

Charity Registration No. 1155158

Company Registration No. 08776679 (England and Wales)

# **CHURCH OF ENGLAND CENTRAL SERVICES**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**(A COMPANY LIMITED BY GUARANTEE)**

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## Church of England Central Services

### *Reference and administrative information*

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<b>Trustees</b>	John Spence (Chairman) Loretta Minghella Clive Mather Nikesh Patel (from 13 February 2020) Elizabeth Renshaw (from 27 February 2020) Samantha Rushton (from 13 February 2020)
<b>Charity Number</b>	1155158
<b>Company Number</b>	08776679
<b>Principal Address &amp; Registered Office</b>	Church House Great Smith Street London SW1P 3AZ
<b>Auditors</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Bankers</b>	Lloyds Bank plc 1 Legg Street Essex CM1 1JS

# Church of England Central Services

## *Trustees' report (incorporating a strategic report)*

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The trustees present their trustees' report (which is a directors' report and strategic report for company law purposes) together with the Independent Auditor's report, for the year ended 31 December 2020.

### **The Charity**

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

The Charity is a jointly controlled entity between the Archbishops' Council (AC), the Church Commissioners for England (CC), and the Church of England Pensions Board (PB) each of which is a member and guarantor. It is one of seven National Church Institutions (NCIs) and started operating shared services on behalf of the NCIs on 1 April 2014.

### **Governance and structure**

The three members of the jointly controlled entity each have the right to appoint two trustees. The trustees (who are also the company directors) who held office during the year were:

- AC: John Spence (Chair of AC's Finance Committee)
- AC: Samantha Rushton from 13 February 2020
- CC: Loretta Minghella (First Church Estates Commissioner)
- CC: Elizabeth Renshaw from 27 February 2020
- PB: Clive Mather (Chair of the PB)
- PB: Nikesh Patel from 13 February 2020

The trustees meet together regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECSB), and on the same day the directors also meet together as a ChECS Board to consider the business of ChECS.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10 per member of the Charity.

### **Recruitment and appointment of trustees**

The trustees all hold positions in the other NCIs, either as trustees or committee members. Their appointment and training is dependent on the processes in the member NCI. Each member NCI has the power to appoint two trustees to the Board.

### **Church of England Central Services Trading Limited**

The Charity has a wholly owned trading subsidiary company, Church of England Central Services Trading Limited (ChECS Trading), which carries out activities that are deemed, for tax purposes, to be trading activities. The company was incorporated on 14 March 2014 and donates any taxable profits to the Archbishops' Council, under a deed of covenant.

### **Staff Remuneration and Executive Pay**

All the staff working for ChECS are covered by a unified pay policy that operates across all the NCIs. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value which is based on a comprehensive job evaluation scheme, with staff being placed in one of eight 'bands'. For certain staff with specialist skills, typically those whose role requires them to hold a professional qualification, a market adjustment may be applied, the value of which is determined by reference to the lower quartile and median of market related salaries and is subject to annual review.

## Church of England Central Services

### *Trustees' Report (incorporating a Strategic Report) (continued)*

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The NCIs use a range of appropriate external data tools and internal dedicated resources to advise on market rates. Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year. The NCIs are committed to being a Living Wage employer, and, for those roles based in London, a London Living Wage employer for all staff including apprenticeships, interns and those on training schemes.

#### **Staff Remuneration and Executive Pay (continued)**

Certain senior roles sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider market place, typically comparing to the charity and public sector market, and are overseen by the Remuneration Committee comprising senior trustees from each of the main NCIs. In general these staff can expect the same percentage annual uplift for cost of living as the rest of the staff enjoy.

The "key management personnel" for ChECS are the three chief executives of the other NCIs (as well as the six trustees, who are appointed by the other NCIs), therefore none are paid by ChECS.

#### **Pensions**

All staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

## **STRATEGIC REPORT**

### **PUBLIC BENEFIT**

In exercising their responsibilities, the trustees have had regard to the Charity Commission's published advice on public benefit, in accordance with the requirements of s17(5) of the Charities Act 2011. ChECS' activities provide public benefit by reducing the support costs of the NCIs, dioceses and other charities with a Church ethos which allows them to better provide their charitable services.

