

**Presbyterian Church of Wales**  
***(Registered Charity Number 1132022)***  
***Annual report***  
***For the year ended 31 December 2022***

# **Presbyterian Church of Wales**

## **Annual Report for the Year Ended 31 December 2022**

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## **Presbyterian Church of Wales**

### **Trustees, Officers and Advisers**

#### **Legal status of the Presbyterian Church of Wales**

The Presbyterian Church of Wales (also known as the Calvinistic Methodist Church of Wales) ("the Church") is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution adopted in 2008, together with its Handbook of Order and Rules, Constitutional Deed 1826, The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, and the Calvinistic Methodist or Presbyterian Church of Wales (Amendment) Act 1959. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

#### **Trustees**

The trustee appointments are confirmed at the Annual General Meeting, the General Assembly each year before completing induction activities.

The trustees, who served during the year to 31 December 2022, and up to the date of approval of the financial statements, are as follows:

Mrs Kathryn Morris	Treasurer of the Association in the South
Rev Brian H Jones	Chair of the Ministries Department and Chair of Trustees
Rev Elwyn Richards	Clerk of the Association in the North
Mr Hywyn Pritchard	Treasurer of the General Assembly
Rev J Paul Morgan	Treasurer of the Association in the East
Mr Dewi Lewis-Jones	Treasurer of the Association in the North
Rev T Evan Morgan	Moderator of General Assembly
Mr Stephen Wynn	Chair of the Resources Department and Properties Board
Mr Ian Hayward	Clerk of the Association in the East
Mr Anthony Platt	Clerk of the Association in the South
Mr Cliff Williams	Co-opted

#### **Principal Address**

Presbyterian Church of Wales  
Tabernacle Chapel  
81 Merthyr Road  
Whitchurch  
Cardiff CF14 1DD

#### **Principal Officers**

Rev Meirion Morris	General Secretary (Retired 30 <sup>th</sup> June 2022)
Rev Nan Powell-Davies	General Secretary (Appointed 1 <sup>st</sup> July 2022)
Mrs Ffion Williams	Head of Corporate
Mrs Joanna Thomas-Wright	Head of Strategic Support
Rev Wayne Adams	Assistant Director of Ministries (Appointed 1 <sup>st</sup> September 2022)
Mr Hedd Morgan	Assistant Director of Ministries (Appointed 1 <sup>st</sup> August 2022)
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support

#### **Bankers**

Barclays Bank plc  
85 High Street  
Blackwood  
NP2 1ZA

#### **Independent Auditors**

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

## **Presbyterian Church of Wales Trustees, Officers and Advisers**

### **Investment Managers**

Investec Bank plc  
2 Gresham Street  
London  
EC2V 7QN

### **Investment Managers (Properties Board Deposit)**

Barclays Wealth and Investments  
1 Churchill Place  
Canary Wharf  
London  
E14 5HP

### **Solicitors (including Charity and Employment Law)**

Geldards LLP  
Dumfries House  
Dumfries Place  
Cardiff  
CF10 3ZF

### **Actuaries and Pension Administrator**

Barnett Waddingham LLP  
St James's House  
St James's Square  
Cheltenham  
Glos GL50 3PR

### **Health and Safety Advisors**

CDM Consultant Limited  
12 Moriah Mews  
Risca  
Newport  
NP11 6RL

### **Connexional Property Solicitors**

ADVE Solicitors  
33 High Street  
Lampeter  
Ceredigion  
SA48 7BB



## **Presbyterian Church of Wales Annual Report of the Trustees**

The trustees are pleased to present their annual report together with the audited consolidated financial statements of the Presbyterian Church of Wales ("the Church") for the year ended 31 December 2022. The financial statements have been prepared on a going concern basis in compliance with the applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP): Accounting and Reporting by charities in preparing their financial statements in accordance with the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS 102).

### **Charitable Status**

The Church was registered as a charity with the Charity Commission for England and Wales on 7 October 2009. Prior to registration the Presbyterian Church of Wales was an excepted charity. This registration covers the central body of the Presbyterian Church of Wales only and does not cover local churches, Presbyteries or the Association in the three provinces. Discussions are on-going with the Charity Commission in relation to the constitution and whether or not one central registration could cover the whole Church in the future.

### **Church objectives**

The purpose of the Church is to worship God and spread the Gospel of the Lord Jesus Christ as it is revealed in the Holy Scriptures and expounded in our Doctrinal standards, by establishing and maintaining fellowships of people worshipping God and believing in the Lord Jesus Christ. We seek to achieve this purpose by:

- preaching the Gospel, administering the sacraments, pastoral care of local churches, holding meetings for fellowship and prayer;
- religious biblical education and training in the Faith;
- missionary work and evangelising at home and abroad, setting people aside for this work;
- providing and publishing literature;
- setting an example of Christian life and good works;
- serving our communities and our country through practical activity;
- taking a stand for justice and peace in the world;
- safeguarding our environment in every possible way.

In order to meet its objectives the General Assembly, together with the trustees, and its constituent courts review annually the developments, activities, achievements and performance of the Church.

In planning and reviewing its activities the Church has considered the Charity Commission's guidance on public benefit and in particular the specific guidance on charities for the advancement of religion.

### **Organisational structure**

The ultimate decision making body of the Presbyterian Church of Wales is the General Assembly which meets annually. The General Assembly is representative of the whole Church with representatives being nominated by the General Assembly Board and Departments of General Assembly and also the Association in the three Provinces and the 14 Presbyteries.

The day to day running of the Presbyterian Church of Wales and the implementation of the decisions of General Assembly is carried out by the General Assembly Board and its Executive Committee/Trustees Group with specific issues dealt with by six departments. Each department presents a report annually to the General Assembly through the General Assembly Board.

It is only the transactions and the assets and liabilities controlled by the General Assembly Board and the Departments which are included in these financial statements. The charity registration covers these funds only. Inter-fund grants, debtors and creditors are eliminated on consolidation.

## **Presbyterian Church of Wales Annual Report of the Trustees**

All transactions and assets/liabilities administered by local churches, Presbyteries and the Association in the three provinces are excluded from these financial statements.

The Properties Board of the Calvinistic Methodist Church of Wales or the Presbyterian Church of Wales ("Properties Board") is the custodian trustee of the Presbyterian Church of Wales. The Properties Board, a body corporate created by The Calvinistic Methodist or Presbyterian Church of Wales Act 1933, administers funds on behalf of local churches, Presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. All such funds are used in accordance with the objects of the Presbyterian Church of Wales.

The funds are held separately from other assets of the Presbyterian Church of Wales. The Properties Board has a separate bank account and the majority of funds are managed by Barclays Wealth Management.

At a local level, the Presbyterian Church of Wales is comprised of the Association in the three provinces (the North and South Association being mainly Welsh speaking with the Association in the East being the English speaking section of the Church). Each Association is divided into Presbyteries of which there are 14 in total. Each individual local church is a member of a Presbytery; the sizes of the current Presbyteries vary from 22 churches up to 67 churches. There were 496 churches at 31<sup>st</sup> December 2022 (2021: 530 churches).

### **Related parties**

The Church undertakes some of its work at its centres at Bala and Trefeca. These centres have been established as separate charities although they both report to the Resources Department. The Candidates and Training Department Fund has also been established as a separate charity and reports to the Ministries Department.

The transactions of these three charities are fully consolidated into the financial statements. The principal contact addresses and main activities of each charity are:

Coleg y Bala, Ffordd Ffrydan, Y Bala, Gwynedd, LL23 7RY

- Coleg y Bala continues to be the Church's training centre for children and young people and continues to employ gap year students as part of its programme.

Coleg Trefeca, Trefeca, Brecon, Powys, LD3 0PP

- Coleg Trefeca continues to be the Lay Training Centre for the Church and the work is guided by the Candidates and Training Department Fund. The Centre was closed from May to October 2023 as it was used to accommodate refugees from Ukraine.

Candidates and Training Department Fund, Tabernacle Chapel, Merthyr Road, Cardiff, CF14 1DD

- The object of the charity is to provide training for ministry for the Presbyterian Church of Wales.

