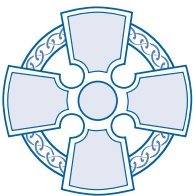


YR EGLWYS
YNG NGHYMRU



THE CHURCH
IN WALES

THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

Annual Report and Accounts

2019



CONTENTS

Our Role	01
Highlights of the Year	02
Chair's Introduction	04
Objectives and Activities	05
Achievement and Performance	06
Financial Review	12
Future Plans	16
The Provincial Structure	18
Governance and Management	19
Reference and Administrative Information	22
Statutory Accounts 2019.....	25
Independent Auditors' Report	26
Statement of Financial Activities	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31
Ten Year Review – General Funds	45

Further copies of this report may be obtained from:

The Representative Body of the Church in Wales,
2 Callaghan Square, Cardiff. CF10 5BT

Telephone: 029 2034 8200

E-Mail: accounts@churchinwales.org.uk

Website: www.churchinwales.org.uk

Charity Registration Number 1142813

Printed on 100% recycled paper

Front cover photographs:

top left: Archbishop John presenting The Archbishop of Wales' Award for Church Music at Brecon Cathedral.

bottom left: Archbishop John with the newly elected Bishop of Monmouth, Cherry Vann.

top right: Hope Street project in Wrexham being transformed with money from the Evangelism Fund.

bottom middle: Art on the Faith Trail, an annual celebration of diverse art in sacred spaces around North Pembrokeshire.

bottom right: Chirk School, St Asaph visiting churchyard.

OUR ROLE

The principal role of the Representative Body of the Church in Wales is to hold and carefully manage its financial and property assets so that the work of the church as carried out through its Archbishop, Bishops, Clergy and Lay People can flourish.

HIGHLIGHTS OF 2019

A brief summary of activities to support the mission and ministry of the Church in Wales.

The Representative Body employs approximately 100 staff who work from various locations across Wales. These comprise staff based at the Provincial Office, St Padarn's Institute, Diocesan offices, Bishops' offices and some home workers. Together, they support the mission and ministry of the Church in Wales.

Their work includes:

Safeguarding and Prevent

During the year, staff provided information to the Independent Inquiry into Child Sexual Abuse (IICSA) and assisted those called to give evidence in person. With the support of funding from the Allchurches Trust, work continued on a new suite of training resources which will be launched in the summer of 2020. A new Safeguarding Manager was appointed and has introduced a new safeguarding database to improve record keeping and commenced work on a further revision of the Provincial safeguarding policy. The St Padarn's Institute is required to comply with Prevent legislation and was again successful in obtaining accreditation from Welsh Government. Several trustees undertook Prevent training.

Communications and Technology

A project to centralise data storage and provide office software through the cloud successfully completed. These allowed a smooth transition to home working at the start of the Covid-19 outbreak and have realised significant data security improvements.

A new provincial Church in Wales website was launched in August 2019. Four new diocesan sites and microsites for parishes and ministry areas will follow in 2020.

With the support of the Allchurches Trust and all six dioceses, a digital mapping project was begun. This will provide digital representations of the boundaries of every parish which will then be overlaid with demographic data to help target ministry to the conditions of a specific area.

Evangelism Fund

During the year, two awards were made from the Evangelism Fund. The first was an award of £1,949,000 to the Diocese of St Asaph to support Hope Street, a new church located in a three-story

former shop unit on the High Street in Wrexham. The second was an award of £2,999,586 to the Diocese of Bangor for the Llan project which will develop pilgrimage ministry across the diocese, grow a new Welsh language church community and launch four new social enterprises. Discussion with two further dioceses commenced during the year with decisions to be made in early 2020.

St Padarn's Institute

St Padarn's institute has stepped up its support for newer forms of ministry and in particular for children, youth and family (CYF) ministry and pioneer ministry. Two stipendiary youth chaplains were licensed following training alongside the full-time ordinands. A children's ministry resource *Newid Bywydau* was released in Welsh. A CYF specialist Master in Theology was developed with Cardiff University and the course is recruiting well. New networks were developed to bring together key officers from schools and CYF structures across the province and a wider group of those involved in youth ministry across Wales from different denominations and parachurch organisations. A new Provincial Framework for Pioneer Ministry was developed and agreed which sets out a coherent approach to issues like discernment and deployment.

Buildings for Mission

The Governing Body debated Buildings for Mission in April 2019. This debate included a presentation and a live poll to help gather feedback on how best to optimise Church buildings for missional activity. Members emphasised the need to share best practice, use eco-friendly technologies and promote good examples of effectively using buildings for mission. These ideas and others are being actively considered and will form the basis of property work for the Representative Body moving forward.

Clergy Remuneration Review

A review group, led by Dame Claire Clancy DCB DL, produced a comprehensive report and a series of key recommendations. The Trustees have asked four of their number, together with a former Trustee, to form an Implementation Group to progress the recommendations of the report. The Implementation Group has met regularly and reports to the Trustees at each of their meetings.



Top Row:

Launch of the Centenary Fund at the Governing Body in Swansea.
Llais Conference hosted by St Padarn's Institute in Techniquet, Cardiff Bay.

Middle row:

First Minister, Mark Drakeford speaking at the Anglican Inter Faith Commission in Cardiff.
Bishop Gregory visiting Borderbrook VC School and meeting the winner (and others) of his Christmas Card competition.

Bottom row:

St David's Day in St Davids, the annual procession from St Non's Well to the Cathedral.
A welcome service at Brecon Cathedral for Zulu monarch, King Goodwill Zwelithini kaBhekuzulu, members of his family and entourage.

CHAIR'S INTRODUCTION



In my introduction to the 2018 annual report I referred to some of the 'little things' the Representative Body was doing to aid the life of the Church in Wales. 2019 was a year when some 'big things' took centre stage, areas of work that were either significant undertakings in themselves, or which will

have a significant impact on life in the Church in Wales.

In 2018 the Representative Body launched the Evangelism Fund, £10million of additional funding to enable and support ambitious and transformative diocesan projects linked to evangelism and growth. In 2019, the first grants were made from the Evangelism Fund. The first to the diocese of St. Asaph for its Hope Street project, where a former high street shop in Wrexham will be converted to an urban worship space and resource church. The second to the diocese of Bangor for its Llan project, linking pilgrimage sites in the diocese to inspire evangelism, grow a new Welsh language church community and establish enterprise hubs to bring together local communities.

The purpose of the Evangelism Fund is to encourage creativity in evangelism and it is very encouraging to see dioceses rising to this challenge so enthusiastically. I look forward to seeing further developments in the coming months.

Perhaps one of the most significant, and high profile, areas of work during 2019 was the Church in Wales's appearance before the Independent Inquiry into Child Sexual Abuse (IICSA) in July. An enormous amount of work was undertaken by way of preparation for the Inquiry, and work has been undertaken since as we strive to learn from the hearings and ensure our safeguarding function meets the highest possible standards. To support this work, the Representative Body has invested in a number of resources to help provincial safeguarding staff manage their casework. The Representative Body's People Committee has also begun work on reviewing the provincial Safeguarding Policy in the light of the IICSA hearings. The Inquiry's report will not be published until the latter half of 2020.

Being a Safe Church is something to which all in the Church in Wales aspire, the better to ensure that our more vulnerable sisters and brothers can live full and safe lives in our communities. Safeguarding is an area of work that requires constant vigilance, adaptability

and willingness to improve. The Representative Body is committed to do all it can to make sure that the Church in Wales is equipped and able to live this out in daily church life.

For many years, the Representative Body has been able to support the Dioceses with substantial financial assistance whilst also budgeting for expenditure which exceeded income. In most recent years, unrealised gains have offset the income and expenditure loss and enabled new initiatives such as the Transformation Fund and the Evangelism Fund. Since the start of the COVID-19 epidemic, markets have become much more volatile and many companies are reducing or cutting dividend payments. Early indications are of a substantial reduction in annual income for the Representative Body in both the short and medium term. The Trustees, listening closely to the Investment Committee, will have to make expenditure decisions for future years taking into account these changed circumstances.

As I write this introduction, the nation is in the grip of the coronavirus pandemic. The Church has had to close the doors of its buildings but is still there for all of the people of Wales thanks to an explosion of creativity in the online space. In 2020 the Church in Wales will mark its centenary and as we embark on our next century with a stronger commitment to growth the purpose of the Representative Body will continue to be to support the mission and ministry of the Church in Wales.

For this my final report as Chair of the Representative Body I want to record my thanks to all the Trustees, to the members of all the sub committees, our advisors and all the RB staff. In particular, I should like to express my sincere gratitude for the exceptional support I have received over the years from the two Provincial Secretaries – Simon Lloyd and John Shirley.

James Turner

Chair of the Representative Body

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

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

Key Objectives

The Representative Body's key objectives are:

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

Ongoing Objectives

- **Maintaining Diocesan Support – To maintain financial support for dioceses through the Block Grant and other provisions.**
- **Financial Stability – To ensure financial stability with regard to the clergy and staff pension schemes.**
- **Fund Performance – To make investment returns that exceed agreed benchmarks.**
- **2020 Vision – To support the work related to 2020 Vision by working closely with the Governing Body's Standing Committee and dioceses.**
- **Safeguarding – To continue to strengthen the Church's capacity in safeguarding as we seek to be a Safe Church.**

Additional Objectives for 2019

- **To prepare for the 2019 triennial actuarial valuation of the Clergy Pension Scheme.**
- **To consider the recommendations of the Clergy Remuneration Review and to form an Implementation Group to take the recommendations forward.**
- **To prepare and provide evidence at the IICSA hearings in July 2019.**
- **To undertake a review of the Investment Strategy.**
- **To consider the funding implications of the Cathedrals Review.**
- **To introduce a new Church in Wales website.**
- **To work with the dioceses in preparation for the Evangelism Fund application bids.**

Additional Objectives for 2020

- **To celebrate the Centenary of the Church in Wales.**
- **To engage with the recommendations of the Clergy Remuneration Review.**
- **To engage with the recommendations of the Cathedrals Review.**
- **To engage more robustly with the reality of climate change.**

ACHIEVEMENT AND PERFORMANCE

The Representative Body's investments achieved an encouraging total return in 2019, allowing a high level of financial and other support to the wider Church in Wales to be maintained.