### **ACTIVITIES AND BUSINESS REVIEW**

#### **Activities**

The Charity's objects are to enhance the efficiency and effectiveness of the NCIs, dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll and also to promote the charitable purposes of the NCIs.

The day to day management of the Charity's departments has been delegated to the three chief executives of the NCIs. Management is shared across the NCIs as follows:

#### Archbishops' Council managed

- Communications
- Legal

#### Church Commissioners managed

- IT
- Office Services
- Records Management
- Finance and Resources
- Human Resources

## Church of England Central Services

### *Trustees' Report (incorporating a Strategic Report) (continued)*

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#### Pensions Board managed

- Internal audit and Risk Management

The NCIs are managed respectively by:

- William Nye (AC – Secretary General)
- Gareth Mostyn (CC – Secretary and Chief Executive)
- John Ball (PB – Chief Executive)

The costs of operating these functions are recovered from those receiving the services according to their proportionate usage of the shared services.

#### **Business Review**

In 2020 ChECS continued to provide shared support to the NCIs and, via ChECS Trading, to the wider church through the Parish Buying and the Pathways services. The role of the ChECS services was significantly impacted by the COVID-19 pandemic and the restrictions imposed as a result. Each of the ChECS departments had a key role to play in helping the NCIs and the wider Church to respond to the challenges faced during 2020. In addition to successfully maintaining operational services, ChECS' teams responded to the changing needs of their NCI and wider Church customers through a range of new services and initiatives, as well as ensuring that key strategic projects could still be progressed.

From March 2020, all NCI staff moved to a remote working arrangement and ChECS teams from HR, Technology and Office Services successfully led on the implementation of arrangements for business continuity helping the NCIs to carry on operating with no notable business impact. This included rolling out collaborative technology, ensuring staff had access to the right hardware and equipment to support them in their roles, and implementing COVID-safe office arrangements when restrictions allowed. HR and Internal Comms teams also built on the success of 'Belonging and Inclusion' work, with a range of new initiatives to help staff stay connected and supported in the context of COVID-19 restrictions, placing a significant focus on wellbeing throughout the year.

ChECS' teams also had a key role to play in supporting the wider Church to manage the impact of the pandemic, responding in an agile and innovative way to emerging needs. This included the Finance team and Strategic Development Unit working with wider Church colleagues and the NCIs to enable the provision of sustainability funding for dioceses and cathedrals in light of the impact of COVID-19 restrictions on income, as well as providing a range of guidance about other sources of support. The Digital Comms team rolled out a wide range of innovative new tools and digital services, including pre-recorded national online services, and training for parishes and dioceses to help those churches in need of support and advice on the practicalities of online worship, social media, and digital strategy as well as seasonal campaigns. The Giving Team similarly devised a range of online training webinars to support parishes and dioceses to help promote giving and generosity during the pandemic, launched a range of generosity resources and also provided tools to support online giving.

Despite moving to remote working, and other constraints on the team, the implementation of the new People System has progressed on time and budget throughout 2020, and is set to go live early in Q2 2021. The People System will incorporate Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy, and allow a National Register of Clergy to be published. This key strategic project also incorporates the implementation of integration software to enable data to be shared between other key business applications across the Church.

2020 was the tenth year in which the Parish Buying service operated and at the end of the year it had grown to a level of 22,279 (2019: 17,885) registered users. The scheme gives access to a range of contracts (covering energy, office and cleaning products, IT software, telecoms, safety equipment, furniture and more) to a growing number of parishes, cathedrals and dioceses. The closure of church buildings had some impact on commission income earned due to lower levels of energy usage, but overall the service was able to respond to changing needs, including making provision for PPE

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### *Trustees' Report (incorporating a Strategic Report) (continued)*

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products to help churches implement social distancing and COVID-safe arrangements for visitors. This, along with a focus on digital giving online drove a significant increase in membership in the year.

In addition, this was the third full year of ChECS Trading operating the Pathways Recruitment service (established August 2017), which is designed to provide cost-effective recruitment support to both the National Church Institutions (NCIs) and the wider church. At the end of the financial year, the Pathways Service had 31 subscribing organisations (2019: 32 subscribers). Recruitment activity levels dropped during the initial lockdown restrictions, but saw improvement in later months of the year. Pathways is a strategic component of the overall People System solution and will continue to play a key role in delivering services to the wider Church in 2021 and beyond.