In addition, the Church is the ultimate controlling party of the Welsh Calvinistic Methodist Assurance Trust. The principal activity of the company was that of an insurance company. However, the company ceased to trade in 2006 and is currently dormant.

Copies of the financial statements of all the above entities can be obtained from the General Secretary of the Presbyterian Church of Wales at the principal address shown on page 3. A summary of the results and financial position of the three charities is set out below:

## Presbyterian Church of Wales Annual Report of the Trustees

	Coleg Y Bala	Coleg Trefeca	Candidates and Training Department Fund
	Year Ended 31 December 2022 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2022 £'000
<b>Income</b>			
From Presbyterian Church of Wales	128	77	35
Charitable Activities (incl course fees)	34	3	-
Investment income and interest	4	1	9
Other	21	403	-
	<b>187</b>	<b>484</b>	<b>44</b>
<b>Expenditure</b>			
Salaries and wages	48	57	40
Other	124	166	76
	<b>172</b>	<b>223</b>	<b>116</b>
<b>Surplus / (Deficit)</b>	<b>15</b>	<b>261</b>	<b>(72)</b>

	Coleg Y Bala	Coleg Trefeca	Candidates and Training Department Fund
	31 December 2022 £'000	31 December 2022 £'000	31 December 2022 £'000
Tangible Fixed Assets	87	286	-
Heritage Assets	-	279	-
Investments	-	-	320
<b>Fixed Assets</b>	<b>87</b>	<b>565</b>	<b>320</b>
Net Current Assets/(Liabilities)	154	226	302
	<b>241</b>	<b>791</b>	<b>622</b>
Unrestricted Funds	241	512	622
Restricted Funds	-	279	-
<b>Total Funds</b>	<b>241</b>	<b>791</b>	<b>622</b>

### Summary of developments, activities, achievements and performance

The developments, activities and achievements of the Church are reviewed in the reports of the General Assembly Board and the departments published in the General Assembly proceedings.

During 2022, the previous General Secretary and Director of Ministries, Revd Meirion Morris retired, and the Revd Nan Powell Davies, the Assistant Director of Ministries was promoted to the role. The Assistant Director of Ministries post was filled by the Revd Wayne Adams and Mr Hedd Morgan.

In January of 2022, we launched our quinquennial appeal towards the work of Christian Aid. The 2022 appeal, called 'Seeds of Hope' was focussed on raising money for projects supporting those who are affected by climate change, specifically in Kenya and Honduras. The appeal began with the Moderator of the General Assembly walking 5KM in each Presbytery promoting the appeal throughout Wales,

One of the undoubted highlights over the past year was to have been able to offer the facilities at Trefeca College as an Emergency Centre, then a Welcome Centre to our brothers and sisters who had been displaced from their homes due to the Russian invasion of Ukraine. We worked with the Welsh Government and Powys County Council to provide a safe place for them to stay while in Wales, as well as supporting them to settle and find more permanent homes. The Centre was utilised in this way from

## **Presbyterian Church of Wales Annual Report of the Trustees**

April to October 2022.

As the pandemic abated during 2022, the number of churches that brought the cause to an end or merged with another congregation increased, resulting in a decrease in membership. With this decline in our traditional ways of doing things, the church invited applications from all Presbyteries for 14 new posts in Pioneering ministry aimed at fresh expressions of church and reaching people who we do not currently attract via our traditional ministry.

Following the decision that Coleg Trefeca would no longer be funded internally from 2023, and Coleg y Bala from 2024, potential partnerships have been sought. The Ministries Department accepted a business plan from an internal partner which will see the College form renewed relationships with churches within the Connexion and outside. Opportunities will also be sought to partner with other faith groups, as well as secular groups that share our ethos, such as those supporting people with addiction. The future vision of Children and Youth work and Coleg y Bala is still ongoing.

### **Financial review**

#### ***Incoming resources***

The primary source of income continues to be the Ministry and Mission Contribution (formerly Connexional Contribution) which is used towards the financing of our Ministers, Mission and Field workers throughout the Church. The continuing financial viability of the Church is dependent upon the contributions of membership as assessed annually and reflected in the Ministry and Mission Contribution. Contributions receivable increased from £2,049k in 2021 to £2,113k in 2022 due to the fall in membership being offset by no Covid rebate being given in 2022 as there had been in 2020 and 2021 (2020: £146k, 2021: £139k).

The Church's overall income decreased from £4,087k in 2021 to £4,033k in 2022, due to a decrease in other income as noted below being largely offset by an increase in income received by the colleges and centres from £28k in 2021 to £425k in 2022. The amount receivable from hosting refugees from Ukraine at Coleg Trefeca of £388k accounting for most of this increase. Investment income decreased from £413k in 2021 to £354k in 2022 due to prevailing market conditions and the change in investment policy restricting investment in certain sectors.

The main item within other income is a proportion of the proceeds of sale of buildings which is transferred to the central funds as income, and this sum decreased from £1,076k in 2021 to £916k in 2022. There were no furlough reclaims through the Covid job retention scheme in 2022 resulting in a reduction in other income as the sums of £441k and £320k were reclaimed in 2020 and 2021 respectively.

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A summary of the main categories of income is shown below:

	£'000	%
Ministry and Mission Contributions	2,113	52.4
Donations, legacies and grants	88	2.2
Investment income and interest	354	8.8
Income from Colleges and Centres	425	10.5
Other	1,053	26.1
<b>Total</b>	<b>4,033</b>	<b>100</b>

### ***Expenditure***

The main item of expenditure continues to be Ministry benefits which comprises the stipend, employer pension contributions and employers national insurance of all ministers. In addition the salary, employer pension contributions and employers national insurance of contracted employees promoting the interests of the Church through the Ministries Department are included as ministry benefits. A proportion of support is allocated to Ministerial Benefits (see Note 8).

A summary of the main categories of expenditure and their percentage of the total is as follows:

	£'000	%
Ministry benefits	4,109	75.3
Ecumenical and PCW contributions	769	14.1
Colleges and centres Costs	517	9.5
Other	63	1.1
<b>Total</b>	<b>5,458</b>	<b>100</b>

### ***Results***

The net outgoing resources, before movements in investments, actuarial gains and losses and an exceptional item, have increased from a deficit of £931k in 2021 to a deficit of £1,425k in 2022.

The movement can be principally attributed to the decrease in income as noted above and an increase expenditure from £5,018k in 2021 to £5,458k in 2022. The increase was principally attributed to an increase in support costs from £986k in 2021 to £1,214k in 2022 (see note 8), together with an increase in costs incurred by the colleges from £286k in 2021 to £396k in 2022 (excluding support costs) after resuming activities once restrictions were eased.

The net movement in funds in 2022 after investment gains and losses, actuarial gains and losses on the pension scheme and an exceptional item in relation to the closure of the defined benefit pension scheme to future accrual was a deficit of £158k (2021: surplus of £2,017k). In 2022 unrealised losses on investments were £1,204k and unrealised actuarial gains on the pension scheme were £1,198k (2021: unrealised gains of £1,156k and £1,774k respectively).

### ***Ministry and mission contribution (formerly Connexional contribution)***

A detailed review of overdue debts is regularly undertaken by the Association in each of the three provinces and by the Executive Committee/Trustee Group. During the year, there has been a significant increase of £54k (13%) in the gross debtor from £409k at 31 December 2021 to £463k at 31 December 2022.

A bad debt charge of £215k has been made against overdue Ministry and Mission contributions. The charge has increased by £26k in 2022 and represents a specific charge against 25 overdue amounts.

## Presbyterian Church of Wales

### Annual Report of the Trustees

#### Capital expenditure

During the year, capital expenditure of £109k was incurred at Coleg y Bala £87k, Coleg Trefeca £17k and the General Assembly office £5k; (2021: £13k was incurred on a fixed asset residential property).

#### Heritage Assets

In accordance with the provisions of FRS 102 (para 34.50 -34.56), the value of the Howell Harris Museum together with artefacts transferred from the National Library of Wales, Aberystwyth in 2014, located at Coleg Trefeca and included in the financial statements of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £279k (2021: £241k). The valuation used an insurance value and the trustees consider this a cost effective valuation method for this type of asset. There are further details in Note 1 – Statement of accounting policies and Note 11 – Heritage assets to the financial statements.

