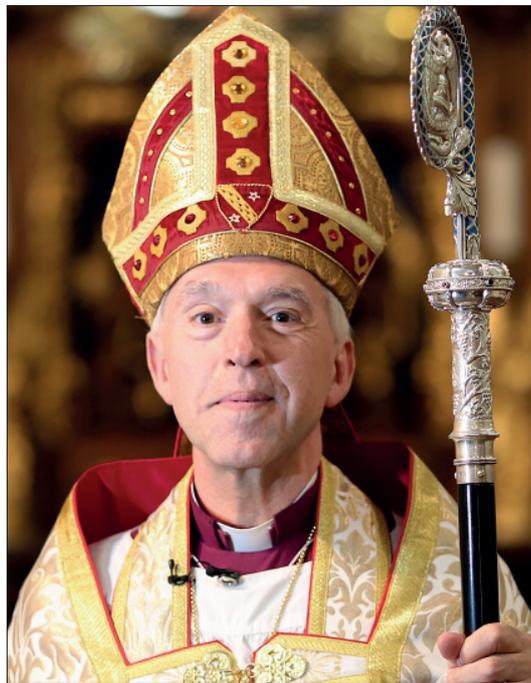


THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

## Annual Report and Accounts

# 2022



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

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Charity Registration Number 1142813

## Front cover photographs:

*top left:* The Bishop of Swansea and Brecon, John Lomas, is consecrated at St Deiniol's Cathedral, Bangor.

*top middle:* The Archbishop of Wales, Andrew John, is enthroned at St Deiniol's Cathedral, Bangor.

*top right:* The Assistant Bishop in Bangor, Mary Stallard, is consecrated at St Deiniol's Cathedral, Bangor.

*bottom left:* Congregation at Citizen Church, Cardiff.

*bottom middle:* Their Majesties The King and The Queen Consort visit Llandaff Cathedral following the death of HM The Queen.

*bottom right:* Congregation at Hope Street, St Asaph.

## CHAIR'S INTRODUCTION



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

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

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

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

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

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

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

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

**Professor Medwin Hughes**  
Chair of the Representative Body

## OBJECTIVES AND ACTIVITIES

### Public Benefit Statement

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

### Key Objectives

The Representative Body's key objectives are:

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

### Ongoing Objectives

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

### Additional Objectives for 2023

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

## ACHIEVEMENT AND PERFORMANCE

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

### Overall Financial Position

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

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

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

### General Funds

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

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

### Total Assets of the Representative Body

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

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

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

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

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

These funds are split as follows:

	£m
General Funds	475
Restricted Funds	5
Designated Funds	350
<b>Total</b>	<b>830</b>

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

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

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

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

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

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

## Supporting Ministry

### Grants to Dioceses

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

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

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

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

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

## CLERGY PENSION SCHEME

### Clergy Pension Scheme

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

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

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

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

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

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

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

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

## FINANCIAL REVIEW

### Investments decreased by 11.5% over 2022.

#### Investment Policy

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

#### Investment Objectives

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

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

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

#### Investment Managers

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

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

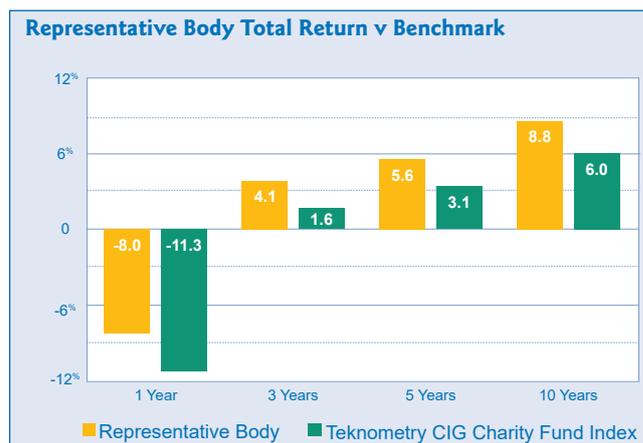
#### Overall Fund Performance

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

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

#### Total Return

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



#### Comparator

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

The property portfolio is measured against the MSCI Monthly Index.

#### Stock Exchange Investments

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

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

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

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

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

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

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

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

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

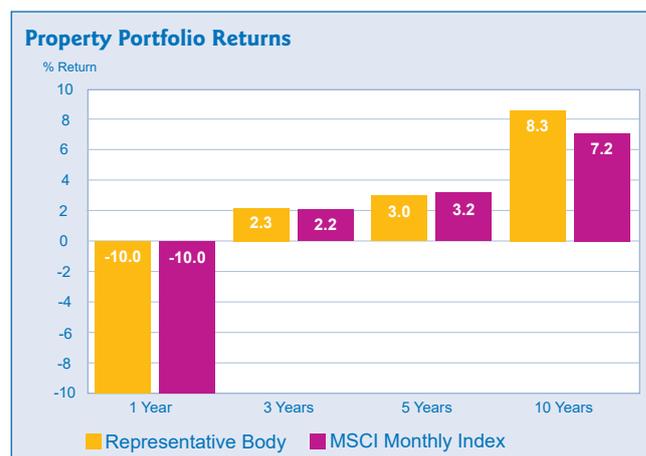
### Investment Property

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

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

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

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



## Ethical Investment Policy Statement

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

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

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

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

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

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

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

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

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

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

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

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

## Risk Management Policy

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

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

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

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

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

### 2. Insolvency of a diocese

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

### 3. Accelerated decline in church attendance

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

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

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

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

## Reserves Policy

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

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

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

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

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

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

## General Funds

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

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

## Designated Funds

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

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

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

## Restricted Funds

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

## FUTURE PLANS

### An assessment of forthcoming strategic priorities for the Representative Body.

#### Short to medium term issues

##### Support for the Dioceses

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

Examples of services and advice provided to dioceses:

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

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

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

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

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

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

##### Funding the Church in Wales

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

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

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

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

##### Operational development projects

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

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

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

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

### **Safeguarding**

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

### **Training for Ministry**

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

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

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

### **Monmouth Review**

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

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

## **Long term issues**

### **Pensions**

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

### **Climate Change**

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

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

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

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

## GOVERNANCE AND MANAGEMENT

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

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

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

### Membership Composition

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

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

### Membership Eligibility

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

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

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

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

### Membership – Induction and Training

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

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

### Committees

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

### Investment Committee

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

### **Property Committee**

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

### **Human Resources Committee**

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

### **Audit and Risk Committee**

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

### **Finance Committee**

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

### **Cathedrals and Churches Commission**

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

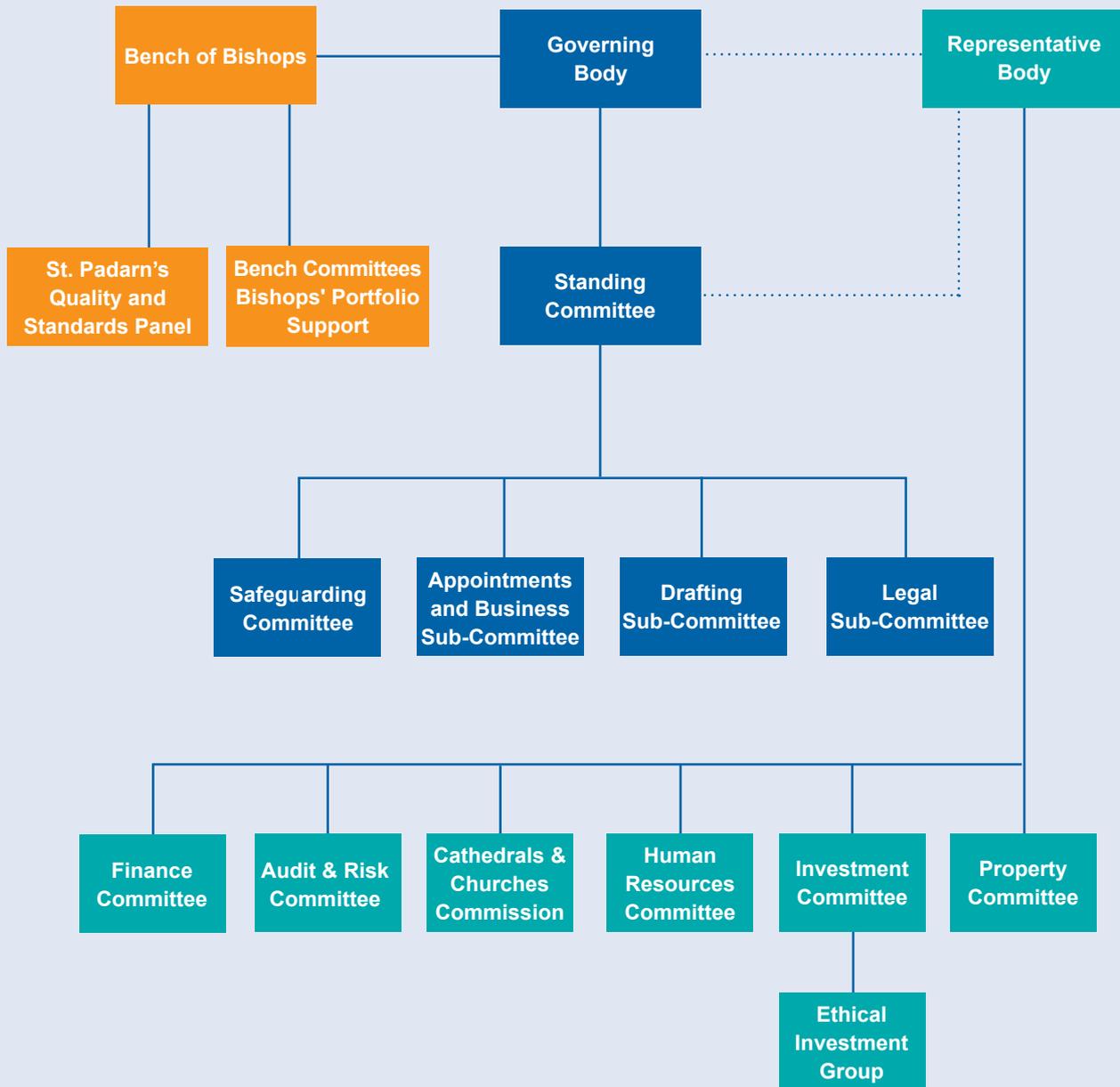
### **Conflicts of Interest**

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

### **Fundraising**

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

## THE PROVINCIAL STRUCTURE



## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

By order of the Representative Body.

**Professor Medwin Hughes, Chair**

**Mrs Hilary Wiseman, Deputy Chair**

26 June 2023

## INDEPENDENT AUDITORS' REPORT

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

#### Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

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

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

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

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

**Haysmacintyre LLP**  
Statutory Auditor  
26 June 2023

10 Queen Street Place  
London  
EC4R 1AG

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

# Statement of Financial Activities

For the year ending 31 December 2022

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

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

All activities are continuing.

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

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

# Balance Sheet

As at 31 December 2022

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

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

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

# Cash Flow Statement

For the year ending 31 December 2022

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

# Notes to the Accounts

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

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

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

## 1. Accounting Policies

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

The Representative Body is a registered charity, under the Charities Act 2011. The financial statements have been prepared on a going concern basis and in accordance with the Statement of Recommended Practice 2015 (SORP 2015) and applicable accounting standards in the United Kingdom (FRS 102). The accounts have been prepared in pounds sterling rounded to the nearest thousand.

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

### a. Basis of Accounting

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

### b. Income

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

### c. Expenditure

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

### d. Investments

#### *Investment Properties:*

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

#### *Property Unit Trusts:*

Property unit trusts are stated at market values based on net asset value per unit at 31 December 2022.

