pandemic which totalled £8,697,000 (2020: £9,324,000). Therefore the total support provided to the Diocesan Boards of Finance was £10,725,000 (2020: £12,403,000). They also have outstanding loans totalling £1,868,000 (2020: £2,136,00) which have been advanced under the Clergy Retirement Housing Loan Scheme.

26 Charitable and Capital Commitments

At 31 December 2021 the Representative Body has committed to pay £2.567 million to the dioceses in respect of the Block Grant in 2022.

The Representative Body has a commitment under an operating lease for the rental of 2 Callaghan Square, Cardiff greater than five years which totals £1.2 million (2020: £1.4 million).

27 Stock Exchange Securities**31 December 2021
Market Value****£000 %****Fixed Interest**

British Government Bonds	20,986	3.0
UK Bonds	33,502	4.7
Overseas Bonds	12,395	1.8
Total Fixed Interest	66,883	9.5

Equities

Communication Services	15,743	2.2
Consumer Goods and Services	111,167	15.7
Energy	45,599	6.4
Financials	122,167	17.2
Health Care	73,447	10.4
Industrials	90,403	12.8
Materials	36,663	5.2
Property and REITs	17,231	2.4
Technology	98,303	13.9

Total Equities

Total Equities	610,723	86.2
Alternative Assets	30,666	4.3
	708,272	100.0

Top Twenty Holdings as at 31 December 2021**£000****£000**

Microsoft Corp	19,619	Ecolab Inc	9,331
Alphabet Inc	14,687	Glaxosmithkline Plc	9,098
CME Group Inc	12,195	AIA Group Ltd	9,071
Mastercard Incorporated	11,379	BNY Mellon Global Dynamic Bond Fund	9,014
Unilever Plc	11,197	Otis Worldwide Corp	8,796
Accenture Plc	11,054	Sarasin UK Thematic Smaller Companies	8,680
Astrazeneca Plc	10,952	Abbot Laboratories	8,255
Apple Inc	10,920	Prudential Corporation Plc	7,776
RELX Plc	10,312	Sony Group Corporation	7,155
Medtronic Plc	10,308	Bank of Nova Scotia	6,845

Ten Year Review - General Funds

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Income	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Stock Exchange Investments	15,287	14,054	17,008	15,750	15,795	14,385	13,983	13,281	12,808	13,471
Property Income	3,460	3,202	3,670	3,560	3,565	3,480	3,408	3,513	3,916	3,925
Other Income	784	493	433	357	327	308	323	293	356	420
Total Gross Income	19,531	17,749	21,111	19,667	19,687	18,173	17,714	17,087	17,080	17,816
Investment Managers' Costs	(2,771)	(2,537)	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)	(1,793)	(1,577)
Total Net Income	16,760	15,212	18,379	17,302	17,338	15,996	15,818	15,068	15,287	16,239
Less: Allocation to Clergy Pension Provision	(4,575)	(4,153)	(5,679)	(5,346)	(5,357)	(4,975)	(4,919)	(4,686)	(4,800)	(5,099)
Net Income after allocation to Clergy Pension Provision	12,185	11,059	12,700	11,956	11,981	11,021	10,899	10,382	10,487	11,140
Expenditure										
Ministry Training	1,988	1,989	2,217	1,975	710	620	709	612	633	642
Bishops	942	918	990	939	967	926	873	839	833	810
Clergy Pension Contributions - current	1,792	-	-	-	-	-	-	-	-	-
Clergy Property	454	451	520	543	564	511	511	496	552	474
Mission and Ministry	207	199	245	180	189	256	320	341	341	397
Safeguarding	292	153	182	169	197	209	185	132	98	72
Sundry Clergy Benefits	3	18	4	4	5	4	6	5	7	6
Funding to Dioceses	10,725	12,403	6,158	6,158	6,293	6,293	6,293	6,793	6,610	6,430
Other Church Property and Financial Support	1,298	709	599	484	481	488	423	375	400	417
Communications	192	188	201	189	86	47	46	40	60	58
Provincial Services	3,459	3,746	3,654	3,365	3,107	2,645	2,441	2,324	2,360	2,352
Evangelism Fund / Transformation Fund	-	-	-	10,000	1,000	1,000	1,000	500	-	-
Total Expenditure	21,352	20,774	14,770	24,006	13,599	12,999	12,807	12,457	11,894	11,658
Deficit	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)
Reconciliation to the Statement of Financial Activities:										
Net expenditure before investment gains /(losses)	(8,532)	(9,415)	(1,683)	(2,576)	(1,978)	(2,026)	(2,115)	(1,419)	(940)	(218)
Transfers between Funds	(753)	(310)	(200)	(10,100)	(100)	(100)	(100)	(600)	(100)	(100)
FRS 102 Pension Scheme Adjustment	118	10	(187)	626	461	137	342	(55)	(112)	(100)
Capital Gifts and Legacies	-	-	-	-	(1)	11	(35)	(1)	(255)	(100)
Deficit as shown above	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)

REFERENCE AND ADMINISTRATIVE INFORMATION

Representative Body Membership

Chair and Deputy Chair

Professor M Hughes (*from 18 November 2021*),
Chair

Mr J J Turner (*to 18 November 2021*),
Chair

Mrs H M Wiseman (*from 4 March 2021*),
Deputy Chair

Sir P Silk (*to 4 March 2021*),
Deputy Chair

Ex Officio Membership

The Most Reverend A T G John (*from 6 December 2021*),
Archbishop of Wales

The Most Reverend J D E Davies (*to 2 May 2021*),
Archbishop of Wales

Dr S Miller (*from 8 July 2021*),
Chair of Standing Committee

Mrs S Allin (*from 22 March 2022*),
Chair, St Asaph Diocesan Board of Finance

Mrs H R Jones (*to 9 October 2021*),
Chair, St Asaph Diocesan Board of Finance

The Right Reverend M K R Stallard (*to 5 April 2022*),
Chair, Bangor Diocesan Board of Finance

Mr N Griffin,
Chair, St Davids Diocesan Board of Finance

Mr M A Lawley,
Chair, Llandaff Diocesan Board of Finance

Mr P E Lea,
Chair, Monmouth Diocesan Board of Finance

Sir P Silk,
Chair, Swansea and Brecon Diocesan Board of Finance

Elected Membership

St Asaph

The Very Reverend N H Williams,
Dean of St Asaph

Mrs H M Wiseman

Bangor

The Reverend M J Beecroft (*from 10 September 2021*),

The Very Reverend K L Jones (*to 27 June 2021*),
Dean of Bangor

Dr H J Parry-Smith

St Davids

The Venerable P Mackness,
Archdeacon of St Davids

Mrs J A P Hayward

Llandaff

The Venerable M Komor,
Archdeacon of Margam

Mr G I Moses

Monmouth

The Venerable J S Williams,
Archdeacon of Newport

Miss P R Brown

Swansea and Brecon

The Venerable A N Jevons,
Archdeacon of Brecon

Mr J M Watson

Nominated Membership

Mr R Davies

Mr P D Kennedy

Mr T O S Lloyd OBE, DL, FSA
(1 vacancy)

Co-opted Membership

Professor M Hughes (*from 18 November 2021*)

Mr J J Turner (*from 1 January to 18 November 2021*)

Mrs J Heard

Committee Membership

(*denotes non-RB member)

Investment Committee

Mr G I Moses (*Chair and member from 4 March 2021*)
 Mr J J Turner (*Chair to 4 March 2021 and member to 18 November 2021*)
 Mr R Anning*
 Mr G Davies*
 Mr J G Davies* (*from 4 March 2021*)
 Professor M Hughes (*from 18 November 2021*)
 Mr J Fox*
 Mr J Minett*
 Mr D G Myrddin-Evans*
 Mr R F Page* (*to 31 March 2022*)
 The Venerable I K Rees*

Audit and Risk Committee

Mrs J Heard (*Chair and member from 4 March 2021*)
 Mr G I Moses (*Chair and member to 4 March 2021*)
 The Very Reverend N H Williams (*from 4 March 2021*)
 Mr V Jones*
 Mrs L Jones* (*to 5 October 2021*)
 Mrs R Nelson* (*from 31 March 2022*)
 Mr M A Lawley (*to 14 May 2021*)
 Mr D Richards* (*from 31 March 2022*)
 Sir P Silk (*to 4 March 2021 and from 18 November 2021*)

Finance Committee

Mrs H M Wiseman (Chair)
 The Right Reverend M K R Stallard (*to 5 April 2022*)
 The Venerable P R Mackness
 The Venerable J S Williams
 Mr M A Lawley

Property Committee

Mr R Davies (Chair)
 Mr C Clarke*
 The Very Reverend K L Jones (*to 27 June 2021*)
 The Venerable A N Jevons
 The Venerable M Komor (*from 4 March 2021*)
 The Venerable P R Mackness
 The Venerable N H Williams
 The Venerable J S Williams
 The Reverend M J Beecroft (*from 18 November 2021*)
 Ms M Gerrard*
 Mr J E Jones*
 Mr D A Williams*

People Committee

Mr P D Kennedy (Chair)
 The Right Reverend G K Cameron*
 The Venerable A N Jevons (*to 8 July 2021*)
 Mr C W J Francis* (*to 8 July 2021*)
 Mr N Griffin
 Mr D B Halse* (*to 8 July 2021*)
 Mrs B E Harding* (*to 21 October 2021*)
 Mr J M Watson (*from 4 March 2021*)
 Mrs H M Wiseman

Cathedrals and Churches Commission

Mr T O S Lloyd OBE, DL, FSA (Chair)
 The Right Reverend J W Evans*
 Mr J Orbach*
 Mr R J Silvester*
 Mr P Welford*

Training, Formation and Ministerial Development

Committee (*Committee disbanded 31 December 2021*)
 The Right Reverend C E Vann* (*Chair from 2 May 2021*)
 The Most Reverend J D E Davies (Chair) (*to 2 May 2021*)
 The Venerable I K Rees* (*from 20 June 2021*)
 The Venerable T H A Mason* (*to 12 March 2021*)
 The Reverend Chancellor P Powell*
 The Reverend Canon T J Hewitt*
 The Reverend Canon Dr R Johnson*
 The Reverend Canon T L Jones* (*from 24 February 2021*)
 The Reverend D J F J A McClean*
 Miss P R Brown
 Mrs J A P Hayward (*from 4 March 2021*)

Key Management Posts

Chief Executive
 Head of Legal Services
 Head of Finance
 Head of Property Services
 Head of Communications and Technology
 Director of People Services
 Principal of St Padarn's Institute

Advisers

Independent Auditors:

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Bankers:

Lloyds Bank Plc
4th Floor, St William House
Tresillian Terrace
Cardiff
CF10 5BH

Investment Property Advisers:

Cluttons LLP
Portman House
2 Portman Street
London
W1H 6DU

Investment Advisers:

Newton Investment Management
BNY Mellon Financial Centre
160 Queen Victoria Street
London
EC4V 4LA

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Actuaries

Quantum Advisory
Cypress House
Pascal Close
St Mellons
Cardiff
CF3 0LW

Atkin & Co.
Nelson House
Central Boulevard
Blythe Valley Park
Solihull
B90 8BG

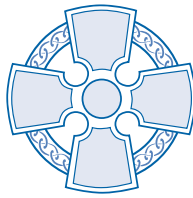
Barnett Waddingham LLP
St James's House
St James's Square
Cheltenham
Gloucestershire
GL50 3PR

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

England & Wales - Charity number 1142813

Accounts

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YNG NGHYMRU

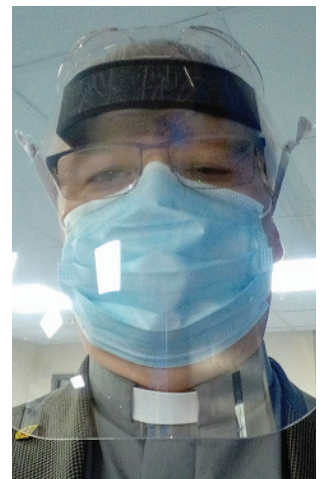


THE CHURCH
IN WALES

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2020



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Further copies of this report may be downloaded from the Church in Wales website:

https://www.churchinwales.org.uk/en/publications/administration-and-business/Annual_Report_Accounts/

or by contacting:

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Website: www.churchinwales.org.uk

Charity Registration Number 1142813

Front cover photographs:

- top left:* The new Bishop of Monmouth, Cherry Vann is consecrated.
- bottom left:* Bishop Gregory conducts Covid-safe ordinations at St Asaph Cathedral.
- top middle:* Outdoor worship at Holy Trinity Church in Corris, Bro Cyfeiliog a Mawddwy Ministry Area.
- bottom middle:* Live-streaming a service at St Paul's Church, Craig-y-Don, Llandudno.
- bottom right:* Hospital Chaplain Michael Marsden wearing full PPE to visit patients.