#### Investment policy and performance

The General Assembly in 2021 confirmed an updated investment policy to allow wider diversification of assets in the portfolio subject the Church ethical and environmental policies. The resolution notes that the assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes should include cash, bonds, equities, property, structured products, commodities and any other asset that is deemed suitable. Assets should not be invested in hedge funds or private equity.

The Church has an agreed customised benchmark and strategic asset allocation for the portfolio and measuring performance with the investment managers. The strategic asset allocation is noted below and it is estimated 75% of the portfolio will be direct holdings and 25% via pooled funds

	Strategic Asset Allocation	Benchmark
UK Equities	45%	FTSE All Share Index
Overseas Equities	30%	FTSE World (Ex UK) Index
Fixed Interest	15%	FTSE Government All Stocks Index
Property	5%	IPD Monthly Index
Infrastructure	5%	Bank of England Base Rate (+2%)
Cash	0%	

During the year to 31 December 2022, the performance of the fund was -9.50% against the benchmark of -5.81%.

Investment performance is monitored by the executive committee appointed by the Resources Department and Properties Board by means of quarterly reports and at least one meeting per year with the investment manager.

#### Investment properties

The Church holds 11 properties for investment purposes all of which were valued in 2022. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was transferred from fixed assets in 2022 and was transferred at net book value and one property was purchased in 2022, both were revalued at 31 December by a Chartered Surveyor. All properties are scheduled to be valued every three years. In the intervening years market values are adjusted using a recognised index.

Ten properties are residential; the ninth property was acquired in 2012 at a market value of £180k, as per a chartered surveyors report. The property is a commercial property, located next to the central office in Whitchurch, Cardiff and was previously managed by the trustees of Tabernacle Chapel, Whitchurch, Cardiff.



## **Presbyterian Church of Wales**

### **Annual Report of the Trustees**

#### ***Resources expended***

The Church does not undertake any fund-raising activities and, consequently, there are no costs of generating funds to disclose.

Charitable Expenditure can be broadly divided into three activities:

- i) *Ministry Benefits* are costs of service (including stipend, employers national insurance and pension costs) for ministers in pastorates together with those ministers serving the Church in other posts. This amount also includes the costs of those employees serving the Church through the Ministries Department.
- ii) *Ecumenical and PCW Contributions* are amounts paid to partner organisations throughout Wales and worldwide to promote the objects of the Church through Mission and Ministry. The contributions are analysed between internal Church amounts, those relating to Wales/United Kingdom and those to international churches and church bodies. These sums include annual affiliations to UK and International inter-church organisations.
- iii) *Colleges and centres costs* relate to all amounts incurred by Coleg y Bala and Coleg Trefeca in their work as the centre for training children and young people and lay training centre respectively.

Support costs are allocated based upon an estimate of the proportion of staff time that has been spent on each charitable activity. The appropriateness of this split is reviewed annually as part of the preparation of the financial statements; and the current percentage allocation is 55% ministry benefits, 35% ecumenical/PCW contributions and 10% colleges and centres costs.

#### **Risk management**

The Church has developed a risk strategy to identify, assess and monitor the risks that the Church may be exposed to. A comprehensive risk register is reviewed annually by the General Assembly Board and the trustees. A further review of the strategy and the risk register is to be carried out in 2023 to assess the impact of Covid-19 on the activities and finances of the Church.

The Executive Committee/Trustees Group, in conjunction with the General Assembly Board, have developed a rolling plan to mitigate the major risks to which the organisation is exposed. Major risks are those which may have significant impact on:

- the effective governance of the Church;
- the ability to finance all current activities;
- legislative compliance including Health and Safety, Employment Law and the protection of children and vulnerable adults.
- the reputation of the Church; and
- operational performance given the continued decline in ministers and members.

The Board and trustees prioritise the risks according to the likelihood of occurrence and potential impact. The trustees have linked the setting and monitoring of objectives to this risk management exercise by defining risks as those occurrences which prevent the Presbyterian Church of Wales from achieving its objectives.

#### **Reserves policy**

The Church's policy is to maintain the amount of total reserves at the equivalent of 2 years' worth of expenditure. Current levels of annual expenditure require reserves to be maintained at £10,000k. At this level, the trustees believe that they would be able to continue the current activities of the Church in the event of a drop in income. At 31 December 2022 total reserves were £18,708k (2021: £18,866k) and the trustees have agreed a financial forecast to reduce reserves to £10,000k over a five to ten year period (excluding any Pension reserve which stood at £6,798k at the end of 2022). Further consideration is to

## **Presbyterian Church of Wales**

### **Annual Report of the Trustees**

be given to ensuring sufficient reserves are held in cash, noting that a further £1,084k is held in long term debt through the mortgage and car loan schemes, and whether a specific sum should be set aside to fund any future deficit in the Church's defined benefit pension scheme. It is therefore deemed that sufficient and appropriate resources are held to enable each fund to be applied in accordance with any restrictions.

The value in the pension reserve has been calculated in accordance with the provisions of FRS102.

The Executive Committee/Trustees Group intend to review the adequacy of the current reserves policy in the light of their financial forecasts; these forecasts to be reconsidered in detail in 2023 and 2024 taking into account the impact of the Covid-19 pandemic on the activities and finances of the Church at all levels.

### **Investment review**

#### ***Market Commentary (from Investment Manager Investec January 2023)***

Few investors will look back fondly on 2022, a year in which they suffered the rare combination of losses in both equities and bonds. World equity indices closed at their highest level on the first trading day of the year and suffered a series of declines before finding some sort of floor in October. Although corporate earnings expectations have held up well in aggregate, the valuation that investors have been willing to ascribe to those earnings has been progressively reduced owing to the rising level of both cash interest rates and government bond yields. These, in turn, were driven higher by increasingly aggressive moves by central banks to tighten monetary policy in the face of rising inflation. The persistence of higher inflation was, perhaps, the defining factor of the past year, although its origins are still the subject of heated debate. Disruption from the Covid pandemic was a culprit, with supply chains thrown into disarray, but that should eventually normalise. The lagged effects of very loose fiscal and monetary are also being felt. Then there are the more direct results of Russia's invasion of Ukraine, especially in terms of energy prices in Western Europe, as well as other geopolitical shifts that have put obstacles in the way of the continued expansion of global trade. All of which leaves the outlook for 2023 somewhat cloudy, with threats of recession hanging over the global economy. This could finally undermine corporate earnings. On a more positive note, the annual rate of inflation does seem to have peaked, and there is a growing expectation that the interest rate cycle will also top out within the next twelve months. Both of these factors will finally lay the foundations for a new bull market to emerge. And after a year during which the UK had four Chancellors of the Exchequer and three Prime Ministers, greater political stability would also be welcomed.

The Bloomberg consensus World GDP growth forecast for 2022 started the year at 4.4% and hit a trough of 2.9% in August. There is some consolation in the fact that estimates have not deteriorated since then, with economists now expecting a growth rate of 3%. There is no expectation of a quick recovery in 2023, with the current forecast of 2.1% being perilously close to the sub-2% level that is widely regarded as being the definition of a "global recession".

We end 2022 with expectations for global inflation still at their peak of 7.45%, as are forecasts for 2023, which currently sit at 5.2%. But the underlying trend should be lower as the effects of tighter monetary policy are felt through the economy.

One of the biggest uncertainties for 2023 is the path of corporate earnings. Analysts' "bottom up" forecasts remain remarkably resilient, but strategists' "top down" forecasts are less sanguine. This mismatch of expectations could be resolved within the first few months of the year, and we suspect in favour of the strategists. Thus, we retain a somewhat cautious stance on equities for now.

The relaxation of China's zero-Covid stance was initially greeted with enthusiasm, but the release of the virus into a population with limited immunity has created new threats of short-term disruption. Even so, the worst effects should have been felt within the next few weeks.

It is important to be mindful of the fact that equity markets will start to recover long before the economy or earnings. We expect market sentiment to recover during 2023.

### **Performance**

In 2022 the portfolio was disadvantaged by not being able to invest in sectors which are precluded by the Church ethical investment policy. The total return on Presbyterian Church of Wales fund was -9.50% for 2022 compared with the return from the benchmark of -5.81%.