#### *Stock Exchange Securities:*

Stock exchange securities are stated at market values based on bid price at 31 December 2022. Securities denominated in foreign currency are converted into sterling at rates of exchange ruling at the balance sheet date. Investments sold are marked to market value at the date of sale. Consequently, the Statement of Financial Activities treats all movements as changes in the values of the investment portfolio.

### e. Non-Investment Properties

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

The Representative Body does not value the cathedrals and churches it owns, as cost information is not available and any conventional valuation techniques lacks sufficient reliability due to the unique and historically significant nature of the buildings. The Representative Body's Property Database confirms that assets include 6 Cathedrals, 1,383 Churches and 1,215 Churchyards at 31 December 2022. These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the Church's Faculty System which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times. Such assets are not marketed but are occasionally sold.

The following asset classes were valued by Savills (UK) Limited as at 31 December 2022 and the basis of the valuation is set out below:

**Parsonages, Bishops' Houses and Sundry Provincial Property** have been valued by the desktop valuation of a representative 19% sample of these properties and these results have been extrapolated to reflect the total valuation of the portfolio. There are also a number Sundry Property buildings and plots which are not straightforward to value. The valuation of these assets has been increased by 2.3% which is the average increase from the representative sample of Parsonage houses which are owned by the Representative Body.

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

*Accounting Policies Continued*

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

**Glebe** has been valued based on the desktop valuation of a representative 18% sample of the portfolio which has then been extrapolated to reflect the total value of the portfolio. The valuations were carried out by Cooke & Arkwright Limited and Jones Peckover Limited.

#### Depreciation of Other Tangible Assets

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

#### f. Heritage Assets

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

#### g. Foreign Currency Conversion

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

#### h. Designated and Restricted Funds

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

#### i. Pensions of Clergy and Surviving Spouses and Civil Partners

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

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

#### j. Staff Retirement Benefit Scheme

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

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

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

#### k. Taxation Status

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

#### l. Financial Instruments

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

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

#### m. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

## 2 Investment Income

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Gross income from property	3,714	-	-	<b>3,714</b>	3,460	-	-	3,460
Income from stock exchange securities	16,851	289	-	<b>17,140</b>	15,287	395	-	15,682
Interest from money market deposits and loans	107	-	-	<b>107</b>	9	-	-	9
	<b>20,672</b>	<b>289</b>	<b>-</b>	<b>20,961</b>	<b>18,756</b>	<b>395</b>	<b>-</b>	<b>19,151</b>

## 3 Raising Funds

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Stock Exchange Advisers	2,288	-	-	<b>2,288</b>	2,354	-	-	2,354
Investment Property Advisers	436	-	-	<b>436</b>	278	-	-	278
Sundry Property	253	-	-	<b>253</b>	139	-	-	139
Support Costs	304	-	-	<b>304</b>	252	-	-	252
	<b>3,281</b>	<b>-</b>	<b>-</b>	<b>3,281</b>	<b>3,023</b>	<b>-</b>	<b>-</b>	<b>3,023</b>

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

## 4 Support for Ministry

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Clergy Pension Provision (note 21)	4,905	-	-	<b>4,905</b>	4,575	-	-	4,575
Clergy Pension Contributions - Current	3,603	-	-	<b>3,603</b>	1,792	-	-	1,792
Ministry Training - St Padarn's Institute	2,441	-	-	<b>2,441</b>	1,988	-	-	1,988
Bishops	1,281	-	-	<b>1,281</b>	942	-	-	942
Clergy Property								
Diocesan Inspectors' Costs	491	-	-	<b>491</b>	449	-	-	449
Episcopal Residences	144	-	-	<b>144</b>	62	-	-	62
Sundry Property Costs	67	-	-	<b>67</b>	5	-	-	5
Safeguarding	358	-	-	<b>358</b>	292	-	-	292
Mission and Ministry	176	-	-	<b>176</b>	207	-	-	207
Sundry Clergy Benefits	115	37	-	<b>152</b>	3	-	-	3
Support Costs	616	-	-	<b>616</b>	626	-	-	626
	<b>14,197</b>	<b>37</b>	<b>-</b>	<b>14,234</b>	<b>10,941</b>	<b>-</b>	<b>-</b>	<b>10,941</b>

**5 Support for Dioceses and Parishes**

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Block Grant to Dioceses	2,567	-	-	<b>2,567</b>	2,028	-	-	2,028
Additional Grant Funding to Dioceses	-	-	-	-	8,697	-	-	8,697
Structural Resilience Fund	1,584	79	-	<b>1,663</b>	-	-	-	-
Repairs and Extensions to Churches	-	304	-	<b>304</b>	-	325	-	325
Emergency Aid	-	240	-	<b>240</b>	-	206	-	206
Evangelism Fund	-	1,107	-	<b>1,107</b>	-	1,195	-	1,195
Support Costs	2,091	-	-	<b>2,091</b>	1,987	-	-	1,987
	<b>6,242</b>	<b>1,730</b>	<b>-</b>	<b>7,972</b>	<b>12,712</b>	<b>1,726</b>	<b>-</b>	<b>14,438</b>

**6 Other Church Property**

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Redundant Churches	-	162	-	<b>162</b>	-	536	-	536
Church Sales Regulations	-	396	-	<b>396</b>	-	461	-	461
Climate Change Fund	-	48	-	<b>48</b>	-	34	-	34
Other Property Costs	2	-	-	<b>2</b>	4	-	-	4
Support Costs	583	-	-	<b>583</b>	402	-	-	402
	<b>585</b>	<b>606</b>	<b>-</b>	<b>1,191</b>	<b>406</b>	<b>1,031</b>	<b>-</b>	<b>1,437</b>

**7 Other Financial Support**

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
DACs and Cathedrals and Churches Commission	51	-	-	<b>51</b>	65	-	-	65
Cathedrals Funding	318	21	-	<b>339</b>	180	5	-	185
Grants to Anglican and Ecumenical Bodies	156	-	-	<b>156</b>	146	-	-	146
Provincial Court and Tribunals	10	-	-	<b>10</b>	12	-	-	12
Other Support	87	-	-	<b>87</b>	76	10	33	119
Support Costs	133	-	-	<b>133</b>	178	-	-	178
	<b>755</b>	<b>21</b>	<b>-</b>	<b>776</b>	<b>657</b>	<b>15</b>	<b>33</b>	<b>705</b>