CHAIR'S INTRODUCTION



Twelve months ago, when writing my introduction to the 2019 annual report, the nation was in the midst of anxiety and unsettling uncertainty as the coronavirus pandemic had recently necessitated the imposition of lockdown and, for us in the Church in Wales, the suspension

of public worship. As I write this introduction to the 2020 annual report, we remain in the shadow of the pandemic but, mercifully, with positive signs of the situation improving.

It goes without saying, 2020 was a very difficult year. But, we should be very proud of how our church communities, our clergy, lay ministers and volunteers so readily adapted with vigour, compassion and creativity to the change in circumstances to enable mission and worshipping life to continue and I know that these efforts have been a great source of support to so many within our communities. 2020 also marked the Church in Wales's centenary and, while many of the events planned to mark the event had to be cancelled, many of our church communities' responses to the needs of the pandemic was perhaps the best demonstration of our contribution to Welsh life.

As this annual report sets out, the financial impact of the pandemic on the Representative Body has not been inconsiderable. Investment income, the source of the Representative Body's income, reduced by 17% as a result of the general volatility in the investment markets during the year, and compounded by many companies withholding dividend payments. In April 2020 the Representative Body made the important and fully intentional decision to provide particular financial support to the dioceses to ensure the provision of ministry was not compromised by any financial implications arising from the pandemic.

I know that many people across the province have been supporting their parishes/ministry areas by giving generously and sacrificially to meet parish share commitments, generosity which has been crucial to your dioceses. The Representative Body was much inspired by such generosity and wanted to demonstrate similar commitment.

Such was COVID-19's dominance during 2020 it would be easy to think that little else happened,

which really was not the case. In March, the Representative Body endorsed a series of proposals made by its Investment Committee and Ethical Investment Group to update the Church in Wales's Ethical Investment Policy. The most significant of these changes is that the Representative Body will no longer hold investments in companies that derive more than 5% of their total turnover from the production or extraction of fossil fuels. Efforts to address climate and environmental matters are gathering pace and this divestment is an important step on our way.

In my introduction to the 2019 annual report I referred to the Independent Inquiry into Child Sexual Abuse (IICSA), the hearings for which the Church in Wales participated in July 2019. The Inquiry's report into the Anglican Church in England and Wales was published in October 2020. Since the report's publication the Representative Body has committed to increase its provision of specialist safeguarding staff and to invest in the development of software to aid the administration of Disclosure and Barring Service (DBS) certifications. Safeguarding is an area of work that requires constant vigilance, adaptability and willingness to improve and the Representative Body will do all it can to make sure that the Church in Wales is equipped and able to live this out in daily church life.

With recovery from the effects of the pandemic being uppermost in everyone's minds at the moment, the Representative Body's role in stewarding of the Church in Wales's provincial resources will come into sharper focus. I am pleased that greater collaboration between the Representative Body, the Standing Committee and the Bench of Bishops to discern a strategic vision for use of the province's financial resources is developing accordingly.

Finally, as the Representative Body begins work to appoint my successor as Chair, I would like to reiterate my thanks to all the trustees, members of committees, our advisors and all the RB's staff who have supported me during my time as Chair. Much was asked of both the trustees and staff during 2020 and I am grateful for their commitment, support, wisdom and hard work. I am sure my successor will enjoy similar support during their time in this fascinating role, and I assure them of my prayers and good wishes.

James Turner
Chair of the Representative Body

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

When planning its activities for the year, the Representative Body has taken into account the Charity Commission's guidance on public benefit and their specific guidance on charities for the advancement of religion. The Representative Body provides significant financial support for the activities of the Church in Wales which is present in all communities throughout Wales. As such, the Representative Body's assets (which include most church buildings and church halls) are available to the whole community. Regular worship, marriages, funerals, baptisms, pastoral care and outreach both at home and overseas are just some examples.

Key Objectives

The Representative Body's key objectives are:

- **To manage its investments so as:**
 - to meet the past service liability of the Clergy Pension Scheme;
 - to provide the maximum sustainable level of support for the work of bishops, dioceses, parishes and cathedrals.
- **To manage the ecclesiastical and secular property vested in it for the uses and purposes of the Church in Wales.**
- **To oversee the work of St Padarn's Institute including the employment and management of its staff, and (with the Bench of Bishops) the educational provision of the Institute.**
- **To employ specialist staff to advise the Bishops in connection with their respective portfolios of activity.**
- **To provide an efficient and professional administrative service across a wide range of functions including:**
 - payment of serving clergy and pensioners;
 - management of trusts and other funds held provincially;
 - organisation of provincial meetings of the Representative Body, Governing Body, Bench of Bishops and their committees;
 - provision of guidance for the wider Church on a range of issues including safeguarding, ICT, property management and human resources;
 - maintenance of databases and management information.

Ongoing Objectives

- **Maintaining Diocesan Support – To maintain financial support for dioceses through the Block Grant and other provisions.**
- **Financial Stability – To ensure financial stability with regard to the clergy and staff pension schemes.**
- **Fund Performance – To make investment returns that exceed agreed benchmarks.**
- **2020 Vision – To support the work related to 2020 Vision by working closely with the Governing Body's Standing Committee and dioceses.**
- **Safeguarding – To continue to strengthen the Church's capacity in safeguarding as we seek to be a Safe Church.**

Additional Objectives for 2020

- **To celebrate the Centenary of the Church in Wales**
- **To engage with the recommendations of the Clergy Remuneration Review**
- **To engage with the recommendations of the Cathedrals Review**
- **To engage more robustly with the reality of climate change**

Additional Objectives for 2021

- **To consider the funding implications of the Cathedrals Review.**
- **To consider the funding implications and legal considerations of the Clergy Remuneration Review.**
- **To instigate a project plan to digitise the Representative Body's collection of paper records.**
- **To consider the provision of further financial support for dioceses to mitigate the effects of the COVID-19 pandemic.**
- **To review the asset allocation within the representative Body's Investment Policy.**
- **To undertake a recruitment campaign to appoint a new Chair for the Representative Body.**

ACHIEVEMENT AND PERFORMANCE

The Representative Body made available an additional £6.3 million in financial assistance to the dioceses in 2020 as the wider Church came to terms with the COVID crisis.

Overall Financial Position

The results for the year are shown in the Statement of Financial Activities on page 20.

There was a positive movement in total net funds for 2020 of £20 million. This was primarily due to investment gains of £40 million.

After considering other recognised gains and losses, the total funds shown on the balance sheet of the Representative Body at 31 December 2020 increased from £784 million to £804 million. Further details on the investment performance are given on page 6.

General Funds

Over 95% of the Representative Body's income is generated through its investments. During 2020, the Representative Body's investment income decreased by £3.5 million – a reduction of 17%. This was attributable to the COVID-19 pandemic with companies withholding dividends in uncertain times. Expenditure increased by £4.4 million, or 19.2%. This was a result of additional funding provided to dioceses in 2020 to assist parishes in the wake of the pandemic.

The resulting net loss of £9.4 million compares to recent annual losses (as highlighted in the Ten Year Review on page 37) of around £2 million.

However, despite the turbulent year, stock markets remained resilient and the investment portfolio produced net unrealised gains of £39 million which offset the income and expenditure loss and resulted in an overall increase in General Funds of £14 million.

Total Assets of the Representative Body

Although it might appear from the Balance Sheet on page 21 that the Representative Body is a wealthy charity, it is of vital importance that Church members understand the nature of the Representative Body's total funds.

The chart on page 4 explains how the Representative Body's assets are structured.

The total assets of the Representative Body as at 31 December 2020 stood at £1,041 million.

However, as the Clergy Pension Scheme is an unfunded scheme (which means that the assets that are set aside to match the liabilities of the Scheme are not segregated from the assets of the Representative Body) the total assets include £222 million and £15 million which represent the clergy and staff pension liabilities respectively.

The net effect of this means that the total funds excluding the pension liabilities of the Representative Body are £804 million.

These funds are split as follows:

	£000
General Funds	477
Restricted Funds	5
Designated Funds	322
Total	804

The Restricted Funds of £4.6 million represents the value of the former St Michael's College site, held as an endowment fund.

The Designated Funds totalling £322 million are set out in detail on page 34. However, 82% of this total comprises the cost or valuation of the parsonages, churches and church halls. These are not income-generating assets and reflect the working plant of the Church. The remaining balance is specifically earmarked for future costs, such as the Evangelism Fund, church repairs and future pension liabilities.

This leaves the General Funds which total £477 million. It is these assets that are invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body. The Representative Body currently aims to achieve a 5.5% total return, although this may not be sustainable in the future.

The income generated by these investments of around £15 million per annum is used to fund the Block Grant to dioceses, clergy training through

St Padarn's Institute, the bishops and the provincial office. With current expenditure levels of around £17 million, the Representative Body is running an income and expenditure deficit of around £2 million per annum (excluding exceptional COVID support payments). As can be seen on page 37, the Representative Body's expenditure has for many years exceeded its income, but this is offset by the capital gains. The Trustees are aware that commitment to structural expenditure which progressively erodes the capital base of the Representative Body will reduce its income and ability to fund the ministry and mission of the whole Church in years to come.

Total Funds of the Representative Body	£1,041 million
Less: Clergy and Staff Pension Scheme liabilities	(£237 million)
Balance	£804 million
Less: Restricted Funds	(£5 million)
Less: Designated Funds	(£322 million)
Balance – representing General Funds	£477 million

It is this £477 million that is held as investment assets and generates the returns (income and capital).

Supporting Ministry

Grants to Dioceses

The Representative Body continues to provide each diocese with a Block Grant to help with costs such as stipends, clergy pensions (current service contributions) and certain other categories of expenditure, so enabling provincial funding to be used more flexibly by the dioceses.

In 2020 the total Block Grant was set at £6.2 million, however as a result of the COVID pandemic, it was agreed to provide the dioceses with additional financial assistance of £6.2 million, which meant that the total funding that was provided to dioceses in 2020 was £12.4 million.

The Representative Body Trustees agreed early in 2021 that in addition to the Block Grant, additional financial assistance would be provided to the dioceses and have pledged £12.4 million in funding for 2021.

The Representative Body has agreed to maintain the Block Grant at £6.2 million up to and including 2022.

In addition, Bishops' costs (including their office costs) are met directly by the Representative Body.

Overall the Representative Body meets over 30% of the total expenditure of the Church.

CLERGY PENSION SCHEME

Clergy Pension Scheme

The Clergy Pension Scheme is a non-contributory final salary scheme and is a significant benefit for the clergy.

An incumbent with 40 years' uninterrupted service, retiring in 2021 will receive a lump sum of up to £38,045 and an annual pension of £15,218. On the death of a cleric, a qualifying surviving spouse or civil partner receives 60% of the cleric's pension, which in 2021 is £9,130 for full service.

