

Presbyterian Church of Wales

(Registered Charity Number 1132022)

Annual report for the year ended 31 December 2018

Presbyterian Church of Wales

Annual Report for the Year Ended 31 December 2018

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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 ('the Church') is a charity registered with the Charity Commission (charity number 1132022) and is governed by its constitution. The Church was registered with the Charity Commission on 7 October 2009 having previously been an excepted charity.

Trustees

The trustees are elected at the Annual General Meeting held at the General Assembly each year before completing induction activities. The trustees, who served during the year to 31 December 2018, and up to the date of approval of the financial statements, are as follows:

Mr Brian Lopez	Treasurer of the Association in the East
Mr Idris O Hughes	Treasurer of the Association in the North – retired 1 January 2018
	Chair of the Resources Department and Properties Board and Deputy Chair of Trustees
Rev J Robert Bebb	Chair of the Ministries Department – retired 3 December 2018
Rev Brian Matthews	Moderator of General Assembly – appointed 10 July 2018
Rev Brian H Jones	Moderator of General Assembly - retired 10 July 2018
	Chair of the Ministries Department – appointed 3 December 2018
Rev Michael Ward	Clerk of the Association in the East – appointed 4 October 2018
Rev Wyn Rhys Morris	Clerk of the Association in the South
Mr Cliff Williams	Treasurer of the Association in the South and Chair of Trustees
	Treasurer of the General Assembly - retired 1 January 2018
Mr Hywyn Pritchard	Treasurer of the General Assembly – appointed 1 January 2018
Rev J Paul Morgan	Clerk of the Association in the East – retired 4 October 2018
Rev Marcus Robinson	Clerk of the Association in the North
Mr Dewi Lewis-Jones	Treasurer of the Association in the North – appointed 1 January 2018

Principal Officers

Rev Meirion Morris	General Secretary
Rev Ifan Roberts	Chief Administrator - appointed 1 January 2018 – resigned 31 March 2019
Rev Gwyn Rhydderch	Director and Children's Work Co-ordinator - resigned 1 February 2018
	Head of Projects and Communication - appointed 1 February 2018
Rev Nan Powell-Davies	Assistant Director of Ministries
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support
Mrs Ffion Williams	Head of Strategic Support – resigned 31 March 2019
	Chief Administrator – appointed 1 April 2019
Mrs Sian Edwards	Manager – Coleg y Bala (joint)
Mr Owain Edwards	Manager – Coleg y Bala (joint)
Miss Mair Jones	Manager – Coleg Trefeca
Rev W Bryn Williams	Academic Director
Mrs Eleri Melhuish	Head of Administration

Principal Address

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

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Trustees, Officers and Advisers

Bankers

Barclays Bank plc
85 High Street
Blackwood
NP2 1ZA

Investment Managers

Investec Bank plc
2 Gresham Street
London
EC2V 7QN

Investment Managers (Cash Deposit)

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

Employment Advisors

Keelys LLP
28 Dam Street
Lichfield
Staffordshire
WS13 6AA

Independent Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

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 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 2018. 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 accounts 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 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/Trustee Group with specific issues dealt with by seven 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 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.

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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 accounts.

The Properties Board is the custodian trustee of the Presbyterian Church of Wales. The Board 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 held in cash deposits of no more than three years duration which are managed by Barclays Wealth Management (see note 19).

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 24 churches up to 70 churches. There were 570 churches at 31st December 2018 (2017: 587 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 and Properties Board. The Candidates and Training department 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 Frydan, 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.

Candidates and Training Department, 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 accounts 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:

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	Coleg Y Bala	Coleg Trefeca	Candidates and Training Department
	Year Ended 31 December 2018 £'000	Year ended 31 December 2018 £'000	Year ended 31 December 2018 £'000
Income			
From Presbyterian Church of Wales	105	157	149
Charitable Activities (inc course fees)	69	58	-
Investment income and interest	1	1	13
Other	23	3	-
	198	219	162
Expenditure			
Salaries and wages	49	44	41
Other	168	127	95
	217	171	136
Surplus / (Deficit)	(19)	48	26

	Coleg Y Bala	Coleg Trefeca	Candidates and Training Department
	31 December 2018 £'000	31 December 2018 £'000	31 December 2018 £'000
Tangible Fixed Assets	114	462	-
Heritage Assets	-	215	-
Investments	-	-	335
Fixed Assets	114	677	334
Net Current Assets/(Liabilities)	113	(72)	320
	227	605	655
Unrestricted Funds	227	390	655
Restricted Funds	-	215	-
Total Funds	227	605	655

Summary of developments, activities, achievements and performance

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

The main items during the year were:

- the Church and Society Department continues to focus on social affairs in Wales and overseas including international issues, education matters, environmental and social issues and specific items included racial justice, Palestinian Christians, Welsh prisons and betting/gaming machines; the Church is represented on the interdenominational Cytun Working Party on Wales and Europe;
- receiving reports and updates from all of the workers and projects through the Ministries Department including church planting in various locations;

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- the setting up of the new Properties Board Deposit to obtain a better return for the churches, Presbyteries and other funds deposited with the Properties Board;
- the development of national and local projects including the Mission Programme, CAMU, Dorcas, industrial and university chaplaincies, Souled Out and the Gap Year at Coleg y Bala;
- the new Ministry and Mission Contribution to replace the Connexional Contribution as the basis for calculating the annual levy due from the churches came into being with effect from 1st January 2018;
- the upgrading of the accommodation block to provide ensuite facilities at Coleg Trefeca;
- the updated five year financial forecasts;
- the production of documentation and provision of training in relation to new GDPR (Data Protection) legislation;
- the work of the interdenominational protection panel, and the voluntary Protection Co-ordinator; and
- the final total of the Christian Aid appeal 'Typhoon of Love' for the Philippines exceeding £200k.

Financial review

Incoming resources

The Church's income increased from £3,959k in 2017 to £4,876k in 2018, primarily as a result of an increase within other income - Income from sale of property increased from £521k in 2017 to £1,698k in 2018. In addition there was a fall in Ministry and Mission Contribution (formerly Connexional Contribution) income from £2,379k in 2017 to £2,240k in 2018, as a result of falling membership numbers.

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.

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

	£'000	%
Ministry and Mission Contributions	2,240	45.9
Donations, legacies and grants	317	6.5
Investment income and interest	432	8.9
Income from Colleges and Centres	126	2.6
Other	1,760	36.1
Total	4,875	100

Expenditure

The main item of expenditure continues to be ministerial 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 ministerial benefits. A proportion of support is allocated to Ministerial Benefits (see Note 8).