## **Presbyterian Church of Wales Annual Report of the Trustees**

The value of the fund solely managed by Investec Bank Plc was £9,414k as at 31 December 2022 (2021: £10,772k) There was no capital withdrawal/addition from/to the portfolio in either 2021 or 2022.

The Presbyterian Church of Wales funds are long term investments and the current asset allocation and benchmark within the portfolio are noted above in the section on investment policy and performance. In the light of the adoption of a new broader investment policy by the General Assembly, the Resources Department adopted a new asset allocation of the portfolio and in particular investing in overseas equities, property unit trusts and alternatives to further diversify the portfolio. The Church has adopted an environmental policy and therefore divesting from oil and gas stocks was a requirement of the new portfolio.

ESG (Environmental, Social and Governance) issues are factors in measuring the sustainability and societal impact of investing in particular companies and will continue to be prevalent in setting investment strategies.

### **COVID-19**

The impact of the measures to combat the spread of Covid-19 affected the work of the Church at both local and central level. A number local churches which closed in March 2020 have decided not to reopen. The centres at Bala and Trefeca have taken appropriate measures to and reopened in accordance with guidelines issued by the relevant public health authorities.

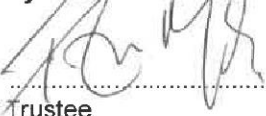
The Executive Committee/Trustees Group are considering the risk register, financial forecasts and reserves policy in the light of the effects of the Covid-19 pandemic including potential loss of revenue should membership numbers fall by greater than previously forecasted.

### **Future developments**

The following items will hopefully be considered by the Board and departments in 2023 with recommendations or progress updates presented to the General Assembly in 2023.

- the 2022 Christian Aid appeal 'Seed of Hope';
- the implementation of the recommendations from the review of the centres and the development of the work at Coleg Trefeca and Coleg y Bala;
- the ongoing programme to enable pioneer ministries throughout the Presbyteries;
- the development of a practical ten-point guide to the Church environmental policy covering types of energy, net zero buildings and heating, fair trade, investments etc;
- the possibility of securing the benefits in the defined benefit pension scheme with an insurance company;
- the development of pastoral care for Ministers and workers including the establishment of a pastoral care team;
- the report on the work of the Interdenominational Protection Panel;
- the latest from the Golud scheme, 'Living with Dementia' and;
- the potential to strengthen the relationship with the Presbyterian Church of India.

**By order of the trustees**

  
.....  
Trustee

Date: 16 June 2023

## **Presbyterian Church of Wales Annual Report of the Trustees**

### **Statement of trustees' responsibilities**

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

**By order of the trustees**

  
.....  
Trustee

Date: 16 June 2023

# **Presbyterian Church of Wales**

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

### **Opinion**

We have audited the financial statements of Presbyterian Church of Wales (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31<sup>st</sup> December 2022 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31<sup>st</sup> December 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Presbyterian Church of Wales**

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

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

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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

*Azets Audit Services*

**Azets Audit Services**  
Chartered Accountants & Statutory Auditor  
Ty Derw  
Lime Tree Court  
Cardiff Gate Business Park  
CF23 8AB

Date: *30 June 2023*

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**Presbyterian Church of Wales**  
**Consolidated and Parent Charity Balance Sheets as at 31 December 2022**

	Note	Unrestricted funds	Restricted funds	Total funds	Total funds
		£'000	£'000	2022 £'000	2021 £'000
<b>Income from generated funds:</b>					
Ministry and mission contributions		2,113	-	2,113	2,049
Donations		44	27	71	69
Legacies		-	6	6	-
Grants		4	7	11	30
Income from investments	3	157	197	354	413
<b>Income from charitable activities:</b>					
Colleges and centres		-	425	425	28
Other income	4	1,041	12	1,053	1,498
<b>Total</b>		<b>3,359</b>	<b>674</b>	<b>4,033</b>	<b>4,087</b>
<b>Expenditure on:</b>					
Charitable activities:					
Ministry benefits	6	3,418	691	4,109	3,916
Ecumenical and PCW contributions	7	542	227	769	685
Colleges and centres costs		111	406	517	385
		4,071	1,324	5,395	4,986
Other		49	14	63	32
<b>Total</b>		<b>4,120</b>	<b>1,338</b>	<b>5,458</b>	<b>5,018</b>
<b>Net income / (expenditure) before exceptional item</b>		<b>(761)</b>	<b>(664)</b>	<b>(1,425)</b>	<b>(931)</b>
<b>Exceptional item</b>					
Settlement and curtailment income on closure to future accrual of defined benefit pension scheme		1,235	-	1,235	-
<b>Net income / (expenditure) after exceptional item</b>		<b>474</b>	<b>(664)</b>	<b>(190)</b>	<b>-</b>
Net gains / (losses) on investments	12	(252)	(952)	(1,204)	1,156
<b>Net income / (expenditure)</b>		<b>222</b>	<b>(1,616)</b>	<b>(1,394)</b>	<b>225</b>
Transfers between funds		(187)	187	-	-
Other recognised gains / (losses):					
Loss on disposal of fixed assets		-	-	-	-
Valuation of heritage assets	11	-	38	38	18
Actuarial (loss)/gain on defined benefit pension scheme	9	1,198	-	1,198	1,774
<b>Net movement on funds</b>		<b>1,233</b>	<b>(1,391)</b>	<b>(158)</b>	<b>2,017</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		9,821	9,045	18,866	16,849
<b>Total funds carried forward</b>		<b>11,054</b>	<b>7,654</b>	<b>18,708</b>	<b>18,866</b>

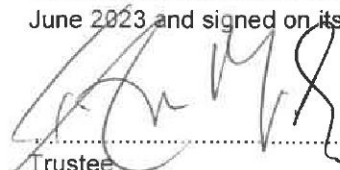
The statement of financial activities incorporates the statement of comprehensive income.


All activities are continuing.

**Presbyterian Church of Wales**  
**Consolidated and Parent Charity Balance Sheets as at 31 December 2022**

		Group		Charity	
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Fixed assets</b>					
Tangible fixed assets	10	381	581	8	224
Heritage assets	11	279	241	-	-
Investments	12	12,258	12,999	11,938	12,632
		<u>12,918</u>	<u>13,821</u>	<u>11,946</u>	<u>12,856</u>
<b>Current assets</b>					
Stock	13	2	6	-	-
Debtors	14	2,269	2,123	2,545	2,333
Short term deposits		224	264	12	12
Cash at bank and in hand		511	778	107	382
		<u>3,006</u>	<u>3,171</u>	<u>2,664</u>	<u>2,727</u>
<b>Creditors:</b> amounts falling due within one year	15	(794)	(629)	(1,176)	(720)
<b>Net current assets</b>		<u>2,212</u>	<u>2,542</u>	<u>1,488</u>	<u>2,007</u>
<b>Creditors:</b> amounts falling due after more than 1 year	15	(3,220)	(2,256)	(3,220)	(2,256)
<b>Net assets excluding pension scheme asset</b>		<u>11,910</u>	<u>14,107</u>	<u>10,214</u>	<u>12,607</u>
Pension scheme surplus	9	6,798	4,759	6,798	4,759
<b>Net assets</b>		<u>18,708</u>	<u>18,866</u>	<u>17,012</u>	<u>17,366</u>
<b>Funds</b>					
Unrestricted	16	4,256	5,062	4,256	5,062
Pension reserve		6,798	4,759	6,798	4,759
		<u>11,054</u>	<u>9,821</u>	<u>11,054</u>	<u>9,821</u>
Restricted	17	7,654	9,045	5,958	7,545
<b>Total funds</b>		<u>18,708</u>	<u>18,866</u>	<u>17,012</u>	<u>17,366</u>

The financial statements on pages 18 to 40 were approved by the Board of Trustees on 16 June 2023 and signed on its behalf by:

  
 Trustee

  
 Trustee

**Presbyterian Church of Wales**  
**Consolidated Cash Flow Statement for the year ended 31 December 2022**

	Note	2022 £'000	2021 £'000
<b>Reconciliation of net expenditure to net cash generated from /(used by)</b>			
Net (expenditure)		(1,425)	(931)
Adjustments for:			
Investment income	3	(354)	(413)
Pension Fund	9	394	436
Depreciation charges	10	94	96
Add:			
Decrease / (Increase) in stocks	13	4	-
Decrease / (increase) in debtors	14	(146)	(59)
Increase in creditors	15	165	59
Net cash generated from/(used by) operating activities		(1,268)	(812)
<b>Statement of cash flows</b>			
<b>Cash flows from operating activities</b>			
Net cash generated from/ (used by) operating activities		(1,268)	(812)
<b>Cash flows from investing activities:</b>			
Interest from investments		354	413
Purchase of investments		(7,646)	(1,052)
Proceeds from sale of investments		7,398	1,052
Proceeds from sale of fixed assets		-	-
Purchase of property, plant and equipment		(109)	(13)
Net cash provided by investing activities		(1,271)	(412)
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		964	752
<b>Net cash provided by (used in) financing</b>			
<b>Change in cash and cash equivalents</b>		(307)	340
Cash & cash equivalents at 1 January		1,042	702
<b>Cash &amp; cash equivalents at 31 December</b>		<b>735</b>	<b>1,042</b>
<b>Cash equivalents at the year end comprise:</b>			
Short term deposits		224	264
Cash at bank and in hand		511	778
<b>Cash &amp; cash equivalents at 31 December</b>		<b>735</b>	<b>1,042</b>



# **Presbyterian Church of Wales**

## **Notes to the financial statements for the year ended 31 December 2022**

### **1. Principal accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the revaluation of certain land and buildings, heritage assets and investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011, using consistently applied accounting policies. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements consolidate those of Coleg y Bala, Trefeca College, the Candidates and Training Department Fund and the Welsh Calvinistic Methodist Assurance Trust (dormant). In accordance with the Charities SORP, no separate Statement of Financial Activities has been presented for the Church alone.

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

#### **Fund accounting**

The purpose of the unrestricted funds (note 16) is to finance the general running of the Presbyterian Church of Wales. The primary source of income is the Ministry and Mission Contribution (formerly Connexional Contribution), the levy paid by each church within the Connexion. Unrestricted funds are used to finance the day to day running of the Church including the General Assembly and its constituent Boards and the administrative office in Cardiff.

Restricted funds (note 17) are funds subject to specific restrictive conditions imposed by the donor or by the purpose of an appeal. The principal restricted fund relates to the Ministries Department (formerly Life and Witness Board) General Fund (an amalgamation of the JJ Maintenance of Ministry, Mission Board and Christian Education Board Funds), the purpose of which is restricted to financing ministerial costs and mission work.

All income and expenditure is shown in the Statement of Financial Activities.

#### **Accruals**

The financial statements have been prepared on an accruals basis. All liabilities are recognised at their settlement value.

#### **Incoming resources**

Income from donations and gifts, legacies and grants is recognised on a receivable basis when there is sufficient certainty of receipt and the value of the incoming resource can be measured with sufficient reliability.

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Expenditure on tangible fixed assets with a cost below £3,000 is not capitalised.

Depreciation is charged by equal annual instalments to write down the cost of the assets to their expected residual values over their estimated useful lives at the following rates:

Buildings	2% per annum
Motor vehicles	20% per annum
Computer equipment	20% per annum
Fixtures and fittings	10% - 20% per annum
Property improvements	5% per annum

## **Presbyterian Church of Wales**

### **Notes to the financial statements for the year ended 31 December 2022**

Freehold land is not depreciated. The useful economic lives of fixed assets are reviewed at the end of each accounting period along with a review for impairment where indicators of potential impairment are identified. There has been no change in the rates of depreciation in the year.

#### **Heritage Assets**

The Howell Harris Museum at Coleg Trefeca shows aspects of the life of Howell Harris, whose 1735 conversion led to the founding of Welsh Methodism; also the community 'Teulu Trefeca', which he established at the College in 1752. The displays include a room as it might have been in Harris' time, an outdoor preaching scene and panels telling his story. A collection of 32 religious books, most of which were printed by the 'Trevecka press' in the late eighteenth century are displayed in rotation in the museum along with artefacts and furniture from Harris's period at the College.

The museum also houses artefacts of the Presbyterian Church of Wales which were previously housed at the National Library of Wales. Items include furniture, silverware and other items of historical significance.

In accordance with the provisions of FRS 102, heritage assets have been included in the financial statements at their insurance valuation contained within the College policy with Ecclesiastical Insurance. The insurance value is reassessed annually. Any costs to maintain the museum or its artefacts are charged to the Statement of Financial Activities as incurred. The assets are deemed to have indeterminate lives and therefore no depreciation is charged.

The museum is managed by the trustees of College and on a day to day basis by the centre manager. Details of the artefacts are kept at the College. Additions to the museum can be made by way of donation. Any purchases or disposals (in exceptional circumstances) require the approval of the trustees and the Church through the General Assembly Board. The museum and artefacts are generally accessible Monday to Friday between 10am and 4pm. Coleg Trefeca and the museum were closed from March 2020 to May 2021 due to Covid-19 and again from May to October 2022 whilst the centre hosted refugees from Ukraine.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

#### **Fixed asset Investments**

- (a) Listed investments are stated at market values based on bid prices at 31 December 2022. Profits and losses on sales of investments are calculated by reference to the opening carrying amount and are transferred directly to the relevant funds. Unrealised revaluation surpluses or deficits are also included in the relevant funds movement. Both profits and losses on disposals and unrealised surpluses or deficits arising on revaluation of investments are reported in the Statement of Financial Activities.
- (b) Investment properties are included in the balance sheet at fair value. Professional valuations are performed every three years on each property and market values are index linked in the intervening years. Depreciation is not provided on investment properties as the properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. Depreciation or amortisation is only one of the many factors reflected in the property valuation and the amount which might otherwise have been shown cannot be identified. A valuation of investment properties was undertaken for the year ending 31<sup>st</sup> December 2022. Under normal circumstances valuations are undertaken every 3 years and revalued using a recognised index in the intervening years.

#### **Stock**

Stock is stated at the lower of cost and net realisable value.

#### **Pensions**

## **Presbyterian Church of Wales**

### **Notes to the financial statements for the year ended 31 December 2022**

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries. The scheme was closed to future accrual on 30 September 2022

The scheme is accounted for in accordance with the requirements of FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a separate fund entitled 'Pension Reserve' which is added or deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

As from 1 October 2022 active members were transferred to a defined contribution scheme administered by Cushon. In order to comply with auto enrolment regulations the Church operates, in addition to the scheme administered by Cushon, another defined contribution scheme administered by AEGON for those ministers and employees who were not part of the defined benefit scheme and have not elected to join the new Cushon defined contribution scheme.

#### **Taxation**

The Church is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Church's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

#### **Consolidation**

The consolidated financial statements incorporate the results of the Church and each of its subsidiaries for the financial year ended 31 December 2022. Intra-group balances and transactions are eliminated on consolidation. Uniform accounting policies are applied across the group.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **i. Defined benefit pension scheme**

The Church has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 9.

The Trustees consider that there are no further significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

# Presbyterian Church of Wales

## Notes to the financial statements for the year ended 31 December 2022

### 2. Results of Connected Charities \*

(\* excludes grant received from the Church)

	2022 £'000	2021 £'000
<b>Incoming resources</b>		
Course fees	34	27
Shop sales	2	-
Donations, grants and legacies	423	40
Investment income	10	14
HMRC Furlough reclaims	-	49
Sundry income	6	4
Total incoming resources	475	134
<b>Resources Expended</b>		
Charitable activities	506	393
Other	7	5
Total resources expended	513	398
<b>Net outgoing resources</b>	<b>(38)</b>	<b>(264)</b>

These results relate to the three connected charities, Candidates and Training Department, Coleg Trefeca & Coleg y Bala and exclude any grants received from the Presbyterian Church of Wales

### 3. Investment income

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<i>Investment Income</i>				
Unit trusts	21	16	20	15
Property unit trusts	4	-	4	-
Overseas fixed interest	8	-	8	-
Overseas equities	22	-	21	-
UK Fixed Interest and cash	36	22	35	21
UK Equities	197	304	190	294
Investment Property	66	71	66	71
	<b>354</b>	<b>413</b>	<b>344</b>	<b>401</b>