Overall Financial Position

The results for the year are shown in the Statement of Financial Activities on page 28.

The total net movement in funds for 2019 was £74 million. This was primarily due to investment gains of £87 million.

After considering other recognised gains and losses, the balance sheet of the Representative Body at 31 December 2019 increased from £710 million to £784 million. Further details on the investment performance are given on page 12.

General Funds

Over 95% of the Representative Body's income is generated through its investments. During 2019, although the Representative Body's investment income increased by £1.4 million to £21.1 million, expenditure increased by £0.6 million to £22.8 million, resulting in net expenditure (before investment gains) of £1.7 million.

However, net unrealised gains on investments resulted in an overall increase in General Funds of £52 million.

Total Assets of the Representative Body

Although it might appear from the Balance Sheet on page 29 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 7 explains how the Representative Body's assets are structured.

The total assets of the Representative Body of £990 million include £272 million of non-investment properties, made up of parsonages, churches and church halls. These are not income-generating assets and reflect the working plant of the Church.

This leaves the investment portfolio (and net current assets) of £718 million of which 30% (£196 million) is specifically earmarked for the Clergy Pension Scheme. (Further details on the Clergy Pension Scheme are shown on pages 8 and 41 of this report.)

The remaining £522 million is invested in stock exchange securities and investment property on a total returns basis to generate the income and capital returns required to 'run' the Representative Body. The Representative Body currently aims to achieve a 5.5% total return, although this is unlikely to be sustainable in the future.

The income generated by the 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, and with current expenditure levels of around £17 million, the Representative Body is running a £2 million deficit per annum.

As can be seen on page 45, 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 case of the Representative Body will reduce its income and ability to fund the ministry and mission of the whole Church in years to come.

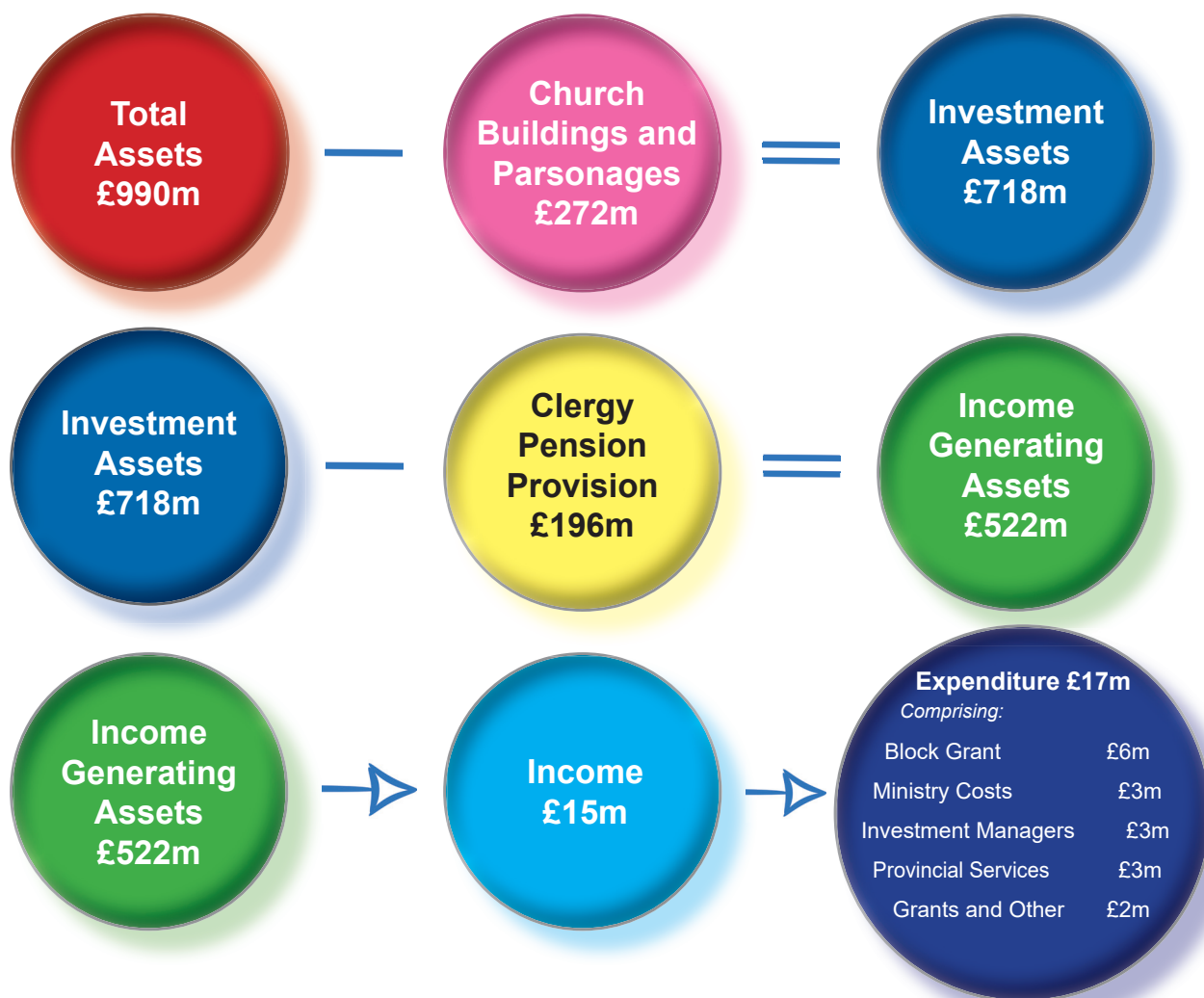
Supporting Ministry

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 2019 the total Block Grant was set at £6.2m and the Representative Body has agreed to maintain it at this level until 2021.

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 Stipend Levels

Clergy stipend levels are agreed each year by the Representative Body after consultation with the Bench of Bishops and the dioceses. From 1 January 2020 clergy stipend levels (incorporating an increase of 2.1% on 2019 levels) are:

	2020 Stipend Level £ p.a	% of Incumbent's Stipend
Assistant Curate, Cathedral Chaplain	21,559	85
Incumbent, Vicar in Rectorial Benefice*	25,363	100
Incumbent of Rectorial Benefice*	26,631	105
Residentiary Canon	29,167	115
Archdeacon	38,805	153
Dean	39,313	155
Assistant Bishop	43,117	170
Diocesan Bishop	46,922	185
Archbishop	50,726	200

**Incumbents are also entitled to retain fees for conducting weddings and funerals.*

Clergy Pension Scheme

The Clergy Pension Scheme is a non-contributory final salary scheme funded by the Representative Body and the dioceses and is a significant benefit for the clergy.

An incumbent with 40 years' uninterrupted service, retiring in 2019 will receive a lump sum of up to £38,045 and an annual pension of £15,218. On the death of a cleric, a qualifying surviving spouse or civil partner receives 60% of the cleric's pension, which in 2019 is £9,130 for full service.

The Clergy Pension Provision forms part of the overall investments of the Representative Body and the

long-term challenge is to ensure that pension liabilities are held as a stable proportion of the Representative Body's total assets.

The Clergy Pension Provision is shown in note 21 on page 41. The principal expenditure is payment of pension benefits and the income is made up of contributions from the dioceses for current service (38.8%) together with a proportion of the income and net investment gains (30.9%) of the Representative Body.

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 2019	414	230	843	1,487
New entrants	24	-	-	24
Leavers with deferred benefits	(13)	13	-	-
Retirements	(22)	(8)	30	-
Deaths	-	(2)	(56)	(58)
New surviving spouses or civil partners	-	-	28	28
Membership at 31 December 2019	403	233	845	1481

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 will take effect from 1 January 2020. The next actuarial valuation is due to take place at 31 December 2022.

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

Clergy Retirement Housing Loan Schemes

Current Clergy Housing Loan Scheme (Available to qualifying clerics born before 31 December 1960).

The current scheme, introduced with effect from 1 January 2006 is available to clergy within three years of the normal retirement age to assist with the purchase of a retirement property, and provides the following loans:

- An interest bearing equity-linked loan of up to £162,651 (as at 1 January 2019), reviewed in line with the quarterly change in the Nationwide Welsh Average House Price Index (subject to restrictions based on an applicant's income);
- An interest-free loan equivalent to the retirement lump sum earned to date.

At 31 December 2019 the numbers and amounts of loans outstanding were:

	Number	Amounts
Interest Bearing Equity Loans	54	£5,558,632
Interest Bearing Loans*	3	£44,994
Advance of lump sum	2	£12,500

** rolled over from the original Clergy Housing Loan Scheme*

Original Clergy Housing Loan Scheme

The original Clergy Housing Loan Scheme was closed to clergy on 31 December 2005. Under that scheme, there were two types of loan available for clergy:

- An interest bearing loan of up to £15,000;
- An interest-free equity-linked loan up to a maximum of £30,000.

At 31 December 2019 the numbers and amounts of loans outstanding were:

	Number	Amounts
Interest Bearing Loans	22	£315,499
Equity Loans*	66	£1,925,691

Clergy Car Loan Scheme

The Representative Body's Clergy Car Loan Scheme was closed to new members from 31 March 2016.

As at 31 December 2019, there were 4 existing loans outstanding totalling £2,000.

