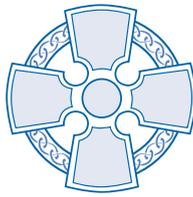


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THE CHURCH
IN WALES

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2021



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

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

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Front cover photographs:

- top left:* The Bishop of Bangor, Andrew John, is elected as the 14th Archbishop of Wales.
- bottom left:* The Archdeacon of Wrexham, John Lomas, was announced as the 10th Bishop of Swansea and Brecon.
- top middle:* Diocesan pilgrimage from Brecon to Llanddew (September 2021).
- bottom middle:* HRH Prince Charles visiting St Davids Cathedral for the Church in Wales' centenary service (July 2021).
- top right:* The Welsh leg of a 1,000 mile climate justice relay to the COP26 summit in Glasgow was launched with a prayer breakfast at St Thomas' Church, Swansea.
- middle right:* The Reverend Jonathan Parker with members of the Newcastle Emlyn branch of the Royal British Legion at a celebration of the Legion's centenary (July 2021).
- bottom right:* Pupils from St David's Church in Wales Primary School, Pentwyn, took part in project which developed their understanding about why people seek sanctuary and how we might help them. The children extended their learning further during Refugee Week with a whole school theme of "We Cannot Walk Alone" (June 2021).

CHAIR'S INTRODUCTION



I am very pleased to be writing this my first introduction to the Representative Body's annual report following my election as its new Chair in November 2021. I very much value the opportunity of engaging with my fellow trustees and the Representative Body staff and I am

looking forward to being part of the far-sighted plans which are being developed to further the mission and ministry of the Church in Wales. The Representative Body has been well served by my predecessor as Chair, James Turner, for whose diligence, skillful stewardship and good financial sense I am extremely grateful. James served the Church in Wales with great distinction, and I wish him a very happy retirement.

2021 saw the effects of the COVID-19 pandemic continue and much uncertainty remain. During the first half of the year the Representative Body provided an additional £4.4million in financial support to dioceses to assist them in navigating the pandemic. There can be little doubt that the pandemic will cast a long shadow and as we emerge from it, the Representative Body is keen to ensure its approach to investment management and expenditure are configured to best suit the needs of the Church in our times, times which have inevitably changed over the last two years. Recovery from the COVID-19 pandemic has dominated everyone's thoughts over the past few months.

In the two years leading up to my appointment much constructive work has been done by the Representative Body, Standing Committee and Bench of Bishops meeting jointly. This work has formed the backbone of a strategic plan for the Church in Wales for the next ten years which is being led by our new Archbishop. As part of this, the Representative Body has adopted a series of principles it will use to guide its approach to expenditure and budget formation, which aims to pivot expenditure plans towards stimulating growth and maximising organisational effectiveness.

The Representative Body is very keen to provide financial support that will help our dioceses and church communities flourish and be alive to mission and the proclamation of the Gospel in our times. Having a provincial strategy and goals towards which financial resources can be directed will be

of great assistance and allow the Representative Body to provide those resources as required. We need to take this opportunity to craft a new narrative whereby the collective strengths of the dioceses and the Representative Body come together to form a strong coalition that will focus upon enhancing and strengthening the Church in Wales. This can only be achieved if there is recognition that all independent parts are equal and that we value the clear strategic direction given by our dioceses to further mission and Christian witness.

Another significant theme of work running through 2021 has been the action we need to take as a Church following the Governing Body's decision in April 2021 to declare a climate emergency and commit the Church in Wales to being net zero in terms of our carbon footprint by 2030. The Representative Body has appointed a dedicated member of provincial staff, our Climate Change Champion, to work specifically on preparing the way for meeting this ambitious target and much positive work has been done. The Representative Body has financed the preparation of a framework for action and adopted a Climate Change and Net Zero Policy which will guide its decisions and activities – and, in some areas, spending – to help the Church in Wales achieve its target. Relevant training for various key groups of people around the province will be provided by the Representative Body during 2022.

As I begin my time as Chair of the Representative Body, I want to provide a clear message about investment. The Representative Body must, and is willing to, invest in both the present and future of the Church in Wales to allow all our bishops, clergy and laity to flourish and be the people God is so clearly calling us to be.

Professor Medwin Hughes
Chair of the Representative Body

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

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

Key Objectives

The Representative Body's key objectives are:

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

Ongoing Objectives

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

Additional Objectives for 2021

- To consider the funding implications of the Cathedrals Review.
- To consider the funding implications and legal considerations of the Clergy Remuneration Review.
- To instigate a project plan to digitise the Representative Body's collection of paper records.
- To consider the provision of further financial support for dioceses to mitigate the effects of the COVID-19 pandemic.
- To review the asset allocation within the Representative Body's Investment Policy.
- To undertake a recruitment campaign to appoint a new Chair for the Representative Body.

Additional Objectives for 2022

- To work with the Bench of Bishops and the Standing Committee to agree a ten-year plan for the Church in Wales which sets out its purpose, values, ambition and goals.
- To produce a ten-year funding plan to ensure that the Representative Body's financial strategy and resources are directed in support of the Church in Wales's goals.
- To implement a new payroll and HR management system.
- To implement those recommendations of the Monmouth Enquiry and Review report which are allocated to the Representative Body and its committees for action.
- To provide training and practical support to assist all parts of the Church in Wales to engage effectively with the Climate Emergency.

ACHIEVEMENT AND PERFORMANCE

The Representative Body made available further financial assistance to the dioceses in the first half of 2021 as the Church continued to come to terms with the COVID pandemic.

Overall Financial Position

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

There was a positive movement in total net funds for 2021 of £103 million. This was primarily due to investment gains of £84 million.

After considering other recognised gains and losses, the total funds shown on the balance sheet of the Representative Body at 31 December 2021 increased from £804 million to £907 million. Further details on the investment performance are given on page 6.

General Funds

Over 95% of the Representative Body's income is generated through its investments. During 2021, the Representative Body's investment income increased by £1.4 million, having decreased by £3.5 million in 2020 as a direct result of Covid. Expenditure increased by £898,000, having increased by £4.4 million in 2020. This was a result of additional funding provided to dioceses in both 2021 and 2020 to assist parishes in the wake of the pandemic.

The resulting net loss of £8.5 million compares to annual losses pre-Covid (as highlighted in the Ten Year Review on page 37) of around £2 million.

However, despite the turbulent few years, stock markets remained resilient and the investment portfolio produced net unrealised gains of £82 million which offset the income and expenditure loss and resulted in an overall increase in General Funds of £57 million.

Total Assets of the Representative Body

Although it might appear from the Balance Sheet on page 21 that the Representative Body is a wealthy charity, it is of vital importance that Church members understand the nature of the Representative Body's total funds.

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

The total assets of the Representative Body as at 31 December 2021 stood at £1,134 million.

However, as the Clergy Pension Scheme is an unfunded scheme (which means that the assets that are set aside to match the liabilities of the Scheme are not segregated from the assets of the Representative Body) the total assets include £218 million and £9 million which represent the clergy and staff pension liabilities respectively.

The net effect of this means that the total funds excluding the pension liabilities of the Representative Body are £907 million.

These funds are split as follows:

	£m
General Funds	533
Restricted Funds	5
Designated Funds	369
Total	907

The Restricted Funds of £4.6 million represents the value of the former St Michael's College site, held as an endowment fund.

The Designated Funds totalling £369 million are set out in detail on page 34. However, 75% of this total comprises the cost or valuation of the parsonages, churches and church halls. These are not income-generating assets and reflect the working plant of the Church. The remaining balance is specifically earmarked for future costs, such as the Evangelism Fund, church repairs and future pension liabilities.

This leaves the General Funds which total £533 million. It is these assets that are invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body. The Representative Body aims to achieve a 5.5% total return, although this may not be sustainable in the future.

The income generated by these investments of around £15 million per annum is used to fund the Block Grant to dioceses, clergy training through St Padarn's Institute, the bishops and the provincial office. With current expenditure levels of around

£17 million, the Representative Body is running an income and expenditure deficit of around £2 million per annum (excluding exceptional COVID support payments). As may be seen on page 37, the Representative Body's expenditure has for many years exceeded its income, but this is offset by the capital gains. The Trustees are aware that commitment to structural expenditure which progressively erodes the capital base of the Representative Body will reduce its income and ability to fund the ministry and mission of the whole Church in years to come.

Total Funds of the Representative Body	£1,134 million
Less: Clergy and Staff Pension Scheme liabilities	(£227 million)
Balance	£907 million
Less: Restricted Funds	(£5 million)
Less: Designated Funds	(£369 million)
Balance – representing General Funds	£533 million

It is this £533 million that is held as investment assets and generates the returns (income and capital).