The Clergy Pension Provision forms part of the overall investments of the Representative Body and the long-term challenge is to ensure that pension liabilities are held as a stable proportion of the Representative Body's total assets.

The Clergy Pension Provision is shown in note 21 on page 33. The principal expenditure is the payment of pension benefits.

The membership of the Clergy Pension Scheme including the movements during the year are shown below:

Clergy Pension Scheme Membership				
	Active	Deferred	Pensioners	Total
Membership at 1 January 2020	403	233	845	1,481
Members returning to active status	2	(2)	-	-
New entrants	33	-	-	33
Leavers with deferred benefits	(14)	14	-	-
New divorcee deferred	-	1	-	1
Transfers out	-	(1)	-	(1)
Retirements	(15)	(11)	26	-
Deaths	(2)	-	(50)	(52)
New surviving spouses or civil partners	-	-	18	18
Membership at 31 December 2020	407	234	839	1,480

The Clergy Pension Scheme is reviewed every three years and the results of the actuarial valuation that took place as at 31 December 2019, together with the previous three valuations are highlighted below. The new rates took effect from 1 January 2020. The next actuarial valuation is due to take place at 31 December 2022.

Clergy Pension Scheme Funding				
	2019	2016	2013	2010
Market Value of the Representative Body's General Funds	£719m	£607m	£512m	£452m
Value of Past Service Liability	£196.2m	£187.8m	£158.9m	£141.9m
Liability as a proportion of General Fund	27.3%	30.9%	31.1%	31.4%
Current Service Employer's contribution	36.5%	38.8%	32.7%	27.2%

FINANCIAL REVIEW

Stock exchange securities increased during the year by 8.7%.

Investment Policy

The power to invest all monies held by the Representative Body in trust for the Church in Wales is set out in section 20 of Chapter III of the Constitution, which gives wide ranging authority for investment.

Investment Objectives

The objectives of the Representative Body's investment policy are to:

- achieve a balance between sustainable levels of income and capital growth;
- optimise total returns without undue risk;
- continue to meet the Representative Body's current to long-term liabilities and income commitments;
- operate within the constraints of the Church's Ethical Investment Policy Statement, as set out on page 8.

Diversification in a range of assets is essential to reducing risk, and therefore forms an important part of the investment strategy of the fund. The assets in which the fund is invested are regularly reviewed.

Investment Managers

Sarasin & Partners and Newton Investment Management each manage one half of the stock exchange investment fund, under a Global Multi-Asset mandate.

Cluttons LLP manage both the investment properties and the property unit trusts.

Overall Fund Performance

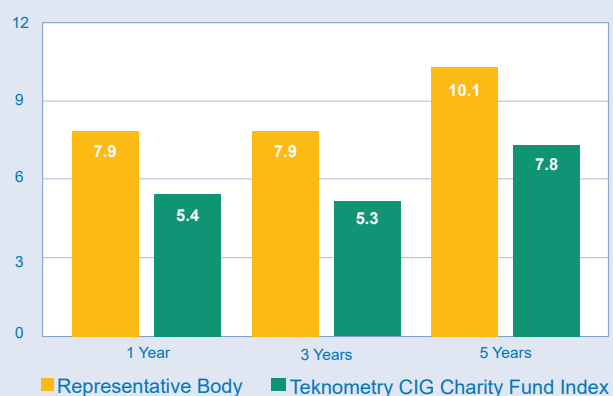
During 2020 the total value of the Representative Body's total investments increased by 4.5% to £749 million as shown on the Balance Sheet on page 21.

The capital value of the fund is of particular significance in assessing the proportion of assets required to meet the Clergy Pension Scheme liabilities which were valued at £222 million on 31 December 2020 (2019: £196.2 million).

Total Return

The total return (both income and capital growth) from the Representative Body's fund during 2020 was 7.9%, outperforming the Teknometry comparator return of 5.4%. Over three and five years the annualised returns also outperformed the comparator as highlighted in the table below.

Representative Body Total Return v Benchmark



Comparator

The performance of the Representative Body's total investment fund, including the stock exchange investments and property investments is measured relative to the Teknometry CIG Charity Fund Universe Benchmark.

The property portfolio is measured against the MSCI Monthly Index.

Stock Exchange Investments

The value of stock exchange securities increased over the year from £599 million to £651 million at 31 December 2020, an increase of 8.7%.

Investors faced a variety of challenges over a period in which the coronavirus pandemic and the extraordinary response from policymakers exerted a significant influence on financial markets.

Following a period of handsome returns from risk assets for investors in 2019, the first quarter of 2020 proved to be a seismic one for financial markets. Equity markets hit new highs in the middle of February before succumbing to worries about the repercussions of the coronavirus outbreak as the magnitude of the sudden hit to the economy became clear.

After the sharp sell-off, risk assets, and in particular global equities, enjoyed a breathtaking 'V'-shaped recovery following the 23 March 2020 lows, with markets buoyed by the scale of the monetary and fiscal stimulus, largely shrugging off concerns of a 'second wave' of pandemic-induced lockdowns. September saw markets stumble again on the possibility of a contested US Presidential election result, coupled with worries about a renewal of COVID-19-induced lockdowns. However, markets quickly recovered to continue their upward trajectory, reflecting a relatively benign outcome to the US presidential election and more importantly, positive news on several of the leading COVID-19 vaccine contenders, opening the door to the normalisation of social and economic activity in 2021. Additional impetus was provided as two long-running political wrangles were settled – the fiscal stimulus bill in the US, and the Brexit deal between the EU and the UK.

Over the 12-month period, Asia-Pacific ex-Japan equities led the pack, delivering a +17.6% return in sterling terms. North American equities were not far behind, delivering +16.4% return in sterling terms. Emerging-market equities produced a +11.9% return and Japanese equities returned +11.1%. European ex UK equities returned +8.6% but UK equities fell, returning -9.8%, with the bulk of the underperformance attributable to the UK market's heavier skew towards financials and energy companies.

Asset allocation ranges and the allocation as at 31 December 2020 are shown below:

Asset Allocation Range		
Asset class	Range	Allocation at 31 December 2020
UK Equities	15-40%	26%
Overseas Equities	20-70%	50%
Fixed Interest	2-25%	9%
Alternatives	0-15%	13%
Cash	0-25%	2%

Investment Property

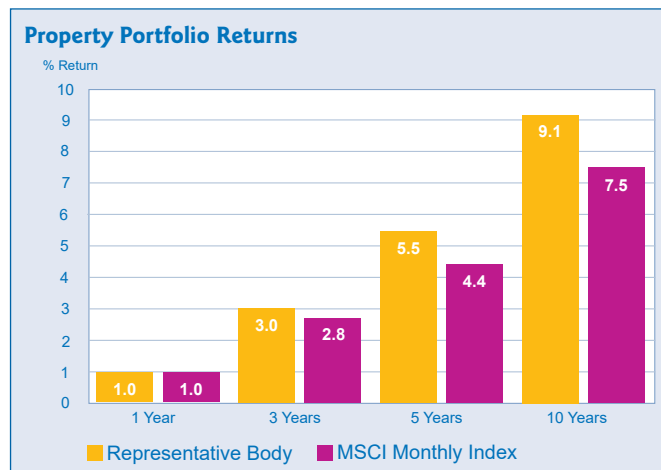
The value of the Representative Body's investment property portfolio decreased over the year from £77.1 million to £73.9 million.

The Representative Body directly holds 11 investment properties and also holds units in 3 Property Units Trusts (PUTs).

The direct properties are independently valued at each year end and as at 31 December 2020 they were valued at £57 million compared to £58.9 million at the end of 2019.

The PUTs investments were valued at 31 December 2020 at £16.8 million compared to £18.2 million the previous year. This was due to the planned closure of the CLOF II PUT, with £510k of capital returned during 2020 coupled with a drop in unit values of the remaining holdings.

The commercial property portfolio equalled or outperformed the MSCI Monthly Index over all periods as shown in the table below.



Ethical Investment Policy Statement

The Church in Wales has had an Ethical Investment Policy for many years. Informed by the work of Churches Ethical Investment Group and supported by the Representative Body's Investment Committee, the current policy statement was adopted by the Governing Body of the Church in Wales in April 2021.

As a Christian Church, we are tasked to co-operate with God's active presence in the world and with proclaiming the values of the kingdom of God. This means that the Church has a particular interest in promoting all that furthers justice and peace, that enables full human flourishing, that honours creation and that builds creative human communities.

The Church in Wales wishes to have an investment policy that is ethical and consistent with the furtherance of our aims and objectives. We believe that it is entirely appropriate and possible to operate such a policy alongside the requirement to achieve the best returns from our investments, and to use our investments as an ethical means of contributing to the cost of ministry and mission in the Province.

Our aim is to invest in successful companies that are committed to developing their business in the interests of their shareholders, customers, local communities and employees by operating:

- **Responsible employment practices;**
- **Conscientious corporate governance;**
- **Policies and practices which demonstrate a proper regard for the environment and for the well-being of the created order;**
- **Policies sensitive to the human rights and wellbeing of individuals and communities in which they operate;**
- **Fair trading practices.**

In its policy for investment, the Church in Wales will use its best endeavours not to be associated with companies whose products or policies conflict with these aims or to invest in companies which:

- **Are responsible for the wanton despoliation of the environment;**
- **Are responsible for anything that threatens peace, security and communal well-being;**
- **Exploit, demean, corrupt or degrade humankind, especially the poor or the financially vulnerable;**
- **Are indifferent to the well-being of animals.**

We recognise the complexities surrounding the activities of companies in which we can invest, and reserve the right to make investment decisions on a case by case basis. We will endeavour to engage with companies which are in actual or potential breach of this policy or where concerns exist over environmental, social and governance issues before considering disinvestment.

It is the policy of the Church in Wales not normally or knowingly to invest in any company:

- **which derives more than 10% of turnover from a primary focus on gambling, or the production or sale of alcoholic beverages or tobacco products;**
- **which derives more than 5% of turnover from pornography, predatory lending activities or the proliferation of armaments;**
- **which derives more than 5% of turnover from the extraction of thermal coal or the production of oil from tar sands.**

The Church in Wales wishes to be a well informed and responsible investor, and to this end is represented on the Church Investors Group, which is a means of accessing research, obtaining reliable information, sharing best practice with other member organisations, and exercising combined shareholder influence.

A valuable relationship exists between the Investment Committee and the Church in Wales Ethical Investment Group to which the Committee refers problematic cases, and from which it receives an annual report.

Risk Management Policy

The Representative Body has an extensive risk register which is overseen by the Audit and Risk Committee with regular reviews by senior management and it is formally reviewed annually by the Representative Body.

The 2020 risk register identifies the major risks to which the organisation is exposed and the scope of such risks. The register then identifies the controls and procedures which have been established to manage and mitigate those risks, from which there are defined action points, strategies and timescales to mitigate risk further.

The 2020 risk register has identified the following as the most significant risks:

1. Poor total returns from the Representative Body's investments as a result of economic events and uncertainty in the market;
2. Insolvency of a diocese;
3. Falling congregation numbers and increasing age profile leading to an accelerating decline in church attendance;
4. Suspension of public worship due to unforeseen and uncontrollable circumstances;
5. Organisational structure of the Church in Wales no longer appropriate for the needs of the organisation;
6. Cyber security breach;
7. Unauthorised network access;
8. Increasing numbers of redundant churches;
9. Falling clergy numbers;
10. GDPR breach, including the loss of financial or sensitive data;
11. Failure by any part of the Church in Wales to follow the Safeguarding policy;
12. Increasing demands on property staff team caused by lack of capacity at parish level;
13. Clergy Pension Scheme assets not ring-fenced with increased pension liabilities impacting RB funds;
14. Emergence of unknown tax liabilities;
15. Continuing deficit of the Staff Retirement Benefit Scheme;
16. Difficulties in recruiting sufficient committee members with appropriate skills and experience.