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

	£'000	%
Ministerial benefits	3,571	72.4
Ecumenical and PCW contributions	829	16.8
Colleges and centres Costs	503	10.2
Other	32	0.6
Total	4,935	100

Results

The net outgoing resources, before movements in investments, have decreased from a deficit of £856k in 2017 to a deficit of £60k in 2018.

The movement can be principally attributed to the increase in income as noted above which offsets an increase in expenditure from £4,814k in 2017 to £4,935k in 2018.

The net movement in funds in 2018 after investment gains and losses and actuarial gains and losses on the pension scheme was a deficit of £1,217k (2017: surplus of £336k).

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. During the year, there has been an increase of £1k.

A bad debt charge of £138k has been made against overdue Ministry and Mission contributions. The charge has increased by £11k in 2018 and represents a specific charge against 18 overdue amounts.

Capital expenditure

During the year, capital expenditure of £510k (2017: £10k) was incurred, of which £281k was in respect of the upgrade to the accommodation block and new step lift at Coleg Trefeca, £18k was in respect computer and accounting systems at the central office and £211k to provide new accommodation in West Wales for the General Secretary. The previous accommodation in Cardiff was sold in the year for £364k.

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 accounts of Coleg Trefeca has been included as a fixed asset in the group balance sheet at a value of £215k (2017: £198k). 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 Church has an agreed customised benchmark for measuring performance with the investment managers. The benchmark is based on mid points of asset allocation parameters and was changed at the 2016 General Assembly with cash being removed from the benchmark. The new parameters and benchmark are noted together with the previous in brackets:

	Asset Allocation Parameters	Benchmark
UK Equities	75% - 85% (70% - 80%)	80% (75%)
Fixed Interest	15% - 25% (15% - 25%)	20% (20%)
Cash	0% - 5% (0% - 10%)	0% (5%)

During the year to 31 December 2018, the performance of our fund was -5.6% against the benchmark of -7.4%. The equity element of the portfolio outperformed the benchmark whilst the fixed interest element of the portfolio underperformed against the benchmark.

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The Church has adopted the provisions of the Trustee Act 2000 subject to our ethical policy.

Investment performance is monitored by a sub committee appointed by the Executive/Trustee Committee and 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 seven properties for investment purposes all of which were valued in 2017. Five properties were valued by Prys Jones & Booth (Chartered Surveyors), Abergele and two by Seel & Co (Chartered Surveyors), Cardiff. In the intervening years market values are adjusted using a recognised index. All properties will be valued again in 2020.

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

Resources expended

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

Charitable Expenditure can be broadly divided into three activities:

- i) *Ministers 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% ministerial benefits, 35% ecumenical 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.

The trustees, in conjunction with the 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

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- 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 and has set up a sub-group to undertake this task and they report to the trustees annually.

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 2018 total reserves were £17,530k (2017: £18,747k) and the trustees have agreed a financial forecast to reduce reserves to £12,000k over a five to ten year period (excluding any Pension reserve). Further consideration is to be given to ensuring sufficient reserves are held in cash 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.

Total unrestricted funds had a deficit (including investment gains or losses) of £213k for the year to 31st December 2018 compared to a surplus of £100k for the year to 31st December 2017.

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

The Trustees intend to review the adequacy of the current reserves policy in the light of their financial forecasts.

Investment review

Market Review

Equity markets had a very poor finish to 2018, the second worst quarter since the financial crisis in 2008, giving back all their 2018 gains and more. The return on the FTSE all share index in 2018 was -9.5% whereas the UK equity element of the portfolio returned -7.1%. Bonds returned +0.4% for the portfolio against the benchmark of +0.6% over the year.

The fact that all developed markets fell by similar amounts, nearly by -10%, underlines the global nature of the financial economy and the wider concerns around global economic growth. Although equity markets have fallen corporate earnings have remained more stable leading to valuations looking more reasonable. Only Asia and emerging markets performing better at -5%.

The UK gilt market rose in the final quarter of the year with the yield to maturity on a 10 year gilt falling to 1.2% as the price rose by 1.9%. Corporate bond values, however, fell by around 2% over the year as investors started to demand a greater premium to lend in the UK.

Performance

The total return on Presbyterian Church of Wales fund was -5.6% for 2018 compared with the return from the benchmark of -7.4%. The value of the fund solely managed by Investec Bank was £9,815k as at 31 December 2018 (2017: £10,830k). There was no withdrawal from the portfolio in either 2017 or 2018.

Outlook

The Presbyterian Church of Wales funds are long term investments and there has been no change in 2018 to the asset allocation and benchmark within the portfolio (see section on investment policy and performance on page 9); the Church will continue to review its future cash flow requirements in the light of the current reserves policy. The Finance and Investment have opened discussions with Investec

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regarding the asset allocation of the portfolio and in particular whether investment in overseas equities and property unit trusts is possible.

In the UK, all policy is overshadowed by Brexit negotiations. Investment has suffered from the uncertainty and this will likely continue until the full terms of Brexit are decided. The nature of any trade agreements agreed by the UK post Brexit will also impact markets. However the key influential factor on markets is the progression of growth and whether the USA joins China, Europe and Japan in their recent slowdown. This is likely to have been factored to some degree into the recent falls in equity markets, however it may be slowing faster than central banks had anticipated. Expected growth in Europe is below 2% for 2019 with its manufacturing bias likely to be most exposed to any escalating trade wars.

The portfolio remains underweight in equities due to continuing bias away from UK markets. The global nature of the index means it will benefit from weaker sterling however this is unlikely to offset any downturn in the UK economy. The portfolio will remain underweight in areas, such as retailers and housebuilders, which are most likely to be impacted.

Further global uncertainty exists in particular the situation of trade relations between the USA and China will impact investor sentiment and the outlook for corporate earnings.

Future developments

The following items will be considered by the Board and departments in 2019 with recommendations or progress updates presented to the General Assembly in 2019.

