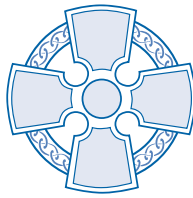


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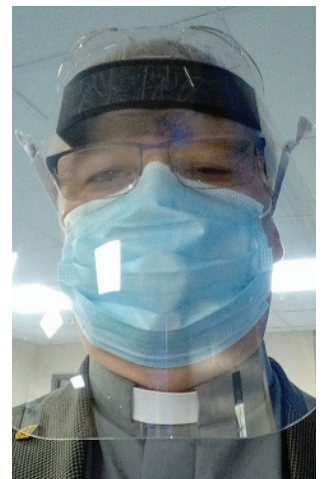


THE CHURCH
IN WALES

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:

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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

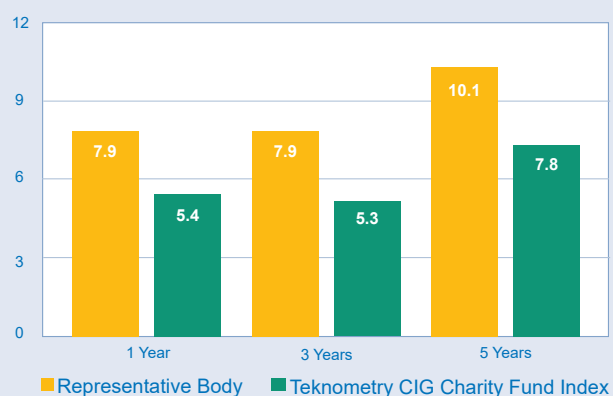
During 2020 the total value of the Representative Body's total investments increased by 4.5% to £749 million as shown on the Balance Sheet on page 21.

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

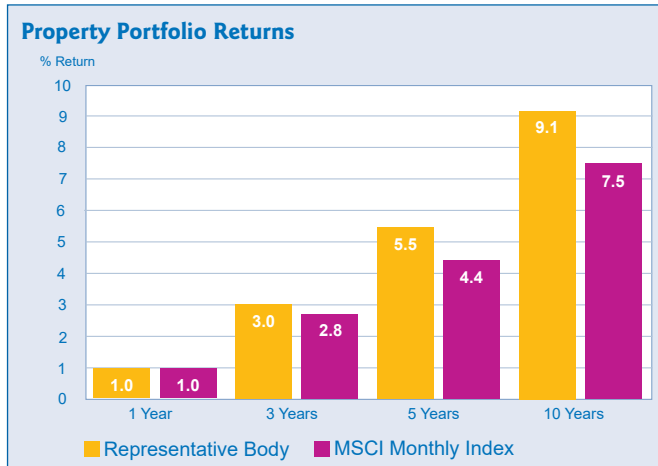
The value of the Representative Body's investment property portfolio decreased over the year from £77.1 million to £73.9 million.

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.

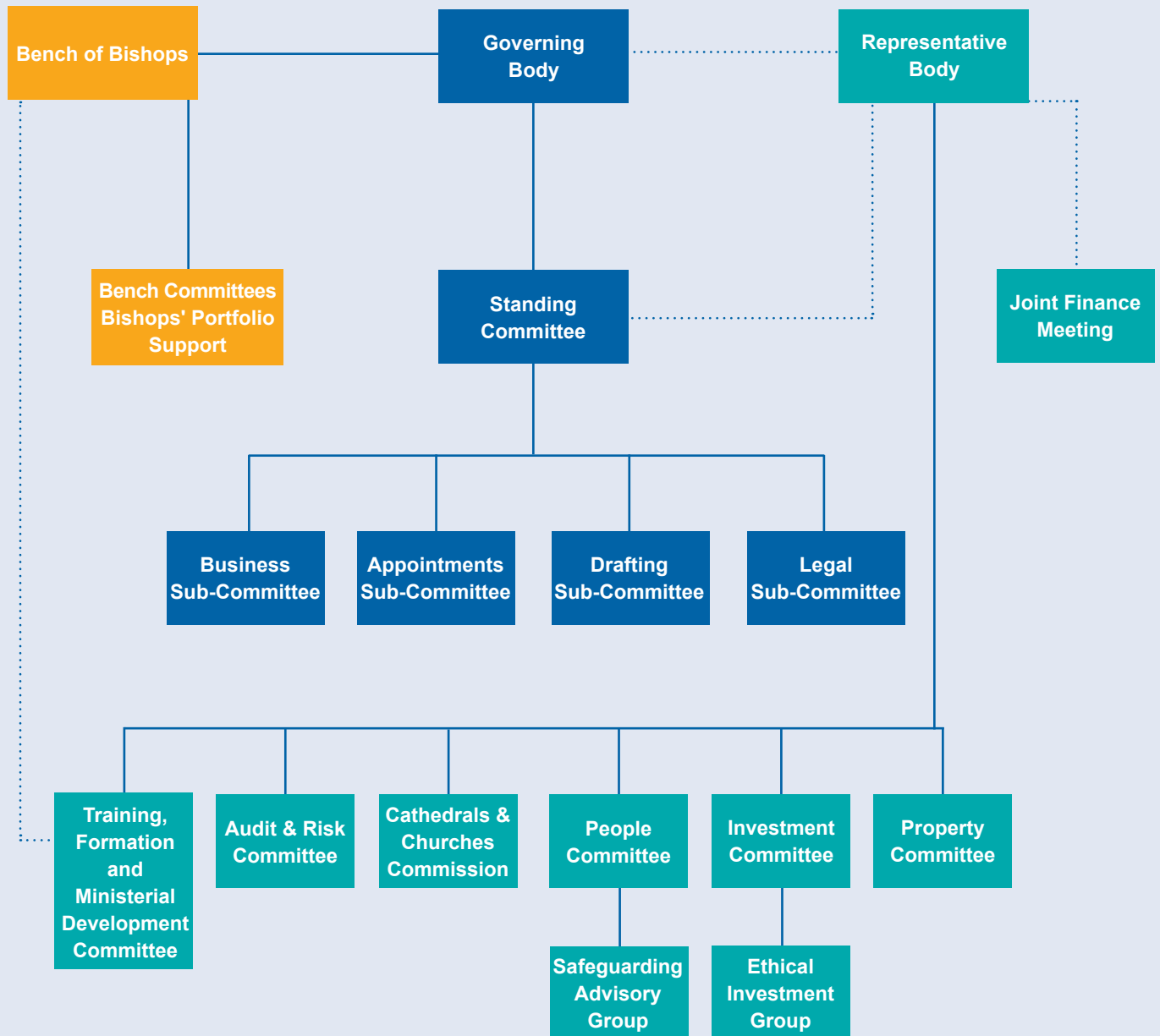
Conflicts of Interest

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

Independent Auditors:

Haymacintyre 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
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