The Trustees keep these risks and steps taken to mitigate them under active review.

Reserves Policy

At 31 December 2020, the Representative Body's total funds amounted to £804 million (2019: £784 million). This includes the Restricted and Designated Funds with a combined total of £327 million.

The Restricted Funds which total £4.5 million represent an Endowment Fund in respect of the former St Michael's College site.

The Designated Funds total £322.5 million and £262 million is in respect of the non-investment properties held by the Representative Body, represented by church 'plant' – churches, church halls and parsonages.

In determining the available reserves of the Representative Body, it is considered prudent to exclude the Restricted and Designated Funds, as these funds are not available to spend. The Representative Body therefore considers that the General Fund balance of £477 million (2019: £463 million) represents the reserves available.

As shown in the Balance Sheet on page 21, the Representative Body's General Fund balance is £477 million which as shown in the table on page 4, is made up of investment assets. It is those investment assets held by the Representative Body that generate the overwhelming majority of both its income and capital gains.

It is therefore in the interest of the Church as a whole to carefully steward and manage its investment assets in order to maintain the current levels of income and capital gains so that the Representative Body can continue, for both this generation and generations to come, the current levels of support it provides to dioceses and parishes.

General Funds

The amount of General Funds held by the Representative Body at 31 December 2020 totalled £477 million (2019: £463 million).

The total return expenditure policy is based on the amount of General Funds held by the Representative Body. The policy is to set spending at a level intended to provide vital funding for the Church in the short term whilst preserving the investment base to provide sustainable increases in annual expenditure into the future.

Designated Funds

The Trustees have the power to designate general funds to be retained for an agreed purpose where this is considered to be prudent.

At 31 December 2020 Designated Funds amounted to £323 million (2019: £317 million). Details of the Designated Funds are set out on page 34. The most significant fund is the Revaluation Reserve, with a balance of £228 million, and represents the difference between the market values assigned to non-investment property (including parsonages, churches, church halls and sundry property) and the underlying cost. As such, the Revaluation Reserve can only be realised by the disposal of the non-investment property held by the Representative Body for the day to day work of the Church.

All designated funds are reviewed annually and returned to general funds in the event that the purpose of their designation can no longer be justified.

Restricted Funds

At 31 December 2020 Restricted Funds amounted to £4.6 million (2019: £4.6 million) held by the Representative Body, and represents the value of the former St Michael's College site.

FUTURE PLANS

An assessment of forthcoming strategic priorities for the Representative Body.

Short to medium term issues

COVID-19

Since the beginning of the pandemic in March 2020 the Trustees have been meeting remotely to consider the impact of the pandemic on the asset base, income streams and cashflows of the Representative Body. In addition to the three ordinary meetings of the Trustees, two extraordinary meetings took place.

Investment Managers have modelled the potential impact of the emergency on the assets they have under management and have met remotely with the Trustees to discuss the situation. Cashflow has been very closely monitored with forecasts regularly updated.

During 2020, work practices were amended to facilitate meetings on a remote basis and provisions were made to ensure employees were able to work from home effectively. Plans are being developed to allow staff to return to the office safely once legislation and government advice permits.

Support for the dioceses

The Representative Body continues to provide support for the wider Church in Wales in a broad range of ways. It has committed to maintaining the level of Block Grant funding to dioceses (some £6.2 million) up to and including 2022. In doing so, the Representative Body is operating at a planned deficit and the drawdown of funds to support this strategy needs to be carefully managed. The Representative Body also provides practical professional support to the Church in several key areas.

Additional financial support was provided to the dioceses during two quarters of 2020 to alleviate pressure on their cashflows and allow them to provide support to their parishes during the pandemic. The Trustees continue to meet remotely and will, in early 2021, meet to consider the allocation of additional financial support to the dioceses.

Clergy Remuneration

In 2017, the Representative Body commissioned a holistic review of the clergy remuneration package. This considered the best way to support today's patterns of ministry in the context of modern lifestyle

and family life. The working group which undertook the review produced a report in May 2019 which was highly detailed, incorporating complex financial models and projections, and made 35 recommendations. The report also placed significant emphasis on clergy well-being. In response to the complexities involved and the need to ensure that the implementation of any changes to current arrangements were properly considered and planned, the Representative Body formed a small implementation group to advise it on the implementation strategy. This implementation group has produced its report which is being considered by the Representative Body. Specialist legal and pensions-related advice is currently being sought to enable the Representative Body to make final decisions.

The Archdeacons' Group has considered in detail the recommendations within the May 2019 report that related to clergy well-being and a report with recommendations is due to be presented to the Representative Body in 2021.

Safeguarding

Continued investment in the Church in Wales' safeguarding policy, management of safeguarding-related casework, and resources for safeguarding training remains a key priority for the Representative Body to ensure that the Church in Wales is a safe place for all, including children and adults at risk. The work of the Independent Inquiry into Child Sexual Abuse (IICSA) published its report into the Anglican Churches in England and Wales in October 2020, which included a number of areas for attention. The Church in Wales' formal response to the report was submitted in early 2021. The Representative Body has commissioned and launched a bespoke online case management system for the Provincial Safeguarding Team (which will be populated with historic case records as well as new cases) and has included budgetary provision for the appointment of additional staff to the Provincial Safeguarding Team, including a Director of Safeguarding and an additional Provincial Safeguarding Officer.

A revised Safeguarding Policy together with supporting procedural guides was launched in the autumn of 2020. Further developments to the oversight of the Church in Wales' safeguarding function will be developed during 2021.

Training for Ministry

During 2020 a new provincial programme of continual ministerial development (CMD) was launched to support clergy development at all stages of ministry.

The programme includes provincial elements common across the province as well as elements distinct to each diocese to reflect specific contextual variation. Life Events resources, aimed at sharing best practice for the conducting of baptisms, weddings and funerals in order to maximise the missional and outreach potential of these events are being prepared in conjunction with the Church of England for launch during 2021.

In 2020 St Padarns underwent a successful Gateway Quality Review. The governance arrangements for St. Padarn's, particularly its governance relationship with the Representative Body were reviewed with some developments made to the powers and duties of the oversight committee which was renamed the Training, Formation and Ministerial Development Committee.

Cathedrals Review

In 2017 the Governing Body received a report from an independent review into the role, governance and resourcing of cathedrals. Since then the Constitutional requirements for cathedral governance have been updated to allow cathedrals the ability to build governance mechanisms that are more suitable to their own individual circumstances. In 2019, following further discussions about the arrangements for providing funding for the cathedrals, the Representative Body arranged for a small group of trustees to visit each of the six cathedrals to gain a detailed understanding of their local context and specific situations. The Representative Body has received a number of updates from the group and a final report with recommendations is expected in 2021. The Representative Body is keen to ensure the cathedrals are adequately funded and supported in their very particular ministries.

Church in Wales Centenary Celebrations

The Church in Wales celebrated its centenary in 2020 and detailed plans were made for various events and initiatives to mark the occasion. While many plans had to be abandoned or delayed due to the realities of the pandemic a communications campaign, focusing on film and social media, on the theme of 'Our Church in Wales' was undertaken to raise awareness of the Church and its connection with wider Welsh life.

The Centenary Appeal, launched to support two charities – one at home (homelessness projects with Housing Justice Cymru), one overseas (supporting Christian Aid's work in South Sudan) – continued but donations have inevitably been affected by the pandemic. The Appeal continues and donations are gratefully encouraged.

Long term issues

Pensions

The actuarial valuation of the Clergy Pension Scheme at 31 December 2019 confirmed that the Scheme is well funded and continues to represent a prudent proportion of the Representative Body's total assets. The Representative Body will keep the Clergy Pension Scheme, including its funding and benefits, under active review. The next actuarial valuation of the Clergy Pension Scheme is due to take place as at 31 December 2022.

Climate Change

The impact of climate change on the planet is clear and the Church is committed to playing its part to tackle the issue. In 2020 the Representative Body, in line with advice from its Investment Committee and Ethical Investment Group, approved changes to the Church in Wales' Ethical Investment Policy which included the divestment from any company that derives more than 5% of its total turnover from the the production or extraction of fossil fuels. Also the Representative Body's People Committee is exploring the possibility of changing the framework for the provision of cars to bishops to permit the provision of electric or hybrid models only. Proposals will be considered in 2021.

Achieving a net zero carbon position in the future is possible but will be extremely challenging and will be a pillar of the Representative Body's work for years to come, particularly its property-related work. Plans are advanced to appoint a member of staff whose role will be to focus on such efforts and this appointment was made in the early part of 2021.

GOVERNANCE AND MANAGEMENT

The Representative Body of the Church in Wales was created by a Charter of Incorporation on 24 April 1919 and is constituted to hold all property and investments vested in it in trust for the use and purposes of the Archbishop, Bishops, Clergy and Laity of the Church in Wales. These assets are held in order to maximise the support which can be given to the mission of the Church in parishes throughout the province.

The Representative Body comprises up to 26 members and meets three times a year. The membership and functions of the Representative Body are regulated by Chapter III of the Constitution of the Church in Wales.

Details of the trustees who served during the year and since the year end are set out on page 23. The relationship of the Representative Body to its committees and to the other provincial bodies of the Church in Wales is set out on page 19.

Membership Composition

Trustees (other than ex-officio trustees) are appointed for a three-year term of membership. The Representative Body's membership consists of:

- **The Archbishop;**
- **The Chair of the Standing Committee of the Governing Body;**
- **The Chair of the Diocesan Board of Finance of each diocese;**
- **One cleric elected by the Diocesan Conference of each diocese;**
- **One lay person elected by the Diocesan Conference of each diocese;**
- **Up to four members nominated by the Bench of Bishops in consultation with the Standing Committee;**
- **Up to two members co-opted by the other members of the Representative Body.**

Membership Eligibility

The following are eligible to be members of the Representative Body:

- **Any cleric who holds an ecclesiastical office in the Church in Wales or a licence from a Welsh Diocesan Bishop who is not retired nor has reached the age of 70;**
- **Any lay communicant over 18 and under 75 years of age who either:**

- a. resides or has resided for a period of 12 months in a Church in Wales parish; or,
- b. whose name appears in the electoral roll in a Church in Wales parish and who does not belong to a religious body which itself is not in communion with the Church in Wales.

A lay communicant may be elected a member of the Representative Body only for the diocese in which he or she either resides, holds diocesan office or has his or her name on the electoral roll of a parish in such diocese. No full-time employee of the Representative Body, a Diocesan Board of Finance or any other such provincial or diocesan body within the Church in Wales shall be eligible to be a member of the Representative Body.

Membership – Induction and Training

It is the policy of the Representative Body that its members should be provided with training appropriate to their duties both as charity trustees and as members of its committees. New members are given the opportunity to attend external training events for charity trustees, and all new members are also invited to the Provincial Office to meet staff and to learn more about the work of the Representative Body, the Governing Body and the Bench of Bishops.

In addition, members are offered training tailored to meet specific gaps in knowledge or experience, often linked to a member's work with the Representative Body's committees. In the past this training has proved to be particularly beneficial in the complex and specialised areas of investments and audit.

Committees

The Representative Body has six committees – Investment, Property, People, Audit and Risk, Training, Formation and Ministerial Development (formerly St Padarn's Council) and the Cathedrals and Churches Commission – each with specific terms of reference and functions delegated by the Representative Body and reviewed every three years.

Investment Committee

The Investment Committee determines the investment strategy for approval by the Representative Body (within the overall policy objectives of the Representative Body and with advice from their appointed advisers) and recommends for the Representative Body's approval all strategic decisions necessary to manage the investments of the Representative Body within this strategy.

Property Committee

The Property Committee has responsibility for policy relating to the Representative Body's non-investment property including churches, parsonages, burial grounds, glebe land, and bishops' residences and the management of those properties. Its duties are wide-ranging and include authorising the sale and purchase of properties; developing strategies for dealing with redundant church buildings and churchyards; administering trusts, legacies and bequests; and administering grants for the repair and improvement of properties.