**8 Communications**

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2022 £000				Funds 2021 £000			
Communications	175	-	-	<b>175</b>	192	-	-	192
Support Costs	110	-	-	<b>110</b>	131	-	-	131
	<b>285</b>	<b>-</b>	<b>-</b>	<b>285</b>	<b>323</b>	<b>-</b>	<b>-</b>	<b>323</b>

## 9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2022
<b>Funds 2022 £000</b>							
Chief Executive's Office	-	61	88	19	19	50	<b>237</b>
Human Resources	-	5	742	-	4	-	<b>751</b>
Office Services	43	78	273	80	19	13	<b>506</b>
Finance	247	178	198	77	39	-	<b>739</b>
Property	-	82	175	249	-	-	<b>506</b>
Legal	-	45	189	89	46	11	<b>380</b>
Information Technology	14	167	426	69	6	36	<b>718</b>
	<b>304</b>	<b>616</b>	<b>2,091</b>	<b>583</b>	<b>133</b>	<b>110</b>	<b>3,837</b>
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2021
<b>Funds 2021 £000</b>							
Chief Executive's Office	-	56	153	21	21	77	328
Human Resources	-	90	821	-	63	-	974
Office Services	34	76	247	54	24	15	450
Finance	208	152	106	65	33	-	564
Property	-	75	157	185	-	-	417
Legal	-	29	111	52	29	6	227
Information Technology	10	148	392	25	8	33	616
	<b>252</b>	<b>626</b>	<b>1,987</b>	<b>402</b>	<b>178</b>	<b>131</b>	<b>3,576</b>

The above figures include audit fees of £36,245 (2021: £32,950) in respect of the audit of the Representative Body, and £4,400 (2021: £5,335) in respect of the audit of the Staff Retirement Benefit Scheme.

The total expenditure for Human Resources of £751,000 includes an accounting adjustment under FRS 17 for the Staff Retirement Benefit Scheme of -£164,000 (2021: + £118,000).

### Basis of Allocation

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

**10 Staff Numbers and Remuneration**

	<b>Total 2022 £000</b>	<b>Total 2021 £000</b>
<b>Staff Costs</b>		
Salaries	<b>3,757</b>	3,497
National Insurance Contributions	<b>418</b>	357
	<b>4,175</b>	3,854
Current Service Pensions Costs (Defined Benefit Scheme)	<b>1,097</b>	1,026
FRS 102 Pension Scheme Adjustment	<b>(264)</b>	118
Defined Contribution Pension Costs	<b>150</b>	121
Unfunded Pension Costs	<b>23</b>	23
	<b>5,181</b>	5,142

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

	<b>Total 2022 Number</b>	<b>Total 2021 Number</b>
£0 to £10,000	<b>12</b>	11
£10,001 to £20,000	<b>17</b>	11
£20,001 to £30,000	<b>24</b>	23
£30,001 to £40,000	<b>37</b>	30
£40,001 to £50,000	<b>7</b>	11
£50,001 to £60,000	<b>11</b>	10
£60,001 to £70,000	<b>1</b>	-
£70,001 to £80,000	<b>4</b>	5
£80,001 to £90,000	<b>2</b>	-
£110,001 to £120,000	<b>-</b>	1
£120,001 to £130,000	<b>1</b>	-
	<b>116</b>	102

\*Employee benefits include gross salaries and allowances but do not include employers' pension costs. Of the 116 staff employed during 2022, 11 had left prior to the end of the year.

The key management personnel consists of seven staff members, as set out on page 39 of this report. The total amount of their employee benefits was £691,625 (2021: 7 members, £636,241).

**Trustees**

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

Eight (2021: fifteen) Trustees had expenses paid or were reimbursed for expenses in the year. This covered their expenses incurred in performing their duties as Trustees. The payments were for travel, subsistence and accommodation costs and totalled £863 (2021: £2,557).

One Trustee received remuneration from the Representative Body in connection with their office. This was the Most Reverend A T G John who is an Ex Officio Member of the Representative Body. His total remuneration was £51,740 (2021: £3,613) and pension contributions of £18,885 (2021: £1,319). A car was provided for the performance of his duties for which the cash benefit was £687 (2021: £143).

## 11 Staff Defined Benefit Pension Scheme

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

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

A full actuarial valuation of the Scheme was carried out as at 31 March 2021 and the next valuation of the Scheme is due as at 31 March 2024. The results of the 2021 valuation have been updated by an independent qualifying actuary to 31 December 2022 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

	2022 £000	2021 £000
<b>Amounts recognised in the Balance Sheet</b>		
Fair value of assets	17,351	19,132
Present value of funded obligations	(17,478)	(27,918)
Deficit in Scheme	(127)	(8,786)
<b>Net defined benefit liability</b>	<b>(127)</b>	<b>(8,786)</b>
<b>Amounts recognised in the Statement of Financial Activities</b>		
Current service cost	721	875
Administration cost	48	51
Interest on liabilities	562	456
Interest on assets	(390)	(238)
Past Service Costs	-	-
<b>Total</b>	<b>941</b>	<b>1,144</b>
<b>Remeasurements over the year</b>		
Loss / (gain) on Scheme assets in excess of interest	2,889	(1,811)
Gains from changes to assumptions	(11,730)	(3,548)
Experience losses / (gains) on liabilities	703	(250)
Gains from changes to demographic assumptions	(357)	(1,332)
<b>Total remeasurements</b>	<b>(8,495)</b>	<b>(6,941)</b>
<b>Reconciliation of assets and Defined Benefit Obligation:</b>		
The change in the assets over the year was:		
<b>Fair value of assets at the beginning of the year</b>	<b>19,132</b>	<b>16,970</b>
Interest on assets	390	238
Employer contributions	1,105	1,026
Contributions by Scheme participants	131	133
Benefits paid	(470)	(995)
Administration costs	(48)	(51)
Return on plan assets less interest	(2,889)	1,811
<b>Fair value of assets at the end of the year</b>	<b>17,351</b>	<b>19,132</b>