## FINANCIAL PERFORMANCE

The Charity's results are set out in the Consolidated Statement of Financial Activities (page 14), the Balance Sheets (page 15) and the Consolidated Cash Flow Statement (page 16).

ChECS charity recovered all costs in the year through charges to the NCIs and other Church customers. The Group loss for the year of £1k therefore reflects the result of ChECS Trading, where COVID-19 restrictions impacted both Parish Buying commission income, and Pathways recruitment activity charges.

### Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds, with the exception of grant funding relating to the Pathways Service (which was fully drawn down and spent in 2019).

### Reserves

ChECS does not hold reserves as all of its expenditure is recoverable from those receiving its services in the period in which the service was provided. As such, there is no need for reserves to be held.

### Measures of performance

As a provider of shared services to the NCIs and wider church, the main performance indicators for ChECS are an increased use of shared services plus the ability of the charity to recoup its costs. Both objectives were satisfactorily met during 2020.

### Funding sources

The majority of the Charity's income is received from the three main National Church Institutions in the form of recharged expenditure. A small proportion of its income comes from other bodies to which it provides services (such as IT services and communications training). The Charity prepares annual budgets and regular re-forecasts, and in addition, in formulating its strategy for future development, considers a longer-term period beyond that for which formal budgets and forecasts are prepared.

The trustees have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the continuing impact of the COVID-19 pandemic on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future. Accordingly,

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### *Trustees' Report (incorporating a Strategic Report) (continued)*

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they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

#### **Plans for future periods**

The Charity's plans for 2021 are described below. The aims of the Charity going forward are to continue to provide, and to expand, cost-effective shared-services to the National Church Institutions and the wider Church. Future objectives for ChECS include:

- Supporting the Emerging Church Programme of work undertaken by the NCIs, including work on Vision & Strategy, Governance and Transforming Effectiveness of teams, services and structures.
- Exploring future opportunities to provide services and support to dioceses and churches following the Transforming Effectiveness work to identify ways to make the system as a whole more effective.
- Continuing to deliver a programme of work focused on People & Data which will incorporate the design and implementation of a HR/Payroll system, and the development of a Master Data Management strategy to manage key People data across the Church, including but not limited to NCI staff and clergy. This includes the continued development of the Pathways Recruitment service.
- Supporting key NCI systems projects, and developing a Technology, Data & Systems strategy to ensure coherent and overt architecting of systems and data; this includes the implementation of an integration strategy to support effective data sharing and transaction processing between new and existing business systems.
- Continued focus on Cyber Security and Data Protection.
- Supporting the delivery of key changes relating to Safeguarding arrangements in the Church of England, notably in relation to independence and redress for survivors.
- Facilitating effective staff engagement, developing work on values and behaviours, and promoting diversity and inclusion across the NCIs; developing and implementing changes to future working practices in light of remote working experience.
- Continuing to expand the use of digital technology to optimise internal and external communication to new and existing audiences, building on the learning from and changing context resulting from COVID-19.
- Continuing to improve the use and content of financial health indicators for dioceses and other key church bodies, particularly in light of the impact of COVID-19 pandemic; and providing analysis and insight to support the effective allocation of resources for the wider Church.
- Implementation of the National Giving Strategy, including operation of the Giving Adviser fund, roll out of contactless giving devices and integration of online giving tools within A Church Near You (ACNY).
- Further expansion of the Parish Buying programme to assist parishes and other Church organisations in more cost effective procurement of services – this will include digital giving, NetZero and connectivity initiatives.

#### **ChECS Trading**

ChECS Trading's objective remains to provide (and grow the use of) procurement and recruitment activities on behalf of the Church of England. Whilst the Company made a £1k loss in the year due to the impact of COVID-19 on key income sources (Parish buying energy basket commission and Pathways recruitment activity charges), the activities of the Company remain of significant strategic importance to ChECS and the long term business model is considered to be sustainable.

#### **FUNDRAISING**

ChECS does not undertake any fundraising from the general public, and neither does it employ any person on its behalf to do so. Grants may be awarded occasionally from the other NCIs in order to further the effectiveness of ChECS' shared activities.