### 4. Other Income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	£'000	£'000	2022 £'000	2021 £'000
Bank interest	-	6	6	2
Loan interest receivable	32	-	32	29
HMRC furlough reclaim	-	-	-	320
Profit on sales of chapels and manses	916	-	916	1,076
Sundry income	4	6	10	24
Pension – interest	89	-	89	47
<b>Total – Group</b>	<b>1,041</b>	<b>12</b>	<b>1,053</b>	<b>1,498</b>

## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

#### 5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2022 £'000	Total 2021 £'000
Ministry benefits	3,669	440	4,109	3,916
Ecumenical and PCW contributions	173	596	769	685
College and centre costs	49	72	121	99
Other	-	63	63	32
<b>Total Charity</b>	<b>3,891</b>	<b>1,171</b>	<b>5,062</b>	<b>4,732</b>
College and centre costs	106	290	396	286
<b>Total Group</b>	<b>3,997</b>	<b>1,461</b>	<b>5,458</b>	<b>5,018</b>

#### **Staff costs**

Stipends, wages and salaries	2,491	2,664
Social security costs	243	225
Redundancy and termination costs	191	-
Pension costs	1,072	1,061
	<b>3,997</b>	<b>3,950</b>

The total number of employees by function was:

	2022 Number	2021 Number
Ministers – full time	38	40
Ministers – part time	8	8
Field workers	42	45
Colleges and centres	6	7
Administration	16	21
	<b>110</b>	<b>121</b>

#### Trustees

3 of the trustees (2021: 6) received a total of £125,385 in 2022 (2021: £175,468) in stipend or salary (including employer pension contributions) as Ministers within the Presbyterian Church of Wales.

6 of the trustees (2021: 9) received a total of £2,700 in 2022 (2021: £2,900) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

5 of the trustees (2021: 10) who served during the year received a total of £6,699 in 2022 (2021: £2,592) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

During the year the group made payments for redundancy and settlement payments totalling £261,597 (2021: £6,773). There were no amounts outstanding in relation to the above, at the balance sheet date.

## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

The number of employees whose emoluments for the year fell within the following bands were:

	Total 2022 No	Total 2021 No
In the band £90,000 - £99,999	1	-
In the band £100,000 - £109,999	1	-

The number of higher paid employees to whom retirement benefits were accruing is as follows:

	Total 2022 No	Total 2021 No
In the band £90,000 - £99,999	1	-
In the band £100,000 - £109,999	1	-

An augmentation payment of £60,000 was made to the defined benefit pension scheme for higher paid employees in the year.

#### Key Management Personnel:

The total amount paid to key management personnel for their services to the group during the year totalled £598,605 (2021: £403,187).

## 6. Ministry benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Stipends and salaries	1,698	628	2,326	2,281
Pastoral expenses	-	11	11	-
Support costs (note 8)	616	52	668	542
	2,314	691	3,005	2,823
Pension costs:				
Contributions paid	589	-	589	578
Current service pension costs	483	-	483	483
Pension audit	32	-	32	32
	1,104	-	1,104	1,093
<b>Total ministers benefits</b>	<b>3,418</b>	<b>691</b>	<b>4,109</b>	<b>3,916</b>

## 7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
International	2	16	18	2
Wales/UK	83	34	117	101
Ministers, workers, candidates, Association, Presbyteries and local churches	65	144	209	237
Support costs (note 8)	392	33	425	345
	<b>542</b>	<b>227</b>	<b>769</b>	<b>685</b>

## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

#### 8. Support costs

	Ministry Benefits £'000	Allocation of Ecumenical and PCW Contributions £'000	College and Centre costs £'000	Total 2022 £'000	Total 2021 £'000
Salaries & wages	271	173	49	493	515
Travelling & subsistence	41	26	8	75	41
Utility costs	30	19	5	54	34
Property & general insurances	24	15	4	43	37
Printing & stationery	29	18	5	52	36
Postage & telephone	25	16	5	46	35
Repairs, maintenance & improvements	12	8	2	22	12
Leasing charges	19	12	4	35	31
Equipment & materials	29	18	5	52	31
Legal & professional charges	143	91	26	260	140
Audit fees	24	16	4	44	38
Depreciation	4	2	1	7	11
Advertising & publicity	1	-	-	1	1
Course fees	-	1	-	1	1
Bad debt charge	15	9	3	27	22
Publishing costs	1	1	-	2	1
	<b>668</b>	<b>425</b>	<b>121</b>	<b>1,214</b>	<b>986</b>

#### Basis of allocation

Support costs are allocated on the basis of the estimated percentage allocation of staff time spent on each charitable activity.

# **Presbyterian Church of Wales** **Notes to the financial statements for the year ended 31 December 2022**

## **9. Pension costs**

The Presbyterian Church of Wales (the Church) operates a defined benefit pension arrangement called the Presbyterian Church of Wales Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2021 and the next valuation of the Scheme is due as at 31 December 2024. In the event that the valuation reveals a larger deficit than expected the Church may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

The Scheme is managed by a board of Trustees appointed in part by the Church and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisors where appropriate.

The scheme closed to future accrual of pension benefits on 30 September 2022. As a result this valuation accounts for a curtailment during the period of £1,235,000.

## **Assumptions**

The principal actuarial assumptions used to calculate Scheme liabilities are:

	31 December 2022	31 December 2021
Discount rate	4.80%	1.80%
Inflation: RPI	3.45%	3.65%
Inflation: CPI	2.95%	3.20%
Pension increases in payment:		
Discretionary increase	0.00%	0.00%
CPI capped at 5.0% per annum	2.75%	3.10%
CPI capped at 2.5% per annum	1.95%	2.20%

CPI capped rates Pension accrued between 6 April 1997 and 5 April 2005 increases each year in payment in line with CPI to a maximum of 5% and pension accrued from 6 April 2005 increases in line with CPI to a maximum of 2.5%. For the avoidance of doubt, future pension increases in deferment are assumed to be in line with the CPI assumption

Retirements All members retire at National Retirement Age (NRA)

Post retirement mortality 2022 100% of the S3PA tables with the CMI 2021 projections using a long-term rate of improvement of 1.25% per annum. The weighting parameter for 2020 and 2021 mortality experience is nil. 2021 95% of the S2PA tables with the CMI 2017 projections using a long-term rate of improvement of 1.25% per annum.

Commutation 80% of members are assumed to take of the maximum tax free cash possible

The weighted average duration of the defined benefit obligation is around 12 years.

Life expectancy:



## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

The life expectancy figures requested (using the 2022 mortality assumptions, as at 31 December 2022) are as follows

Life expectations for a retiree at age 65

Today	
Male (years)	22.0
Female (years)	24.4
In 20 years	
Male (years)	23.3
Female (years)	25.8

#### Assets

The major categories of assets as a percentage of total assets are as follows:

	31 December 2022	31 December 2021
Equities	0%	32%
Other assets	0%	6%
Fixed interest gilts	17%	0%
Index-linked gilts	44%	31%
Corporate bonds	28%	29%
Cash	11%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The total value of assets as at 31 December 2022 was £22,839,000 (2021: £32,600,000).

The assets do not include any investment in the Church.