- the possibility of changes to the provision of theological education in Wales; the Academic Director is in consultation with a number of colleges and other denominations in Wales;
- the review of the centres, Coleg Trefeca and Coleg y Bala;
- the Ministries Department is looking at alternatives to replace the one worker per Presbytery project;
- the Presbyteries to identify 'Viable Ministries in appropriate buildings with suitable administrative support' as part of preparing their five year Ministry and Mission strategy;
- the review of Moving Forward;
- the Communications Department is reviewing the Church publications;
- The Training Department is revising the Training Prospectus;
- A draft environmental policy;
- the possibility of using capital invested for local churches from sale of property towards Ministry; and
- the production of a booklet to assist Presbyteries with administration and meeting the legal obligations.

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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 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

Mary W. Roberts

Trustee

C.C. Wales

Date: 10 May 2019

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

Report on the audit of the financial statements

Opinion

In our opinion, Presbyterian Church of Wales's group financial statements and parent charity financial statements (the financial statements):

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2018 and of the group's and parent charity's incoming resources and application of resources, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the consolidated and parent charity balance sheets as at 31 December 2018; the consolidated statement of financial activities for the year then ended, the consolidated cash flow statement for the year then ended; and the notes to the financial statements which include a summary of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charity's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the group's and parent charity's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 and parent charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

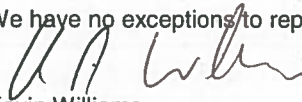
• Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


Kevin Williams
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

31 May 2019

Presbyterian Church of Wales
Consolidated Statement of Financial Activities
for the year ended 31 December 2018

	Note	Unrestricted funds	Restricted funds	Total funds 2018	Total funds 2017
		£'000	£'000	£'000	£'000
Income from generated funds:					
Ministry and mission contributions		2,240	-	2,240	2,379
Donations		38	220	258	285
Legacies		10	2	12	82
Grants		9	38	47	66
Income from investments	3	166	266	432	431
Income from charitable activities:					
Colleges and centres		-	126	126	117
Other income	4	1,756	4	1,760	598
Total		4,219	656	4,875	3,958
Expenditure on:					
Charitable activities:					
Ministers benefits	6	1,341	2,230	3,571	3,472
Ecumenical and PCW contributions	7	503	326	829	828
Colleges and centres costs		103	400	503	482
		1,947	2,956	4,903	4,782
Other		24	8	32	32
Total		1,971	2,964	4,935	4,814
Net income / (expenditure)		2,248	(2,308)	(60)	(856)
Net (losses)/gains on investments	12	(273)	(712)	(985)	647
Net income / expenditure		1,975	(3,020)	(1,045)	(209)
Transfers between funds		(2,029)	2,029	-	-
Other recognised gains / (losses):					
Gain on disposal of fixed assets		82	(30)	52	-
Valuation of heritage assets	11	-	17	17	(4)
Actuarial (loss)/gains on defined pension scheme	9	(241)	-	(241)	549
Net movement on funds		(213)	(1,004)	(1,217)	336
Reconciliation of funds:					
Total funds brought forward		8,157	10,590	18,747	18,411
Total funds carried forward		7,944	9,586	17,530	18,747

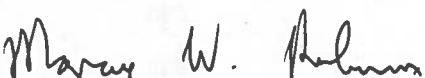
The statement of financial activities incorporates the statement of comprehensive income.

All activities are continuing.

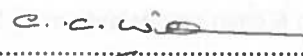
Presbyterian Church of Wales
Consolidated and Parent Charity Balance Sheets as at 31 December 2018

		Group		Charity	
	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	10	1,089	997	512	584
Heritage assets	11	215	198	-	-
Investments	12	11,136	12,121	10,802	11,753
		<u>12,440</u>	<u>13,316</u>	<u>11,314</u>	<u>12,337</u>
Current assets					
Stock	13	5	4	-	-
Debtors	14	1,976	1,969	2,047	2,029
Short term deposits		278	368	12	12
Cash at bank and in hand		260	220	215	122
		<u>2,519</u>	<u>2,561</u>	<u>2,274</u>	<u>2,163</u>
Creditors: amounts falling due within one year	15	(535)	(588)	(690)	(729)
Net current assets		<u>1,984</u>	<u>1,973</u>	<u>1,584</u>	<u>1,434</u>
Net assets excluding pension scheme asset		<u>14,424</u>	<u>15,289</u>	<u>12,898</u>	<u>13,771</u>
Pension scheme surplus	9	3,106	3,458	3,106	3,458
Net assets including pension scheme asset		<u>17,530</u>	<u>18,747</u>	<u>16,004</u>	<u>17,229</u>
Funds					
Unrestricted	16	4,838	4,699	4,838	4,699
Pension reserve		3,106	3,458	3,106	3,458
		<u>7,944</u>	<u>8,157</u>	<u>7,944</u>	<u>8,157</u>
Restricted	17	9,586	10,590	8,060	9,072
Total funds		<u>17,530</u>	<u>18,747</u>	<u>16,004</u>	<u>17,229</u>

The financial statements on pages 16 to 34 were approved by the Board of Trustees on 10th May 2019 and signed on its behalf by:



 Trustee



 Trustee

Presbyterian Church of Wales
Consolidated Cash Flow Statement for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Reconciliation of net income to net cash provided by operating activities			
Net (expenditure)		(60)	(856)
Adjustments for:			
Investment income	3	(432)	(431)
Pension Fund	9	111	138
Depreciation charges	10	107	103
Add:			
(Increase) / decrease in stocks	13	(1)	1
(Increase) / decrease in debtors	14	(7)	292
(Decrease) / increase in creditors	15	(53)	(14)
Net cash generated from/(used) by operating activities		<u>(335)</u>	<u>(767)</u>
Statement of cash flows			
Cash flows from operating activities			
Net cash generated/ (used) by operating activities		<u>(335)</u>	<u>(767)</u>
Cash flows from investing activities:			
Interest from investments		432	431
Purchase of investments		(993)	(2,081)
Proceeds from sale of investments		993	2,081
Proceeds from sale of fixed assets		363	-
Purchase of property, plant and equipment		(510)	(10)
Net cash provided by investing activities		<u>285</u>	<u>421</u>
Change in cash and cash equivalents			
		<u>(50)</u>	<u>(346)</u>
Cash & cash equivalents at 1 January		588	934
Cash & cash equivalents at 31 December		<u>538</u>	<u>588</u>
Cash equivalents at the year end comprise:			
Short term deposits		278	368
Cash at bank and in hand		260	220
Cash & cash equivalents at 31 December		<u>538</u>	<u>588</u>

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

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 2015 (SORP 2015), Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Charities Act 2011, using consistently applied accounting policies.