Supporting Ministry

Grants to Dioceses

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

In 2021 the total Block Grant was set at £6.2 million, however as a result of the COVID pandemic, it was agreed to provide the dioceses with additional financial assistance of £4.4 million, which meant that the total funding that was provided to dioceses in 2021 was £10.6 million.

The Representative Body has agreed the Block Grant will be set at £2.6 million for 2022. Whilst this may look like a substantial reduction, a change in the accounting method for current service contributions to the clergy pension scheme mean that this figure represents a small increase.

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

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

CLERGY PENSION SCHEME

Clergy Pension Scheme

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

An incumbent with 40 years' uninterrupted service, retiring in 2022 will receive a lump sum of up to £38,805 and an annual pension of £15,522. On the death of a cleric, a qualifying surviving spouse or civil partner receives 60% of the cleric's pension, which in 2022 is £9,313 for full service.

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

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

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

Clergy Pension Scheme Membership				
	Active	Deferred	Pensioners	Total
Membership at 1 January 2021	407	234	839	1,480
Members returning to active status	1	-	-	1
New entrants	21	-	-	21
Leavers with deferred benefits	(13)	13	-	-
Transfers out	-	(1)	-	(1)
Leavers pending a transfer decision	(1)	-	-	(1)
New pending members	1	-	-	1
Retirements	(26)	(15)	54	13
Deaths	(1)	(1)	(42)	(44)
Adjustments to opening figures	-	(3)	1	(2)
Membership at 31 December 2021	389	227	852	1,468

The Clergy Pension Scheme is reviewed every three years and the results of the actuarial valuation that took place as at 31 December 2019, together with the previous three valuations are highlighted below. The new rates took effect from 1 January 2020. The next actuarial valuation is due to take place at 31 December 2022.

Clergy Pension Scheme Funding				
	2019	2016	2013	2010
Market Value of the Representative Body's General Funds	£719m	£607m	£512m	£452m
Value of Past Service Liability	£196.2m	£187.8m	£158.9m	£141.9m
Liability as a proportion of General Fund	27.3%	30.9%	31.1%	31.4%
Employer's Current Service Contributions	36.5%	38.8%	32.7%	27.2%

FINANCIAL REVIEW

Investments increased during the year by 10%.

Investment Policy

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

Investment Objectives

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

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

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

Investment Managers

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

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

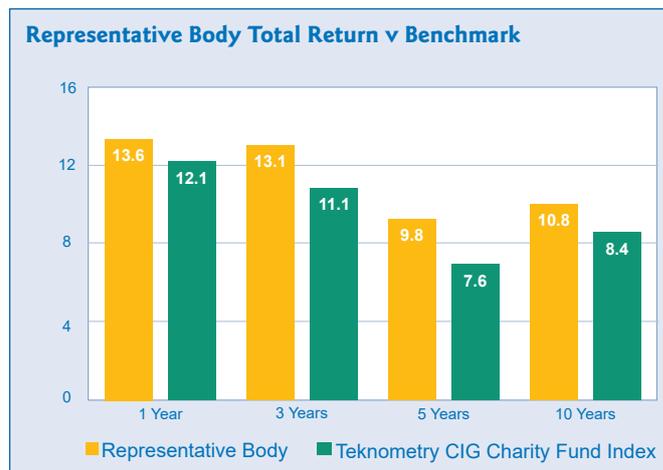
Overall Fund Performance

During 2021 the total value of the Representative Body's investments increased by 10% to £824 million as shown on the Balance Sheet on page 21.

The capital value of the fund is of particular significance in assessing the proportion of assets required to meet the Clergy Pension Scheme liabilities which were valued at £218 million on 31 December 2021 (2020: £222 million).

Total Return

The total return (both income and capital growth) from the Representative Body's fund during 2021 was 13.6%, outperforming the Teknometry comparator return of 12.1%. Over three and five years the annualised returns also outperformed the comparator as highlighted in the table below.



Comparator

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

The property portfolio is measured against the MSCI Monthly Index.

Stock Exchange Investments

The value of stock exchange securities increased over the year from £651 million to £708 million at 31 December 2021, an increase of 8.9%.

Global equities advanced as they passed the first anniversary of the Covid-19 pandemic. Although fresh lockdowns were enforced across several major economies in 2021, the accelerating rollout of Covid-19 vaccination programmes, and the promising results witnessed in those countries furthest ahead in this process, were key factors that bolstered investors' risk appetite early in the review period. By contrast, the influence of monetary accommodation, which had undoubtedly been a critical support for financial-asset prices, took a somewhat different turn as investors began to anticipate a dialling back of the exceptional levels of monetary stimulus. This contributed to a sharp rise in government bond yields over the start of 2021.

As 2021 progressed, the inflation debate remained a high-profile and contentious issue, with a series of elevated data points prompting many to question the narrative that this phase would be transitory. Given the inextricable linkage with the direction of monetary policy, which had been such a prominent support to asset prices since the pandemic began, this became a key factor driving sentiment.

Other challenges including the Covid-19 Delta variant, threatened to undermine global growth. Sentiment was also roiled by the Chinese government’s decision to launch fresh interventions across several sectors, the most significant, in terms of market impact, being the major technology platforms. Once more, it was rising government bond yields that formed a major part of the narrative behind a sell-off at the end of September 2021.

Higher energy prices, goods shortages and wage-inflation numbers led to the suggestion that monetary stimulus could be ‘tapered’ and interest rates moved higher. Meanwhile, late in 2021, the new Covid-19 Omicron variant initially provoked draconian responses from several governments, which, in turn, undermined risk appetite.

Over the 12-month period, US equities led the pack, delivering a +28.1% return in sterling terms. UK equities and European ex UK equities returned +18.3% and +17.4% respectively. Asia Pacific ex Japan equities delivered an +8.2% return, while Japanese and emerging-market equities produced a +2.5% return and +1.0% return respectively.

Corporate bonds delivered a -3.0% return in sterling terms. Gilts also fell, returning -5.2% over the 12-month period, while overseas government bonds returned -5.7%.

Asset allocation ranges and the allocation as at 31 December 2021 are shown below:

Asset Allocation Range		
Asset class	Range	Allocation at 31 December 2021
UK Equities	15-40%	23%
Overseas Equities	20-70%	56%
Fixed Interest	5-25%	9%
Alternatives	0-15%	9%
Cash	0-25%	3%

Investment Property

The value of the Representative Body’s investment property portfolio decreased marginally over the year from £73.9 million to £73.6 million.

The Representative Body directly holds 10 investment properties and also holds units in 2 Property Units Trusts (PUTs).

The direct properties are independently valued at each year end and as at 31 December 2021 at £63.8 million compared to £57 million at the end of 2020, despite the sale of one property during 2021 for £1.4 million.

The PUTs investments were valued at 31 December 2021 at £9.8 million compared to £16.8 million the previous year, following the sale of the WELPUT investment for £7.2 million during the year.

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



Ethical Investment Policy Statement

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

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

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

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

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

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

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

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

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

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

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

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

Risk Management Policy

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

The 2021 risk register identifies the major risks to which the organisation is exposed and the scope of such risks. The register then identifies the controls and procedures which have been established to manage and mitigate those risks, from which there are defined action points, strategies and timescales to mitigate risk further.

The 2021 risk register has identified the following as the most significant risks:

1. Poor total returns from the Representative Body's investments;
2. Insolvency of a diocese;
3. Accelerated decline in church attendance;
4. Suspension of public worship due to unforeseen circumstances;
5. Organisational structure of the Church in Wales no longer appropriate for the needs of the organisation;
6. Unauthorised network access;
7. Increasing numbers of redundant churches;
8. Cyber security breach
9. Falling clergy numbers;
10. GDPR breach;
11. Failure by any part of the Church in Wales to follow the Safeguarding Policy;
12. Increasing demands on property staff team;
13. Clergy Pension Scheme assets not ring-fenced;
14. Emergence of unknown tax liabilities;
15. Continuing deficit of the Staff Retirement Benefit Scheme;
16. Difficulties in recruiting sufficient committee members with appropriate skills and experience.

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

Reserves Policy

At 31 December 2021, the Representative Body's total funds amounted to £907 million (2020: £804 million). This includes the Restricted and Designated Funds with a combined total of £374 million.

The Restricted Funds which total £4.6 million represent an Endowment Fund in respect of the former St Michael's College site.