**11 Staff Defined Benefits Scheme *continued***

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>The change in the defined benefit obligation over the year was:</b>		
<b>Defined benefit obligation at the beginning of the year</b>	<b>27,918</b>	32,579
Current service cost	721	875
Contributions by Scheme participants	131	133
Past service costs	-	-
Interest cost	562	456
Benefits paid	(470)	(995)
Experience loss on liabilities	703	(250)
Changes to demographic assumptions	(357)	(1,332)
Changes to financial assumptions	(11,730)	(3,548)
<b>Defined benefit obligation at the end of the year</b>	<b>17,478</b>	27,918

**Assets**

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

**Actuarial Assumptions**

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

	<b>2022</b>	<b>2021</b>
Discount Rate	<b>4.60%</b>	2.00%
Inflation assumption (RPI)	<b>3.35%</b>	3.45%
Salary increases	<b>2.65%</b>	3.15%
Limited Price Indexation pension increases (RPI Max 5%)	<b>3.35%</b>	3.45%
Proportion married at retirement or earlier death	<b>80.0%</b>	80.0%
Post retirement mortality assumption:	95% of the S3PA tables and CMI 2020 projections with a long-term rate of improvement of 1.25% pa.	95% of the S3PA tables and CMI 2020 projections with a long-term rate of improvement of 1.25% pa.

**12 Non-investment Properties**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
At 1 January	<b>305,743</b>	290,284
Additions	<b>2,560</b>	1,433
Disposals	<b>(2,545)</b>	(4,734)
Net (decrease) / increase on revaluation	<b>(68,155)</b>	18,760
<b>At 31 December</b>	<b>237,603</b>	305,743
<b>Comprising:</b>		
Parsonage, bishops' houses and sundry provincial property	<b>197,259</b>	194,366
Churches	-	73,715
Church Halls	<b>15,013</b>	21,086
Glebe	<b>20,491</b>	12,026
Operational properties	<b>4,840</b>	4,550
	<b>237,603</b>	305,743

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

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

**Accumulated Depreciation**

At 1 January	49
Charge for the Year	11
At 31 December	60

**Net Book Value**

<b>31 December 2022</b>	<b>112</b>
31 December 2021	123

**14 Investment Properties****2022  
£000****2021  
£000**

At 1 January	63,825	57,040
Additions	3	-
Disposals	-	(1,580)
Net (decrease) / increase on revaluation	(10,943)	8,365
At 31 December	52,885	63,825

Investment properties were valued by Cushman & Wakefield at 31 December 2022 at £52,885,000 (2021: £63,825,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

**15 Property Unit Trusts****2022  
£000****2021  
£000**

At 1 January	9,823	16,832
Disposals	-	(3,996)
Net increase / (decrease) on revaluation	102	(3,013)
At 31 December	9,925	9,823

**16 Stock Exchange Securities****2022  
£000****2021  
£000**

At 1 January	708,272	650,682
Additions	275,543	151,655
Disposals	(249,505)	(138,352)
Net (decrease) / increase on revaluation	(111,187)	44,287
At 31 December	623,123	708,272
Historical cost at 31 December	530,381	504,343
Unrealised investment gains at 31 December	92,742	203,929
Investment gains calculated on historic basis	33,692	29,795
Listed in UK	227,470	267,805
Listed overseas	395,653	440,467
	623,123	708,272

<b>17 Money Market Deposits and Loans</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At 1 January	<b>22,667</b>	11,732
Advances	<b>6,221</b>	20,022
Repayments	<b>(14,797)</b>	(9,087)
At 31 December	<b>14,091</b>	22,667
Comprising:		
Money Market Deposits	<b>6,103</b>	15,092
Clergy Housing Loans	<b>7,808</b>	7,389
Diocesan Loans	<b>91</b>	95
Curates House Loans	<b>64</b>	66
Churches' Mutual Credit Union	<b>25</b>	25
	<b>14,091</b>	22,667

<b>18 Debtors</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Prepayments	<b>201</b>	209
Other debtors	<b>5,544</b>	5,135
Accrued income	<b>1,739</b>	1,663
	<b>7,484</b>	7,007

<b>19 Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Taxation and National Insurance Contributions	<b>447</b>	437
Rents received in advance	<b>285</b>	219
Amounts owed to special trusts	<b>1,425</b>	1,297
Other creditors	<b>1,163</b>	1,114
Accruals	<b>1,651</b>	1,437
	<b>4,971</b>	4,504

<b>20 Diocesan Maintenance of Ministry Fund</b>	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income				
Diocesan Boards of Finance	<b>11,076</b>		11,073	
Other Income	<b>2</b>		7	
		<b>11,078</b>		11,080
Less: Payments				
Clergy Stipends	<b>9,038</b>		9,008	
Curates Stipends	<b>886</b>		950	
National Insurance Contributions	<b>1,005</b>		956	
Vacancy Fees	<b>53</b>		22	
Sundry expenses and other payments	<b>96</b>		144	
		<b>11,078</b>		11,080

21 Clergy Pension Provision	31 December 2022		31 December 2021	
	£000	£000	£000	£000
Balance at 1 January		218,000		222,000
Current service contributions	3,762		3,756	
Transfer from General Funds:				
Allocation from income (note 4)	4,905		4,575	
Allocation of net investment (losses) / gains	(20,418)		22,135	
		(11,751)		30,466
<b>Less:</b>				
Pension payments to retired clergy	(4,974)		(4,759)	
Pension payments to surviving spouses and civil partners	(1,477)		(1,498)	
Gratuity payments of retired clergy	(1,291)		(1,393)	
Transfer Payments	(454)		(371)	
DIS Lump Sum Payments	-		(192)	
Administrative expenses	(78)		(99)	
		(8,274)		(8,312)
Transfer to Pension Equalisation Fund		(57,575)		(26,154)
Balance at 31 December		140,400		218,000

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

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

The key financial assumptions used for the full actuarial valuation at 31 December 2022 and the interim valuation for 2021 are set out below. The next full actuarial valuation of the Scheme is due to take place at 31 December 2025.