The accounts 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.

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 accounts 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.

Property

Churches and manses and other ecclesiastical land or property which have been transferred to, bequeathed or given to the Presbyterian Church of Wales and were held by the Church (and managed by the trustees of local congregations or Presbyteries) at the balance sheet date have had no value placed on them.

Each local church, Presbytery and Association undertakes its own transactions and has its own trustees. The Elders, Ministers and Officers of each local church are the managing trustees. Therefore, all transactions undertaken by each Association, Presbytery and local congregation are excluded from these accounts. Transactions relating to these properties e.g. repairs, insurance, or any rental income are included in the books of each local church.

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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

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

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.

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 2018. 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.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

Stock

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

Pensions

The Church operates a defined benefit pension scheme. The fund is valued every three years by qualified actuaries.

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 accounts as a separate fund entitled 'Pension Reserve' which is deducted from General Funds in the Balance Sheet. Details of the pension scheme are given in Note 9 to the financial statements.

In order to comply with auto enrolment regulations the Church operates a defined contribution scheme administered by AEGON for those ministers and employees who do not join the defined benefit 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 2018. 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.

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

2. Results of Connected Charities *

(* excludes grant received from the Church)

	2018 £'000	2017 £'000
Incoming resources		
Course fees	111	105
Shop sales	4	4
Donations and Legacies	26	31
Investment income	13	13
Sundry income	16	10
Total incoming resources	170	163
Resources Expended		
Charitable activities	519	493
Other	5	5
Total resources expended	524	498
Net outgoing resources	(354)	(335)

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

3. Investment income

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<i>Investment Income</i>				
Unit Trusts	28	37	27	36
Fixed Interest and cash	94	72	91	70
Equities	263	278	254	268
Investment Property	47	44	47	44
	432	431	419	418

4. Other Income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Bank interest	-	2	2	3
Loan interest receivable	29	-	29	41
Profit on sales of chapels and manses	1,698	-	1,698	521
Sundry income	29	2	31	33
Total – Group	1,756	4	1,760	598

5. Total resources used

	Staff costs £'000	Other costs £'000	Total 2018 £'000	Total 2017 £'000
Ministers benefits	3,151	420	3,571	3,472
Ecumenical contributions	161	668	829	828
College and centre costs	46	68	114	118
Other	-	32	32	32
Total Charity	3,358	1,188	4,546	4,450
College and centre costs	94	295	389	364
Total Group	3,452	1,483	4,935	4,814
Staff costs				
Stipends, wages and salaries			2,521	2,581
Social security costs			219	219
Pension costs			712	563
			3,452	3,363

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

The total number of employees by function was:

	31 December 2018 Number	31 December 2017 Number
Ministers – full time	43	45
Ministers – part time	5	6
Field workers	42	35
Colleges and centres	6	6
Administration	19	19
	115	111

Trustees

3 of the trustees (2017: 4) received a total of £70,240 in 2018 (2017: £122,171) in stipend as Ministers within the Presbyterian Church of Wales.

7 of the trustees (2017: 7) received a total of £2,350 in 2018 (2017: £2,500) in honoraria payments as recognition for their work within the Church's various boards, departments and panels.

12 of the trustees (2017: 11) who served during the year received a total of £11,047 in 2018 (2017: £9,549) as reimbursement for travel and subsistence expenses incurred in their capacity as trustees, officers or ministers within the Church.

No employee, officer or minister received remuneration of more than £60,000. The number of employees who received emoluments in the following ranges was:

	31 December 2018 Number	31 December 2017 Number
£0 to £10,000	8 (8*)	9 (9*)
£10,001 to £20,000	20 (18*)	20 (17*)
£20,001 to £30,000	46 (11*)	39 (9*)
£30,001 to £40,000	34	36
£40,001 to £50,000	7	7
£50,001 to £60,000	0	0
	115 (37*)	111 (35*)

*Denotes part time staff

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

6. Ministers benefits

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Stipends and salaries	62	2,124	2,186	2,221
Pastoral expenses	-	19	19	20
Support costs (note 8)	566	62	628	647
	628	2,205	2,833	2,888
Pension costs:				
Contributions paid **	576	25	601	425
Current service pension costs	198	-	198	222
Pension audit	26	-	26	21
Pension finance income	(87)	-	(87)	(84)
	713	25	738	584
Total ministers benefits	1,341	2,230	3,571	3,472

** Included within contributions paid is £3k (2017: £8k) which relates to auto enrolment contributions made as part of the defined contribution scheme. Also included in contributions paid is £25k in relation to contributions due to the Baptist Union of Great Britain Pension Fund in respect of past employees within certain ecumenical projects.

7. Ecumenical and PCW Contributions

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
International	24	1	25	43
Wales/UK	71	218	289	239
Ministers, workers, candidates, Association, presbyteries and local churches	49	67	116	134
Support costs (note 8)	359	40	399	412
	503	326	829	828

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2018

8. Support costs

	Ministers Benefits £'000	Allocation of Ecumenical Contributions £'000	College and Centre costs £'000	Total 2018 £'000	Total 2017 £'000
Salaries & wages	253	161	46	460	485
Travelling & subsistence	90	57	16	163	167
Utility costs	20	13	4	37	40
Property & general insurances	18	12	3	33	29
Printing & stationery	63	41	11	115	116
Postage & telephone	22	14	4	40	34
Repairs, maintenance & improvements	10	6	2	18	19
Leasing charges	10	7	2	19	25
Equipment & materials	20	12	4	36	24
Legal & professional charges	73	47	13	133	96
Audit fees	26	16	5	47	49
Depreciation	11	6	2	19	21
Advertising & publicity	3	2	1	6	5
Course fees	1	-	-	1	1
Bad debt charge	7	5	1	13	43
Publishing costs	1	-	-	1	23
	628	399	114	1,141	1,177

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 2018

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 2015.

Assumptions

The principal assumptions used to calculate Scheme liabilities are:

	31 December 2018	31 December 2017
Discount rate	2.80%	2.40%
Inflation assumption: RPI	3.60%	3.50%
CPI	2.60%	2.50%
Pension increases in payment		
Pre April 1997*	0.00%	0.00%
1997-2005 (LPI 5%)	2.50%	2.40%
Post April 2005 (LPI 2.5%)	2.00%	1.90%
Salary Increases	3.10%	3.00%
Retirements	All members retire at National Retirement Age (NRA)	
Post retirement mortality assumption	2018 95% of the S2PA tables with the CMI_2015 projections based on a long term rate of improvement of 1.25% 2017 95% of the S2PA tables with the CMI_2015 projections based on a long term rate of improvement of 1.25%	
Tax-free cash	Members are assumed to take 80% of the maximum tax free cash possible using current commutation factors	

*Allowance for discretionary increase at 1 January 2017.