People Committee

The People Committee is responsible for developing policies and procedures for clergy, staff and volunteers in line with good practice and the specific legislation that applies to each group. This includes advising the Representative Body on the level of clergy stipends and staff salaries and the terms and funding of the pension schemes for clergy and staff respectively. It has also been given responsibility for overseeing Safeguarding Policy.

Audit and Risk Committee

The Audit and Risk Committee works with the Representative Body's external auditors to ensure proper financial reporting practice and compliance with charity accounting requirements. It provides strategic advice on budgetary matters and considers long-term financial forecasts and has a role in monitoring the effectiveness of the internal audit function. It also has an important role in overseeing the risk management process and to consider the potential financial exposure on safeguarding matters.

Training, Formation and Ministerial Development Committee (formerly, St Padarn's Council)

The Training, Formation and Ministerial Development Committee oversees the work of St Padarn's Institute, providing academic governance, quality assurance and enhancement, and more broadly, the oversight of training, formation and ministerial development. The Committee is accountable to the Representative Body and is also connected to the Bench of Bishops through the two Bishops who are members of it, one of whom is its Chair.

Cathedrals and Churches Commission

The role of the Cathedrals and Churches Commission is to provide expert advice to diocesan courts and advisory groups on applications for major works to cathedral and church buildings as part of the in-house procedure (or faculty procedure) established by the Church in Wales as a condition of the ecclesiastical exemption from local planning controls.

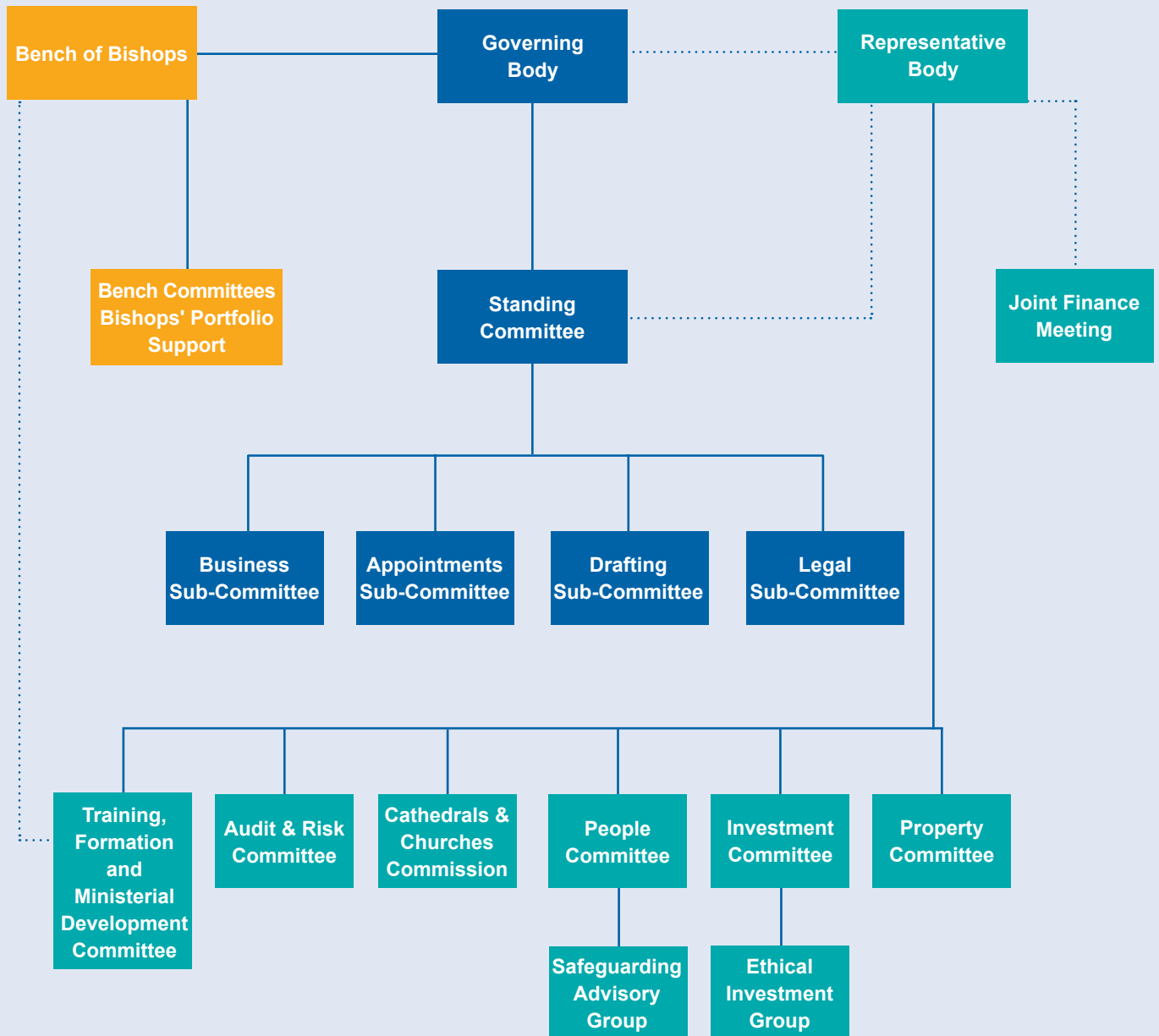
Conflicts of Interest

Representative Body members are likely to serve the Church in Wales in other ways and some, in particular clergy members, receive remuneration in these other roles. The Representative Body operates a conflicts of interest policy to ensure that members' other interests – either personal or on behalf of other organisations within the Church – do not exercise an inappropriate influence on the Representative Body's own decision making. A register of members' interests is maintained and updated regularly, and members are given the opportunity at the beginning of each meeting to declare any potential conflicts with items under consideration.

Fundraising

The Representative Body does not actively fundraise but donations are gratefully received. No complaints have been received in respect of fundraising.

THE PROVINCIAL STRUCTURE



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 of the incoming resources and application of resources of the charity 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 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 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Representative Body.

James Turner, Chair

Hilary Wiseman, Deputy Chair

14 June 2021

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Trustees of the Representative Body of the Church in Wales

Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 charity's affairs as at 31 December 2020 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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 for the financial statements

As explained more fully in the Trustees' Responsibilities Statement on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the COVID-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;

- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

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

Use of our Report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Statutory Auditor

14 June 2021

10 Queen Street Place

London

EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

For the year ending 31 December 2020

	Notes	General Funds 2020 £000	Designated Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000	Total Funds 2019 £000
Income from:						
Donations and Legacies		120	-	-	120	34
Charitable Activities		-	715	13	728	1,640
Investments	2	17,339	385	-	17,724	21,205
Other		290	-	-	290	250
		17,749	1,100	13	18,862	23,129
Expenditure on:						
Raising Funds	3	3,106	-	-	3,106	3,015
Charitable Activities						
Support for Ministry	4	8,867	-	-	8,867	10,810
Support for Dioceses and Parishes	5	13,707	1,044	-	14,751	8,008
Other Church Property	6	599	915	-	1,514	2,741
Other Financial Support	7	527	10	16	553	2,055
Communication	8	358	-	-	358	385
		27,164	1,969	16	29,149	27,014
Net Expenditure before Investment Gains		(9,415)	(869)	(3)	(10,287)	(3,885)
Net Gains on Investments		38,816	868	-	39,684	87,415
Net Income / (Expenditure)		29,401	(1)	(3)	29,397	83,530
Transfers between funds:						
Emergency Aid Fund		(200)	200	-	-	-
Climate Change Champion		(110)	110	-	-	-
Other Recognised Gains / (Losses):						
Gains on revaluation of fixed assets		1,122	18,407	-	19,529	5,167
Allocation to Clergy Pension Provision		(10,903)	-	-	(10,903)	(26,689)
Transfer (to) / from Clergy Pension Provision		-	(12,750)	-	(12,750)	13,563
Actuarial loss on Staff Pension Scheme		(5,350)	-	-	(5,350)	(1,286)
Net Movement in Funds		13,960	5,966	(3)	19,923	74,285
Reconciliation of Funds:						
Total Funds brought forward		462,780	316,535	4,553	783,868	709,583
Total Funds carried forward		476,740	322,501	4,550	803,791	783,868

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

All activities are continuing.

There is no material difference between the net expenditure before investment gains stated above and their historical cost equivalent.

A fund by fund analysis for both the current and prior year is shown in the notes to the accounts.

Balance Sheet

As at 31 December 2020

		31 December 2020		31 December 2019	
	Note	£000	£000	£000	£000
Fixed Assets					
Non-Investment Properties	12	290,284		271,632	
Tangible Assets	13	135		362	
			290,419		271,994
Investments					
Investment Properties	14	57,040		58,905	
Property Unit Trusts	15	16,832		18,245	
Stock Exchange Securities	16	650,682		598,877	
Funds held by Investment Managers		12,964		11,551	
Money Market Deposits and Loans	17	11,732		29,395	
			749,250		716,973
Current Assets					
Debtors	18	6,588		6,308	
Cash at Bank and in Hand		1,085		1,010	
		7,673		7,318	
Current Liabilities					
Creditors: amounts falling due within one year	19	(5,942)		(5,968)	
Net Current Assets			1,731		1,350
Total Assets Less Current Liabilities			1,041,400		990,317
Long Term Liabilities					
Clergy Pension Provision	21	(222,000)		(196,200)	
Net Assets excluding Staff Pension Liability			819,400		794,117
Defined Benefit Staff Pension Liability	11	(15,609)		(10,249)	
Net Assets including Staff Pension Liability			803,791		783,868
Capital and Reserves					
General Funds		492,349		473,029	
Pension Reserve		(15,609)		(10,249)	
			476,740		462,780
Designated Funds	22	322,501		316,535	
Restricted Funds	23	4,550		4,553	
Total Funds			803,791		783,868

The financial statements on pages 20 to 36 were approved by the Representative Body on 14 June 2021.

James Turner, Chair

Mrs Hilary Wiseman, Deputy Chair

Cash Flow Statement

For the year ending 31 December 2020

		31 December 2020	31 December 2019
	Note	£000	£000
Reconciliation of net income to net cash provided by operating activities:			
Net income		29,397	83,530
Adjustment for:			
Gains on revaluation of fixed assets		19,529	5,167
Allocations to clergy pension provision		(23,653)	(13,126)
Loss on staff pension scheme		(5,350)	(1,286)
Depreciation of tangible assets	13	239	80
Income from investments	2	(17,724)	(21,205)
Expenditure on raising funds	3	3,106	3,015
Gains on investments		(39,684)	(87,415)
Gains on fixed assets	12	(21,839)	(5,044)
Add:			
Movement in debtors	18	(280)	(2,874)
Movement in creditors	19	(26)	187
Movement on clergy pension provision	21	25,800	15,500
Movement on staff pension liability	11	5,360	1,099
Net cash provided by operating activities		(25,125)	(22,372)
Statement of cash flows			
Cash flows from operating activities			
Net cash used in operating activities		(25,125)	(22,372)
Cash flows from investing activities			
Income from investments	2	17,724	21,205
Expenditure on raising funds	3	(3,106)	(3,015)
Non-investment properties: additions	12	(1,724)	(2,272)
Non-investment properties: sale proceeds	12	4,911	3,892
Tangible assets: additions	13	(12)	(190)
Investment properties: additions	14	-	(6,042)
Property unit trusts: additions	15	(12)	(4,012)
Property unit trusts: sale proceeds	15	511	3,120
Stock exchange securities: additions	16	(185,877)	(156,872)
Stock exchange securities: sale proceeds	16	176,379	152,466
Other sale proceeds		156	347
Movement in funds held by investment managers		(1,413)	13,139
Movement in money market deposits and loans	17	17,663	(21)
Net cash provided by investing activities		25,200	21,745
Change in cash and cash equivalents		75	(627)
Cash and cash equivalents at 1 January		1,010	1,637
Cash and cash equivalents at 31 December		1,085	1,010

Notes to the Accounts

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice. The Representative Body of the Church in Wales is incorporated under Royal Charter and its registered address is 2 Callaghan Square, Cardiff, CF10 5BT. The Representative Body of the Church in Wales constitutes a public benefit entity as defined by FRS 102.