#### Amounts Recognised in the Balance Sheet

	2022 £'000	2021 £'000
Fair value of plan assets	22,839	32,600
Present value of funded obligations	(16,041)	(27,841)
<b>Surplus</b>	<b>6,798</b>	<b>4,759</b>

#### Amounts Recognised in the Summary of Financial Activities over the year

	2022 £'000	2021 £'000
Current service cost	571	804
Administrative costs	242	114
Interest on liabilities	490	361
Interest on assets	(579)	(408)
Past service cost	206	139
Settlement and curtailment cost	(1,235)	-
<b>Total</b>	<b>(305)</b>	<b>1,010</b>

# Presbyterian Church of Wales

## Notes to the financial statements for the year ended 31 December 2022

### Remeasurements over the year

	2021 £'000	2021 £'000
Loss / (gain) on scheme assets in excess of interest	9,349	(1,019)
Experience losses / (gains) on liabilities	(1,137)	-
(Losses) / gains from changes to demographic assumptions	(212)	-
(Losses) / gains from changes to financial assumptions	(9,198)	(755)
<b>Total</b>	<b>(1,198)</b>	<b>(1,774)</b>

### Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2022 £'000	2021 £'000
<b>Fair value of assets at the beginning of the year</b>	32,600	31,657
Interest on assets	579	408
Employer contributions	536	574
Contributions by Scheme participants	120	161
Benefits paid (net of expenses)	(1,405)	(1,105)
Administration costs	(242)	(114)
Return on assets less interest	(9,349)	1,019
<b>Fair value of assets at the end of the year</b>	<b>22,839</b>	<b>32,600</b>

Actual return on scheme assets £8,770,000 (2021: £1,427,000)

The change in defined benefit liabilities over the year was:

	2022 £'000	2021 £'000
<b>Defined benefit liabilities at the beginning of the year</b>	27,841	28,236
Current service cost	571	804
Contributions by Scheme participants	120	161
Past service cost	206	139
Interest cost	490	361
Benefits paid (net of expenses)	(1,405)	(1,105)
Changes due to settlements and curtailments	(1,235)	-
Experience (gain) / loss on liabilities	(1,137)	-
Changes to demographic assumptions	(212)	-
Changes to financial assumptions	(9,198)	(755)
<b>Defined benefit liabilities at the end of the year</b>	<b>16,041</b>	<b>27,841</b>

## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

#### 10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
<b>Cost</b>					
At 1 January 2022	13	232	526	1,384	2,155
Transfer to investment property	-	(232)	-	-	(232)
Additions	17	-	92	-	109
At 31 December 2022	30	-	618	1,384	2,032
<b>Accumulated Depreciation</b>					
At 1 January 2022	13	17	412	1,132	1,574
Eliminated on transfer	-	(17)	-	-	(17)
Charge for the year	2	-	25	67	94
At 31 December 2022	15	-	437	1,199	1,651
<b>Net book value</b>					
At 31 December 2022	15	-	181	185	381
At 31 December 2021	-	215	114	252	581
<b>Charity</b>					
<b>Cost/</b>					
At 1 January 2022	-	232	93	-	325
Transfer to investment property	-	(232)	-	-	(232)
Additions	-	-	5	-	5
At 31 December 2022	-	-	98	-	98
<b>Accumulated Depreciation</b>					
At 1 January 2022	-	17	84	-	101
Eliminated on transfer	-	(17)	-	-	(17)
Charge for the year	-	-	6	-	6
At 31 December 2022	-	-	90	-	90
<b>Net book value</b>					
At 31 December 2022	-	-	8	-	8
At 31 December 2021	-	215	9	-	224

#### 11. Heritage Assets

The Group's Heritage assets are included at the insurance valuation as follows:

	2022 £'000	2021 £'000
31 December	279	241

There were no additions or disposals in 2022 or 2021 and the estimated increase in the value of the heritage assets of £38,000 (2021: £18,000) has been credited as an unrealised gain on valuation of Heritage Asset.

The Charity has a number of further heritage assets which include furniture, paintings, silverware and other objects of historical interest relating to the Church. The collection, located at various locations across Wales and beyond, includes artefacts dating back to the nineteenth century and forms a unique record of the history of the Church. At this date it has not been possible to value these assets.

**Presbyterian Church of Wales**  
**Notes to the financial statements for the year ended 31 December 2022**

**12. Investments**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 January	12,999	11,843	12,632	11,506
Transfer from fixed assets	215	-	215	-
Additions	7,646	1,052	7,395	1,016
Disposals	(7,398)	(1,052)	(7,146)	(1,016)
(Losses) / Gains on investments	(1,204)	1,156	(1,158)	1,126
<b>At 31 December</b>	<b>12,258</b>	<b>12,999</b>	<b>11,938</b>	<b>12,632</b>
<b>Cost at 31 December</b>	<b>11,266</b>	<b>9,838</b>	<b>10,962</b>	<b>9,504</b>
Investment property	2,777	2,138	2,777	2,138
Unit trusts	643	1,286	622	1,242
UK Fixed interest securities	548	1,164	529	1,124
UK Equities	3,335	7,557	3,224	7,303
UK Property	403	-	389	-
International fixed interest securities	499	406	482	392
International equities	3,152	127	3,045	123
Alternative assets	698	-	674	-
Investment company	-	108	-	104
Cash	203	213	196	206
<b>Market value of investments</b>	<b>12,258</b>	<b>12,999</b>	<b>11,938</b>	<b>12,632</b>

The Charity has recognised realised gains on sales of investments of £nil (2021: £nil).

There was no holding in investments greater than 5% of the total market value of quoted investments in 2022. The following represent investments valued at greater than 5% of the total market value of quoted investments in 2021 and the equivalent holding at 31 December 2022.

	2022	2021
Jupiter Investment Management UK mid cap	1.79%	5.30%
UK Government Fixed Interest 1.75%, 2022	-	5.09%

Investment properties consist of 11 properties (2021: 9) throughout Wales. All are valued every 3 years and all 11 were valued at market value during 2022, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele, four by Seel & Co (Chartered Surveyors), Cardiff, one by Morgan and Davies (Chartered Surveyors), Lampeter and one by McCartneys (Chartered Surveyors), Brecon. One property was transferred from fixed assets in 2022 and was transferred at net book value and one property was purchased in 2022. Both properties added in 2022 were revalued at 31 December by Chartered Surveyors. All properties are due to be valued again in 2025. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Ten properties are residential and one is a commercial property which was acquired in 2012 from a local church.

**Presbyterian Church of Wales**  
**Notes to the financial statements for the year ended 31 December 2022**

**13. Stock**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Goods for resale and consumables	2	6	-	-

**14. Debtors**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Debtors less than one year:</b>				
Ministry and mission contributions	248	220	248	220
Loans and mortgages	124	196	124	196
Other debtors and prepayments	813	802	1,089	1,012
	<b>1,185</b>	<b>1,218</b>	<b>1,461</b>	<b>1,428</b>
<b>Debtors more than one year:</b>				
Loans and mortgages	1,084	905	1,084	905
	<b>2,269</b>	<b>2,123</b>	<b>2,545</b>	<b>2,333</b>

Loans and mortgages comprise car loans and mortgages relating to residential property which are made available to ministers and employees of the church.

The maximum car loan available is £6,500 (£8,500 for purchase of an electric car) repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans.

The maximum mortgage available is £175,000 repayable over a maximum period of 30 years, at an interest rate of 3%. There are certain exceptions to these terms within the mortgage rules set by the Church and each case will be considered on an individual basis. The mortgage is secured by a first charge against the property.

**15. Creditors:**

**Amounts falling due within one year**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Creditors and accruals	424	249	806	340
Other liabilities	370	380	370	380
	<b>794</b>	<b>629</b>	<b>1,176</b>	<b>720</b>

**Amounts falling due after more than one year**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loan from the Properties Board of the Presbyterian Church of Wales	3,220	2,256	3,220	2,256
	<b>3,220</b>	<b>2,256</b>	<b>3,220</b>	<b>2,256</b>

The loans are unsecured and bear interest at variable rates. The loans have no fixed repayment terms, but the lender has confirmed that they do not intend to seek repayment within 12 months of the year end.