Management of Property

Support for managing church buildings

The Representative Body operates a grant scheme to assist with the repair and management of churches. This is funded from the proceeds of sale of glebe land. In 2019, the allocation of church specific grants was delegated to each Diocese so that grants could be awarded in parallel with diocesan grants and targeted at key mission projects. In addition, the grant fund is being used to fund church building support activity in partnership with each Diocese so that local churches can obtain additional support and assistance with building matters.

Churchyards and Burial Grounds

Survey work during 2019 has provided useful data on the state of our burial grounds. It is clear that space for new burials is very limited overall although this is not always the case locally. The funding of our burial grounds is significantly underpinned by volunteer labour and, were this to be contacted out, there would be a significant deficit facing local churches. The information will be useful in helping us to consider how these sites can be best supported in the future.

Redundant Churches

The appointment of closed church officers has been transformative in ensuring that closed churches are managed properly to ensure they do not represent and undue risk to the public. The posts are also helping us to push forward the disposal of these properties as expeditiously as possible. These properties are challenging to sell or lease given the challenges of their construction, setting and access.

Online Faculty System

This system is now being used by all six dioceses. The system enables the Church to report each year on the faculties granted across the six dioceses. This report can be seen at: <https://www.churchinwales.org.uk/en/publications/administration-and-business/care-church-buildings-annual-report/>

The Online Faculty System will be developed further over the next year to introduce bi-lingual functionality.

Emergency Aid

Sometimes church property is found to be in a critical condition that could cause harm to people. The Representative Body seeks to help find solutions to such cases by providing advice but also financial support through its Emergency Aid Fund. This fund is supported by each Diocese and uses the grant money generously given by the All Churches Trust.

The fund is limited but can ensure that timely action is taken to avert a crisis developing. The established quinquennial inspection scheme across Dioceses should identify potential problems in good time to enable solutions to be found.

Administration and other services provided from the Provincial Office

During 2019 the Representative Body, via the staff at the Provincial Office in Cardiff, continued to provide a wide range of administrative and other services on behalf of the Church. For example, the Representative Body is the managing and custodian trustee for over 2,500 funds held on trust and on behalf of beneficiaries. The aggregate value of these special trusts at 31 December 2019 was £57.5 million and was invested in stock exchange securities via the Church in Wales Common Investment Fund. The Representative Body also administers the clergy payroll, with the total cost of stipends and national insurance paid through the payroll in 2019 amounting to £11.5 million.

Below are some other examples of the range of services provided by the Provincial Office:

- The Provincial ICT Department provides network, software and hardware support for the Provincial Office, St Padarn's Institute, Bishops' offices, diocesan offices and the Archdeacons.
- The Provincial Office's Communications Department provides print and design services for reports, liturgical material and marketing content across the Church, website design, maintenance and technical support for the provincial office, the dioceses, St Padarn's Institute and the parishes; and press and public relations services for the Provincial Office and the Bishops.
- The payment of Council Tax on parsonages, and the letting of properties in parishes (owned both by parishes and the Representative Body) are managed from the Provincial Office;
- Advice for parishes on compliance with secular legislation, such as safeguarding, disability discrimination and parochial trustees' liability (including the process for registration with the Charity Commission of those parishes with an income in excess of £100,000) is prepared and disseminated by provincial staff;
- Disclosure and Barring Service disclosures are managed and processed at the Provincial Office for all clergy, licensed lay ministers and

volunteers identified by parishes as having contact with children and adults at risk;

- The Provincial Safeguarding Panel meets regularly to consider case work, and the Provincial Safeguarding Team provide timely advice and guidance responses to individuals including calls and emails, and referrals to social care.
- The Representative Body pays grants and bursaries to those training for ministry in the Church in Wales.

The number of posts of the Representative Body at 31 December 2019 (with 2018 in brackets) is as follows:

	Full Time	Part Time	
	No.	No.	FTE
Provincial Office	37 (43)	5 (5)	3.8 (3.7)
Bishops' Secretaries	5 (5)	1 (1)	0.9 (0.9)
Diocesan Inspectors	6 (6)	- (-)	- (-)
Bishops' Portfolio Support	3 (3)	1 (1)	0.6 (0.6)
Safeguarding	1 (1)	2 (7)	1.8 (3.4)
St Padarn's Institute	24 (20)	18 (11)	7.1 (4.5)
Total	76 (78)	27 (25)	14.2 (13.1)

FTE - Full Time Equivalent

Salary levels were increased from 1 January 2020 by 2.1%, the same increase as that agreed for clergy. Salary levels are based on the requirements of the role and levels in other comparable organisations.

© The Reverend Andrew James



Top Row:

St Peter's Church, Dinas Powys, Vale of Glamorgan.

Brecon Cathedral: Cathedral Chaos event with Archbishop John.

Bottom row:

Family Fun Day at St Davids Cathedral.

Volunteers setting up a Night Shelter in Wrexham.

FINANCIAL REVIEW

The value of the stock exchange securities increased during the year by 18.8%.

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 14.

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 2019 the total value of the Representative Body's total investments increased by 13.5% to £717 million as shown on the Balance Sheet on page 29.

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 £196.2 million on 31 December 2019 (2018: £180.7 million).

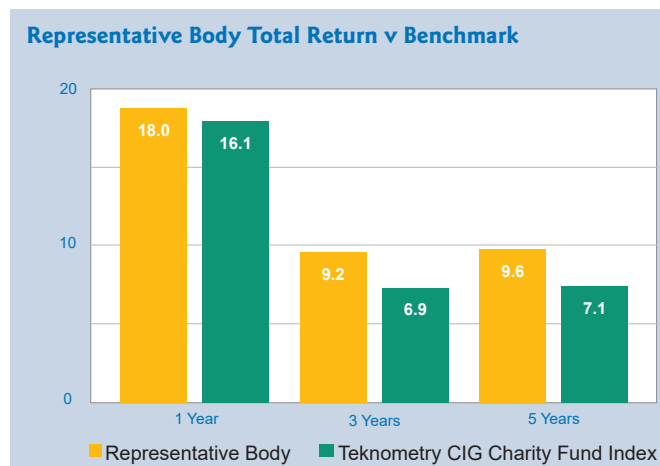
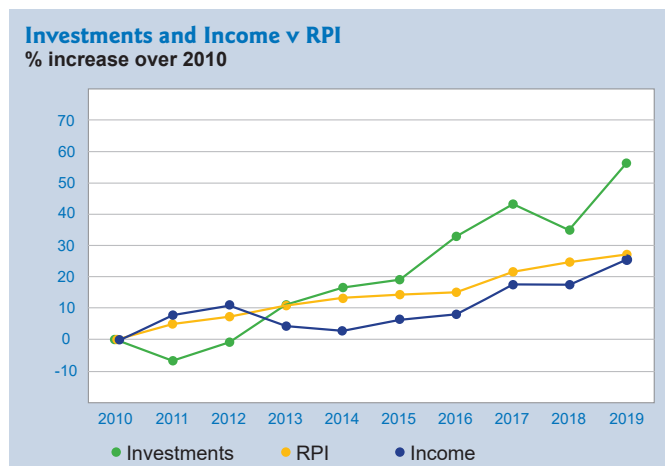
Total Return

The total return (both income and capital growth) from the Representative Body's fund during 2019 was 18%, outperforming the Teknometry comparator return of 16.1%. 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 £504 million to £599 million at 31 December 2019, an increase of 18.8%.

After a challenging 2018, equity investors enjoyed a much better, albeit volatile, year in 2019 during which monetary policy provided significant support for financial markets. These interventions have been a regular feature used to steady market nerves since the start of the global financial crisis more than ten years ago.

Having seriously dented investor confidence in 2018 with indications that US interest rates were likely to increase, the US Federal Reserve's (Fed) subsequent signalling that rates may have peaked and that the next move might in fact be downwards was the key driver for positive equity markets in the earlier part of 2019. Against a backdrop where global debt is at record levels and global economic and corporate earnings growth have continued to be sluggish at best, this policy reversal by the Fed proved welcome.

Elsewhere, in response to the deceleration of the Chinese economy, the People's Bank of China introduced stimulus measures to support consumers.

As the summer progressed, global equities experienced distinct phases of elevated volatility when the erratic US/China trade-war rhetoric was at its most extreme and global economic data was weakening. However, as investors have come to expect in recent years, the monetary authorities were soon on hand with the usual soothing medication. The Fed cut interest rates twice during the third quarter and the European Central Bank announced yet another phase of quantitative easing. This monetary stimulus enabled global equity markets to shrug off mounting structural, cyclical and geopolitical concerns and recover their poise going into autumn.

The year finished with a flourish as a combination of another Fed rate cut in October, encouraging signs of a possible US/China trade deal, the likelihood of supportive US government policies ahead in the final year of President Trump's first term and greater clarity around Brexit all helped 2019 to be amongst the best calendar returns on record for many equity markets.

Over the year North American equities led the pack, delivering a positive return of +26.5% to UK-based investors. European ex UK equities returned +20.4%, UK equities produced +19.2%, emerging-market

equities returned +15.9%, Asia-Pacific ex-Japan equities delivered +14.9%, while Japanese equities produced a return of +14.8% in sterling terms.

In summary, despite the fairly challenging economic backdrop, global equities enjoyed a strong calendar year, helped in no uncertain terms by global authorities doing whatever was necessary to boost investor confidence whenever doubts appeared.