1. Accounting Policies

The Representative Body of the Church in Wales (the Representative Body) holds all property and investments vested in it in trust for the use of the Archbishop, Bishops, Clergy and Laity of the Church in Wales.

The Representative Body is a registered charity, under the Charities Act 2011. The financial statements are prepared during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The final impact of the COVID-19 pandemic is still unclear but officers have modelled scenarios should there be a material impact on income and expenditure plans are being reviewed as a result of this. Having reviewed the funding facilities available to the Charity together with expected future cash flows, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, they will continue to adopt the going concern basis in preparing the financial statements. The principal accounting policies are set out below and have been applied consistently.

a. Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention as modified by the annual revaluation of stock exchange securities, investment properties, property unit trusts and non-investment properties.

b. Income

Rental income and interest on short term loans and deposits is accrued. Interest and dividends on stock exchange securities and proceeds from the sale of parsonages are credited on the date of receipt.

c. Expenditure

Expenditure is recognised when a liability is incurred. Costs of raising funds are those costs incurred in managing the investments.

d. Investments

Investment Properties:

Investment properties are valued individually at open market value in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Property Unit Trusts:

Property unit trusts are stated at market values based on net asset value per unit at 31 December 2020.

Stock Exchange Securities:

Stock exchange securities are stated at market values based on bid price at 31 December 2020. Securities denominated in foreign currency are converted into sterling at rates of exchange ruling at the balance sheet date. Investments sold are marked to market value at the date of sale. Consequently, the Statement of Financial Activities treats all movements as changes in the values of the investment portfolio.

e. Non-Investment Properties

The Representative Body has included parsonages, churches and church halls in the Balance Sheet at a valuation using the methodology set out below.

The Representative Body does not value the 6 cathedrals it owns, as cost information is not available and any conventional valuation techniques would lack sufficient reliability due to the unique and historically significant nature of the buildings.

The Representative Body's Property Database confirms that assets include 6 Cathedrals, 1,389 Churches and 1,215 Churchyards at 31 December 2020. These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the Church's Faculty System which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times. Such assets are not marketed but are occasionally sold.

The following asset classes were valued by the in-house Property Department headed by Alex Glanville, FRICS, as at 31 December 2020 and basis of the valuation is set out below:

Parsonages, Bishops' Houses and Sundry Provincial Property which were owned by the Representative Body at 31 December 2007 are stated at the midpoint of the Council Tax band valuation (as at April 2005) as adjusted by house price inflation (Nationwide House Price Index) to 31 December 2020. Such properties acquired after 31 December 2007 are stated at cost less provisions for impairment (where required) as adjusted by house price inflation (Nationwide House Price Index) from the period of acquisition to 31 December 2020.

Church Halls were originally valued using evidence using sales from this type of property. They are now adjusted by the Nationwide House Price Index on an annual basis.

The St Michael's College site is valued at open market value (existing use) based on a professional valuation.

Churches were initially valued based on an assessment of the sales values achieved for such properties over a period of time. This valuation has been adjusted at the transition date using the Nationwide House Price Index.

Accounting Policies Continued

Glebe is normally valued on the average price of agricultural land in Wales, based on the RICS – RAU Farmland Market Directory of land prices. RICS have not published an index for 2020 so values have been adjusted by the movement in house prices in the year.

f. Depreciation of Other Tangible Assets

Depreciation is calculated on cost so that assets or groups of related assets with a cost in excess of £1,000 are written down to their estimated residual values by equal instalments over their estimated useful lives at the following rates:

Office Equipment 33⅓% p.a.

Leasehold improvements are depreciated over the life of the lease.

Investment and non-investment properties are shown at market value and not depreciated. In the opinion of the Representative Body, the remaining useful economic life and residual values of these properties is such that depreciation is immaterial.

g. Heritage Assets

A number of former church sites or ruins are owned. They are not saleable assets and are retained accordingly. No value has been included for them in the accounts.

h. Foreign Currency Conversion

Foreign currencies are converted into sterling at the rate of exchange ruling at the date of the balance sheet except for purchases and sales of securities and remittances during the year which were converted at the actual rate prevailing.

i. Designated and Restricted Funds

Designated Funds represent monies made available by the Representative Body out of General Funds for the specific purpose designated when the fund is established. Restricted Funds are those held for specific restricted purposes.

j. Pensions of Clergy and Surviving Spouses and Civil Partners

The Representative Body operates a pension scheme providing defined benefits based on years of service and the allocation to the Clergy Pension Provision is calculated every three years by qualified actuaries and is shown as a charge in the Statement of Financial Activities so as to spread the pension cost over the normal expected service lives of the clergy in such a way that the charge is a substantially level percentage of current and expected future pensionable payroll. The scheme is accounted for under FRS 102 and an annual actuarial valuation is obtained. Any excess or shortfall between the actuarial liabilities and the Clergy Pension Provision is transferred to or from the Pension Equalisation Fund, a Designated Fund, such that the balance on the Clergy Pension Provision at the balance sheet date is based on the most up to date actuarial information.

k. Staff Retirement Benefit Scheme

A separate defined benefit pension scheme is operated for the staff of the Representative Body. Contributions to the scheme are charged to the Statement of Financial Activities on the basis of spreading the costs over the employees' working lives.

The scheme is accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a separate fund entitled 'Pension Reserve' which is deducted from General Funds in the Balance Sheet.

Details of the Staff Retirement Benefit Scheme are given in note 11 to the financial statements.

l. Taxation Status

The Representative Body benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fell within its charitable purposes and its funds are applied for these purposes, no provision for corporation tax is made.

m. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value. The recognition criteria for each class of financial instruments is as follows:

Financial instrument	Measurement criteria (initial and subsequent)
Cash:	Cash held, then on amortised cost
Debtors and loans:	Settlement amount or amount advanced then at amortised cost
Creditors:	Settlement amount after trade discounts then at amortised cost
Bank deposits:	Cash amount of deposit then at amortised cost
Investments:	Transaction cost then at fair value (market value of quoted investments)

n. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The most significant areas of judgement relate to the valuation of properties. The policies adopted in respect of the valuation of properties are set out in note 1(e).

2 Investment Income

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
Gross income from property	3,202	-	-	3,202	3,670	-	-	3,670
Income from stock exchange securities	14,054	385	-	14,439	17,008	378	-	17,386
Interest from money market deposits and loans	83	-	-	83	149	-	-	149
	17,339	385	-	17,724	20,827	388	-	21,205

3 Raising Funds

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
Stock Exchange Advisers	2,145	-	-	2,145	2,113	-	-	2,113
Investment Property Advisers	249	-	-	249	471	-	-	471
Sundry Property	143	-	-	143	147	-	-	147
Support Costs	569	-	-	569	284	-	-	284
	3,106	-	-	3,106	3,015	-	-	3,015

Stock exchange advisers' costs are calculated as a percentage of the underlying market value of the investments.

4 Support for Ministry

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
Bishops	918	-	-	918	990	-	-	990
Mission and Ministry (formerly, Bishops' Portfolio Support)	199	-	-	199	245	-	-	245
Safeguarding	153	-	-	153	182	-	-	182
Clergy Pension Provision (note 21)	4,153	-	-	4,153	5,679	-	-	5,679
Clergy Remuneration Review	15	-	-	15	-	-	-	-
Ministry Training - St Padarn's Institute	1,989	-	-	1,989	2,217	-	-	2,217
Clergy Property								
Diocesan Inspectors' Costs	444	-	-	444	506	-	-	506
Episcopal Residences	71	-	-	71	55	-	-	55
Sundry Property Costs	6	-	-	6	14	-	-	14
Sundry Clergy Benefits	3	-	-	3	4	-	-	4
Support Costs	916	-	-	916	918	-	-	918
	8,867	-	-	8,867	10,810	-	-	10,810

5 Support for Dioceses and Parishes

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
Block Grant to Dioceses	3,079	-	-	3,079	6,158	-	-	6,158
Additional Grant Funding to Dioceses	9,324	-	-	9,324	-	-	-	-
Repairs and Extensions to Churches	-	220	-	220	-	233	-	233
Emergency Aid	-	121	-	121	-	145	-	145
Evangelism Fund	-	703	-	703	-	239	-	239
Support Costs	1,304	-	-	1,304	1,233	-	-	1,233
	13,707	1,044	-	14,751	7,391	617	-	8,008

6 Other Church Property

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
Redundant Churches	-	283	-	283	-	204	-	204
Church Sales Regulations	-	632	-	632	-	1,897	-	1,897
Other Property Costs	7	-	-	7	5	-	-	5
Support Costs	592	-	-	592	635	-	-	635
	599	915	-	1,514	640	2,101	-	2,741

7 Other Financial Support

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
DACs and Cathedrals and Churches Commission	65	-	-	65	64	-	-	64
Grants to Anglican and Ecumenical Bodies	138	-	-	138	169	-	-	169
Centenary Projects	43	-	16	59	33	-	-	33
Provincial Court and Tribunals	7	-	-	7	(57)	-	-	(57)
Other Support	69	10	-	79	131	1,502	-	1,633
Support Costs	205	-	-	205	213	-	-	213
	527	10	16	553	553	1,502	-	2,055

8 Communications

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2020 £000				Funds 2019 £000			
Communications	188	-	-	188	201	-	-	201
Support Costs	170	-	-	170	184	-	-	184
	358	-	-	358	385	-	-	385

9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2020
Funds 2020 £000							
Chief Executive & Secretariat	-	108	74	18	61	59	320
Human Resources	-	-	-	-	-	-	-
Office Services	72	112	153	75	25	52	489
Finance	472	361	258	175	76	-	1,342
Property	-	89	180	128	-	-	397
Legal	-	45	149	170	24	8	396
Information Technology	25	201	490	26	19	51	812
	569	916	1,304	592	205	170	3,756
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2019
Funds 2019 £000							
Chief Executive & Secretariat	-	153	252	18	110	77	610
Human Resources	10	180	111	22	7	16	346
Office Services	42	131	179	94	32	68	546
Finance	218	186	112	115	35	-	666
Property	-	90	185	182	-	-	457
Legal	-	-	82	173	19	-	274
Information Technology	14	178	312	31	10	23	568
	284	918	1,233	635	213	184	3,467

The above figures include audit fees of £32,000 (2019: £31,000) in respect of the audit of the Representative Body, and £5,375 (2019: £4,885) in respect of the audit of the Staff Retirement Benefit Scheme.

The total expenditure for Finance of £1,342,000 includes an accounting adjustment under FRS 17 for the Staff Retirement Benefit Scheme of +£10,000 (2019: -£187,000)

Basis of Allocation

Support costs have been allocated on the basis of an estimated percentage allocation of staff time spent over each charitable activity.

10 Staff Numbers and Remuneration

	Total 2020 £000	Total 2019 £000
Staff Costs		
Salaries	3,470	3,449
National Insurance Contributions	351	350
	3,821	3,799
Current Service Pensions Costs (Defined Benefit Scheme)	1,069	1,249
FRS 102 Pension Scheme Adjustment	10	(187)
Defined Contribution Pension Costs	93	80
Unfunded Pension Costs	28	15
	5,021	4,956

The numbers of staff whose employee benefits* fell in the following bands were:

	Total 2020 Number	Total 2019 Number
£0 to £10,000	8	13
£10,001 to £20,000	11	11
£20,001 to £30,000	24	34
£30,001 to £40,000	31	25
£40,001 to £50,000	10	11
£50,001 to £60,000	10	9
£60,001 to £70,000	-	2
£70,001 to £80,000	5	2
£110,001 to £120,000	1	1
	100	108

*Employee benefits include gross salaries and allowances but do not include employers' pension costs.
Of the 100 staff employed during 2020, 16 had left prior to the end of the year.