## Church of England Central Services

### *Trustees' Report (incorporating a Strategic Report) (continued)*

Neither ChECS nor any person acting on its behalf was subject to an undertaking to be bound by any voluntary standard of fundraising, and no complaints have been received by ChECS or a person acting on its behalf in respect of its activities.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The ChECS risk management process assists management by facilitating the identification and assessment of significant risks to the achievement of objectives. The process follows the NCIs' risk management policies, which outlines the roles and responsibilities of directors, trustees, management and staff.

The ChECS Board reviews the risk register and risk management arrangements at least annually. The Board is supported by the NCIs' Audit & Risk Committees, which regularly review the risk registers and seek assurance over the adequacy of arrangements in place to manage the risks.

Individual departments and identified risk owners are responsible for the identification, assessment and review of risks which fall in their area of responsibility. Risks are prioritised using an agreed scoring methodology and are assessed at an inherent and residual level. The risk management process is facilitated and monitored by the Risk Management and Internal Audit Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to the Audit & Risk Committees of the NCIs.

During the year the Audit and Risk function commissioned an independent review of risk management processes and a roadmap has been built to further develop good practice in this important area.

2020 has brought unprecedented challenges as a result of the COVID-19 pandemic. Whilst these have stretched all organisations, including ChECS, the Board has benefited from established risk management and business continuity processes which have mitigated some of the impacts and enabled it to respond effectively to events as they unfolded.

Prior to the onset of the pandemic, the Emerging Church of England work had begun, but as the financial pressures faced by the wider Church have intensified, the work has adapted in light of the changing circumstances. A key focus of the Emerging Church work will be to identify opportunities to improve operating effectiveness and build simpler governance structures.

The Board has agreed that the below represent the principal inherent risks to the achievement of the objectives of ChECS. The issues identified are subject to ongoing mitigation and management action to reduce the residual risk to a tolerable level.

Principal Risk Area	Key Management Actions and Plans
Central services are not sufficiently resourced, valued or utilised effectively, undermining service delivery and/or ongoing rationale for ChECS.	<ul style="list-style-type: none"><li>• Performance management of departmental senior management and oversight by ChECS Board and other Trustee bodies and sub committees.</li><li>• Central services provide advice and guidance in areas such as HR, IT, Legal, Data Management and Risk Management.</li><li>• Technology and Information Management Group provides guidance and input into Technology and Information Management projects and programmes.</li><li>• Emerging Church Project Team in place, looking at a range of opportunities to streamline and improve processes.</li></ul>
Inadequate cost control of ChECS such that it is not efficient and effective in its delivery of core services to the NCIs	<ul style="list-style-type: none"><li>• Budget setting and regular cost monitoring processes.</li><li>• Performance monitoring of individual departments and senior management by the Board and NCIs.</li><li>• Emerging Church work will focus on increased effectiveness and efficiency across ChECS and the wider Church.</li></ul>



## Church of England Central Services

### *Trustees' Report (incorporating a Strategic Report) (continued)*

Principal Risk Area	Key Management Actions and Plans
Inadequate staff resilience and change appetite to adapt and deal with organisational and cultural change	<ul style="list-style-type: none"> <li>Investment in annual staff survey with planned actions to address areas for improvement.</li> <li>Continuing work on developing and embedding NCIs values, behaviours and culture.</li> <li>Investment in improved internal communications with regular whole staff forums in place</li> <li>Increased focus on health and well-being in light of COVID-19.</li> </ul>
Failure to understand and address key person risk leading to impact on the delivery of services to the NCIs	<ul style="list-style-type: none"> <li>Senior leaders identify existing key person dependencies and consider mitigation plans.</li> <li>Staff transfers from NCIs or other Church organisations can be used to address short-term gaps.</li> </ul>
Problems in delivering services due to failure to deliver significant process and system changes successfully, on time and budget.	<ul style="list-style-type: none"> <li>Project management framework, processes and controls developed for Pan-NCI approach to project management.</li> <li>Capacity and training to maintain the required level of staff resource and expertise.</li> </ul>
Failure to effectively and securely collect, handle, use and store data across the NCIs	<ul style="list-style-type: none"> <li>Policies, training and monitoring processes to ensure compliance with legal and regulatory requirements including EU GDPR data protection legislation.</li> <li>Technology and Information Management Group provides guidance and input into Technology and Information Management projects and programmes.</li> <li>Significant IT infrastructure work to increase the security and robustness of systems.</li> </ul>
Absence of adequate disaster recovery and business continuity plans to facilitate a quick response to and lessen the impact of a major business disruption event (e.g. COVID-19, cyber security attack etc.)	<ul style="list-style-type: none"> <li>Business Continuity Plans successfully put into practice during COVID-19 pandemic, with continuing proactive work by the Business Continuity Group.</li> <li>IT infrastructure focus to increase resilience of systems, including Disaster Recovery Plan, Back-up processes and location of critical infrastructure in secure environment.</li> </ul>