Asset allocation ranges and the allocation as at 31 December 2019 are shown below:

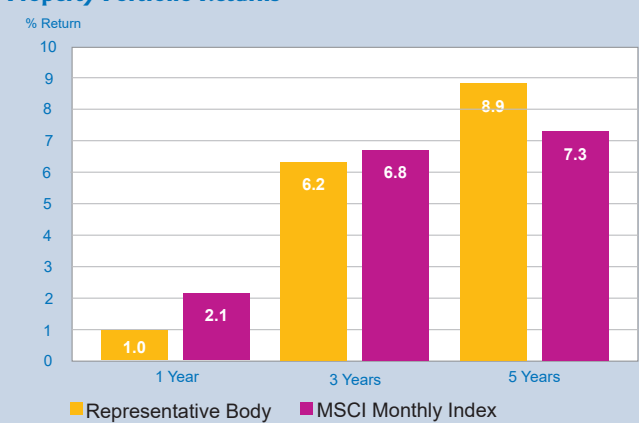
Asset Allocation Range		
Asset class	Range	Allocation at 31 December 2019
UK Equities	15-40%	29%
Overseas Equities	20-70%	45%
Fixed Interest	2-25%	15%
Alternatives	0-10%	10%
Cash	0-25%	1%

Investment Property

The commercial property portfolio underperformed the MSCI Monthly Index over the 12 month and 3 year periods to 31 December 2019 but outperformed the Index over the 5 year period as shown in the table below.

The value of the Investment Property portfolio increased over the year from £73.4m to £77.1m, due to the realignment of the investment assets and the purchases and sales over the year.

Property Portfolio Returns



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 2016.

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 governance and social responsibility 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 20% 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 beyond areas of legitimate defence and international peace-keeping;
- which derives more than 10% of turnover from the extraction of thermal coal or the production of oil from tar sands.

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

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

Risk Management Policy

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

The 2019 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 the risk further.

The 2019 risk register has identified the following as the most significant risks:

Operational Risks

1. Falling congregation numbers and increasing age profile leading to an accelerating decline in church attendance;
2. Falling clergy numbers;
3. GDPR breach, including the loss of financial or sensitive data;
4. Organisational structure of the Church in Wales no longer appropriate for the needs of the organisation;
5. Fragmentation of coherent provincial training and ministerial development arrangements;
6. Difficulties in the higher education climate affecting the operation of St Padarn's Institute;
7. Non compliance with Prevent legislation at St Padarn's Institute;
8. Cyber Security Breach including unauthorised network access;
9. Theft or loss of equipment and usage of portable data devices.

Safeguarding Risks

10. Failure by any part of the Church in Wales to following the Safeguarding Policy;

Property Risks

11. Failure to comply with health and safety requirements;
12. Increasing numbers of redundant churches;
13. Increasing demands on staff;

Financial Risks

14. Poor total returns on the Representative Body's investments as a result of economic events and uncertainty in the market;
15. Clergy Pension Scheme not ring-fenced;
16. Insolvency of the diocese;
17. Non-notification of clergy movements.

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

Reserves Policy

At 31 December 2019, the total funds of the Representative Body amounted to £784 million (2018: £710 million). As highlighted on page 7, the Representative Body's receives the overwhelming majority of both its income and capital gains from the investments held. It is therefore in the interest of the Church as a whole to carefully steward its resources

and maintain the highest possible level of reserves so that the Representative Body can continue, for both this and future generations, to maintain 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 2019 totalled £463m (2018: £411m).

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 2019 Designated Funds amounted to £317 million (2018: £299 million). Details of the Designated Funds are set out on page 42. The most significant fund is the Revaluation Reserve, with a balance of £213 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 2019 Restricted Funds amounted to £4.6 million (2018: nil) held by the Representative Body.

In August 2011, St Michael's College 'merged' with the Representative Body and the college site included within General Funds. This position was reviewed during 2019 and it was agreed that the land on which St Michael's sits should not form part of the general assets of the Representative Body, as it is legally held for the operation of an educational institution. It has therefore been classified as an endowment fund and accounted for as a Restricted Fund.

FUTURE PLANS

An assessment of forthcoming strategic priorities for the Representative Body.

Short to medium term issues

COVID-19

The Trustees have met remotely to consider the impact of the pandemic on the asset base, income streams and cashflows of the Representative Body. Investment Managers have been asked to model the potential impact of the emergency on the assets they have under management and they have met remotely with the Trustees to discuss the situation. Cashflow is being very closely monitored and forecasts are regularly updated. Additional financial support is being provided to the dioceses to alleviate pressure on their cashflows and allow them to provide support to their parishes in the short term. The Trustees will continue to meet remotely to monitor inherent risks and uncertainties.

Work practices have been amended to ensure meetings can continue on a remote basis. Employees are largely able to continue to work from home and plans are being developed to ensure that staff will be able to work in a safe office environment once government advice permits.

Support for the dioceses

The Representative Body continues to provide support for the wider Church in Wales in a broad range of ways. Most visibly, it has committed to maintaining the level of Block Grant funding to dioceses (some £6.2 million) up to and including 2021. In doing so, the Representative Body is operating at a planned deficit and the drawdown of funds to support this strategy needs to be carefully managed. The Representative Body also provides practical professional support to the Church in several key areas.

Clergy Remuneration

In 2017, the Representative Body commissioned a holistic review of the clergy remuneration package. This considered the best way to support today's patterns of ministry in the context of modern lifestyle and family life. The working group which undertook the review produced a report in May 2019. This report was highly detailed, incorporating complex financial models and projections, and making 35 recommendations. The report also placed significant emphasis on clergy well-being. Recognising the complexities involved and the need

to ensure that the implementation of any changes to current arrangements were properly considered and planned, the Representative Body decided to seek further advice on the recommendations of the report and their possible implementation. A small implementation group was appointed, consisting of four Representative Body trustees and one former trustee. This work is ongoing and the implementation group's strategy will be considered by the Representative Body in the second half of 2020. The Archdeacons' Group has been asked to take forward the working group's recommendations concerning clergy well-being.

Managing Property

Significant work is required to improve quality of access to our buildings and church yards for people with disabilities. Developing new guidance and support in this area will be a major priority. New ways of sharing best practice in building management and the digitisation of legacy paper records are other major planned areas of work.

Safeguarding

Continued investment in our safeguarding policy, casework, and training resources remains a key priority for the Representative Body to ensure that the Church in Wales is a safe place for all, including children and adults at risk. The work of the Independent Inquiry into Child Sexual Abuse's (IICSA) investigation of the Anglican Churches in England and Wales continues into 2020, as does the Church in Wales' engagement with it. The Inquiry's report, due in the latter half of 2020 is likely to highlight a number of areas for renewed attention on behalf of the Representative Body and the Church in Wales more widely. Several recommendations have already been anticipated, including the commissioning and launching of a bespoke online case management system for the Provincial Safeguarding Team (which will be populated with historic case records as well as new cases).

A revised Safeguarding Policy together with supporting procedural guides will be launched in the autumn of 2020. A new Safeguarding Advisory Group (reporting to People Committee) has been established to provide expert support to the Representative Body staff in preparing the revised policy and reviewing the safeguarding training strategy and materials.

Training for Ministry

Support for Welsh language ministry will be significantly enhanced. St Padarns Institute will launch a new video-based course and introduce a new part-time role to draw together resources and best practice in Welsh medium ministry. A further programme of work will support ongoing ministerial development. This will include a Life Events package, sharing best practice for baptisms, weddings and funerals, a transitional programme for curates moving into positions of first responsibility and a system of appraisal and review for Ministry tailored to diocesan priorities. In addition, safeguarding training will be a priority with a specific emphasis on providing learning outcomes based on what roles people do, rather than simplistic delineations between clergy and laity. Finally, St Padarns will continue to focus on expanding distance learning provision and preparing for the 2020 Gateway Quality Review which will be an opportunity to demonstrate that learner experience is comparable to Higher Education across the UK.

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 situation. The group will form recommendations for consideration by the Representative Body during 2020.

Church in Wales Centenary Celebrations

The Church in Wales celebrates its centenary in 2020 and, during 2019, detailed plans were made for various events and initiatives to mark the occasion. The Representative Body allocated an additional £30,000 as part of its budget for 2019 to support this work. Plans for 2020 include a year-long communications campaign, focusing particularly on film and social media, on the theme of 'Our Church in Wales'. This aims to raise awareness about the Church and emphasise its connection with wider Welsh life. Additionally, services had been planned to take place simultaneously in all six cathedrals on 7 June 2020 to include the performance of a piece of specially commissioned choral music. However, due to the COVID-19 situation, these celebrations are currently on hold.

During 2019, a Centenary Appeal was launched to support two charities – one at home, one overseas – to mark 100 years of the Church in Wales in 2020. The Centenary Appeal aims to raise at least £100,000 over the next five years for Housing Justice Cymru and Christian Aid.