	31 December	
	2022	2021
<b>Financial assumptions (nominal % pa)</b>		
Discount rate	4.8%	1.8%
Inflation - RPI	3.4%	3.5%
Inflation - CPI	2.7%	2.7%
Stipend increases	3.2%	3.2%
Pension increases - Stipend Linked	3.2%	3.2%
Pension increases - RPI up to 5% p.a.	3.3%	3.4%
Deferred revaluation	3.3%	3.4%
<b>Post retirement mortality (life expectancy, in years)</b>		
Current pensioners age 65 – males	21.2	21.3
Current pensioners age 65 – females	23.6	23.6
Future pensioners age 65 (currently age 45) – males	22.1	22.3
Future pensioners age 65 (currently age 45) – females	24.7	24.7

**22 Designated Funds**

	<b>Balance 1 January 2022 £000</b>	<b>Income* £000</b>	<b>Expenditure* £000</b>	<b>Balance 31 December 2022 £000</b>
<b>Revaluation Reserve</b> (Unrealised gains on parsonages, churches, church halls and sundry property)	243,743	-	82,719	<b>161,024</b>
<b>Property Reserve</b> (Property improvements and acquisitions of parsonages)	34,636	2,546	-	<b>37,182</b>
<b>Church Repairs Capital Reserve</b> (Capital fund for church repairs)	16,110	29	1,541	<b>14,598</b>
<b>Church Sales Regulations</b> (Funds available from the sale of churches towards the cost of providing or adapting another place of worship in the same parish)	2,881	420	396	<b>2,905</b>
<b>Pension Equalisation Fund</b> (Funds available to meet future clergy pension liabilities)	57,344	57,774	37	<b>115,081</b>
<b>Evangelism Fund</b> (Funds available for dioceses to enact their strategies on evangelism and church growth)	7,862	6,000	1,107	<b>12,755</b>
<b>Climate Change Fund</b> (Funds available to support the climate change work of the Church in Wales)	598	-	48	<b>550</b>
<b>Diocesan Parsonage Improvement Fund</b> (Funds available for improvements to parsonages and acquisitions of new parsonages)	5,161	2,333	3,761	<b>3,733</b>
<b>Transformation Fund</b>	24	-	-	<b>24</b>
<b>Repairs and Extensions to Churches</b> (Funds available to parishes)	495	276	304	<b>467</b>
<b>Redundant Churches</b> (Funds available to contribute to costs arising in the maintenance and safety of redundant churches)	(44)	76	162	<b>(130)</b>
<b>Emergency Aid</b> (Funds available for emergencies)	340	301	240	<b>401</b>
<b>Cathedrals Funding</b> (Funds available for Quinquennial Inspections)	25	-	8	<b>17</b>
<b>Cathedrals Funding</b> (Funds available for Key Building Repairs)	-	1,500	-	<b>1,500</b>
<b>Cathedrals Funding</b> (Funds available for Project Development)	-	234	13	<b>221</b>
<b>Structural Resilience Fund</b> (Funds available for Provincial Projects)	-	264	79	<b>185</b>
<b>Overseas Fund</b> (Funds available at the discretion of the Bishops to assist in overseas aid)	56	13	-	<b>69</b>
<b>Overseas Students</b> (Funds available for overseas students)	1	-	-	<b>1</b>
* includes gains and losses.	369,232	71,766	90,415	<b>350,583</b>

**22 Designated Funds (Prior Year)**

	<b>Balance 1 January 2021 £000</b>	<b>Income* £000</b>	<b>Expenditure* £000</b>	<b>Balance 31 December 2021 £000</b>
Revaluation Reserve	228,395	15,348	-	<b>243,743</b>
Property Reserve	33,620	1,016	-	<b>34,636</b>
Church Repairs Capital Reserve	13,185	3,312	387	<b>16,110</b>
Church Sales Regulations	3,154	187	460	<b>2,881</b>
Pension Equalisation Fund	31,199	26,155	10	<b>57,344</b>
Evangelism Fund	9,057	-	1,195	<b>7,862</b>
Climate Change Fund	110	522	34	<b>598</b>
Diocesan Parsonage Improvement Fund	2,556	4,664	2,059	<b>5,161</b>
Transformation Fund	24	-	-	<b>24</b>
Repairs and Extensions to Churches	568	252	325	<b>495</b>
Redundant Churches	374	119	537	<b>(44)</b>
Emergency Aid	215	330	205	<b>340</b>
Cathedrals Funding	-	30	5	<b>25</b>
Overseas Fund	43	13	-	<b>56</b>
Overseas Students	1	-	-	<b>1</b>
	322,501	51,948	5,217	<b>369,232</b>

**23 Restricted Funds**

	Balance 1 January 2022 £000	Income £000	Expenditure £000	Balance 31 December 2022 £000
<b>St Michael's College Site</b> (Endowment Fund held for the operation of an educational institution)	4,550	290	-	4,840
	4,550	290	-	4,840

**23 Restricted Funds (Prior Year)**

	Balance 1 January 2021 £000	Income £000	Expenditure £000	Balance 31 December 2021 £000
<b>St Michael's College Site</b> (Endowment Fund held for the operation of an educational institution)	4,550	-	-	4,550
<b>Centenary Appeal Fund</b> (Funds available to support two specific projects)	-	33	33	-
	4,550	33	33	4,550

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

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds. The aggregate value of these special trusts at 31 December 2022 was £60,078,000 (2021: £67,165,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £1,701,000 (2021: £1,578,000) and was wholly distributed to beneficiaries.

**Custodian Trustee**

The Representative Body is the custodian trustee of 10 parsonages.