The Designated Funds total £369.2 million and £278 million is in respect of the non-investment properties held by the Representative Body, represented by church 'plant' – churches, church halls and parsonages.

In determining the available reserves of the Representative Body, it is considered prudent to exclude the Restricted and Designated Funds, as these funds are not available to spend. The Representative Body therefore considers that the General Fund balance of £533 million (2020: £477 million) represents the reserves available.

As shown in the Balance Sheet on page 21, the Representative Body's General Fund balance is £533 million which as shown in the table on page 4, is made up of investment assets. It is those investment assets held by the Representative Body that generate the overwhelming majority of both its income and capital gains.

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

General Funds

The amount of General Funds held by the Representative Body at 31 December 2021 totaled £533 million (2020: £477 million).

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

Designated Funds

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

At 31 December 2021 Designated Funds amounted to £369 million (2020: £323 million). Details of the Designated Funds are set out on page 34. The most significant fund is the Revaluation Reserve, with a balance of £244 million, and represents the difference between the market values assigned to non-investment property (including parsonages, churches, church halls and sundry property) and the underlying cost. As such, the Revaluation Reserve can only be realised by the disposal of the non-investment property held by the Representative Body for the day to day work of the Church.

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

Restricted Funds

At 31 December 2021 Restricted Funds amounted to £4.6 million (2020: £4.6 million) held by the Representative Body, and represents the value of the former St Michael's College site.

FUTURE PLANS

An assessment of forthcoming strategic priorities for the Representative Body.

Short to medium term issues

COVID-19

Since the beginning of the pandemic in March 2020, the Trustees have been met remotely rather than in person. They have met much more frequently than their previous pattern of three times per year. During 2021, additional financial support was provided to the six dioceses of £4.4 million bringing the total of additional support during the pandemic to £12.5 million.

The Representative Body's Investment Committee worked closely with its investment managers to ensure that resources were in place to fund this large additional grant expenditure. Cashflow is monitored closely, and regular forecasts are produced.

During 2021, the office in Cardiff remained open, subject to compliance with COVID-19 restrictions but most staff worked from home. The substantial investment in ICT made when the office was relocated to Callaghan Square has made the introduction of dispersed and hybrid working relatively straight forward. The St Padarn's Institute returned to in-person teaching during the year when this was permitted.

Support for the dioceses

In addition to the exceptional grants set out above, the Representative Body continued to provide a comprehensive portfolio of services, advice and financial support to the wider Church in Wales. This included maintaining Block Grant funding to dioceses (amounting to £6.2 million).

Examples of services and advice provided to dioceses:

Safeguarding casework advice and training. The team was strengthened during the year with new safeguarding appointments and the portfolio of safeguarding training resources refreshed.

People services. Several new appointments were made during the year to ensure that appropriate resource is available in support of people-related matters for both clergy office-holders and Representative Body employees. Additionally, work has been commissioned to refresh the suite of people-related policies and procedures.

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

Legal services – providing advice to Ministry / Mission areas and parishes in connection with approximately 2,500 trusts.

ICT services – new system introduced for DBS checking; introduction of Church in Wales e-mail addresses for clergy in several dioceses.

Clergy Remuneration

In 2017, the Representative Body commissioned a comprehensive review of clergy remuneration arrangements. The working group which undertook the review produced a report in May 2019 which was highly detailed, incorporating complex financial models and projections, and made 35 recommendations. The report also placed significant emphasis on clergy well-being. In response, the Representative Body formed a small implementation group to advise it on implementation strategy. This implementation group has produced its report which has been considered by the Representative Body. Specialist legal and pensions-related advice has been sought to enable the Representative Body to make final decisions. A separate group, led by the Bishop of Monmouth, is considering the recommendations in the report which relate to clergy well-being.

Safeguarding

The Representative Body continues to invest in its safeguarding resource. During the year, a new Director of Safeguarding was appointed who has brought together, into one team, activities in casework, training, policy and procedure development, and relationship building with the statutory agencies and other partners.

New resources have been published during the year and governance re-organised to ensure that oversight of safeguarding has clear linkage to the Governing Body.

Training for Ministry

2021 saw the launch of the Church in Wales Ministerial Development Review scheme, to ensure that all clergy across the six dioceses have an annual review. The scheme was carefully constructed to hold together a common Church in Wales core – to ensure commonality for clergy across the Church and continuity when clergy move diocese – and distinctive diocesan sections to reflect diocesan strategies and

cultures. There was new focus on the Pioneer and Welsh-Medium Mission networks, organised by the St Padarn's institute, to support and stimulate ministry in these important areas, and changes within the tutorial team at St Padarn's to strengthen its expertise in Biblical studies and Welsh theology.

In 2021 St Padarn's moved its university partner for its master's level courses from Cardiff University to Durham University. While the partnership with Cardiff had served the Church in Wales well for many years, the Cardiff department had steadily become less interested in Christian theology, and thus the partnership with the Church more marginal to it. Durham University (ranked the fifth best university in the world for theology in 2021) has a significant focus on Christian theology and ministry, and a dedicated partnership arm ('common awards') to work with theological colleges.

Cathedrals Review

In 2017 the Governing Body received a report from an independent review into the role, governance and resourcing of cathedrals. Since then the Constitutional requirements for cathedral governance have been updated to allow cathedrals the ability to build governance mechanisms that are more suitable to their own individual circumstances. In 2019, following further discussions about the arrangements for providing funding for the cathedrals, the Representative Body arranged for a small group of trustees to visit each of the six cathedrals to gain a detailed understanding of their local context and specific situations. The Representative Body received a number of updates from the group and a final report with recommendations was received during 2021. Those recommendations have now been implemented in full.

Long term issues

Pensions

The actuarial valuation of the Clergy Pension Scheme at 31 December 2019 confirmed that the Scheme is well funded and continues to represent a prudent proportion of the Representative Body's total assets. The Representative Body will keep the Clergy Pension Scheme, including its funding and benefits, under active review. The next actuarial valuation of the Clergy Pension Scheme is due to take place as at 31 December 2022.

Climate Change

Following the Governing Body's Climate Emergency declaration in April 2021, the Representative Body appointed a full-time Climate Change Champion to bring focus to this vital area of work. The Representative Body completed the divestment process from all forms of fossil fuel production and supply, agreed an environmental policy and focused on the development of the Net Zero Carbon Framework of the Church in Wales, for approval at the April 2022 Governing Body.

Over the last twelve months, the Representative Body's Property Committee developed a Net Zero Policy, the People Committee approved the Smart Working Policy for staff and Archbishop Andrew has become the first bishop to switch to the use of an electric vehicle.

With an agreed net zero strategy for action with immediate steps for all levels of the Church in place, the implementation of the Governing Body's Framework will be the focus of the Climate Change Champion engaging with all parts of the Church. Immediately, this will involve arranging a comprehensive training programme of carbon literacy for key church leaders, developing an energy footprint tool for churches and church halls and commissioning energy audits for key buildings.

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

GOVERNANCE AND MANAGEMENT

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

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

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

Membership Composition

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

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

Membership Eligibility

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

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

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

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

Membership – Induction and Training

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

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

Committees

The Representative Body has seven committees – Finance, Investment, Property, People, Audit and Risk, Training, Formation and Ministerial Development (formerly St Padarn's Council) and the Cathedrals and Churches Commission – each with specific terms of reference and functions delegated by the Representative Body and reviewed every three years. The Training Formation and Ministerial Development committee was disbanded at the end of 2021.

Investment Committee

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

Property Committee

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

People Committee

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

Audit and Risk Committee

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

Finance Committee

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

Training, Formation and Ministerial Development Committee

The Training, Formation and Ministerial Development Committee was disbanded on 31 December 2021. It previously oversaw the work of St Padarn's Institute, providing academic governance, quality assurance and enhancement, and more broadly, the oversight of training, formation and ministerial development. The Committee was accountable to the Representative Body. From 1 January 2022, the St Padarn's Quality and Standards Panel was formed, which reports directly to the Bench of Bishops.