## Church of England Central Services

### *Trustees' Report (incorporating a Strategic Report) (continued)*

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

The trustees are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements are prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 Group and Charity and of incoming resources and application of resources of the Group and 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 of the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are responsible and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure 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 Group and Charity will continue in business.

The trustees are responsible for keeping adequate accounting records that show and explain the Group and Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

#### **Provision of information to auditors**

All of the current trustees (who are also the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

#### **Approval**

This report was approved by the board of trustees on 20 April 2021 and signed on its behalf by:



John Spence, Chairman

## Church of England Central Services

### *Independent Auditor's Report to the members of Church of England Central Services (continued)*

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#### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources 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 Companies Act 2006.

We have audited the financial statements of Church of England Central Services ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and charity only balance sheets, the consolidated 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).

#### **Basis for opinion**

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

#### **Conclusions related to going concern**

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

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

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

#### **Other information**

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

## **Church of England Central Services**

### *Independent Auditor's Report to the members of Church of England Central Services (continued)*

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We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

## Church of England Central Services

### *Independent Auditor's Report to the members of Church of England Central Services (continued)*

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

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

Based on our understanding of the Charity and the Group and the industries in which they operate, we identified that the principal laws and regulations that directly affect the financial statements to be relevant charities acts in the UK and the Companies Act. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We considered the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error. We also considered financial performance and key drivers for performance targets. We also considered the risks of non-compliance with other requirements imposed by the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the group financial statements.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment tax legislation, employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of those charged with governance and other management and inspection of regulatory and legal correspondence if any.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries of the Audit Committee, management and internal audit and review of minutes of meetings of those charged with governance. We made enquiries regarding any matters identified as Serious Incidents as reportable to the Charity regulators and performed an assessment of any Whistleblowing matters and complaints. We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

We challenged assumptions made by management in their significant accounting estimates, in particular in relation to the capitalisation of staff costs in the construction of the new People System.

We did not identify any matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management or the Board that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

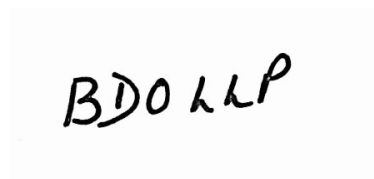
## Church of England Central Services

### *Independent Auditor's Report to the members of Church of England Central Services (continued)*

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

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Fiona Condron (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick, UK  
Date: 21 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Church of England Central Services

*Consolidated Statement of Financial Activities  
(including consolidated income and expenditure account)  
For the year ended 31 December 2020*

	Note	Unrestricted Funds 2020 £'000	All Funds 2019 £'000
<b>Income from:</b>			
Charitable activities	2	16,994	15,657
<b>Total income</b>		<b>16,994</b>	<b>15,657</b>
<b>Expenditure on:</b>			
Charitable activities	3	(16,995)	(15,657)
<b>Total expenditure</b>		<b>(16,995)</b>	<b>(15,657)</b>
<b>Net (loss) / income and net movement in funds</b>		<b>(1)</b>	<b>-</b>
 Total funds at 1 January		 -	 -
<b>Total funds at 31 December</b>		<b>(1)</b>	<b>-</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

All funds were unrestricted with the exception of nil (2019: £17k) of income and expenditure relating to grant funding for the Pathways service in 2020.