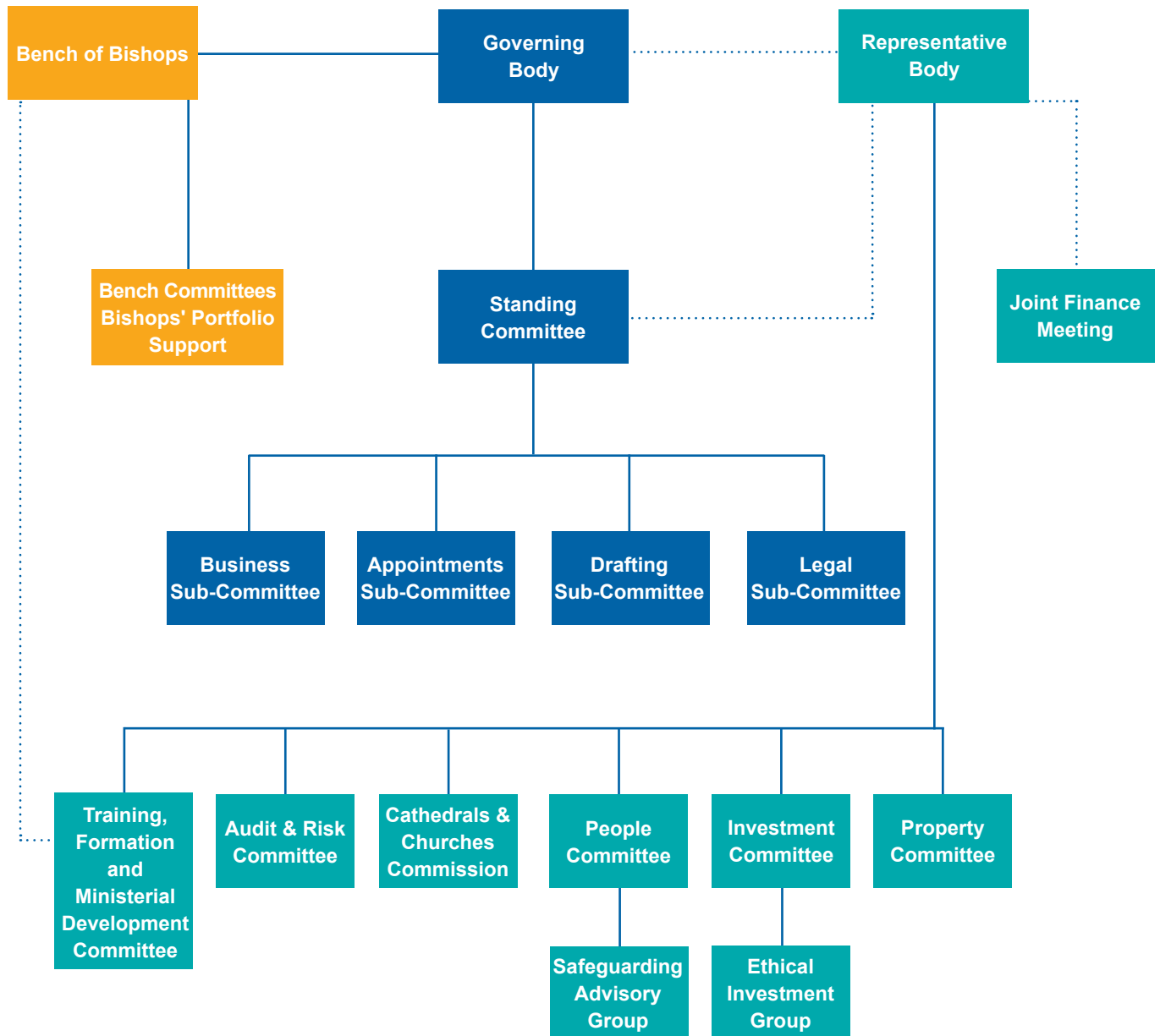
Long term issues**Pensions**

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. In addition, the costs to dioceses have reduced marginally. The Representative Body will need to keep the Clergy Pension Scheme, including its funding and benefits, under active review. The next actuarial valuation of the Clergy Pension Scheme is due to take place as at 31 December 2022.

Climate Change

The impact of climate change on the planet is clear and the Church is committed to doing its part to tackle the issue. Achieving a net zero carbon position in the future is possible but will be extremely challenging. It will need to be the central pillar of the RB's property work for years to come.

THE PROVINCIAL STRUCTURE



GOVERNANCE AND MANAGEMENT

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

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

Details of the trustees who served during the year and since the year end are set out on page 23. The relationship of the Representative Body to its committees and to the other provincial bodies of the Church in Wales is set out on page 18.

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 or 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 or any committee or sub-committee.

Membership – Induction and Training

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

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

Committees

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

Investment Committee

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

Property Committee

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

People Committee

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

Audit and Risk Committee

The Audit and Risk Committee works with the Representative Body's external auditors to ensure proper financial reporting practice and compliance with charity accounting requirements. It provides strategic advice on budgetary matters and considers long-term financial forecasts and has a role in monitoring the effectiveness of the internal audit function. It also has an important role in overseeing the risk management process and to consider the potential financial exposure on safeguarding matters.

Training, Formation and Ministerial Development Committee (formerly, St Padarn's Council)

The Training, Formation and Ministerial Development Committee oversees the work of St Padarn's Institute, providing academic governance, quality assurance and enhancement, and more broadly, the oversight of training, formation and ministerial development. The Committee is accountable to the Representative Body and is also connected to the Bench of Bishops through the two Bishops who are members of it, one of whom is its Chair, which is responsible for the overall strategy, policies and objectives of the Church.

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.

Statement of Trustees' Responsibilities

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

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

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

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

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

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

By order of the Representative Body.

James Turner, Chair

Sir Paul Silk, Deputy Chair

15 June 2020

REFERENCE AND ADMINISTRATIVE INFORMATION

Representative Body Membership

Chair and Deputy Chair

Mr J J Turner
Chair

Sir P Silk
Deputy Chair (*from 7 March 2019*)

Ex Officio Membership

The Most Reverend J D E Davies
Archbishop of Wales

Mrs L Perkins

Mrs H R Jones
Chair
St Asaph Diocesan Board of Finance

The Reverend M Stallard (*from 27 February 2020*)
Chair
Bangor Diocesan Board of Finance

Dr H J Parry-Smith (*to 27 February 2020*)
Chair
Bangor Diocesan Board of Finance

Mr N Griffin
Chair
St Davids Diocesan Board of Finance

Mr M A Lawley
Chair
Llandaff Diocesan Board of Finance

Mr P E Lea
Chair
Monmouth Diocesan Board of Finance

Sir P Silk
Chair
Swansea and Brecon Diocesan Board of Finance

Elected Membership

St Asaph

The Very Reverend N H Williams
Mrs H M Wiseman

Bangor

The Very Reverend K L Jones
Dr H J Parry-Smith (*from 27 February 2020*)

St Davids

The Venerable P Mackness, Archdeacon of St Davids
Mrs J Hayward

Llandaff

The Venerable C B W Smith, Archdeacon of Morgannwg
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 T J P Davenport

Nominated Membership

Mr R Davies
Mr P D Kennedy
Mr T O S Lloyd OBE, DL, FSA
Mr J J Turner

Co-opted Membership

Mr L M James (*to 7 May 2020*)
(2 vacancies)

Committee Membership

(*denotes non-RB member)

Investment Committee

Mr J J Turner (Chair)
Mr R Anning*
Mr G Davies* (from 27 June 2019)
Mr J Fox*
Mr L M James (to 7 May 2020)
Mr J Minett* (from 27 June 2019)
Mr D G Myrddin-Evans*
Mr R F Page*
The Reverend Canon I K Rees*

Audit and Risk Committee

Mr G I Moses (Chair)
Mr V Jones*
Mrs L Jones*
Mr M A Lawley
Sir P Silk

Property Committee

Mr R Davies (Chair)
Mr C Clarke (from 14 November 2019)
The Very Reverend K L Jones
The Venerable A N Jevons
The Venerable P R Mackness
The Venerable C B W Smith
The Venerable N H Williams
The Venerable J S Williams
Ms M Gerrard*
Mr J E Jones*
Mr D A Williams*

People Committee

Mr P D Kennedy (Chair)
Mr T J P Davenport (Deputy Chair)
The Right Reverend G K Cameron*
The Venerable A N Jevons
Mr C W J Francis*
Mr N Griffin
Mr D B Halse*
Mrs B E Harding*
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* (from 27 June 2019)

Training, Formation and Ministerial Development Committee

The Most Reverend J D E Davies (from 27 April 2020)
The Right Reverend C E Vann* (from 27 April 2020)
The Right Reverend J Osborne* (to 27 April 2020)
The Venerable T H A Mason*
The Reverend Chancellor P Powell*
The Reverend Canon T J Hewitt*
The Reverend Canon Dr R Johnson*
The Reverend Canon R O L Lowndes* (to 4 March 2020)
The Reverend D J F J A McClean*
Miss P R Brown

Key Management Posts

The Provincial Secretary
Head of Legal Services
Head of Finance
Head of Property Services
Head of Communications and Technology
Principal of the 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
Cardiff
CF10 5BH

Investment Property Advisers:

Cluttons LLP
Portman House
2 Portman Street
London
W1H 6DU

Investment Advisers:

Newton Investment Management
BNY Mellon Financial Centre
160 Queen Victoria Street
London
EC4V 4LA

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Actuaries:

Quantum Advisory
Cypress House
Pascal Close
St Mellons
Cardiff
CF3 0LW

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

Atkin & Co.
Nelson House
Central Boulevard
Blythe Valley Park
Solihull
B90 8BG

STATUTORY ACCOUNTS 2019

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 2019 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 2019 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.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 21, 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.

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.

Conclusions relating to going concern

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

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

Other information

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charity, or returns adequate for our audit have not been received from branches not visited by us; 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.

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
15 June 2020

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 2019

	Notes	General Funds 2019 £000	Designated Funds 2019 £000	Restricted Funds 2019 £000	Total Funds 2019 £000	Total Funds 2018 £000
Income from:						
Donations and Legacies		34	-	-	34	6
Charitable Activities		-	1,637	3	1,640	649
Investments	2	20,827	378	-	21,205	19,722
Other		250	-	-	250	268
		21,111	2,015	3	23,129	20,645
Expenditure on:						
Raising Funds	3	3,015	-	-	3,015	2,627
Charitable Activities						
Support for Ministry	4	10,810	-	-	10,810	10,529
Support for Dioceses and Parishes	5	7,391	617	-	8,008	8,066
Other Church Property	6	640	2,101	-	2,741	2,852
Other Financial Support	7	553	1,502	-	2,055	555
Communication	8	385	-	-	385	381
		22,794	4,220	-	27,014	25,010
Net Expenditure before Investment Gains		(1,683)	(2,205)	3	(3,885)	(4,365)
Net Gains / (Losses) on Investments		86,148	1,267	-	87,415	(25,850)
Net Income / (Expenditure)		84,465	(938)	3	83,530	(30,215)
Transfers between funds:						
Emergency Aid Fund		(200)	200	-	-	-
St Michael's College Site		(4,317)	-	4,317	-	-
Other Recognised Gains / (Losses):						
Gains on revaluation of fixed assets		225	4,709	233	5,167	3,997
Allocation (to) / from / Clergy Pension Provision		(26,689)	-	-	(26,689)	6,979
Transfer from Clergy Pension Provision		-	13,563	-	13,563	5,962
Actuarial (loss) / gain on Staff Pension Scheme		(1,286)	-	-	(1,286)	2,362
Net Movement in Funds		52,198	17,534	4,553	74,285	(10,915)
Reconciliation of Funds:						
Total Funds brought forward		410,582	299,001	-	709,583	720,498
Total Funds carried forward		462,780	316,535	4,553	783,868	709,583

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

All activities are continuing.