Cathedrals and Churches Commission

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

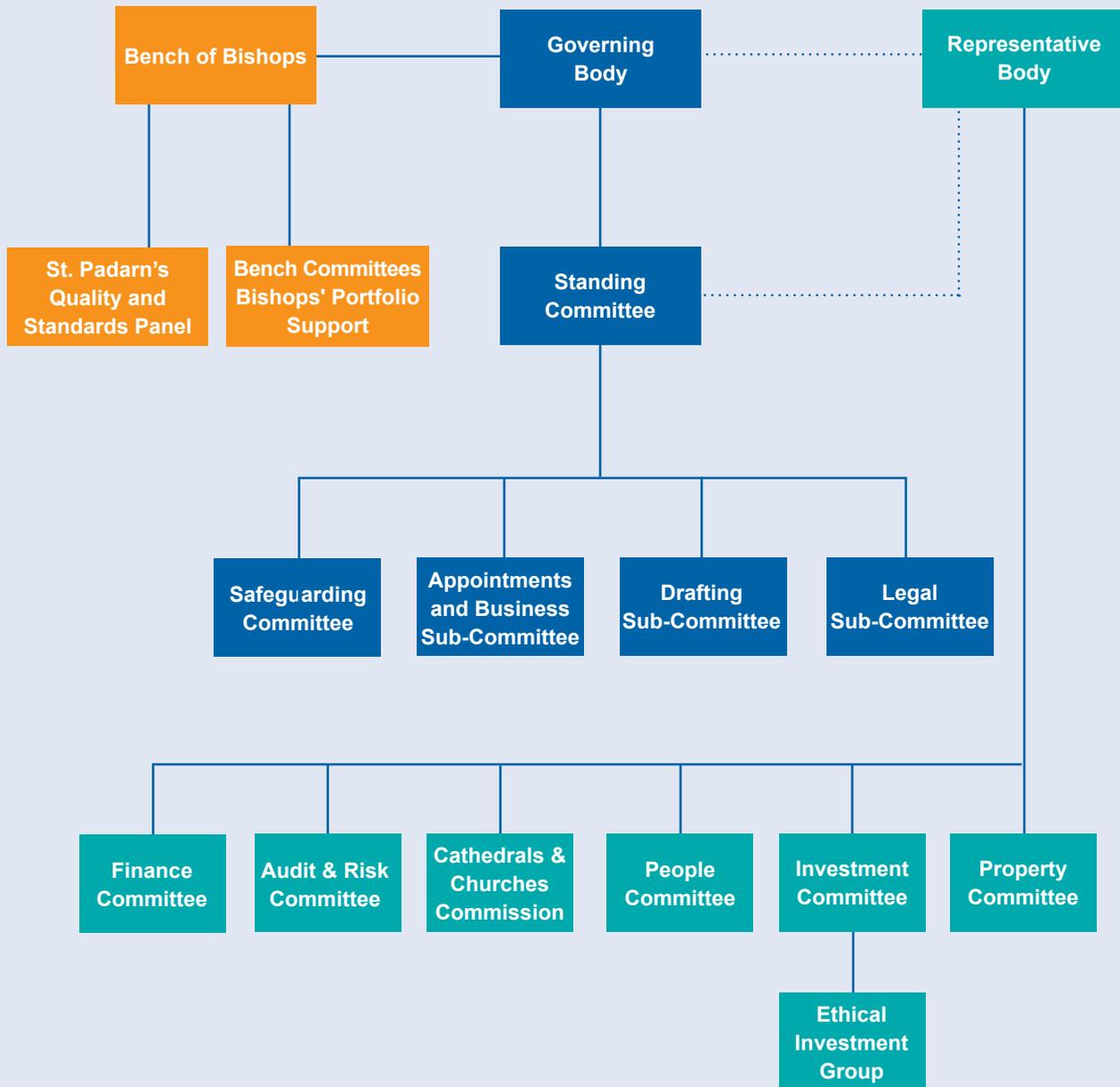
Conflicts of Interest

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

Fundraising

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

THE PROVINCIAL STRUCTURE (as at 1 January 2022)



STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

By order of the Representative Body.

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

30 June 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Representative Body of the Church in Wales for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the COVID-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;

- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

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

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

Use of our Report

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

Haysmacintyre LLP

Statutory Auditor

30 June 2022

10 Queen Street Place

London

EC4R 1AG

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

Statement of Financial Activities

For the year ending 31 December 2021

	Notes	General Funds 2021 £000	Designated Funds 2021 £000	Restricted Funds 2021 £000	Total Funds 2021 £000	Total Funds 2020 £000
Income from:						
Donations and Legacies		523	-	-	523	120
Charitable Activities		-	306	33	339	728
Investments	2	18,756	395	-	19,151	17,724
Other		251	-	-	251	290
		19,530	701	33	20,264	18,862
Expenditure on:						
Raising Funds	3	3,023	-	-	3,023	3,106
Charitable Activities						
Support for Ministry	4	10,941	-	-	10,941	8,867
Support for Dioceses and Parishes	5	12,712	1,726	-	14,438	14,751
Other Church Property	6	406	1,031	-	1,437	1,514
Other Financial Support	7	657	15	33	705	553
Communication	8	323	-	-	323	358
		28,062	2,772	33	30,867	29,149
Net Expenditure before Investment Gains		(8,532)	(2,071)	-	(10,603)	(10,287)
Net Gains on Investments		82,142	1,384	-	83,526	39,684
Net Income / (Expenditure)		73,610	(687)	-	72,923	29,397
Transfers between funds:						
Emergency Aid Fund		(200)	200	-	-	-
Cathedrals Funding		(30)	30	-	-	-
Climate Change Fund		(523)	523	-	-	-
Other Recognised Gains / (Losses):						
(Losses) / gains on revaluation of fixed assets		(1,061)	20,511	-	19,450	19,529
Allocation to Clergy Pension Provision		(22,135)	-	-	(22,135)	(10,903)
Transfer from / (to) Clergy Pension Provision		-	26,154	-	26,154	(12,750)
Actuarial gain / (loss) on Staff Pension Scheme		6,941	-	-	6,941	(5,350)
Net Movement in Funds		56,602	46,731	-	103,333	19,923
Reconciliation of Funds:						
Total Funds brought forward		476,740	322,501	4,550	803,791	783,868
Total Funds carried forward		533,342	369,232	4,550	907,124	803,791

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

All activities are continuing.

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

Balance Sheet

As at 31 December 2021

		31 December 2021		31 December 2020	
	Note	£000	£000	£000	£000
Fixed Assets					
Non-Investment Properties	12	305,743		290,284	
Tangible Assets	13	123		135	
			305,866		290,419
Investments					
Investment Properties	14	63,825		57,040	
Property Unit Trusts	15	9,823		16,832	
Stock Exchange Securities	16	708,272		650,682	
Funds held by Investment Managers		19,878		12,964	
Money Market Deposits and Loans	17	22,667		11,732	
			824,465		749,250
Current Assets					
Debtors	18	7,007		6,588	
Cash at Bank and in Hand		1,076		1,085	
		8,083		7,673	
Current Liabilities					
Creditors: amounts falling due within one year	19	(4,504)		(5,942)	
Net Current Assets			3,579		1,731
Total Assets Less Current Liabilities			1,133,910		1,041,400
Long Term Liabilities					
Clergy Pension Provision	21		(218,000)		(222,000)
Net Assets excluding Staff Pension Liability			915,910		819,400
Defined Benefit Staff Pension Liability	11		(8,786)		(15,609)
Net Assets including Staff Pension Liability			907,124		803,791
Capital and Reserves					
General Funds		542,128		492,349	
Pension Reserve		(8,786)		(15,609)	
			533,342		476,740
Designated Funds	22		369,232		322,501
Restricted Funds	23		4,550		4,550
Total Funds			907,124		803,791

The financial statements on pages 20 to 36 were approved by the Representative Body on 30 June 2022.

Professor Medwin Hughes, Chair

Mrs Hilary Wiseman, Deputy Chair

Cash Flow Statement

For the year ending 31 December 2021

		31 December 2021	31 December 2020
	Note	£000	£000
Reconciliation of net income to net cash provided by operating activities:			
Net income		72,923	29,397
Adjustment for:			
Gains on revaluation of fixed assets		19,450	19,529
Allocations to clergy pension provision		4,019	(23,653)
Gain / (loss) on staff pension scheme		6,941	(5,350)
Depreciation of tangible assets	13	12	239
Income from investments	2	(19,151)	(17,724)
Expenditure on raising funds	3	3,023	3,106
Gains on investments		(83,526)	(39,684)
Gains on fixed assets	12	(18,760)	(21,839)
Add:			
Movement in debtors	18	(419)	(280)
Movement in creditors	19	(1,438)	(26)
Movement on clergy pension provision	21	(4,000)	25,800
Movement on staff pension liability	11	(6,823)	5,360
Net cash provided by operating activities		(27,749)	(25,125)
Statement of cash flows			
Cash flows from operating activities			
Net cash used in operating activities		(27,749)	(25,125)
Cash flows from investing activities			
Income from investments	2	19,151	17,724
Expenditure on raising funds	3	(3,023)	(3,106)
Non-investment properties: additions	12	(1,433)	(1,724)
Non-investment properties: sale proceeds	12	4,734	4,911
Tangible assets: additions	13	-	(12)
Investment properties: sale proceeds	14	1,420	-
Property unit trusts: additions	15	-	(12)
Property unit trusts: sale proceeds	15	7,272	511
Stock exchange securities: additions	16	(151,655)	(185,711)
Stock exchange securities: sale proceeds	16	168,147	176,379
Other sale proceeds		976	145
Movement in funds held by investment managers		(6,914)	(1,413)
Movement in money market deposits and loans	17	(10,935)	17,663
Net cash provided by investing activities		27,740	25,355
Change in cash and cash equivalents		(9)	75
Cash and cash equivalents at 1 January		1,085	1,010
Cash and cash equivalents at 31 December		1,076	1,085

Notes to the Accounts

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

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

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

1. Accounting Policies

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

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

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

a. Basis of Accounting

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

b. Income

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

c. Expenditure

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

d. Investments

Investment Properties:

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

Property Unit Trusts:

Property unit trusts are stated at market values based on net asset value per unit at 31 December 2021.