Assets

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

	31 December 2018	31 December 2017
Equities	28%	26%
Other assets	7%	9%
Gilts	31%	30%
Bonds	32%	32%
Cash	2%	3%
Total	100%	100%

The actual return on the Scheme's assets net of expenses over the period to the Review Date was (£727k).

The assets do not include any investment in the Church.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

Amounts Recognised in the Balance Sheet

	2018 £'000	2017 £'000
Fair value of plan assets	25,234	26,428
Present value of funded obligations	(22,128)	(22,970)
Surplus	3,106	3,458

Amounts Recognised in the Summary of Financial Activities over the year

	2018 £'000	2017 £'000
Current service cost	471	443
Administrative costs	89	86
Interest on liabilities	540	571
Interest on assets	(627)	(655)
Past service cost	211	110
Total	684	555

Remeasurements over the year

	2018 £'000	2017 £'000
Loss / (gain) on scheme assets in excess of interest	1,354	(972)
Experience losses / (gains) on liabilities	-	1
(Losses) / gain from changes to financial assumptions	(1,113)	422
Total	241	(549)

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the year was:

	2018 £'000	2017 £'000
Fair value of assets at the beginning of the year	26,428	25,542
Interest on assets	627	655
Employer contributions	573	417
Contributions by Scheme participants	152	147
Benefits paid (net of expenses)	(1,103)	(1,219)
Administration costs	(89)	(86)
Return on plan assets less interest	(1,354)	972
Fair value of assets at the end of the year	25,234	26,428

Presbyterian Church of Wales
Notes to the financial statements for the year ended 31 December 2018

The change in defined benefit obligation over the year was:

	2018 £'000	2017 £'000
Defined benefit obligation at the beginning of the year	22,970	22,495
Current service cost	471	443
Contributions by Scheme participants	152	147
Past service cost	211	110
Interest cost	540	571
Benefits paid (net of expenses)	(1,103)	(1,219)
Experience (gain) / loss on defined benefit obligation	-	1
Changes to financial assumptions	(1,113)	422
	22,128	22,970

10. Tangible fixed assets

Group	Motor vehicles £'000	Land and buildings £'000	Computer equipment/ fixtures and fittings £'000	Property improvements £'000	Total £'000
Cost/valuation					
At 1 January 2018	15	636	465	1,371	2,487
Disposals	-	(325)	(97)	(165)	(587)
Additions	-	211	138	161	510
At 31 December 2018	15	522	506	1,367	2,410
Accumulated Depreciation					
At 1 January 2018	13	75	409	993	1,490
Eliminated on disposal	-	(46)	(95)	(135)	(276)
Charge for the year	-	13	26	68	107
At 31 December 2018	13	42	340	926	1,321
Net book value					
At 31 December 2018	2	480	166	441	1,089
At 31 December 2017	2	561	56	378	997
Charity					
Cost/valuation					
At 1 January 2018	2	636	96	-	734
Disposals	-	(325)	(21)	-	(346)
Additions	-	211	18	-	229
At 31 December 2018	2	522	93	-	617
Accumulated Depreciation					
At 1 January 2018	-	75	75	-	150
Disposals	-	(46)	(18)	-	(64)
Charge for the year	-	13	6	-	19
At 31 December 2018	-	42	63	-	105
Net book value					
At 31 December 2018	2	480	30	-	512
At 31 December 2017	2	561	21	-	584

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

11. Heritage Assets

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

	2018 £'000	2017 £'000
31 December	215	198

There were no additions or disposals in 2018 and the estimated increase in the value of the heritage assets of £17,000 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.

12. Fixed Asset Investments

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 January	12,121	11,474	11,753	11,124
Additions	993	2,081	959	2,010
Disposals	(993)	(2,081)	(959)	(2,010)
Gains/(losses) on investments	(985)	647	(951)	629
At 31 December	11,136	12,121	10,802	11,753
Cost at 31 December	9,818	9,859	9,484	9,524
<i>UK Investments</i>				
Investment property	1,258	1,210	1,258	1,210
Unit trusts	722	1,060	697	1,024
Fixed interest securities	1,649	1,655	1,593	1,599
Equities	6,779	7,842	6,550	7,578
Cash	728	354	704	342
Market value of investments	11,136	12,121	10,802	11,753

The Charity has recognised realised gains on sales of investments of £nil (2017: £nil).

The following represent investments valued at greater than 5% of the total market value of quoted investments.

	2018	2017
Royal Dutch Shell 'B' Ordinary Shares	6.29%	5.76%
Unilever Ordinary Shares	5.32%	4.83%
UK Government Fixed Interest 1.75%, 2022	5.71%	5.25%
HSBC Holdings Ordinary Shares	4.82%	5.18%
Threadneedle UK Mid 250 Accumulation	3.28%	5.01%

Investment properties consist of 7 properties (2017: 7) throughout Wales. All are valued every 3 years and all 7 were valued at market value during 2017, five properties by Prys Jones & Booth (Chartered Surveyors), Abergele and two by Seel & Co (Chartered Surveyors), Cardiff. Market values for intervening years are calculated using the Nationwide property value index (Wales region).

Six 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 2018

13. Stocks

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Goods for resale and consumables	5	4	-	-

14. Debtors

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Debtors less than one year:				
Ministry and mission contributions	213	212	213	212
Loans and mortgages	209	180	209	180
Other debtors and prepayments	595	495	666	555
	1,017	887	1,088	947
Debtors more than one year:				
Loans and mortgages	959	1,082	959	1,082
	1,976	1,969	2,047	2,029

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 repayable over a maximum period of 5 years, at an interest rate of 3%. The car loans are unsecured loans. The aggregate value of such included above was £127,000 (2017: £155,000).