# Church of England Central Services

## Consolidated and Charity only Balance Sheets As at 31 December 2020

	Notes	Consolidated 31 Dec 2020 £'000	Consolidated 31 Dec 2019 £'000	Charity Only 31 Dec 2020 £'000	Charity Only 31 Dec 2019 £'000
<b>Fixed assets</b>					
Intangible assets	6	2,080	670	2,080	670
<b>Total fixed assets</b>		<b>2,080</b>	<b>670</b>	<b>2,080</b>	<b>670</b>
<b>Non-Current asset</b>					
Amounts due from subsidiary undertaking	7	-	-	212	-
<b>Total Non-Current liabilities</b>		<b>-</b>	<b>-</b>	<b>212</b>	<b>-</b>
<b>Current assets</b>					
Debtors	7	823	888	739	923
Cash at bank and in hand		2,566	1,118	2,360	974
<b>Total current assets</b>		<b>3,389</b>	<b>2,006</b>	<b>3,099</b>	<b>1,897</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	8	(3,418)	(2,006)	(3,339)	(1,897)
<b>Net current liabilities</b>		<b>(29)</b>	<b>-</b>	<b>(240)</b>	<b>(127)</b>
<b>Total assets less current liabilities</b>		<b>2,051</b>	<b>(670)</b>	<b>2,052</b>	<b>(670)</b>
Creditors: amounts falling due after one year	8	(2,052)	(670)	(2,052)	(670)
<b>Net (liabilities) / assets</b>		<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funds of the Charity</b>					
General fund		(1)	-	-	-
<b>Total funds</b>		<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Financial Statements of Church of England Central Services (Company No. 08776679) were approved and authorised for issue by the Board on 20 Apr 2021 and signed on its behalf by:



John Spence, Chairman



## Church of England Central Services

### *Consolidated statement of cash flows for the year ended 31 December 2020*

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		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash generated from operating activities</b>	<b>A</b>	2,858	877
<b>Cash flows from investment activities</b>			
Purchase of intangible asset		(1,410)	(670)
Change in cash, cash equivalents and net debt in the year		1,448	207
Cash, cash equivalents and net debt at 1 January		1,118	911
<b>Cash, cash equivalents and net debt at 31 December</b>	<b>B</b>	<b>2,566</b>	<b>1,118</b>

<b>A Net cash generated by operating activities</b>			
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Net (loss) / income for the year (as per the statement of financial activities)		(1)	-
Decrease in debtors		65	204
Increase in creditors		2,794	673
<b>Net cash generated by operating activities</b>		<b>2,858</b>	<b>877</b>

<b>B Analysis of cash, cash equivalents and net debt</b>			
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand		2,566	1,118
<b>Total cash, cash equivalents and net debt</b>		<b>2,566</b>	<b>1,118</b>

# Church of England Central Services

## *Notes to the Financial Statements for the year ended 31 December 2020 (continued)*

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### 1. ACCOUNTING POLICIES

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

#### a) Basis of Preparation of Accounts

ChECS' financial information has been prepared in accordance with:

- Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102");
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("the SORP"); and
- The Companies Act 2006.

ChECS meets the definition of a Public Benefit Entity ("PBE") as set out in FRS 100, and therefore applies the PBE prefixed paragraphs in FRS 102.

The financial information has been prepared on the historical cost basis and on the accruals basis.

#### b) Consolidation

The consolidated statement of financial activities ("SOFA") and balance sheet include the financial activities of ChECS and its subsidiary ChECS Trading Ltd made up to 31 December 2020. The subsidiary has been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's profit for the year was £nil (2019: £nil).

#### c) Going concern

The trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet its spending commitments for the foreseeable future. In making this assessment, they have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the likely impact of the COVID-19 pandemic on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if further mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

#### d) Income

All income is recognised on the accruals basis. It is recognised when ChECS is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from Charitable Activities predominantly represents recharged expenditure from the shared service departments and income generated by ChECS-run courses and conferences.

It also includes income generated from procurement and recruitment services via ChECS Trading.

## Church of England Central Services

### *Notes to the Financial Statements for the year ended 31 December 2020 (continued)*

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### **e) Expenditure**

All expenditure is accounted for on an accruals basis.

Charitable activity costs are the cost of operating the shared service departments, including staff costs and accommodation costs.

Governance costs include costs associated with the governance arrangements of the Charity including external audit.

##### **f) Taxation**

ChECS is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly it is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and recovers all that it incurs.

The Charity's subsidiary (ChECS Trading Ltd) is a non-charitable subsidiary and is subject to taxation, but does not generally pay UK Corporation tax because its policy is to pay any taxable profits to the Archbishops' Council.