The key management personnel consists of six staff members, as set out on page 39 of this report. The total amount of their employee benefits was £574,711 (2019: 6 members, £602,164).

Trustees

No Trustee received any remuneration for the services they provided as a Trustee.

Fifteen (2019: twenty) Trustees had expenses paid or were reimbursed for expenses in the year. This covered their expenses incurred in performing their duties as Trustees. The payments were for travel, subsistence and accommodation costs and totalled £5,123 (2019: £7,789).

One Trustee received remuneration from the Representative Body in connection with their office. This was The Most Reverend J D E Davies who is an Ex Officio Member of the Representative Body. His remuneration was £50,726 (2019: £49,682) and pension contributions of £18,515 (2019: £19,277). A car was provided for the performance of his duties for which the cash benefit was £7,881 (2019: £7,609).

11 Staff Defined Benefit Pension Scheme

The Representative Body operates a defined benefit pension scheme arrangement called 'The Representative Body of the Church in Wales Staff Retirement Benefit Scheme' (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Scheme closed to new members on 31 March 2017.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

A full actuarial valuation of the Scheme was carried out as at 31 March 2018 and the next valuation of the Scheme is due as at 31 March 2021. The results of the 2018 valuation have been updated by an independent qualifying actuary to 31 December 2020 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

	2020 £000	2019 £000
Amounts recognised in the Balance Sheet		
Fair value of assets	16,970	17,035
Present value of funded obligations	(32,579)	(27,284)
Deficit in Scheme	(15,609)	(10,249)
Net defined benefit liability	(15,609)	(10,249)
Amounts recognised in the Statement of Financial Activities		
Current service cost	787	753
Administration cost	80	58
Interest on liabilities	578	672
Interest on assets	(365)	(424)
Past Service Costs	-	-
Total	1,080	1,059
Remeasurements over the year		
Loss / (gain) on Scheme assets in excess of interest	1,104	(1,516)
Losses from changes to assumptions	4,307	2,800
Experience (gains) / losses on liabilities	(61)	2
Gains from changes to demographic assumptions	-	-
Total remeasurements	5,350	1,286
Reconciliation of assets and Defined Benefit Obligation:		
The change in the assets over the year was:		
Fair value of assets at the beginning of the year	17,035	14,131
Interest on assets	365	424
Employer contributions	1,070	1,246
Contributions by Scheme participants	152	162
Benefits paid	(468)	(386)
Administration costs	(80)	(58)
Return on plan assets less interest	(1,104)	1,516
Fair value of assets at the end of the year	16,970	17,035

11 Staff Defined Benefits Scheme *continued*

	2020 £000	2019 £000
The change in the defined benefit obligation over the year was:		
Defined benefit obligation at the beginning of the year	27,284	23,281
Current service cost	787	753
Contributions by Scheme participants	152	162
Past service costs	-	-
Interest cost	578	672
Benefits paid	(468)	(386)
Experience (loss) / gain on liabilities	(61)	2
Changes to demographic assumptions	-	-
Changes to financial assumptions	4,307	2,800
Defined benefit obligation at the end of the year	32,579	27,284

Assets

The majority of the assets are invested with EdenTree Investment Management, with the remainder including some small AVC contracts invested with OneFamily and cash at bank. The actual return on the Scheme's assets (net of expenses) over the year to the review date was a loss of £739,000. The assets do not include any investment in the Employer.

Actuarial Assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

	2020	2019
Discount Rate	1.4%	2.1%
Inflation assumption (RPI)	3.1%	3.2%
Limited Price Indexation pension increases (RPI Max 5%)	3.1%	3.1%
Salary increases	2.6%	2.7%
Proportion married at retirement or earlier death	80.0%	80.0%
Post retirement mortality assumption:	95% of the PCA00 tables and CMI 2017 projections with a long-term rate of improvement of 1.25% pa.	

12 Non-investment Properties

	2020 £000	2019 £000
At 1 January	271,632	268,208
Additions	1,724	2,272
Disposals	(4,911)	(3,892)
Net increase on revaluation	21,839	5,044
At 31 December	290,284	271,632
Comprising:		
Parsonage, bishops' houses and sundry provincial property	179,316	167,304
Churches and church halls	93,024	86,711
Glebe	13,394	13,067
Operational properties	4,550	4,550
	290,284	271,632

13 Tangible Assets**Office Equipment
£000****Cost**

At 1 January	648
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Additions	12
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At 31 December	660
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Accumulated Depreciation

At 1 January	286
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Charge for the Year	239
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At 31 December	525
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Net Book Value

31 December 2020	135
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31 December 2019	362
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14 Investment Properties**2020
£000****2019
£000**

At 1 January	58,905	56,135
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Additions	-	6,042
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Net decrease on revaluation	(1,865)	(3,272)
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At 31 December	57,040	58,905
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Investment properties were valued by Cushman & Wakefield at 31 December 2020 at £57,040,000 (2019: £58,905,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

15 Property Unit Trusts**2020
£000****2019
£000**

At 1 January	18,245	17,217
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Additions	12	4,012
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Disposals	(208)	(1,258)
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Net decrease on revaluation	(1,217)	(1,726)
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At 31 December	16,832	18,245
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16 Stock Exchange Securities**2020
£000****2019
£000**

At 1 January	598,877	504,267
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Additions	185,877	156,872
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Disposals	(150,496)	(127,384)
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Net increase on revaluation	16,424	65,122
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At 31 December	650,682	598,877
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Historical cost at 31 December	491,040	455,659
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Unrealised investment gains at 31 December	159,642	143,218
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Investment gains calculated on historic basis	25,883	25,082
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Listed in UK	276,091	287,886
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Listed overseas	374,591	310,991
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650,682	598,877
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17 Money Market Deposits and Loans

	2020 £000	2019 £000
At 1 January	29,395	29,374
Advances	12,808	30,028
Repayments	(30,471)	(30,007)
At 31 December	11,732	29,395
Comprising:		
Money Market Deposits	3,859	21,356
Clergy Housing Loans	7,620	7,857
Diocesan Loans	162	89
Curates House Loans	66	66
Churches' Mutual Credit Union	25	25
Clergy Car Loans	-	2
	11,732	29,395

18 Debtors

	2020 £000	2019 £000
Prepayments	170	226
Other debtors	3,541	3,538
Accrued income	2,877	2,544
	6,588	6,308

19 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Taxation and National Insurance Contributions	454	439
Rents received in advance	287	221
Amounts owed to special trusts	2,471	1,595
Other creditors	1,108	587
Accruals	1,622	3,126
	5,942	5,968

20 Diocesan Maintenance of Ministry Fund

	31 December 2020		31 December 2019	
	£000	£000	£000	£000
Income				
Diocesan Boards of Finance	11,420		11,505	
Other Income	2		2	
		11,422		11,507
Less: Payments				
Clergy Stipends	9,294		9,315	
Curates Stipends	986		940	
National Insurance Contributions	991		995	
Vacancy Fees	44		109	
Sundry expenses and other payments	107		148	
		11,422		11,507

21 Clergy Pension Provision

	31 December 2020		31 December 2019	
	£000	£000	£000	£000
Balance at 1 January		196,200		180,700
Current service contributions	3,853		4,062	
Other Income - legacy	314		-	
Transfer from General Funds:				
Allocation from income (note 4)	4,153		5,679	
Allocation of net investment gains	10,903		26,689	
		19,223		36,430
Less:				
Pension payments to retired clergy	(4,828)		(4,859)	
Pension payments to surviving spouses and civil partners	(1,539)		(1,515)	
Gratuity payments of retired clergy	(735)		(917)	
Transfer Payments	(74)		-	
DIS Lump Sum Payments	(76)		-	
Administrative expenses	(115)		(76)	
		(7,367)		(7,367)
Transfer from / (to) Pension Equalisation Fund		13,944		(13,563)
Balance at 31 December		222,000		196,200

The Clergy Pension Provision was established in accordance with the advice of our actuaries, to meet liabilities for clergy and surviving spouses and civil partners' pensions and gratuities. The actuarial valuation and basis of annual provision is reviewed every three years.

At the date of the last triennial actuarial valuation at 31 December 2019 undertaken by Quantum Advisory, the liability of the Representative Body for past service on the current funding basis was assessed using a discount rate of 2% at £196.2 million, which represented 27.3% (previously 30.9%) of total funds at that date. Based upon this valuation, the annual transfer from General Funds has comprised 27.3% of both total income and net investment gains and losses (reflecting income on the liability for past service) and 36.5% (previously 38.8%) of total stipends being the contribution for continuing service. The provision has been adjusted to the liabilities and the balance transferred to the Pension Equalisation Fund.

The key financial assumptions used for the full actuarial valuation at 31 December 2019 and the interim valuation for 2020 are set out below.

The next full actuarial valuation of the Scheme is due to take place at 31 December 2022.

	31 December	
	2020	2019
Financial assumptions (nominal % pa)		
Discount rate	1.2%	2.0%
Inflation - RPI	3.0%	3.2%
Inflation - CPI	2.2%	2.2%
Stipend increases	2.7%	2.7%
Pension increases - Stipend Linked	2.7%	2.7%
Pension increases - RPI up to 5% p.a.	2.9%	3.1%
Deferred revaluation	2.9%	3.1%
Post retirement mortality (life expectancy, in years)		
Current pensioners age 65 – males	21.2	21.2
Current pensioners age 65 – females	23.5	23.5
Future pensioners age 65 (currently age 45) – males	22.3	22.2
Future pensioners age 65 (currently age 45) – females	24.7	24.6

22 Designated Funds

	Balance 1 January 2020 £000	Income* £000	Expenditure* £000	Balance 31 December 2020 £000
Revaluation Reserve (Unrealised gains on parsonages, churches, church halls and sundry property)	212,511	15,884	-	228,395
Property Reserve (Property improvements and acquisitions of parsonages)	31,897	1,723	-	33,620
Church Repairs Capital Reserve (Capital fund for church repairs)	11,895	1,329	39	13,185
Church Sales Regulations (Funds available from the sale of churches towards the cost of providing or adapting another place of worship in the same parish)	3,319	466	631	3,154
Pension Equalisation Fund (Funds available to meet future clergy pension liabilities)	43,949	-	12,750	31,199
Evangelism Fund (Funds available for dioceses to enact their strategies on evangelism and church growth)	9,761	-	704	9,057
Climate Change Champion (Funds available to support the climate change work of the Church in Wales, working towards net zero carbon emissions)	-	110	-	110
Diocesan Parsonage Improvement Fund (Funds available for improvements to parsonages and acquisitions of new parsonages)	2,178	3,074	2,696	2,556
Transformation Fund (Funds available for 2020 Vision related projects)	24	-	-	24
Repairs and Extensions to Churches (Funds available to parishes)	555	233	220	568
Redundant Churches (Funds available to contribute to costs arising in the maintenance and safety of redundant churches)	408	249	283	374
Emergency Aid (Funds available for costs arising due to emergencies)	(3)	339	121	215
Overseas Fund (Funds available at the discretion of the Bishops to assist in overseas aid)	40	13	10	43
Overseas Students (Funds available to provide financial assistance to overseas students)	1	-	-	1
	316,535	23,420	17,454	322,501

* includes gains and losses.