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

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

Balance Sheet

As at 31 December 2019

	Note	31 December 2019		31 December 2018	
		£000	£000	£000	£000
Fixed Assets					
Non-Investment Properties	12	271,632		268,208	
Tangible Assets	13	362		252	
			271,994		268,460
Investments					
Investment Properties	14	58,905		56,135	
Property Unit Trusts	15	18,245		17,217	
Stock Exchange Securities	16	598,877		504,267	
Funds held by Investment Managers		11,551		24,690	
Money Market Deposits and Loans	17	29,395		29,374	
			716,973		631,683
Current Assets					
Debtors	18	6,308		3,434	
Cash at Bank and in Hand		1,010		1,637	
		7,318		5,071	
Current Liabilities					
Creditors: amounts falling due within one year	19	(5,968)		(5,781)	
Net Current Assets / (Liabilities)			1,350		(710)
Total Assets Less Current Liabilities			990,317		899,433
Long Term Liabilities					
Clergy Pension Provision	21		(196,200)		(180,700)
Net Assets excluding Staff Pension Liability			794,117		718,733
Defined Benefit Staff Pension Liability	11		(10,249)		(9,150)
Net Assets including Staff Pension Liability			783,868		709,583
Capital and Reserves					
General Funds		473,029		419,732	
Pension Reserve		(10,249)		(9,150)	
			462,780		410,582
Designated Funds	22		316,535		299,001
Restricted Funds	23		4,553		-
Total Funds			783,868		709,583

The financial statements on pages 28 to 44 were approved by the Representative Body on 15 June 2020.

James Turner, Chair

Sir Paul Silk, Deputy Chair

Cash Flow Statement

For the year ending 31 December 2019

	31 December 2019	31 December 2018
Note	£000	£000
Reconciliation of net income to net cash provided by operating activities:		
Net income / (expenditure)	83,530	(30,215)
Adjustment for:		
Gains on revaluation of fixed assets	5,167	3,997
Allocations (to) / from / clergy pension provision	(13,126)	12,941
(Loss) / gain on staff pension scheme	(1,286)	2,362
Depreciation of tangible assets	13	80
Income from investments	2	(21,205)
Expenditure on raising funds	3	3,015
(Gains) / losses on investments	(87,415)	25,850
Gains on fixed assets	12	(5,044)
Add:		
Movement in debtors	18	(2,874)
Movement in creditors	19	187
Movement on clergy pension provision	21	15,500
Movement on staff pension liability	11	1,099
Net cash provided by operating activities	(22,372)	(18,785)
Statement of cash flows		
Cash flows from operating activities		
Net cash used in operating activities	(22,372)	(18,785)
Cash flows from investing activities		
Income from investments	2	21,205
Expenditure on raising funds	3	(3,015)
Non-investment properties: additions	12	(2,272)
Non-investment properties: sale proceeds	12	3,892
Tangible assets: additions	13	(190)
Investment properties: additions	14	(6,042)
Property unit trusts: additions	15	(4,012)
Property unit trusts: sale proceeds	15	3,120
Stock exchange securities: additions	16	(156,872)
Stock exchange securities: sale proceeds	16	152,466
Other sale proceeds	347	1,166
Movement in funds held by investment managers	13,139	(5,388)
Movement in money market deposits and loans	17	(21)
Net cash provided by investing activities	21,745	19,183
Change in cash and cash equivalents	(627)	398
Cash and cash equivalents at 1 January	1,637	1,239
Cash and cash equivalents at 31 December	1,010	1,637

Notes to the Accounts

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice. The Representative Body of the Church in Wales is incorporated under Royal Charter and its registered address is 2 Callaghan Square, Cardiff, CF10 5BT. The Representative Body of the Church in Wales constitutes a public benefit entity as defined by FRS 102.

1. Accounting Policies

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

The Representative Body is a registered charity, under the Charities Act 2011. The financial statements are prepared during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The final impact of the COVID-19 pandemic is still unclear but officers have modelled scenarios should there be a material impact on income and expenditure plans are being reviewed as a result of this. Having reviewed the funding facilities available to the Charity together with expected future cash flows, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, they will continue to adopt the going concern basis in preparing the financial statements.

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

a. Basis of Accounting

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

b. Income

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

c. Expenditure

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

d. Investments

Investment Properties: 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: are stated at market values based on net asset value per unit at 31 December 2019.

Stock Exchange Securities: are stated at market values based on bid price at 31 December 2019. 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, 1,399 Churches and 1,215 Churchyards at 31 December 2019. 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 2019 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 2019. 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 2019.

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

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

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

Glebe is normally valued on the average price of agricultural land in Wales, based on the RICS – RAU Farmland Market Directory of land prices. RICS have not published an index for 2019 so values have been adjusted by the movement in house prices in the year.

Accounting Policies Continued**f. Depreciation of Other Tangible Assets**

Depreciation is calculated on cost so that assets or groups of related assets with a cost in excess of £1,000 are written down to their estimated residual values by equal instalments over their estimated useful lives at the following rates:

Office Equipment 33 $\frac{1}{3}$ % p.a.

Leasehold improvements are depreciated over the life of the lease.

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

g. Heritage Assets

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

h. Foreign Currency Conversion

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

i. Designated and Restricted Funds

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

j. Pensions of Clergy and Surviving Spouses and Civil Partners

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

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

k. Staff Retirement Benefit Scheme

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

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

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

l. Taxation Status

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

m. Financial Instruments

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

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

n. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

2 Investment Income

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2019 £000				Funds 2018 £000			
Gross income from property	3,670	-	-	3,670	3,560	-	-	3,560
Income from stock exchange securities	17,008	378	-	17,386	15,750	329	-	16,079
Interest from money market deposits and loans	149	-	-	149	83	-	-	83
	20,827	388	-	21,205	19,393	329	-	19,722

3 Raising Funds

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2019 £000				Funds 2018 £000			
Stock Exchange Advisers	2,113	-	-	2,113	2,010	-	-	2,010
Investment Property Advisers	471	-	-	471	260	-	-	260
Sundry Property	147	-	-	147	95	-	-	95
Support Costs	284	-	-	284	262	-	-	262
	3,015	-	-	3,015	2,627	-	-	2,627

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 2019 £000				Funds 2018 £000			
Bishops	990	-	-	990	939	-	-	939
Bishops' Portfolio Support	245	-	-	245	180	-	-	180
Safeguarding	182	-	-	182	169	-	-	169
Clergy Pension Provision (note 21)	5,679	-	-	5,679	5,346	-	-	5,346
Ministry Training - St Padarn's Institute	2,217	-	-	2,217	1,975	-	-	1,975
Clergy Property								
Diocesan Inspectors' Costs	506	-	-	506	464	-	-	464
Episcopal Residences	55	-	-	55	68	-	-	68
Sundry Property Costs	14	-	-	14	11	-	-	11
Sundry Clergy Benefits	4	-	-	4	4	-	-	4
Support Costs	918	-	-	918	1,373	-	-	1,373
	10,810	-	-	10,810	10,529	-	-	10,529

5 Support for Dioceses and Parishes

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2019 £000				Funds 2018 £000			
Block Grant to Dioceses	6,158	-	-	6,158	6,158	-	-	6,158
Repairs and Extensions to Churches	-	233	-	233	-	134	-	134
Emergency Aid	-	145	-	145	-	371	-	371
Evangelism Fund	-	239	-	239	-	-	-	-
Support Costs	1,233	-	-	1,233	1,403	-	-	1,403
	7,391	617	-	8,008	7,561	505	-	8,066

6 Other Church Property

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2019 £000				Funds 2018 £000			
Redundant Churches	-	204	-	204	-	227	-	227
Church Sales Regulations	-	1,897	-	1,897	-	2,033	-	2,033
Other Property Costs	5	-	-	5	40	-	-	40
Support Costs	635	-	-	635	552	-	-	552
	640	2,101	-	2,741	592	2,260	-	2,852

7 Other Financial Support

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2019 £000				Funds 2018 £000			
DACs and Cathedrals and Churches Commission	64	-	-	64	67	-	-	67
Grants to Anglican and Ecumenical Bodies	169	-	-	169	146	-	-	146
Centenary Projects	33	-	-	33	-	-	-	-
Provincial Court and Tribunals	(57)	-	-	(57)	24	-	-	24
Other Support	131	1,502	-	1,633	107	2	-	109
Support Costs	213	-	-	213	209	-	-	209
	553	1,502	-	2,055	553	2	-	555

8 Communications

	General	Designated	Restricted	Total	General	Designated	Restricted	Total
	Funds 2019 £000				Funds 2018 £000			
Communications	201	-	-	201	189	-	-	189
Support Costs	184	-	-	184	192	-	-	192
	385	-	-	385	381	-	-	381

9 Support Costs

	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2019
Funds 2019 £000							
Provincial Secretary & Secretariat	-	153	252	18	110	77	610
Human Resources	10	180	111	22	7	16	346
Office Services	42	131	179	94	32	68	546
Finance	218	186	112	115	35	-	666
Property	-	90	185	182	-	-	457
Legal	-	-	82	173	19	-	274
Information Technology	14	178	312	31	10	23	568
	284	918	1,233	635	213	184	3,467
	Raising Funds	Support for Ministry	Support for Dioceses and Parishes	Other Church Property	Other Financial Support	Communications	Total 2018
Funds 2018 £000							
Provincial Secretary & Secretariat	-	141	257	16	120	83	617
Human Resources	17	591	257	35	13	29	942
Office Services	37	192	194	78	30	63	594
Finance	198	183	109	113	33	-	636
Property	-	96	164	133	-	-	393
Legal	-	-	147	156	5	-	308
Information Technology	10	170	275	21	8	17	501
	262	1,373	1,403	552	209	192	3,991

The above figures include audit fees of £31,000 (2018: £30,000) in respect of the audit of the Representative Body, and £4,885 (2018: £4,745) in respect of the audit of the Staff Retirement Benefit Scheme.