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Creditors and accruals	306	364	461	505
Other liabilities	229	224	229	224
	535	588	690	729

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

16. Movement in Unrestricted Funds

	At 1 January £'000	Income £'000	Expenditure £'000	(Losses) /gains £000	At 31 December £000
Unrestricted Funds	4,699	5,321	(4,991)	(191)	4,838
Total Group and Charity	4,699	5,321	(4,991)	(191)	4,838

17. Movement in Restricted Funds

	At 1 January £'000	Income £'000	Expenditure £'000	Gains/ (losses) £000	At 31 December £000
Ministries Department	5,841	2,101	(2,428)	(502)	5,012
Robert Davies Trust	402	-	-	(34)	368
Historical Society	2	2	-	-	4
Christian Aid	4	132	(135)	-	1
Mission Programme Fund	29	50	(57)	-	22
Moderators Fund	29	-	(2)	-	27
Davies Lecture Trust	98	2	-	(14)	86
Sale of Theological College Fund	1,479	-	-	(127)	1,352
Sale of Chapels Fund	1,188	-	-	-	1,188
Total Charity	9,072	2,287	(2,622)	(677)	8,060
Coleg y Bala	246	198	(217)	-	227
Coleg Trefeca	372	219	(171)	(30)	390
Howell Harris Museum and Artefacts	198	-	-	17	215
Candidates and Training Department Fund	663	162	(136)	(35)	654
Welsh Calvinistic Methodist Assurance Trust	39	1	-	-	40
	1,518	580	(524)	(48)	1,526
Total Group	10,590	2,867	(3,146)	(725)	9,586

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

18. Analysis of Group Net Assets

	Tangible and heritage fixed assets £'000	Investments £'000	Net assets / liabilities £'000	At 31 December 2018 £'000
Unrestricted funds	513	4,350	(25)	4,838
Total	513	4,350	(25)	4,838
Restricted funds				
Ministries Department	-	4,829	183	5,012
Robert Davies Trust	-	334	34	368
Historical Society	-	-	4	4
Christian Aid	-	-	1	1
Mission Programme Fund	-	-	22	22
Moderators Fund	-	-	27	27
Davies Lecture Trust	-	62	24	86
Sale of Theological College Fund	-	1,227	125	1,352
Sale of Chapels Fund	-	-	1,188	1,188
Coleg Y Bala	114	-	113	227
Coleg Trefeca	462	-	(72)	390
Howell Harris Museum	215	-	-	215
Candidates & Training Fund Charity	-	334	320	654
Welsh Calvinistic Methodist Assurance Trust	-	-	40	40
Total	791	6,786	2,009	9,586
Total net assets (excluding pension asset)	1,304	11,136	1,984	14,424

19. Funds held on behalf of others

The Properties Board is the custodian trustee of the Presbyterian Church of Wales. The Board administers funds on behalf of local churches, presbyteries, the Association and other funds affiliated to the Presbyterian Church of Wales. The funds held are:

	2018 £'000	2017 £'000
Short term deposits	20,803	21,967
Cash	2,336	756
Total funds	23,139	22,723

The Church holds funds of £130,000 on behalf of Coleg y Bala, £20,000 on behalf of Coleg Trefeca and these balances have been consolidated on the face of the balance sheet. The Church also holds £12,000 on behalf of the Davies Lecture Trust, £31,000 on behalf of the Welsh CM Assurance Trust and £nil on behalf of the Historical Society.

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

20. Related Party Transactions

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

At the year-end no trustee (2017: none) of the Church had an outstanding mortgage from the Church. One trustee (2017: one) had an outstanding car loan from the Church with a value of £3,638 (2017: £1,934). Additionally, six members of senior staff of the Church (2017: five) had outstanding mortgages and car loans from the Church with an aggregate value of £184,208 at year end (2017: £193,142). Total interest of £5,254 was payable in relation to these balances relating to trustees and senior staff during the year.

The Church provides accommodation for the General Secretary who is also a trustee of Coleg y Bala, Coleg Trefeca, and the Candidates and Training Department. Job related accommodation is also provided for three other senior staff members, the manager at Coleg Trefeca, and the joint managers at Coleg y Bala. A close relative of one senior staff member was also provided with job related accommodation during 2018.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which four (2017: five) have outstanding mortgages and car loans with the Church with an aggregate value of £104,486 (2017: £115,549). Total interest of £3,149 (2017: £5,313) was payable in relation to these balances relating to close relatives of senior staff during the year.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2017: one) with a value of £nil (2017: £4,520). Total interest of £nil (2017: £1,209) was payable in relation to those balance relating to a close relative of a Trustees during the year.

A close relative of a senior staff member undertook contracted building work in 2018 with a value of £21,420 (2017: £nil).

Presbyterian Church of Wales

Notes to the financial statements for the year ended 31 December 2018

21. Prior year analysis of unrestricted and restricted income and expenditure

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2017 £'000
Income from generated funds:			
Ministry and Mission contributions	2,379	-	2,379
Donations	145	140	285
Legacies	52	30	82
Grants	6	60	66
Income from investments	166	265	431
Income from charitable activities:			
Colleges and centres	-	117	117
Other income	594	4	598
Total	3,342	616	3,958
Expenditure on:			
Charitable activities:			
Ministers benefits	1,195	2,277	3,472
Ecumenical and PCW contributions	531	297	828
Colleges and centres costs	102	380	482
	1,828	2,954	4,782
Other	23	9	32
Total	1,851	2,963	4,814
Net income / (expenditure)	1,491	(2,347)	(856)
Net gains/(losses) on investments	255	392	647
Net income / expenditure	1,746	(1,955)	(209)
Transfers between funds	(2,195)	2,195	-
Other recognised gains / (losses):			
Valuation of heritage assets	-	(4)	(4)
Actuarial gains on defined pension scheme	549	-	549
Net movement on funds	100	236	336
Reconciliation of funds:			
Total funds brought forward	8,057	10,354	18,411
Total funds carried forward	8,157	10,590	18,747



Eglwys Bresbyteraidd Cymru
The Presbyterian Church of Wales

Swyddfa Eglwys Bresbyteraidd Cymru
Capel Tabernacl
81 Heol Merthyr
Yr Eglwys Newydd
Caerdydd
CF14 1DD

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

Ffôn/Tel:
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Ebost/Email:
Gwefan Web Site:

029 20627465
029 20616188
swyddfa.office@ebcpcw.org.uk
www.ebcpcw.org.uk

PricewaterhouseCoopers LLP

One Kingway
Cardiff
CF10 3PW

Eich Cyf/Your Ref:

Ein Cyf/Our Ref:

Dyddiad/Date:

31/05/2019

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Presbyterian Church of Wales (the "charity") and the consolidated financial statements of the charity and its charitable subsidiaries (together the "group") for the year ended 31 December 2018 for the purpose of expressing an opinion as to whether the financial statements of the charity and the consolidated financial statements of the group give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice FRS102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102"), and have been prepared in accordance with the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008. Subsequent references in this letter to "financial statements" refer to both the financial statements of the charity and the consolidated financial statements of the group.