22 Designated Funds (Prior Year)

	Balance 1 January 2019 £000	Income* £000	Expenditure* £000	Balance 31 December 2019 £000
Revaluation Reserve	211,859	652	-	212,511
Property Reserve	29,648	2,249	-	31,897
Church Repairs Capital Reserve	9,717	2,219	41	11,895
Church Sales Regulations	4,410	806	1,897	3,319
Pension Equalisation Fund	31,886	13,563	1,500	43,949
Evangelism Fund	10,000	-	239	9,761
Diocesan Parsonage Improvement Fund	1,281	3,743	2,846	2,178
Transformation Fund	24	-	-	24
Repairs and Extensions to Churches	527	261	233	555
Redundant Churches	(219)	831	204	408
Emergency Aid	(159)	301	145	(3)
Overseas Fund	26	16	2	40
Overseas Students	1	-	-	1
	299,001	24,641	7,107	316,535

23 Restricted Funds

	Balance 1 January 2020 £000	Income £000	Expenditure £000	Balance 31 December 2020 £000
St Michael's College Site (Endowment Fund held for the operation of an educational institution)	4,550	-	-	4,550
Centenary Appeal Fund (Funds available to support two specific projects)	3	13	16	-
	4,553	13	16	4,550

24 Funds Held on Behalf of Others**Special Trusts**

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds. The aggregate value of these special trusts at 31 December 2020 was £61,776,000 (2019: £57,530,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £1,273,000 (2019: £1,482,000) and was wholly distributed to beneficiaries.

Custodian Trustee

The Representative Body is the custodian trustee of 10 parsonages.

25 Related Party Transactions

Due to the nature of the Representative Body's operations and its membership being drawn from a wide range of clerical and lay members, it is inevitable that transactions will take place with organisations in which a member of the Representative Body may have an interest.

The most significant transactions are as follows:

- The Archbishop and some stipendiary clergy are members of and in receipt of payment from the Representative Body. Payments to bishops and stipendiary clergy are based on the clergy stipends set out in the Constitution.
- The six Diocesan Boards of Finance received a Block Grant totalling £3,079,000 (2019: £6,158,000). Additional support was also provided to the dioceses in 2020 due to the impact of the Covid 19 pandemic which totalled £9,324,000. Therefore the total support provided to the Diocesan Boards of Finance was £12,403,000. They also have outstanding loans totalling £2,136,000 (2019: £2,241,00) which have been advanced under the Clergy Retirement Housing Loan Scheme.

26 Charitable and Capital Commitments

At 31 December 2020 the Representative Body has committed to pay £6.158 million to the dioceses in respect of the Block Grant in 2021.

The Representative Body has a commitment under an operating lease for the rental of 2 Callaghan Square, Cardiff greater than five years which totals £1.4 million (2019: £1.9 million).

27 Stock Exchange Securities**31 December 2020****Market Value****£000****%****Fixed Interest**

British Government Bonds

22,531

3.5

UK Bonds

41,120

6.3

Overseas Bonds

7,773

1.2

Total Fixed Interest

71,424

11.0

Equities

Communication Services

15,099

2.3

Consumer Goods and Services

110,346

17.0

Financials

142,526

21.9

Health Care

60,712

9.3

Industrials

69,906

10.7

Materials

43,922

6.7

Oil and Gas

7,926

1.2

Property and TEITs

12,811

2.0

Technology

75,808

11.7

Utilities

23,300

3.6

Total Equities**562,356****86.4**

Alternative Assets

16,902

2.6

650,682**100.0****Top Twenty Holdings as at 31 December 2020****£000****£000**

Microsoft Corp

13,280

UK Treasury Stock 4.25% 2036

8,238

AIA Group Ltd

10,922

Orsted A/S

7,696

Unilever Plc

10,214

Mastercard Incorporated

7,526

Apple Inc

10,162

Samsung SDI Co Ltd

7,525

RELX Plc

9,088

Glaxosmithkline Plc

7,370

Accenture Plc

9,000

UK Treasury Stock 3.75% 2052

6,991

Alphabet Inc

8,648

Taiwan Semiconductor Manufact

6,887

Prudential Corporation Plc

8,364

CRH Plc

6,840

Ecolab Inc

8,357

iShares Physical Metals PLC

6,803

CME Group Inc

8,353

Otis Worldwide Corp

6,760

Ten Year Review - General Funds

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Income	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Stock Exchange Investments	14,054	17,008	15,750	15,795	14,385	13,983	13,281	12,808	13,471	13,355
Property Income	3,202	3,670	3,560	3,565	3,480	3,408	3,513	3,916	3,925	3,842
Other Income	493	433	357	327	308	323	293	356	420	357
Total Gross Income	17,749	21,111	19,667	19,687	18,173	17,714	17,087	17,080	17,816	17,554
Investment Managers' Costs	(2,537)	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)	(1,793)	(1,577)	(1,705)
Total Net Income	15,212	18,379	17,302	17,338	15,996	15,818	15,068	15,287	16,239	15,849
Less: Allocation to Clergy Pension Provision	(4,153)	(5,679)	(5,346)	(5,357)	(4,975)	(4,919)	(4,686)	(4,800)	(5,099)	(4,976)
Net Income after allocation to Clergy Pension Provision	11,059	12,700	11,956	11,981	11,021	10,899	10,382	10,487	11,140	10,873
Expenditure										
Ministry Training	1,989	2,217	1,975	710	620	709	612	633	642	594
Bishops	918	990	939	967	926	873	839	833	810	872
Clergy Property	451	520	543	564	511	511	496	552	474	462
Mission and Ministry (formerly, Bishops' Portfolio Support)	199	245	180	189	256	320	341	341	397	466
Safeguarding	153	182	169	197	209	185	132	98	72	60
Sundry Clergy Benefits	18	4	4	5	4	6	5	7	6	5
Block Grant to Dioceses (including additional Covid-19 funding)	12,403	6,158	6,158	6,293	6,293	6,293	6,793	6,610	6,430	6,257
Other Church Property and Financial Support	709	599	484	481	488	423	375	400	417	421
Communications	188	201	189	86	47	46	40	60	58	57
Provincial Services	3,746	3,654	3,365	3,107	2,645	2,441	2,324	2,360	2,352	2,328
Evangelism Fund / Transformation Fund	-	-	10,000	1,000	1,000	1,000	500	-	-	-
Total Expenditure	20,774	14,770	24,006	13,599	12,999	12,807	12,457	11,894	11,658	11,522
Deficit	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)	(649)
Reconciliation to the Statement of Financial Activities:										
Net expenditure before investment gains / (losses)	(9,415)	(1,683)	(2,576)	(1,978)	(2,026)	(2,115)	(1,419)	(940)	(218)	(358)
Transfers between Funds	(310)	(200)	(10,100)	(100)	(100)	(100)	(600)	(100)	(100)	(101)
FRS 102 Pension Scheme Adjustment	10	(187)	626	461	137	342	(55)	(112)	(100)	(164)
Capital Gifts and Legacies	-	-	-	(1)	11	(35)	(1)	(255)	(100)	(26)
Deficit as shown above	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)	(649)

REFERENCE AND ADMINISTRATIVE INFORMATION

Representative Body Membership

Chair and Deputy Chair

Mr J J Turner
Chair

Mrs H M Wiseman
Deputy Chair (*from 4 March 2021*)

Sir P Silk
Deputy Chair (*to 4 March 2021*)

Ex Officio Membership

The Most Reverend J D E Davies (*to 2 May 2021*)
Archbishop of Wales

Mrs L Perkins (*to 31 December 2020*)

Mrs H R Jones
Chair, St Asaph Diocesan Board of Finance

The Reverend M Stallard (*from 27 February 2020*)
Chair, Bangor Diocesan Board of Finance

Dr H J Parry-Smith (*to 27 February 2020*)
Chair, Bangor Diocesan Board of Finance

Mr N Griffin
Chair, St Davids Diocesan Board of Finance

Mr M A Lawley
Chair, Llandaff Diocesan Board of Finance

Mr P E Lea
Chair, Monmouth Diocesan Board of Finance

Sir P Silk
Chair, Swansea and Brecon Diocesan Board of Finance

Elected Membership

St Asaph

The Very Reverend N H Williams
Mrs H M Wiseman

Bangor

The Very Reverend K L Jones
Dr H J Parry-Smith (*from 27 February 2020*)

St Davids

The Venerable P Mackness, Archdeacon of St Davids
Mrs J A P Hayward

Llandaff

The Venerable M Komor, Archdeacon of Margam
(*from 1 January 2021*)
The Venerable C B W Smith, Archdeacon of Morgannwg
(*to 31 December 2020*)
Mr G I Moses

Monmouth

The Venerable J S Williams, Archdeacon of Newport
Miss P R Brown

Swansea and Brecon

The Venerable A N Jevons, Archdeacon of Brecon
Mr J M Watson (*from 1 January 2021*)
Mr T J P Davenport (*to 31 December 2020*)

Nominated Membership

Mr R Davies
Mr P D Kennedy
Mr T O S Lloyd OBE, DL, FSA
Mr J J Turner (*to 31 December 2020*)
(1 vacancy)

Co-opted Membership

Mr J J Turner (*from 1 January 2021*)
Mrs J Heard (*from 1 January 2021*)
Mr L M James (*to 7 May 2020*)

Committee Membership

(*denotes non-RB member)

Investment Committee

Mr G I Moses (*Chair and member from 4 March 2021*)
 Mr J J Turner (*Chair to 4 March 2021*)
 Mr R Anning*
 Mr G Davies*
 Mr J G Davies* (*from 4 March 2021*)
 Mr J Fox*
 Mr L M James (*to 7 May 2020*)
 Mr J Minett*
 Mr D G Myrddin-Evans*
 Mr R F Page*
 The Reverend Canon I K Rees*

Audit and Risk Committee

Mrs J Heard (*Chair and member from 4 March 2021*)
 Mr G I Moses (*Chair and member to 4 March 2021*)
 The Very Reverend N H Williams (*from 4 March 2021*)
 Mr V Jones*
 Mrs L Jones*
 Mr M A Lawley
 Sir P Silk (*to 4 March 2021*)

Property Committee

Mr R Davies (Chair)
 Mr C Clarke*
 The Very Reverend K L Jones
 The Venerable A N Jevons
 The Venerable M Komor (*from 4 March 2021*)
 The Venerable P R Mackness
 The Venerable C B W Smith (*to 31 December 2020*)
 The Venerable N H Williams
 The Venerable J S Williams
 Ms M Gerrard*
 Mr J E Jones*
 Mr D A Williams*

People Committee

Mr P D Kennedy (Chair)
 Mr T J P Davenport (*to 31 December 2020*)
 The Right Reverend G K Cameron*
 The Venerable A N Jevons
 Mr C W J Francis*
 Mr N Griffin
 Mr D B Halse*
 Mrs B E Harding*
 Mr J M Watson (*from 4 March 2021*)
 Mrs H M Wiseman

Cathedrals and Churches Commission

Mr T O S Lloyd OBE, DL, FSA (Chair)
 The Right Reverend J W Evans*
 Mr J Orbach*
 Mr R J Silvester*
 Mr P Welford*

Training, Formation and Ministerial Development Committee

The Right Reverend C E Vann* (Chair)
 (*from 2 May 2021 and member from 27 April 2020*)
 The Most Reverend J D E Davies (Chair)
 (*from 27 April 2020 to 2 May 2021*)
 The Right Reverend J Osborne* (*to 27 April 2020*)
 The Venerable T H A Mason* (*to 12 March 2021*)
 The Reverend Chancellor P Powell*
 The Reverend Canon T J Hewitt*
 The Reverend Canon Dr R Johnson*
 The Reverend Canon T L Jones* (*from 4 March 2021*)
 The Reverend Canon R O L Lowndes* (*to 4 March 2020*)
 The Reverend D J F J A McClean*
 Miss P R Brown
 Mrs J A P Hayward (*from 4 March 2021*)

Key Management Posts

Chief Executive
 Head of Legal Services
 Head of Finance
 Head of Property Services
 Head of Communications and Technology
 Principal of St Padarn's Institute

Advisers

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