Stock Exchange Securities:

Stock exchange securities are stated at market values based on bid price at 31 December 2021. Securities denominated in foreign currency are converted into sterling at rates of exchange ruling at the balance sheet date. Investments sold are marked to market value at the date of sale. Consequently, the Statement of Financial Activities treats all movements as changes in the values of the investment portfolio.

e. Non-Investment Properties

The Representative Body has included parsonages, churches and church halls in the Balance Sheet at a valuation using the methodology set out below.

The Representative Body does not value the 6 cathedrals it owns, as cost information is not available and any conventional valuation techniques would lack sufficient reliability due to the unique and historically significant nature of the buildings.

The Representative Body's Property Database confirms that assets include 6 Cathedrals, 1,386 Churches and 1,215 Churchyards at 31 December 2021. These buildings are carefully managed and maintained to preserve them for the future. Works are controlled through the Church's Faculty System which ensures that all maintenance and repair works are properly considered. Many of these assets are also open for public view outside of worship times. Such assets are not marketed but are occasionally sold.

The following asset classes were valued by the in-house Property Department headed by Alex Glanville, FRICS, as at 31 December 2021 and basis of the valuation is set out below:

Parsonages, Bishops' Houses and Sundry Provincial Property which were owned by the Representative Body at 31 December 2007 are stated at the midpoint of the Council Tax band valuation (as at April 2005) as adjusted by house price inflation (Nationwide House Price Index) to 31 December 2021. Such properties acquired after 31 December 2007 are stated at cost less provisions for impairment (where required) as adjusted by house price inflation (Nationwide House Price Index) from the period of acquisition to 31 December 2021.

Church Halls were originally valued using evidence using sales from this type of property. They are now adjusted by the Nationwide House Price Index on an annual basis.

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

Accounting Policies Continued

Churches were initially valued based on an assessment of the sales values achieved for such properties over a period of time. This valuation has been adjusted at the transition date using the Nationwide House Price Index. In 2021 valuations are unchanged from the previous year.

Glebe has historically been valued on the average price of agricultural land in Wales, based on the RICS – RAU Farmland Market Directory of land prices. However, this index is no longer available and in 2020 the Nationwide House Price Index was used. In 2021 valuations are unchanged from the previous year.

f. Depreciation of Other Tangible Assets

Assets or groups of related assets are written down to zero in the year of purchase.

Leasehold improvements are depreciated over the life of the lease.

Investment and non-investment properties are shown at market value and not depreciated. In the opinion of the Representative Body, the remaining useful economic life and residual values of these properties is such that depreciation is immaterial.

g. Heritage Assets

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

h. Foreign Currency Conversion

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

i. Designated and Restricted Funds

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

j. Pensions of Clergy and Surviving Spouses and Civil Partners

The Representative Body operates a pension scheme providing defined benefits based on years of service and the allocation to the Clergy Pension Provision is calculated every three years by a qualified actuary and is shown as a charge in the Statement of Financial Activities so as to spread the pension cost over the normal expected service lives of the clergy in such a way that the charge is a substantially level percentage of current and expected future pensionable payroll. The scheme is accounted for under FRS 102 and an annual actuarial valuation is obtained. Any excess or shortfall between the actuarial liabilities and the Clergy Pension Provision is transferred to or from the Pension Equalisation Fund, a Designated Fund, such that the balance on the Clergy Pension Provision at the balance sheet date is based on the most up to date actuarial information.

k. Staff Retirement Benefit Scheme

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

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

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

l. Taxation Status

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

m. Financial Instruments

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

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

n. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

2 Investment Income

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Gross income from property	3,460	-	-	3,460	3,202	-	-	3,202
Income from stock exchange securities	15,287	395	-	15,682	14,054	385	-	14,439
Interest from money market deposits and loans	9	-	-	9	83	-	-	83
	18,756	395	-	19,151	17,339	385	-	17,724

3 Raising Funds

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Stock Exchange Advisers	2,354	-	-	2,354	2,145	-	-	2,145
Investment Property Advisers	278	-	-	278	249	-	-	249
Sundry Property	139	-	-	139	143	-	-	143
Support Costs	252	-	-	252	569	-	-	569
	3,023	-	-	3,023	3,106	-	-	3,106

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

4 Support for Ministry

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Clergy Pension Provision (note 21)	4,575	-	-	4,575	4,153	-	-	4,153
Ministry Training - St Padarn's Institute	1,988	-	-	1,988	1,989	-	-	1,989
Clergy Pension Contributions - Current	1,792	-	-	1,792	-	-	-	-
Bishops	942	-	-	942	918	-	-	918
Clergy Property								
Diocesan Inspectors' Costs	449	-	-	449	444	-	-	444
Episcopal Residences	62	-	-	62	71	-	-	71
Sundry Property Costs	5	-	-	5	6	-	-	6
Safeguarding	292	-	-	292	153	-	-	153
Mission and Ministry	207	-	-	207	199	-	-	199
Sundry Clergy Benefits	3	-	-	3	3	-	-	3
Clergy Remuneration Review	-	-	-	-	15	-	-	15
Support Costs	626	-	-	626	916	-	-	916
	10,941	-	-	10,941	8,867	-	-	8,867

5 Support for Dioceses and Parishes

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Block Grant to Dioceses	2,028	-	-	2,028	3,079	-	-	3,079
Additional Grant Funding to Dioceses	8,697	-	-	8,697	9,324	-	-	9,324
Repairs and Extensions to Churches	-	325	-	325	-	220	-	220
Emergency Aid	-	206	-	206	-	121	-	121
Evangelism Fund	-	1,195	-	1,195	-	703	-	703
Support Costs	1,987	-	-	1,987	1,304	-	-	1,304
	12,712	1,726	-	14,438	13,707	1,044	-	14,751

6 Other Church Property

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Redundant Churches	-	536	-	536	-	283	-	283
Church Sales Regulations	-	461	-	461	-	632	-	632
Climate Change Fund	-	34	-	34	-	-	-	-
Other Property Costs	4	-	-	4	7	-	-	7
Support Costs	402	-	-	402	592	-	-	592
	406	1,031	-	1,437	599	915	-	1,514

7 Other Financial Support

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
DACs and Cathedrals and Churches Commission	65	-	-	65	65	-	-	65
Cathedrals Funding	180	5	-	185	-	-	-	-
Grants to Anglican and Ecumenical Bodies	146	-	-	146	138	-	-	138
Centenary Projects	-	-	33	33	43	-	16	59
Provincial Court and Tribunals	12	-	-	12	7	-	-	7
Other Support	76	10	-	86	69	10	-	79
Support Costs	178	-	-	178	205	-	-	205
	657	15	33	705	527	10	-	553

8 Communications

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2021 £000				Funds 2020 £000			
Communications	192	-	-	192	188	-	-	188
Support Costs	131	-	-	131	170	-	-	170
	323	-	-	323	358	-	-	358

9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2021
Funds 2021 £000							
Chief Executive's Office	-	56	153	21	21	77	328
People Services	-	90	821	-	63	-	974
Office Services	34	76	247	54	24	15	450
Finance	208	152	106	65	33	-	564
Property	-	75	157	185	-	-	417
Legal	-	29	111	52	29	6	227
Information Technology	10	148	392	25	8	33	616
	252	626	1,987	402	178	131	3,576
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2020
Funds 2020 £000							
Chief Executive's Office	-	108	74	18	61	59	320
People Services	-	-	-	-	-	-	-
Office Services	72	112	153	75	25	52	489
Finance	472	361	258	175	76	-	1,342
Property	-	89	180	128	-	-	397
Legal	-	45	149	170	24	8	396
Information Technology	25	201	490	26	19	51	812
	569	916	1,304	592	205	170	3,756

The above figures include audit fees of £32,950 (2020: £32,000) in respect of the audit of the Representative Body, and £5,335 (2020: £5,375) in respect of the audit of the Staff Retirement Benefit Scheme.