**25 Related Party Transactions**

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

The most significant transactions are as follows:

- The Archbishop and some stipendiary clergy are members of and in receipt of payment from the Representative Body. Payments to bishops and stipendiary clergy are based on the clergy stipends set out in the Constitution.
- The six Diocesan Boards of Finance received a Block Grant totalling £2,566,876 (2021: £2,028,000). Additional support was also provided to the dioceses in 2022 from the Structural Resilience Fund which totalled £1,584,000. As at 31 December 2022 the dioceses also had outstanding loans totalling £1,801,000 (2021: £1,868,00) which have been advanced under the Clergy Retirement Housing Loan Scheme.

**26 Charitable and Capital Commitments**

At 31 December 2022 the Representative Body has committed to pay £2.674 million to the dioceses in respect of the Block Grant in 2023. In addition, dioceses will receive an equal share of funding from the Structural Resilience Fund in 2023, amounting to £3.6 million in total.

The Representative Body has a commitment under an operating lease for the rental of 2 Callaghan Square, Cardiff greater than five years which totals £1.0 million (2021: £1.2 million).

**27 Stock Exchange Securities****31 December 2022  
Market Value****£000**                      **%****Fixed Interest**

British Government Bonds	37,696	6.0
UK Bonds	32,744	5.3
Overseas Bonds	22,644	3.6
<b>Total Fixed Interest</b>	<b>93,084</b>	<b>14.9</b>

**Equities**

Communication Services	12,373	2.0
Consumer Goods and Services	59,173	9.5
Energy (Renewables)	23,952	3.9
Financials	114,015	18.3
Health Care	86,613	13.9
Industrials	69,993	11.2
Materials	30,893	5.0
Property and REITs	18,513	3.0
Technology	89,257	14.3
Utilities	11,275	1.8
<b>Total Equities</b>	<b>516,057</b>	<b>82.9</b>
Alternative Assets	<b>13,982</b>	<b>2.2</b>
	<b>623,123</b>	<b>100.0</b>

**Top Twenty Holdings as at 31 December 2022**

	<b>£000</b>		<b>£000</b>
Microsoft Corp	19,346	Accenture Plc	8,150
AIA Group Ltd	16,686	Otis Worldwide Corp	7,954
Medtronic Plc	14,028	Essilorluxottica	7,678
Mastercard Inc	11,689	National Instruments Corp	7,290
CME Group Inc	11,585	Intl Flavors and Fragrances	7,281
Astrazeneca Plc	10,606	Alphabet Inc	7,022
HDFC Bank Ltd ADR	9,038	Relx Plc	6,943
Unilever Plc	9,033	2.75% Treasury Stock 2024	6,655
Merck & Co. Inc	8,776	Broadcom Inc	6,618
BNY Mellon Global Dynamic Bond Fund	8,185	Prudential Plc	6,451

# Ten Year Review - General Funds

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Income</b>										
Stock Exchange Investments	16,851	15,287	14,054	17,008	15,750	15,795	14,385	13,983	13,281	12,808
Property Income	3,714	3,460	3,202	3,670	3,560	3,565	3,480	3,408	3,513	3,916
Other Income	380	784	493	433	357	327	308	323	293	356
<b>Total Gross Income</b>	<b>20,945</b>	<b>19,531</b>	<b>17,749</b>	<b>21,111</b>	<b>19,667</b>	<b>19,687</b>	<b>18,173</b>	<b>17,714</b>	<b>17,087</b>	<b>17,080</b>
Investment Managers' Costs	(2,977)	(2,771)	(2,537)	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)	(1,793)
<b>Total Net Income</b>	<b>17,968</b>	<b>16,760</b>	<b>15,212</b>	<b>18,379</b>	<b>17,302</b>	<b>17,338</b>	<b>15,996</b>	<b>15,818</b>	<b>15,068</b>	<b>15,287</b>
<b>Less: Allocation to Clergy Pension Provision</b>	<b>(4,905)</b>	<b>(4,575)</b>	<b>(4,153)</b>	<b>(5,679)</b>	<b>(5,346)</b>	<b>(5,357)</b>	<b>(4,975)</b>	<b>(4,919)</b>	<b>(4,686)</b>	<b>(4,800)</b>
<b>Net Income after allocation to Clergy Pension Provision</b>	<b>13,063</b>	<b>12,185</b>	<b>11,059</b>	<b>12,700</b>	<b>11,956</b>	<b>11,981</b>	<b>11,021</b>	<b>10,899</b>	<b>10,382</b>	<b>10,487</b>
<b>Expenditure</b>										
Ministry Training	2,441	1,988	1,989	2,217	1,975	710	620	709	612	633
Bishops	1,281	942	918	990	939	967	926	873	839	833
Clergy Pension Contributions - current	3,603	1,792	-	-	-	-	-	-	-	-
Clergy Property	559	454	451	520	543	564	511	511	496	552
Mission and Ministry	176	207	199	245	180	189	256	320	341	341
Safeguarding	358	292	153	182	169	197	209	185	132	98
Sundry Clergy Benefits	115	3	18	4	4	5	4	6	5	7
Funding to Dioceses	4,151	10,725	12,403	6,158	6,158	6,293	6,293	6,293	6,793	6,610
Other Church Property and Financial Support	2,965	1,298	709	599	484	481	488	423	375	400
Communications	175	192	188	201	189	86	47	46	40	60
Provincial Services	4,001	3,459	3,746	3,654	3,365	3,107	2,645	2,441	2,324	2,360
Evangelism Fund / Transformation Fund	6,000	-	-	-	10,000	1,000	1,000	1,000	500	-
<b>Total Expenditure</b>	<b>25,825</b>	<b>21,352</b>	<b>20,774</b>	<b>14,770</b>	<b>24,006</b>	<b>13,599</b>	<b>12,999</b>	<b>12,807</b>	<b>12,457</b>	<b>11,894</b>
<b>Deficit</b>	<b>(12,762)</b>	<b>(9,167)</b>	<b>(9,715)</b>	<b>(2,070)</b>	<b>(12,050)</b>	<b>(1,618)</b>	<b>(1,978)</b>	<b>(1,908)</b>	<b>(2,075)</b>	<b>(1,407)</b>
<b>Reconciliation to the Statement of Financial Activities:</b>										
<b>Net expenditure before investment gains/(losses)</b>	<b>(4,400)</b>	<b>(8,532)</b>	<b>(9,415)</b>	<b>(1,683)</b>	<b>(2,576)</b>	<b>(1,978)</b>	<b>(2,026)</b>	<b>(2,115)</b>	<b>(1,419)</b>	<b>(940)</b>
Transfers between Funds	(8,198)	(753)	(310)	(200)	(10,100)	(100)	(100)	(100)	(600)	(100)
FRS 102 Pension Scheme Adjustment	(164)	118	10	(187)	626	461	137	342	(55)	(112)
Capital Gifts and Legacies	-	-	-	-	-	(1)	11	(35)	(1)	(255)
<b>Deficit as shown above</b>	<b>(12,762)</b>	<b>(9,167)</b>	<b>(9,715)</b>	<b>(2,070)</b>	<b>(12,050)</b>	<b>(1,618)</b>	<b>(1,978)</b>	<b>(1,908)</b>	<b>(2,075)</b>	<b>(1,407)</b>