The total expenditure for Human Resources and Office Services of £892,000 includes an accounting adjustment under FRS 17 for the Staff Retirement Benefit Scheme of -£187,000 (2018: +£626,000)

Basis of Allocation

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

10 Staff Numbers and Remuneration

	Total 2019 £000	Total 2018 £000
Staff Costs		
Salaries	3,449	3,173
National Insurance Contributions	350	323
	3,799	3,496
Current Service Pensions Costs (Defined Benefit Scheme)	1,249	946
FRS 102 Pension Scheme Adjustment	(187)	626
Defined Contribution Pension Costs	80	49
Unfunded Pension Costs	15	19
	4,956	5,136

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

	Total 2019 Number	Total 2018 Number
£0 to £10,000	9	19
£10,001 to £20,000	10	16
£20,001 to £30,000	34	34
£30,001 to £40,000	26	21
£40,001 to £50,000	17	6
£50,001 to £60,000	2	9
£60,001 to £70,000	3	3
£70,001 to £80,000	2	3
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
	104	112

*Employee benefits include gross salaries and allowances but do not include employers' pension costs.

Of the 108 staff employed during 2019, 12 had left prior to the end of the year.

The key management personnel consists of six staff members, as set out on page 24 of this report. The total amount of their employee benefits was £602,164 (2018: 8 members, £734,004).

Trustees

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

Twenty (2018: nineteen) 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 £7,789 (2018: £10,744).

One Trustee received remuneration from the Representative Body in connection with their office. This was The Most Reverend J D E Davies who is an Ex Officio Member of the Representative Body. His remuneration was £49,682 (2018: £48,518) and pension contributions of £19,277 (2018: £18,825). A car was provided for the performance of his duties for which the cash benefit was £7,609 (2018: £6,794).

11 Staff Defined Benefit Pension Scheme

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

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

A full actuarial valuation of the Scheme was carried out as at 31 March 2018 and the next valuation of the Scheme is due as at 31 March 2021. The results of that valuation have been updated by an independent qualifying actuary to 31 December 2019 allowing for cashflows in and out of the Scheme and changes to the assumptions over the period.

	2019 £000	2018 £000
Amounts recognised in the Balance Sheet		
Fair value of assets	17,035	14,131
Present value of funded obligations	(27,284)	(23,281)
Deficit in Scheme	(10,249)	(9,150)
Net defined benefit liability	(10,249)	(9,150)
Amounts recognised in the Statement of Financial Activities		
Current service cost	753	946
Administration cost	58	52
Interest on liabilities	672	653
Interest on assets	(424)	(378)
Past Service Costs	-	99
Total	1,059	1,372
Remeasurements over the year		
(Gain) / loss on Scheme assets in excess of interest	(1,516)	1,096
Losses / (gains) from changes to assumptions	2,800	(1,749)
Experience losses / (gains) on liabilities	2	(463)
Gains from changes to demographic assumptions	-	(1,246)
Total remeasurements	1,286	(2,362)
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	14,131	14,270
Interest on assets	424	378
Employer contributions	1,246	746
Contributions by Scheme participants	162	173
Benefits paid	(386)	(288)
Administration costs	(58)	(52)
Return on plan assets less interest	1,516	(1,096)
Fair value of assets at the end of the year	17,035	14,131

11 Staff Defined Benefits Scheme *continued*

	2019	2018
	£000	£000
The change in the defined benefit obligation over the year was:		
Defined benefit obligation at the beginning of the year	23,281	25,156
Current service cost	753	946
Contributions by Scheme participants	162	173
Past service costs	-	99
Interest cost	672	653
Benefits paid	(386)	(288)
Experience gain / (loss) on liabilities	2	(463)
Changes to demographic assumptions	-	(1,246)
Changes to financial assumptions	2,800	(1,749)
Defined benefit obligation at the end of the year	27,284	23,281

Assets

The majority of the assets are invested in the EdenTree Higher Income Fund, with the remainder including some small deferred annuities 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 £1,940,000. The assets do not include any investment in the Employer.

Actuarial Assumptions

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

	2019	2018
Discount Rate	2.1%	2.9%
Inflation assumption (RPI)	3.2%	3.6%
Limited Price Indexation pension increases (RPI Max 5%)	3.1%	3.5%
Salary increases	2.7%	3.1%
Proportion married at retirement or earlier death	80.0%	80.0%
Post retirement mortality assumption:	95% of the PCA00 tables and CMI 2017 projections with a long-term rate of improvement of 1.25% pa.	

12 Non-investment Properties

	2019	2018
	£000	£000
At 1 January	268,208	264,726
Additions	2,272	3,117
Disposals	(3,892)	(5,344)
Net increase on revaluation	5,044	5,709
At 31 December	271,632	268,208
Comprising:		
Parsonage, bishops' houses and sundry provincial property	167,304	165,162
Churches and church halls	86,711	85,836
Glebe	13,067	12,892
Operational properties	4,550	4,318
	271,632	268,208

Trustees are aware of the potential impact of the COVID-19 pandemic on property values. The intention is to hold the majority of property for the long term. No adjustment has therefore been made to valuations as a result of the crisis.

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

At 1 January	458
Additions	190
At 31 December	648
Accumulated Depreciation	
At 1 January	206
Charge for the Year	80
At 31 December	286
Net Book Value	
31 December 2019	362
31 December 2018	252

14 Investment Properties

	2019 £000	2018 £000
At 1 January	56,135	54,190
Additions	6,042	-
Net (decrease) / increase on revaluation	(3,272)	1,945
At 31 December	58,905	56,135

Investment properties were valued by Cushman & Wakefield at 31 December 2019 at £58,905,000 (2018: £56,135,000) in accordance with the RICS valuation – Professional Standards 2014 and FRS 102.

15 Property Unit Trusts

	2019 £000	2018 £000
At 1 January	17,217	20,295
Additions	4,012	-
Disposals	(1,258)	(1,383)
Net decrease on revaluation	(1,726)	(1,695)
At 31 December	18,245	17,217

16 Stock Exchange Securities

	2019 £000	2018 £000
At 1 January	504,267	548,145
Additions	156,872	140,733
Disposals	(127,384)	(135,391)
Net increase / (decrease) on revaluation	65,122	(49,220)
At 31 December	598,877	504,267
Historical cost at 31 December	455,659	426,171
Unrealised investment gains at 31 December	143,218	83,438
Investment gains calculated on historic basis	25,082	20,644
Listed in UK	287,886	236,287
Listed overseas	310,991	267,980
	598,877	504,267

Trustees are aware of the potential impact of the COVID-19 pandemic on the value of investment assets, with some portfolios having decreased in value by in excess of 13% since the start of the crisis. The Charity is a long-term investor and currently has no plans to realise investments. With the uncertainty over the ultimate impact on values, no adjustment has been made in these financial statements to the values at 31 December 2019.

17 Money Market Deposits and Loans	2019 £000	2018 £000
At 1 January	29,374	15,521
Advances	30,028	22,336
Repayments	(30,007)	(8,483)
At 31 December	29,395	29,374
Comprising:		
Money Market Deposits	21,356	21,154
Clergy Housing Loans	7,857	8,019
Diocesan Loans	89	93
Clergy Car Loans	2	13
Curates House Loans	66	70
Churches' Mutual Credit Union	25	25
	29,395	29,374

18 Debtors	2019 £000	2018 £000
Prepayments	226	158
Other debtors	3,538	1,494
Accrued income	2,544	1,782
	6,308	3,434

19 Creditors: amounts falling due within one year	2019 £000	2018 £000
Taxation and National Insurance Contributions	439	440
Rents received in advance	221	371
Amounts owed to special trusts	1,595	1,243
Other creditors	587	1,935
Accruals	3,126	1,792
	5,968	5,781

20 Diocesan Maintenance of Ministry Fund	31 December 2019		31 December 2018	
	£000	£000	£000	£000
Income				
Diocesan Boards of Finance	11,505		11,292	
Other Income	2		5	
		11,507		11,297
Less: Payments				
Clergy Stipends	9,315		9,138	
Curates Stipends	940		913	
National Insurance Contributions	995		976	
Vacancy Fees	109		112	
Sundry expenses and other payments	148		158	
		11,507		11,297

21 Clergy Pension Provision	31 December 2019		31 December 2018	
	£000	£000	£000	£000
Balance at 1 January		180,700		192,200
Current service contributions from dioceses	3,956		3,884	
Other current service contributions	106		138	
Transfer from General Funds:				
Allocation from income (note 4)	5,679		5,346	
Allocation of net investment gains / (losses)	26,689		(6,979)	
		36,430		2,389
Less:				
Pension payments to retired clergy	(4,859)		(4,827)	
Pension payments to surviving spouses and civil partners	(1,515)		(1,512)	
Gratuity payments of retired clergy	(917)		(881)	
Transfer payments	-		(639)	
Administrative expenses	(76)		(68)	
		(7,367)		(7,927)
Transfer to Pension Equalisation Fund		(13,563)		(5,962)
Balance at 31 December		196,200		180,700

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 from 1 January 2020 will comprise 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. A provision of £1.5m has been made to the Additional Voluntary Contribution Scheme for the Clergy. This is with respect to historic lump sum payments.