The total expenditure for Human Resources of £974,000 includes an accounting adjustment under FRS 17 for the Staff Retirement Benefit Scheme of £118,000 (2020: £10,000 included in Finance).

Basis of Allocation

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

10 Staff Numbers and Remuneration

	Total 2021 £000	Total 2020 £000
Staff Costs		
Salaries	3,497	3,470
National Insurance Contributions	357	351
	3,854	3,821
Current Service Pensions Costs (Defined Benefit Scheme)	1,026	1,069
FRS 102 Pension Scheme Adjustment	118	10
Defined Contribution Pension Costs	121	93
Unfunded Pension Costs	23	28
	5,142	5,021

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

	Total 2021 Number	Total 2020 Number
£0 to £10,000	11	8
£10,001 to £20,000	11	11
£20,001 to £30,000	23	24
£30,001 to £40,000	30	31
£40,001 to £50,000	11	10
£50,001 to £60,000	10	10
£70,001 to £80,000	5	5
£110,001 to £120,000	1	1
	102	100

*Employee benefits include gross salaries and allowances but do not include employers' pension costs. Of the 102 staff employed during 2021, 7 had left prior to the end of the year.

The key management personnel consists of seven staff members, as set out on page 39 of this report. The total amount of their employee benefits was £636,241(2020: 6 members, £574,711).

Trustees

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

Fifteen (2020: fifteen) Trustees had expenses paid or were reimbursed for expenses in the year. This covered their expenses incurred in performing their duties as Trustees. The payments were for travel, subsistence and accommodation costs and totalled £2,557 (2020: £5,123).

Two Trustees received remuneration from the Representative Body in connection with their office. Until his retirement on 2 May 2021, The Most Reverend J D E Davies was an Ex Officio Member of the Representative Body. His remuneration was £16,816 (2020: £50,726) and pension contributions of £6,138 (2020: £18,515). A car was provided for the performance of his duties for which the cash benefit was £2,634 (2020: £7,881).

The Most Reverend A T G John became Archbishop of Wales on 6 December 2021 and an Ex Officio Member of the Representative Body. His remuneration from that date was £3,613 (2020: nil) and pension contributions of £1,319 (2020: nil). A car was provided for the performance of his duties for which the cash benefit was £143 (2020: nil).

11 Staff Defined Benefit Pension Scheme

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

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

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

	2021 £000	2020 £000
Amounts recognised in the Balance Sheet		
Fair value of assets	19,132	16,970
Present value of funded obligations	(27,918)	(32,579)
Deficit in Scheme	(8,786)	(15,609)
Net defined benefit liability	(8,786)	(15,609)
Amounts recognised in the Statement of Financial Activities		
Current service cost	875	787
Administration cost	51	80
Interest on liabilities	456	578
Interest on assets	(238)	(365)
Past Service Costs	-	-
Total	1,144	1,080
Remeasurements over the year		
(Gain) / loss on Scheme assets in excess of interest	(1,811)	1,104
(Gains) / losses from changes to assumptions	(3,548)	4,307
Experience gains on liabilities	(250)	(61)
Gains from changes to demographic assumptions	(1,332)	-
Total remeasurements	(6,941)	5,350
Reconciliation of assets and Defined Benefit Obligation:		
The change in the assets over the year was:		
Fair value of assets at the beginning of the year	16,970	17,035
Interest on assets	238	365
Employer contributions	1,026	1,070
Contributions by Scheme participants	133	152
Benefits paid	(995)	(468)
Administration costs	(51)	(80)
Return on plan assets less interest	1,811	(1,104)
Fair value of assets at the end of the year	19,132	16,970

11 Staff Defined Benefits Scheme *continued*

	2021	2020
	£000	£000
The change in the defined benefit obligation over the year was:		
Defined benefit obligation at the beginning of the year	32,579	27,284
Current service cost	875	787
Contributions by Scheme participants	133	152
Past service costs	-	-
Interest cost	456	578
Benefits paid	(995)	(468)
Experience loss on liabilities	(250)	(61)
Changes to demographic assumptions	(1,332)	-
Changes to financial assumptions	(3,548)	4,307
Defined benefit obligation at the end of the year	27,918	32,579

Assets

The majority of the assets are invested with EdenTree Investment Management, with the remainder including some small AVC contracts invested with OneFamily and cash at bank. The actual return on the Scheme's assets (net of expenses) over the year to the review date was a gain of £2,049,000. The assets do not include any investment in the Employer.

Actuarial Assumptions

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

	2021	2020
Discount Rate	2.00%	1.40%
Inflation assumption (RPI)	3.45%	3.10%
Salary increases	3.15%	2.60%
Limited Price Indexation pension increases (RPI Max 5%)	3.45%	3.05%
Proportion married at retirement or earlier death	80.0%	80.0%
Post retirement mortality assumption:	95% of the S3PA tables and CMI 2020 projections with a long-term rate of improvement of 1.25% pa.	95% of the PCA00 tables and CMI 2017 projections with a long-term rate of improvement of 1.25% pa.

12 Non-investment Properties

	2021	2020
	£000	£000
At 1 January	290,284	271,632
Additions	1,433	1,724
Disposals	(4,734)	(4,911)
Net increase on revaluation	18,760	21,839
At 31 December	305,743	290,284
Comprising:		
Parsonage, bishops' houses and sundry provincial property	194,366	179,316
Churches and church halls	94,801	93,024
Glebe	12,026	13,394
Operational properties	4,550	4,550
	305,743	290,284

13 Tangible Assets	Office Equipment £000
Cost	
At 1 January	660
Additions	-
Write off fully depreciated asset cost	(488)
At 31 December	172
Accumulated Depreciation	
At 1 January	525
Charge for the Year	12
Write off fully depreciated asset cost	(488)
At 31 December	49
Net Book Value	
31 December 2021	123
31 December 2020	135

14 Investment Properties	2021 £000	2020 £000
At 1 January	57,040	58,905
Disposals	(1,580)	-
Net increase/ (decrease) on revaluation	8,365	(1,865)
At 31 December	63,825	57,040

Investment properties were valued by Cushman & Wakefield at 31 December 2021 at £63,825,000 (2020: £57,040,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

15 Property Unit Trusts	2021 £000	2020 £000
At 1 January	16,832	18,245
Additions	-	12
Disposals	(3,996)	(208)
Net decrease on revaluation	(3,013)	(1,217)
At 31 December	9,823	16,832

16 Stock Exchange Securities	2021 £000	2020 £000
At 1 January	650,682	598,877
Additions	151,655	185,877
Disposals	(138,352)	(150,496)
Net increase on revaluation	44,287	16,424
At 31 December	708,272	650,682
Historical cost at 31 December	504,343	491,040
Unrealised investment gains at 31 December	203,929	159,642
Investment gains calculated on historic basis	29,795	25,883
Listed in UK	267,805	276,091
Listed overseas	440,467	374,591
	708,272	650,682

17 Money Market Deposits and Loans	2021 £000	2020 £000
At 1 January	11,732	29,395
Advances	20,022	12,808
Repayments	(9,087)	(30,471)
At 31 December	22,667	11,732
Comprising:		
Money Market Deposits	15,092	3,859
Clergy Housing Loans	7,389	7,620
Diocesan Loans	95	162
Curates House Loans	66	66
Churches' Mutual Credit Union	25	25
	22,667	11,732

18 Debtors	2021 £000	2020 £000
Prepayments	209	170
Other debtors	2,823	3,541
Accrued income	3,975	2,877
	7,007	6,588

19 Creditors: amounts falling due within one year	2021 £000	2020 £000
Taxation and National Insurance Contributions	437	454
Rents received in advance	219	287
Amounts owed to special trusts	1,297	2,471
Other creditors	1,114	1,108
Accruals	1,437	1,622
	4,504	5,942

20 Diocesan Maintenance of Ministry Fund	31 December 2021		31 December 2020	
	£000	£000	£000	£000
Income				
Diocesan Boards of Finance	11,073		11,420	
Other Income	7		2	
		11,080		11,422
Less: Payments				
Clergy Stipends	9,008		9,294	
Curates Stipends	950		986	
National Insurance Contributions	956		991	
Vacancy Fees	22		44	
Sundry expenses and other payments	144		107	
		11,080		11,422