We confirm that the following representations are made on the basis of enquiries of management and staff of the charity and the group with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, for all trustees at the time the trustees' report is approved, to the best of our knowledge and belief, and having made the appropriate enquiries, the following representations:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 17 January 2019, for the preparation of the financial statements in accordance with FRS 102 and applicable legislation; in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- All grants, donations and other income have been notified to you and where the receipt is subject to specific terms or conditions, we confirm that they have been recorded in restricted funds. There have been no breaches of terms or conditions during the period in the application of such income.
- We confirm that to the best of our knowledge all income receivable by the charity and the group during the accounting period has been included in the financial statements. Where material, gifts in kind and intangible income have been included at a reasonable estimate of their value to the charity and the group or at the amount actually realised.
- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

Ysgrifennydd Cyffredinol / General Secretary: Parchedig / Reverend MEIRION MORRIS, B.D.

Rhif Elusen Gofrestredig yr Eglwys Ganolog: 1132022 (dim i'w ddefnyddio gan eglwys lleol) / Central Church Registered Charity Number: 1132022 (not to be used by local churches)

- All events subsequent to the date of the financial statements for which FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, grouped by category, is attached to this letter.

Information Provided

- Each trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that you (the charity's auditors) are aware of that information.
- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the group from whom you determined it necessary to obtain audit evidence.
- So far as each trustee is aware, there is no relevant audit information of which you are unaware.

Fraud and non-compliance with laws and regulations

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the charity and group's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related party transactions

We confirm that the attached appendix to this letter is a complete list of the charity and group's related parties. All transfer of resources, services or obligations between the charity and group and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Charities SORP for FRS 102, "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Section 33 of FRS 102 or other requirements.

We confirm that we have identified to you all employees with emoluments over £60,000, as defined by Section 9 of Charities SORP for FRS102, "Accounting and Reporting by Charities: Statement of Recommended Practice", and included their emoluments in the financial statement disclosures.

Employee Benefits

We confirm that we have made you aware of all employee benefit schemes in which employees of the charity and the group participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the charity and the group have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with FRS 102, and in particular Section 21.

Taxation

We have complied with the taxation requirements of all countries within which we operate and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any corporation or other direct tax or any indirect taxes. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and we have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In managing the tax affairs of the charity and the group, we have taken into account any special provisions such as transfer pricing, debt cap, tax avoidance disclosure and controlled foreign companies legislation as applied in different tax jurisdictions.

We confirm that to the best of our knowledge, throughout the year, the charity has acted within its charitable objectives and therefore there are no activities on which the charity should be accounting for direct taxes.

As minuted by the board of trustees at its meeting on 10 May 2018

Marius W. Robinson
Trustee

For and on behalf of Presbyterian Church of Wales

Date31.5.19.....

Related parties and related party transactions appendix

Trustees

The trustees are elected at the Annual General Meeting held at the General Assembly each year before completing induction activities. The trustees, who served during the year to 31 December 2018, and up to the date of approval of the financial statements, are as follows:

Mr Brian Lopez	Treasurer of the Association in the East
Mr Idris O Hughes	Treasurer of the Association in the North – retired 1 January 2018
	Chair of the Resources Department and Properties Board and Deputy Chair of Trustees
Rev J Robert Bebb	Chair of the Ministries Department – retired 3 December 2018
Rev Brian Matthews	Moderator of General Assembly – appointed 10 July 2018
Rev Brian H Jones	Moderator of General Assembly - retired 10 July 2018
	Chair of the Ministries Department – appointed 3 December 2018
Rev Michael Ward	Clerk of the Association in the East – appointed 4 October 2018
Rev Wyn Rhys Morris	Clerk of the Association in the South
Mr Cliff Williams	Treasurer of the Association in the South and Chair of Trustees
	Treasurer of the General Assembly - retired 1 January 2018
Mr Hywyn Pritchard	Treasurer of the General Assembly – appointed 1 January 2018
Rev J Paul Morgan	Clerk of the Association in the East – retired 4 October 2018
Rev Marcus Robinson	Clerk of the Association in the North
Mr Dewi Lewis-Jones	Treasurer of the Association in the North – appointed 1 January 2018

Principal Officers

Rev Meirion Morris	General Secretary
Rev Ifan Roberts	Chief Administrator - appointed 1 January 2018 – resigned 31 March 2019
Rev Gwyn Rhydderch	Director and Children's Work Co-ordinator - resigned 1 February 2018
	Head of Projects and Communication - appointed 1 February 2018
Rev Nan Powell-Davies	Assistant Director of Ministries
Mr Andrew Britton	Head of Finance
Mr Neil Poulton	Head of Property
Mrs Shanta Rupalia	Head of HR and Legal Support
Mrs Ffion Williams	Head of Strategic Support – resigned 31 March 2019
	Chief Administrator – appointed 1 April 2019
Mrs Sian Edwards	Manager – Coleg y Bala (joint)
Mr Owain Edwards	Manager – Coleg y Bala (joint)
Miss Mair Jones	Manager – Coleg Trefeca
Rev W Bryn Williams	Academic Director
Mrs Eleri Melhuish	Head of Administration

20. Related Party Transactions

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

At the year-end no trustee (2017: none) of the Church had an outstanding mortgage from the Church. One trustee (2017: one) had an outstanding car loan from the Church with a value of £3,638 (2017: £1,934). Additionally, six members of senior staff of the Church (2017: five) had outstanding mortgages and car loans from the Church with an aggregate value of £184,208 at year end (2017: £193,142). Total interest of £5,254 was payable in relation to these balances relating to trustees and senior staff during the year.

The Church provides accommodation for the General Secretary who is also a trustee of Coleg y Bala, Coleg Trefeca, and the Candidates and Training Department. Job related accommodation is also provided for three other senior staff members, the manager at Coleg Trefeca, and the joint managers at Coleg y Bala. A close relative of one senior staff member was also provided with job related accommodation during 2018.