# Presbyterian Church of Wales

## Notes to the financial statements for the year ended 31 December 2022

### 16. Movement in Unrestricted Funds

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Unrestricted Funds	5,062	3,270	(3,637)	(252)	(187)	4,256
Pension Reserve	4,759	89	(483)	2,433	-	6,798
<b>Total Group and Charity</b>	<b>9,821</b>	<b>3,359</b>	<b>(4,120)</b>	<b>2,181</b>	<b>(187)</b>	<b>11,054</b>

### Prior year

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Unrestricted Funds	4,507	3,459	(3,350)	562	(116)	5,062
Pension Reserve	3,421	47	(483)	1,774	-	4,759
<b>Total Group and Charity</b>	<b>7,928</b>	<b>3,506</b>	<b>(3,833)</b>	<b>2,336</b>	<b>(116)</b>	<b>9,821</b>

### 17. Movement in Restricted Funds

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2022 £000
Ministries Department	4,373	159	(757)	(668)	(53)	3,054
Robert Davies Trust	400	-	-	(46)	-	354
Historical Society	7	2	(2)	-	-	7
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	32	-	(62)	-	50	20
Moderators Fund	19	-	(7)	-	-	12
Davies Lecture Trust	114	3	-	(23)	-	94
Sale of Theological College Fund	1,471	-	-	(169)	-	1,302
Sale of Chapels Fund	1,128	-	(14)	-	-	1,114
<b>Total Charity</b>	<b>7,545</b>	<b>164</b>	<b>(842)</b>	<b>(906)</b>	<b>(3)</b>	<b>5,958</b>
Coleg y Bala	226	59	(172)	-	128	241
Coleg Trefeca	251	407	(223)	-	77	512
Howell Harris Museum and Artefacts	241	-	-	38	-	279
Candidates and Training Department Fund	741	44	(101)	(46)	(15)	623
Welsh Calvinistic Methodist Assurance Trust	41	-	-	-	-	41
	<b>1,500</b>	<b>510</b>	<b>(496)</b>	<b>(8)</b>	<b>190</b>	<b>1,696</b>
<b>Total Group</b>	<b>9,045</b>	<b>674</b>	<b>(1,338)</b>	<b>(914)</b>	<b>187</b>	<b>7,654</b>

## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

#### Prior year

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	Transfers £000	At 31 December 2021 £000
Ministries Department	4,397	388	(712)	422	(122)	4,373
Robert Davies Trust	371	-	-	29	-	400
Historical Society	8	2	(3)	-	-	7
Christian Aid	1	-	-	-	-	1
Mission Programme Fund	43	10	(71)	-	50	32
Moderators Fund	22	-	-	-	(3)	19
Davies Lecture Trust	105	3	(1)	7	-	114
Sale of Theological College Fund	1,364	-	-	107	-	1,471
Sale of Chapels Fund	1,128	-	-	-	-	1,128
<b>Total Charity</b>	<b>7,439</b>	<b>403</b>	<b>(787)</b>	<b>565</b>	<b>(75)</b>	<b>7,545</b>
Coleg y Bala	211	47	(129)	-	97	226
Coleg Trefeca	301	63	(157)	-	44	251
Howell Harris Museum and Artefacts	223	-	-	18	-	241
Candidates and Training Department Fund	707	67	(112)	29	50	741
Welsh Calvinistic Methodist Assurance Trust	40	1	-	-	-	41
	<b>1,482</b>	<b>178</b>	<b>(398)</b>	<b>47</b>	<b>191</b>	<b>1,500</b>
<b>Total Group</b>	<b>8,921</b>	<b>581</b>	<b>(1,185)</b>	<b>612</b>	<b>116</b>	<b>9,045</b>



**Presbyterian Church of Wales**  
**Notes to the financial statements for the year ended 31 December 2022**

**18. Analysis of Group Net Assets**

	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2022 £'000
<b>Unrestricted funds</b>	8	5,742	(1,494)	4,256
<b>Total</b>	<b>8</b>	<b>5,742</b>	<b>(1,494)</b>	<b>4,256</b>
<b>Restricted funds</b>				
Ministries Department	-	4,632	(1,578)	3,054
Robert Davies Trust	-	320	34	354
Historical Society	-	-	7	7
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	20	20
Moderators Fund	-	-	13	13
Davies Lecture Trust	-	67	27	94
Sale of Theological College Fund	-	1,177	125	1,302
Sale of Chapels Fund	-	-	1,114	1,114
Coleg Y Bala	87	-	154	241
Coleg Trefeca	286	-	226	512
Howell Harris Museum	279	-	-	279
Candidates & Training Fund Charity	-	320	302	622
Welsh Calvinistic Methodist Assurance Trust	-	-	41	41
<b>Total</b>	<b>652</b>	<b>6,516</b>	<b>486</b>	<b>7,654</b>
<b>Total net assets (excluding pension asset)</b>	<b>660</b>	<b>12,258</b>	<b>(1,008)</b>	<b>11,910</b>

## Presbyterian Church of Wales

### Notes to the financial statements for the year ended 31 December 2022

Prior year	Tangible and heritage fixed assets £'000	Investments £'000	Other net assets / (liabilities) £'000	At 31 December 2021 £'000
<b>Unrestricted funds</b>	224	5,530	(692)	5,062
<b>Total</b>	<b>224</b>	<b>5,530</b>	<b>(692)</b>	<b>5,062</b>
<b>Restricted funds</b>				
Ministries Department	-	5,300	(927)	4,373
Robert Davies Trust	-	366	34	400
Historical Society	-	-	7	7
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	32	32
Moderators Fund	-	-	19	19
Davies Lecture Trust	-	90	24	114
Sale of Theological College Fund	-	1,346	125	1,471
Sale of Chapels Fund	-	-	1,128	1,128
Coleg Y Bala	28	-	198	226
Coleg Trefeca	329	-	(78)	251
Howell Harris Museum	241	-	-	241
Candidates & Training Fund Charity	-	367	374	741
Welsh Calvinistic Methodist Assurance Trust	-	-	41	41
<b>Total</b>	<b>598</b>	<b>7,469</b>	<b>978</b>	<b>9,045</b>
<b>Total net assets (excluding pension asset)</b>	<b>822</b>	<b>12,999</b>	<b>286</b>	<b>14,107</b>

## 19. Related Party Transactions

In accordance with paragraph 33.1A of FRS 102, the Church has not needed to disclose related party transactions with the exemptions afforded group entities.

At the year-end no trustee (2021: none) of the Church had an outstanding mortgage from the Church. At the year-end no trustee (2021: none) had an outstanding car loan from the Church with a value of £nil (2021: £nil). Additionally, three members of senior staff of the Church (2021: five) had outstanding mortgages and car loans from the Church with an aggregate value of £173,489 at year end (2021: £181,842). Total interest of £5,031 (2021: £5,601) was payable in relation to these balances relating to trustees and senior staff during the year.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which one (2021: five) has an outstanding mortgage and car loan with the Church with an aggregate value of £58,754 (2021: £80,454). Total interest of £1,979 (2021: £2,292) was payable in relation to these balances relating to close relatives of senior staff during the year. A close relative of a senior staff member has undertaken contracted work to the value of £1,800.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2021: nil) with a value of £nil (2021: £nil). Total interest of £nil (2021: £nil) was payable in relation to those balance relating to a close relative of a Trustees during the year.

# Presbyterian Church of Wales

## Notes to the financial statements for the year ended 31 December 2022

### 20. Prior year analysis of unrestricted and restricted income and expenditure

	Unrestricted funds	Restricted funds	Total funds 2021
	£'000	£'000	£'000
<b>Income from generated funds:</b>			
Ministry and mission contributions	2,049	-	2,049
Donations	44	25	69
Legacies	-	-	-
Grants	4	26	30
Income from investments	178	235	413
<b>Income from charitable activities:</b>			
Colleges and centres	-	28	28
Other income	1,231	267	1,498
<b>Total</b>	<b>3,506</b>	<b>581</b>	<b>4,087</b>
<b>Expenditure on:</b>			
Charitable activities:			
<i>Ministers benefits</i>	3,256	660	3,916
<i>Ecumenical and PCW contributions</i>	460	225	685
<i>Colleges and centres costs</i>	93	292	385
	<b>3,809</b>	<b>1,177</b>	<b>4,986</b>
Other	24	8	32
<b>Total</b>	<b>3,833</b>	<b>1,185</b>	<b>5,018</b>
<b>Net income / (expenditure)</b>	<b>(327)</b>	<b>(604)</b>	<b>(931)</b>
Net gains / (losses) on investments	562	594	1,156
<b>Net income / (expenditure)</b>	<b>235</b>	<b>(10)</b>	<b>225</b>
Transfers between funds	(116)	116	-
Other recognised gains / (losses):			
<i>Loss on disposal of fixed assets</i>	-	-	-
<i>Valuation of heritage assets</i>	-	18	18
<i>Actuarial gain on defined pension scheme</i>	1,774	-	1,774
<b>Net movement on funds</b>	<b>1,893</b>	<b>124</b>	<b>2,017</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward	7,928	8,921	16,849
<b>Total funds carried forward</b>	<b>9,821</b>	<b>9,045</b>	<b>18,866</b>