21 Clergy Pension Provision	31 December 2021		31 December 2020	
	£000	£000	£000	£000
Balance at 1 January		222,000		196,200
Current service contributions	3,756		3,853	
Other Income - legacy	-		314	
Transfer from General Funds:				
Allocation from income (note 4)	4,575		4,153	
Allocation of net investment gains	22,135		10,903	
		30,466		19,223
Less:				
Pension payments to retired clergy	(4,759)		(4,828)	
Pension payments to surviving spouses and civil partners	(1,498)		(1,539)	
Gratuity payments of retired clergy	(1,393)		(735)	
Transfer Payments	(371)		(74)	
DIS Lump Sum Payments	(192)		(76)	
Administrative expenses	(99)		(115)	
		(8,312)		(7,367)
Transfer (to) / from Pension Equalisation Fund		(26,154)		13,944
Balance at 31 December		218,000		222,000

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

At the date of the last triennial actuarial valuation at 31 December 2019 undertaken by Quantum Advisory, the liability of the Representative Body for past service on the current funding basis was assessed using a discount rate of 2% at £196.2 million, which represented 27.3% (previously 30.9%) of total funds at that date. Based upon this valuation, the annual transfer from General Funds has comprised 27.3% of both total income and net investment gains and losses (reflecting income on the liability for past service) and 36.5% (previously 38.8%) of total stipends being the contribution for continuing service. The provision has been adjusted to the liabilities and the balance transferred to the Pension Equalisation Fund. The key financial assumptions used for the full actuarial valuation at 31 December 2019 and the interim valuations for 2020 and 2021 are set out below. The next full actuarial valuation of the Scheme is due to take place at 31 December 2022.

	31 December		
	2021	2020	2019
Financial assumptions (nominal % pa)			
Discount rate	1.8%	1.2%	2.0%
Inflation - RPI	3.5%	3.0%	3.2%
Inflation - CPI	2.7%	2.2%	2.2%
Stipend increases	3.2%	2.7%	2.7%
Pension increases - Stipend Linked	3.2%	2.7%	2.7%
Pension increases - RPI up to 5% p.a.	3.4%	2.9%	3.1%
Deferred revaluation	3.4%	2.9%	3.1%
Post retirement mortality (life expectancy, in years)			
Current pensioners age 65 – males	21.3	21.2	21.2
Current pensioners age 65 – females	23.6	23.5	23.5
Future pensioners age 65 (currently age 45) – males	22.3	22.3	22.2
Future pensioners age 65 (currently age 45) – females	24.7	24.7	24.6

22 Designated Funds

	Balance 1 January 2021 £000	Income* £000	Expenditure* £000	Balance 31 December 2021 £000
Revaluation Reserve (Unrealised gains on parsonages, churches, church halls and sundry property)	228,395	15,348	-	243,743
Property Reserve (Property improvements and acquisitions of parsonages)	33,620	1,016	-	34,636
Church Repairs Capital Reserve (Capital fund for church repairs)	13,185	3,312	387	16,110
Church Sales Regulations (Funds available from the sale of churches towards the cost of providing or adapting another place of worship in the same parish)	3,154	187	460	2,881
Pension Equalisation Fund (Funds available to meet future clergy pension liabilities)	31,199	26,155	10	57,344
Evangelism Fund (Funds available for dioceses to enact their strategies on evangelism and church growth)	9,057	-	1,195	7,862
Climate Change Fund (Funds available to support the climate change work of the Church in Wales, working towards net zero carbon emissions)	110	522	34	598
Diocesan Parsonage Improvement Fund (Funds available for improvements to parsonages and acquisitions of new parsonages)	2,556	4,664	2,059	5,161
Transformation Fund (Funds available for 2020 Vision related projects)	24	-	-	24
Repairs and Extensions to Churches (Funds available to parishes)	568	252	325	495
Redundant Churches (Funds available to contribute to costs arising in the maintenance and safety of redundant churches)	374	119	537	(44)
Emergency Aid (Funds available for costs arising due to emergencies)	215	330	205	340
Cathedrals Funding (Funds available for Quinquennial Inspections)	-	30	5	25
Overseas Fund (Funds available at the discretion of the Bishops to assist in overseas aid)	43	13	-	56
Overseas Students (Funds available to provide financial assistance to overseas students)	1	-	-	1
	322,501	51,948	5,217	369,232

* includes gains and losses.

22 Designated Funds (Prior Year)

	Balance 1 January 2020 £000	Income* £000	Expenditure* £000	Balance 31 December 2020 £000
Revaluation Reserve	212,511	15,884	-	228,395
Property Reserve	31,897	1,723	-	33,620
Church Repairs Capital Reserve	11,895	1,329	39	13,185
Church Sales Regulations	3,319	466	631	3,154
Pension Equalisation Fund	43,949	-	12,750	31,199
Evangelism Fund	9,761	-	704	9,057
Climate Change Fund	-	110	-	110
Diocesan Parsonage Improvement Fund	2,178	3,074	2,696	2,556
Transformation Fund	24	-	-	24
Repairs and Extensions to Churches	555	233	220	568
Redundant Churches	408	249	283	374
Emergency Aid	(3)	339	121	215
Overseas Fund	40	13	10	43
Overseas Students	1	-	-	1
	316,535	23,420	17,454	322,501

23 Restricted Funds

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

23 Restricted Funds (Prior Year)

	Balance 1 January 2020 £000	Income £000	Expenditure £000	Balance 31 December 2020 £000
St Michael's College Site (Endowment Fund held for the operation of an educational institution)	4,550	-	-	4,550
Centenary Appeal Fund (Funds available to support two specific projects)	3	13	16	-
	4,553	13	16	4,550

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

The Representative Body is the Trustee of the Church in Wales Common Investment Fund. The unit holders in the Common Investment Fund are individual funds held on behalf of beneficiaries, where the Representative Body is the managing or custodian trustee of the funds. The aggregate value of these special trusts at 31 December 2021 was £67,172,000 (2020: £61,776,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £1,578,000 (2020: £1,273,000) and was wholly distributed to beneficiaries.

Custodian Trustee

The Representative Body is the custodian trustee of 10 parsonages.

25 Related Party Transactions

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

The most significant transactions are as follows:

- The Archbishop and some stipendiary clergy are members of and in receipt of payment from the Representative Body. Payments to bishops and stipendiary clergy are based on the clergy stipends set out in the Constitution.
- The six Diocesan Boards of Finance received a Block Grant totalling £2,028,000 (2020: £3,079,000). Additional support was also provided to the dioceses in 2020 due to the impact of the Covid-19 pandemic which totalled £8,697,000 (2020: £9,324,000). Therefore the total support provided to the Diocesan Boards of Finance was £10,725,000 (2020: £12,403,000). They also have outstanding loans totalling £1,868,000 (2020: £2,136,000) which have been advanced under the Clergy Retirement Housing Loan Scheme.

26 Charitable and Capital Commitments

At 31 December 2021 the Representative Body has committed to pay £2.567 million to the dioceses in respect of the Block Grant in 2022.

The Representative Body has a commitment under an operating lease for the rental of 2 Callaghan Square, Cardiff greater than five years which totals £1.2 million (2020: £1.4 million).