Trustees are aware that the volatile investment market is expected to have an impact on the pension scheme in terms of asset values and the measure of liabilities. No information has been received to date as to the quantum of the impact of COVID-19 on the pension scheme. The key financial assumptions used for the full actuarial valuation at 31 December 2019 and the interim valuation in 2018 are set out below.

The next full actuarial valuation of the Scheme is due to take place at 31 December 2022.

	31 December	
	2019	2018
Financial assumptions (nominal % pa)		
Discount rate - Past service benefits	2.0%	2.8%
Discount rate - Future service benefits	3.0%	n/a
Inflation - RPI	3.2%	3.1%
Inflation - CPI	2.2%	2.1%
Stipend increases	2.7%	2.6%
Pension increases - Stipend Linked	2.7%	2.6%
Pension increases - RPI up to 5% p.a.	3.1%	3.0%
Deferred revaluation	3.1%	3.0%
Post retirement mortality (life expectancy, in years)		
Current pensioners age 65 – males	21.2	22.1
Current pensioners age 65 – females	23.5	24.2
Future pensioners age 65 (currently age 45) – males	22.2	23.5
Future pensioners age 65 (currently age 45) – females	24.6	25.6

22 Designated Funds

	Balance 1 January 2019 £000	Income* £000	Expenditure* £000	Balance 31 December 2019 £000
Revaluation Reserve (Unrealised gains on parsonages, churches, church halls and sundry property)	211,859	652	-	212,511
Property Reserve (Property improvements and acquisitions of parsonages)	29,648	2,249	-	31,897
Church Repairs Capital Reserve (Capital fund for church repairs)	9,717	2,219	41	11,895
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)	4,410	806	1,897	3,319
Pension Equalisation Fund (Funds available to meet future clergy pension liabilities)	31,886	13,563	1,500	43,949
Evangelism Fund (Funds available for dioceses to enact their strategies on evangelism and church growth)	10,000	-	239	9,761
Diocesan Parsonage Improvement Fund (Funds available for improvements to parsonages and acquisitions of new parsonages)	1,281	3,743	2,846	2,178
Transformation Fund (Funds available for 2020 Vision related projects)	24	-	-	24
Repairs and Extensions to Churches (Funds available to parishes)	527	261	233	555
Redundant Churches (Funds available to contribute to costs arising in the maintenance and safety of redundant churches)	(219)	831	204	408
Emergency Aid (Funds available for costs arising due to emergencies)	(159)	301	145	(3)
Overseas Fund (Funds available at the discretion of the Bishops to assist in overseas aid)	26	16	2	40
Overseas Students (Funds available to provide financial assistance to overseas students)	1	-	-	1
	299,001	24,641	7,107	316,535

* includes gains and losses.

22 Designated Funds (Prior Year)

	Balance 1 January 2018 £000	Income* £000	Expenditure* £000	Balance 31 December 2018 £000
Revaluation Reserve	212,663	-	804	211,859
Property Reserve	26,639	3,009	-	29,648
Church Repairs Capital Reserve	9,062	1,065	410	9,717
Church Sales Regulations	5,957	486	2,033	4,410
Pension Equalisation Fund	25,924	5,962	-	31,886
Evangelism Fund	-	10,000	-	10,000
Diocesan Parsonage Improvement Fund	3,193	1,864	3,776	1,281
Transformation Fund	24	-	-	24
Repairs and Extensions to Churches	46	215	134	527
Redundant Churches	(155)	163	227	(219)
Emergency Aid	11	201	371	(159)
Overseas Fund	15	13	2	26
Overseas Students	1	-	-	1
	283,780	22,561	5,976	299,001

23 Restricted Funds

	Balance 1 January 2019 £000	Income £000	Expenditure £000	Balance 31 December 2019 £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	-	3
	-	4,553	-	4,553

There were no Restricted Funds held during 2018.

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 2019 was £57,530,000 (2018: £49,547,000) and was invested in stock exchange securities and the Church in Wales Common Investment Fund. The income on these funds was £1,482,000 (2018: £1,448,000) 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 Page 7 of this report.
- The six Diocesan Boards of Finance received a Block Grant totalling £6,158,000 (2018: £6,158,000). They also have outstanding loans totalling £2,241,000 (2018: £2,485,00) which have been advanced under the Clergy Retirement Housing Loan Scheme.

26 Charitable and Capital Commitments

At 31 December 2019 the Representative Body has committed to pay £6.158 million to the dioceses in respect of the Block Grant in 2020.

The Representative Body has a commitment under an operating lease for the rental of 2 Callaghan Square, Cardiff greater than five years which totals £1.9 million (2018: £2.1 million).

27 Post Balance Sheet Events

Since the year end, the COVID-19 pandemic has had a major impact across the world. Global financial markets have fallen and this volatility is likely to have an impact on the value of investment assets, along with property values and Pension Fund deficits. The ultimate extent of this is currently unknown. The crisis has also had an impact on the operations of the charity. A number of events have been cancelled and officers are modelling reductions in income streams and potentially cancelling or deferring items of expenditure. Most employees are, however, able to work effectively from home and every effort is being made to continue to provide as many of our services as possible. Trustees will continue to monitor the changing operational landscape and impact on assets and related income.

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the balance sheet as at 31 December 2019.

28 Stock Exchange Securities**31 December 2019
Market Value****£000****%****Fixed Interest**

British Government Bonds	42,967	7.2
UK Bonds	33,117	5.5
Overseas Bonds	3,913	0.7
Total Fixed Interest	79,997	13.4

Equities

Consumer Goods and Services	12,711	2.1
Financials	94,112	15.7
Health Care	145,037	24.2
Industrials	61,583	10.3
Materials	43,307	7.2
Oil and Gas	38,081	6.4
Property and TEITs	23,045	3.8
Technology	10,471	1.8
Telecommunications	59,750	10.0
Utilities	13,924	2.3
Total Equities	502,021	83.8
Alternative Assets	16,859	2.8
	598,877	100.0

Top Twenty Holdings as at 31 December 2019**£000****£000**

Royal Dutch Shell Plc	14,798	British Petroleum Plc	8,246
Microsoft Corp	10,623	Alphabet Inc	8,010
0% Treasury Bill 2020	10,482	RELX Plc	7,796
Unilever Plc	10,232	UK Treasury Stock 3.75% 2052	7,526
Glaxosmithkline Plc	9,769	Invesco Physical Gold ETC	7,078
Lloyds Banking Group Plc	9,373	Greencoat UK Wind Plc	6,857
AIA Group Ltd	9,194	Informa Plc	6,485
Apple Inc	9,048	CRH Plc	6,415
Prudential Corporation Plc	8,957	Ecolab Inc	6,400
Accenture Plc	8,917	UK Treasury Stock 4.25% 2036	6,270

Ten Year Review - General Funds

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income										
Stock Exchange Investments	17,008	15,750	15,795	14,385	13,983	13,281	12,808	13,471	13,355	11,910
Property Income	3,670	3,560	3,565	3,480	3,408	3,513	3,916	3,925	3,842	3,854
Other Income	433	357	327	308	323	293	356	420	357	395
Total Gross Income	21,111	19,667	19,687	18,173	17,714	17,087	17,080	17,816	17,554	16,159
Investment Managers' Costs	(2,732)	(2,365)	(2,349)	(2,177)	(1,896)	(2,019)	(1,793)	(1,577)	(1,705)	(1,545)
Total Net Income	18,379	17,302	17,338	15,996	15,818	15,068	15,287	16,239	15,849	14,614
Expenditure										
Allocation to Clergy Pension Provision	5,679	5,346	5,357	4,975	4,919	4,686	4,800	5,099	4,976	3,829
Ministry Training	2,217	1,975	710	620	709	612	633	642	594	485
Bishops	990	939	967	926	873	839	833	810	872	813
Clergy Property	520	543	564	511	511	496	552	474	462	536
Bishops' Portfolio Support	245	180	189	256	320	341	341	397	466	456
Safeguarding	182	169	197	209	185	132	98	72	60	58
Sundry Clergy Benefits	4	4	5	4	6	5	7	6	5	7
Block Grant to Dioceses	6,158	6,158	6,293	6,293	6,293	6,793	6,610	6,430	6,257	6,089
Other Church Property and Financial Support	599	484	481	488	423	375	400	417	421	658
Communications	201	189	86	47	46	40	60	58	57	51
Provincial Services	3,654	3,365	3,107	2,645	2,441	2,324	2,360	2,352	2,328	2,266
Evangelism Fund	-	10,000	-	-	-	-	-	-	-	-
Transformation Fund	-	-	1,000	1,000	1,000	500	-	-	-	-
Total Expenditure	20,449	29,352	18,956	17,974	17,726	17,143	16,694	16,757	16,498	15,248
Deficit	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)	(649)	(634)
Reconciliation to the Statement of Financial Activities:										
Actual deficit	(1,870)	(1,950)	(1,517)	(1,889)	(1,773)	(1,474)	(1,052)	(318)	(522)	(273)
Add: FRS 102 Pension Scheme Adjustment	187	(626)	(461)	(137)	(342)	55	112	100	164	146
Net expenditure before investment gains / (losses)	(1,683)	(2,576)	(1,978)	(2,026)	(2,115)	(1,419)	(940)	(218)	(358)	(127)
Transfers between Funds	(200)	(10,100)	(100)	(100)	(100)	(600)	(100)	(100)	(101)	(101)
FRS 102 Pension Scheme Adjustment	(187)	626	461	137	342	(55)	(112)	(100)	(164)	(146)
Capital Gifts and Legacies	-	-	(1)	11	(35)	(1)	(255)	(100)	(26)	(260)
Deficit as shown above	(2,070)	(12,050)	(1,618)	(1,978)	(1,908)	(2,075)	(1,407)	(518)	(649)	(634)