## REFERENCE AND ADMINISTRATIVE INFORMATION

### Representative Body Membership

#### Chair and Deputy Chair

Professor M Hughes  
Chair

Mrs H M Wiseman  
Deputy Chair

#### Ex Officio Membership

The Most Reverend A T G John  
Archbishop of Wales

Mr T Llewellyn (*from 1 December 2022*)  
Chair of Standing Committee

Dr S Miller (*to 1 December 2022*)  
Chair of Standing Committee

Mrs S Allin (*from 22 March 2022*)  
Chair, St Asaph Diocesan Board of Finance

The Venerable J C Harvey (*from 22 November 2022*)  
Chair, Bangor Diocesan Board of Finance

The Right Reverend M K R Stallard (*to 5 April 2022*)  
Chair, Bangor Diocesan Board of Finance

Mrs H Evans (*from 19 July 2022*)  
Chair, St Davids Diocesan Board of Finance

Mr N Griffin (*to 19 July 2022*)  
Chair, St Davids Diocesan Board of Finance

Mr M A Lawley  
Chair, Llandaff Diocesan Board of Finance

Mr P E Lea  
Chair, Monmouth Diocesan Board of Finance

Sir P Silk (*to 8 August 2022*)  
Chair, Swansea and Brecon Diocesan Board of Finance

### Elected Membership

#### St Asaph

The Very Reverend N H Williams,  
Dean of St Asaph

Mrs H M Wiseman

#### Bangor

The Reverend M J Beecroft

Dr H J Parry-Smith

#### St Davids

The Venerable P Mackness,  
Archdeacon of St Davids

Mrs J A P Hayward

#### Llandaff

The Venerable M Komor,  
Archdeacon of Margam

Mr G I Moses

#### Monmouth

The Venerable J S Williams,  
Archdeacon of Newport (*to 11 October 2022*)

Miss P R Brown

#### Swansea and Brecon

The Venerable A N Jevons,  
Archdeacon of Brecon

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

#### Nominated Membership

Mr R Davies (*to 26 June 2023*)

Mr P D Kennedy

Mr T O S Lloyd OBE, DL, FSA

Mr C Clarke (*from 12 May 2023*)

#### Co-opted Membership

Professor M Hughes

Mrs J Heard

## Committee Membership

(\*denotes non-RB member)

### Investment Committee

Mr G I Moses (*Chair*)  
 Mr R Anning\*  
 Mr G Davies\*  
 Mr J G Davies\*  
 Professor M Hughes  
 Mr J Fox\*  
 Mr J Minett\*  
 Mr D G Myrddin-Evans\*  
 Mr R F Page\* (*to 31 March 2022*)  
 The Venerable I K Rees\*

### Audit and Risk Committee

Mrs J Heard (*Chair*)  
 The Very Reverend N H Williams  
 Mr V Jones\*  
 Mrs R Nelson\* (*from 31 March 2022*)  
 Mr D Richards\* (*from 31 March 2022*)  
 Sir P Silk\*

### Finance Committee

Mrs H M Wiseman (*Chair*)  
 The Most Reverend A T G John (*from 30 June 2022*)  
 The Right Reverend M K R Stallard (*to 5 April 2022*)  
 The Venerable P R Mackness  
 The Venerable J S Williams (*to 11 October 2022*)  
 Professor M Hughes (*from 30 June 2022*)  
 Mr M A Lawley

### Property Committee

Mr R Davies (*Chair, to 30 June 2023*)  
 Mr C Clarke  
 The Venerable A N Jevons  
 The Venerable M Komor  
 The Venerable P R Mackness  
 The Venerable N H Williams  
 The Venerable J S Williams (*to 11 October 2022*)  
 The Reverend M J Beecroft  
 Ms M Gerrard\*  
 Mr J E Jones\*  
 Mr D A Williams\*

## Human Resources Committee (formerly the People Committee)

Mr P D Kennedy (*Chair*)  
 The Right Reverend G K Cameron\*  
 The Venerable R H E Davies\* (*from 30 June 2022*)  
 The Reverend J W Davies\* (*from 30 June 2022*)  
 Mrs H Evans (*from 24 November 2022*)  
 Mr N Griffin (*to 19 July 2022*)  
 Mr J M Watson (*to 23 March 2023*)  
 Mrs H M Wiseman

## Cathedrals and Churches Commission

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

## Key Management Posts

Chief Executive  
 Head of Legal Services  
 Head of Finance  
 Head of Property Services  
 Head of Communications and Technology  
 Director of People Services  
 Principal of St Padarn's Institute

## Advisers

### Independent Auditors:

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

### Bankers:

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Cardiff  
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### Investment Property Advisers:

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### Investment Advisers:

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