27 Stock Exchange Securities**31 December 2021
Market Value****£000** **%****Fixed Interest**

British Government Bonds	20,986	3.0
UK Bonds	33,502	4.7
Overseas Bonds	12,395	1.8
Total Fixed Interest	66,883	9.5

Equities

Communication Services	15,743	2.2
Consumer Goods and Services	111,167	15.7
Energy	45,599	6.4
Financials	122,167	17.2
Health Care	73,447	10.4
Industrials	90,403	12.8
Materials	36,663	5.2
Property and REITs	17,231	2.4
Technology	98,303	13.9

Total Equities**610,723** **86.2**

Alternative Assets	30,666	4.3
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708,272 **100.0****Top Twenty Holdings as at 31 December 2021****£000****£000**

Microsoft Corp	19,619	Ecolab Inc	9,331
Alphabet Inc	14,687	Glaxosmithkline Plc	9,098
CME Group Inc	12,195	AIA Group Ltd	9,071
Mastercard Incorporated	11,379	BNY Mellon Global Dynamic Bond Fund	9,014
Unilever Plc	11,197	Otis Worldwide Corp	8,796
Accenture Plc	11,054	Sarasin UK Thematic Smaller Companies	8,680
Astrazeneca Plc	10,952	Abbot Laboratories	8,255
Apple Inc	10,920	Prudential Corporation Plc	7,776
RELX Plc	10,312	Sony Group Corporation	7,155
Medtronic Plc	10,308	Bank of Nova Scotia	6,845

Ten Year Review - General Funds

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income										
Stock Exchange Investments	15,287	14,054	17,008	15,750	15,795	14,385	13,983	13,281	12,808	13,471
Property Income	3,460	3,202	3,670	3,560	3,565	3,480	3,408	3,513	3,916	3,925
Other Income	784	493	433	357	327	308	323	293	356	420
Total Gross Income	19,531	17,749	21,111	19,667	19,687	18,173	17,714	17,087	17,080	17,816
Investment Managers' Costs	(2,771)	(2,537)	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)	(1,793)	(1,577)
Total Net Income	16,760	15,212	18,379	17,302	17,338	15,996	15,818	15,068	15,287	16,239
Less: Allocation to Clergy Pension Provision	(4,575)	(4,153)	(5,679)	(5,346)	(5,357)	(4,975)	(4,919)	(4,686)	(4,800)	(5,099)
Net Income after allocation to Clergy Pension Provision	12,185	11,059	12,700	11,956	11,981	11,021	10,899	10,382	10,487	11,140
Expenditure										
Ministry Training	1,988	1,989	2,217	1,975	710	620	709	612	633	642
Bishops	942	918	990	939	967	926	873	839	833	810
Clergy Pension Contributions - current	1,792	-	-	-	-	-	-	-	-	-
Clergy Property	454	451	520	543	564	511	511	496	552	474
Mission and Ministry	207	199	245	180	189	256	320	341	341	397
Safeguarding	292	153	182	169	197	209	185	132	98	72
Sundry Clergy Benefits	3	18	4	4	5	4	6	5	7	6
Funding to Dioceses	10,725	12,403	6,158	6,158	6,293	6,293	6,293	6,793	6,610	6,430
Other Church Property and Financial Support	1,298	709	599	484	481	488	423	375	400	417
Communications	192	188	201	189	86	47	46	40	60	58
Provincial Services	3,459	3,746	3,654	3,365	3,107	2,645	2,441	2,324	2,360	2,352
Evangelism Fund / Transformation Fund	-	-	-	10,000	1,000	1,000	1,000	500	-	-
Total Expenditure	21,352	20,774	14,770	24,006	13,599	12,999	12,807	12,457	11,894	11,658
Deficit	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)
Reconciliation to the Statement of Financial Activities:										
Net expenditure before investment gains / (losses)	(8,532)	(9,415)	(1,683)	(2,576)	(1,978)	(2,026)	(2,115)	(1,419)	(940)	(218)
Transfers between Funds	(753)	(310)	(200)	(10,100)	(100)	(100)	(100)	(600)	(100)	(100)
FRS 102 Pension Scheme Adjustment	118	10	(187)	626	461	137	342	(55)	(112)	(100)
Capital Gifts and Legacies	-	-	-	-	(1)	11	(35)	(1)	(255)	(100)
Deficit as shown above	(9,167)	(9,715)	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)

REFERENCE AND ADMINISTRATIVE INFORMATION

Representative Body Membership

Chair and Deputy Chair

Professor M Hughes (*from 18 November 2021*),
Chair

Mr J J Turner (*to 18 November 2021*),
Chair

Mrs H M Wiseman (*from 4 March 2021*),
Deputy Chair

Sir P Silk (*to 4 March 2021*),
Deputy Chair

Ex Officio Membership

The Most Reverend A T G John (*from 6 December 2021*),
Archbishop of Wales

The Most Reverend J D E Davies (*to 2 May 2021*),
Archbishop of Wales

Dr S Miller (*from 8 July 2021*),
Chair of Standing Committee

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

Mrs H R Jones (*to 9 October 2021*),
Chair, St Asaph Diocesan Board of Finance

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

Mr N Griffin,
Chair, St Davids Diocesan Board of Finance

Mr M A Lawley,
Chair, Llandaff Diocesan Board of Finance

Mr P E Lea,
Chair, Monmouth Diocesan Board of Finance

Sir P Silk,
Chair, Swansea and Brecon Diocesan Board of Finance

Elected Membership

St Asaph

The Very Reverend N H Williams,
Dean of St Asaph

Mrs H M Wiseman

Bangor

The Reverend M J Beecroft (*from 10 September 2021*),

The Very Reverend K L Jones (*to 27 June 2021*),
Dean of Bangor

Dr H J Parry-Smith

St Davids

The Venerable P Mackness,
Archdeacon of St Davids

Mrs J A P Hayward

Llandaff

The Venerable M Komor,
Archdeacon of Margam

Mr G I Moses

Monmouth

The Venerable J S Williams,
Archdeacon of Newport

Miss P R Brown

Swansea and Brecon

The Venerable A N Jevons,
Archdeacon of Brecon

Mr J M Watson

Nominated Membership

Mr R Davies

Mr P D Kennedy

Mr T O S Lloyd OBE, DL, FSA
(1 vacancy)

Co-opted Membership

Professor M Hughes (*from 18 November 2021*)

Mr J J Turner (*from 1 January to 18 November 2021*)

Mrs J Heard

Committee Membership

(*denotes non-RB member)

Investment Committee

Mr G I Moses (*Chair and member from 4 March 2021*)
 Mr J J Turner (*Chair to 4 March 2021 and member to 18 November 2021*)
 Mr R Anning*
 Mr G Davies*
 Mr J G Davies* (*from 4 March 2021*)
 Professor M Hughes (*from 18 November 2021*)
 Mr J Fox*
 Mr J Minett*
 Mr D G Myrddin-Evans*
 Mr R F Page* (*to 31 March 2022*)
 The Venerable I K Rees*

Audit and Risk Committee

Mrs J Heard (*Chair and member from 4 March 2021*)
 Mr G I Moses (*Chair and member to 4 March 2021*)
 The Very Reverend N H Williams (*from 4 March 2021*)
 Mr V Jones*
 Mrs L Jones* (*to 5 October 2021*)
 Mrs R Nelson* (*from 31 March 2022*)
 Mr M A Lawley (*to 14 May 2021*)
 Mr D Richards* (*from 31 March 2022*)
 Sir P Silk (*to 4 March 2021 and from 18 November 2021*)

Finance Committee

Mrs H M Wiseman (Chair)
 The Right Reverend M K R Stallard (*to 5 April 2022*)
 The Venerable P R Mackness
 The Venerable J S Williams
 Mr M A Lawley

Property Committee

Mr R Davies (Chair)
 Mr C Clarke*
 The Very Reverend K L Jones (*to 27 June 2021*)
 The Venerable A N Jevons
 The Venerable M Komor (*from 4 March 2021*)
 The Venerable P R Mackness
 The Venerable N H Williams
 The Venerable J S Williams
 The Reverend M J Beecroft (*from 18 November 2021*)
 Ms M Gerrard*
 Mr J E Jones*
 Mr D A Williams*

People Committee

Mr P D Kennedy (Chair)
 The Right Reverend G K Cameron*
 The Venerable A N Jevons (*to 8 July 2021*)
 Mr C W J Francis* (*to 8 July 2021*)
 Mr N Griffin
 Mr D B Halse* (*to 8 July 2021*)
 Mrs B E Harding* (*to 21 October 2021*)
 Mr J M Watson (*from 4 March 2021*)
 Mrs H M Wiseman

Cathedrals and Churches Commission

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

Training, Formation and Ministerial Development

Committee (*Committee disbanded 31 December 2021*)
 The Right Reverend C E Vann* (*Chair from 2 May 2021*)
 The Most Reverend J D E Davies (Chair) (*to 2 May 2021*)
 The Venerable I K Rees* (*from 20 June 2021*)
 The Venerable T H A Mason* (*to 12 March 2021*)
 The Reverend Chancellor P Powell*
 The Reverend Canon T J Hewitt*
 The Reverend Canon Dr R Johnson*
 The Reverend Canon T L Jones* (*from 24 February 2021*)
 The Reverend D J F J A McClean*
 Miss P R Brown
 Mrs J A P Hayward (*from 4 March 2021*)

Key Management Posts

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

Advisers

Independent Auditors:

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Bankers:

Lloyds Bank Plc
4th Floor, St William House
Tresillian Terrace
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Cluttons LLP
Portman House
2 Portman Street
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Investment Advisers:

Newton Investment Management
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160 Queen Victoria Street
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