Close relatives of three senior staff members are employed by or are ministers within the Church, of which four (2017: five) have outstanding mortgages and car loans with the Church with an aggregate value of £104,486 (2017: £115,549). Total interest of £3,149 (2017: £5,313) was payable in relation to these balances relating to close relatives of senior staff during the year.

No close relatives of Trustees have outstanding mortgages or car loans with the Church (2017: one) with a value of £nil (2017: £4,520). Total interest of £nil (2017: £1,209) was payable in relation to those balance relating to a close relative of a Trustees during the year.

A close relative of a senior staff member undertook contracted building work in 2018 with a value of £21,420 (2017: £nil).

Appendix 1 – Summary of unadjusted errors

Description - Balu	Type	Income Statement		Balance Sheet	
		DR	CR	DR	CR
		£	£	£	£
Unrecorded liabilities	<i>Factual</i>				
Expenses		525			
Accruals					525
Reclassification of R&M	<i>Factual</i>				
Cleaning suppliers		699			
Repairs and maintenance			699		
Net debit to the P&L		525			



CANOLFAN HYFFORDDI COLEG Y BALA TRAINING CENTRE

Ffordd Ffrydan,

Y BALA, Gwynedd. LL23 7RY

Ffôn: 01678 520565

e-bost: hywel.6hld@icloud.com / Gwefan/Website: www.colegybala.org
Cyfarwyddwr Gwaith Plant ac Ieuencid E.B.C./P.C.W. Director of Youth and

Children's Service: Parch/Rev. Gwyn Rhydderch B.D.

Rheolwyr/Managers: Dr. Owain Edwards a Mrs. Sian Edwards.

PricewaterhouseCoopers LLP

One Kingsway
Cardiff
CF10 3PW

31 May 2019

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Coleg Y Bala (the "charity") for the year ended 31 December 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, comprising FRS 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), and have been prepared in accordance with the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We confirm that the following representations are made on the basis of enquiries of management and staff of the charity with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, for all trustees at the time the trustees' report is approved, to the best of our knowledge and belief, and having made the appropriate enquiries, the following representations:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 17 January 2019, for the preparation of the financial statements in accordance with FRS 102 and applicable legislation; in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- All grants, donations and other income have been notified to you and where the receipt is subject to specific terms or conditions, we confirm that they have been recorded in restricted funds. There have been no breaches of terms or conditions during the period in the application of such income.
- We confirm that to the best of our knowledge all income receivable by the charity and the group during the accounting period has been included in the financial statements. Where material, gifts in kind and intangible



Rhif Elusen/Charity No. 524277

Ateber i / Reply to: Hywel LI Davies LL.B. Bryn Ffynnon, Rhosygwaliau, Y Bala, Gwynedd LL23 7BH
Ysgrifennydd Mygedol / Honorary Secretary ☎: 01678 520089 e-bost: hywel.davies@ebcpcw.cymru

amount actually realised.

- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the financial statements for which FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, grouped by category, is attached to this letter.

Information Provided

- Each trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that you (the charity's auditors) are aware of that information.
- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the charity from whom you determined it necessary to obtain audit evidence.
- So far as each trustee is aware, there is no relevant audit information of which you are unaware.

Fraud and non-compliance with laws and regulations

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the charity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the charity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related party transactions

We confirm that the ultimate controlling party of the charity is Presbyterian Church of Wales.

We confirm that the attached appendix to this letter is a complete list of the charity's related parties. All transfer of resources, services or obligations between the charity and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

the requirements of the Charities SORP for FRS 102, "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Section 33 of FRS 102 or other requirements.

We confirm that we have identified to you all employees with emoluments over £60,000, as defined by Section 9 of Charities SORP for FRS102, "Accounting and Reporting by Charities: Statement of Recommended Practice", and included their emoluments in the financial statement disclosures.

Employee Benefits

We confirm that we have made you aware of all employee benefit schemes in which employees of the charity participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with FRS 102, and in particular Section 21.

Taxation

We have complied with the taxation requirements of all countries within which we operate and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any corporation or other direct tax or any indirect taxes. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and we have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In managing the tax affairs of the charity, we have taken into account any special provisions such as transfer pricing, debt cap, tax avoidance disclosure and controlled foreign companies legislation as applied in different tax jurisdictions.

We confirm that to the best of our knowledge, throughout the year, the charity has acted within its charitable objectives and therefore there are no activities on which the charity should be accounting for direct taxes.

As minuted by the board of trustees


.....
Trustee

For and on behalf of Coleg Y Bala

Date 31 May 2019

Trustees:

Rev Meirion Morris
 Mr Hywel Davies (Secretary)
 Ms Luned Mair Jones
 Rev Huw Powell-Davies (Chairman)
 Ms Zoe Jones
 Rev Bryn Williams
 Rev Hywel Edwards
 Ms Sioned Williams

Rev Nicholas Bee
 Mrs Glenda Davies
 Mrs Rebecca Duffield
 Rev Gerwyn Roberts
 Rev Mike Ward
 Mr Huw Dylan Jones
 Mr Moses Tutesiegersi

Transactions:

7 Related party transactions

The College is the youth and children's training centre of the Presbyterian Church of Wales, Tabernacle Chapel, 81 Merthyr Road, Whitchurch, Cardiff, CF14 1DD. The trustees have considered the disclosure requirements of the Statement of Recommended Practice for Charities and consider that the transactions requiring disclosure are as follows:

- (i) the Presbyterian Church of Wales has awarded a grant of £104,781 (2017: £101,449) for use on both revenue and capital expenditure for the year, £22,500 of this was provided from the Candidates and Training Department of the Presbyterian Church of Wales; and
- (ii) the College has a creditor balance of £47,998 (2017: £49,272) at the year-end in relation to staff costs which the Presbyterian Church of Wales administers on its behalf.
- (iii) Five of the trustees' (2017: six) of the College have outstanding mortgages and car loans from the Presbyterian Church of Wales of £106,692 (2017: £163,057) at year end. Total interest of £3,934 (2017: £5,313) was payable to the Church in relation to these balances during the year.

The maximum car loan available is £6,500 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.

Appendix 1 – Summary of unadjusted

Description - Balance	Type	Income Statement		Balance Sheet	
		DR	CR	DR	CR
		£	£	£	£
Unrecorded liabilities	<i>Factual</i>				
Expenses		525			
Accruals					525
Reclassification of R&M	<i>Factual</i>				
Cleaning suppliers		699			
Repairs and maintenance			699		
Net debit to the P&L		525			