##### **g) Pension Costs**

As set out in Note 5, pension benefits to staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme.

The defined benefit scheme is considered to be a multi-employer scheme and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure. The NCIs' pension scheme liability is calculated by actuaries Lane, Clark and Peacock LLP (LCP). The Church of England Pensions Board took advice from LCP and have determined the method and assumptions to use for this valuation in consultation with the employers. The valuation adopts the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made.

The Fund faces a number of risks. In particular, the actual returns on the Fund's assets may prove to be higher or lower than those anticipated in the calculation of the technical provisions. The greater the returns anticipated, the greater is the chance that actual returns will be lower, leading to the need for additional employer contributions in the future. Similarly, there is the risk that the other assumptions adopted are not borne out by future experience.

Contributions are shown in Note 4.

##### **h) Related Parties**

The three members are related to ChECS. Details are given in Note 11.

The Church of England is governed by a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies are not related parties as defined in the Charities SORP or FRS 102. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements.

# Church of England Central Services

## Notes to the Financial Statements for the year ended 31 December 2020 (continued)

### 1. ACCOUNTING POLICIES (CONTINUED)

#### i) Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised mainly under Unrestricted Funds with the exception of grant funding relating to the Pathways service.

#### j) Amortisation

Costs incurred on acquiring or enhancing intangible assets are capitalised. Staff costs that relate to the development of intangible assets are capitalised, including related tax and social security payments. Amortisation is charged on a straight line basis over the estimated useful life of the asset, as set out below:

Software                      20%

### 2. INCOME FROM CHARITABLE ACTIVITIES

	2020	2019
Department	£'000	£'000
Communications	2,501	1,819
Finance & Resources	6,146	5,505
Internal Audit & Risk Management	370	326
IT	2,019	2,174
Legal	1,472	1,417
Office Services & Human Resources	2,093	2,220
Records	1,751	1,427
ChECS Trading Limited	642	769
<b>TOTAL</b>	<b>16,994</b>	<b>15,657</b>

### 3. CHARITABLE EXPENDITURE

	2020	2019
Department	£'000	£'000
Communications	2,501	1,819
Finance & Resources	6,146	5,505
Internal Audit & Risk Management	370	326
IT	2,019	2,174
Legal	1,472	1,417
Office Services & Human Resources	2,093	2,220
Records	1,751	1,427
ChECS Trading Limited	643	769
<b>TOTAL</b>	<b>16,995</b>	<b>15,657</b>

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2020 (continued)

#### **Governance costs - auditor's remuneration:**

Included within charitable expenditure are governance costs related to audit costs:

	2020	2019
	£'000	£'000
Audit of ChECS	10	8
Audit of ChECS Trading Ltd	5	3
Taxation services provided by auditor	4	4
<b>TOTAL</b>	<b>19</b>	<b>15</b>

#### **4. STAFF NUMBERS AND COSTS**

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2020 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2020 Total	2019 Total
Average No. Employed	20	82	3	14	12	34	13	178	165
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1031	3,631	137	766	880	1,100	644	8,189	7,464
Social security	117	396	15	87	107	120	69	911	819
Pension contributions	116	981	16	100	358	179	148	1,898	1,795
<b>Total cost of staff</b>	<b>1,264</b>	<b>5,008</b>	<b>168</b>	<b>953</b>	<b>1,345</b>	<b>1,399</b>	<b>861</b>	<b>10,998</b>	<b>10,078</b>

Total cost of staff includes termination costs of £92,000 (2019: £34,000) in respect of 6 (2019: 5) individuals.

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2020 (continued)

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2019 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2019 Total
Average No. Employed	18	77	4	12	11	28	15	165
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	881	3,390	200	711	781	1,096	405	7,464
Social security	101	365	23	79	94	116	41	819
Pension contributions	106	909	22	89	380	183	106	1,795
<b>Total cost of staff</b>	<b>1,088</b>	<b>4,664</b>	<b>245</b>	<b>879</b>	<b>1,255</b>	<b>1,395</b>	<b>552</b>	<b>10,078</b>

The numbers of staff whose emoluments for the year fell in the following bands were:

	2020 Number	2019 Number
£60,001 to £70,000	14	13
£70,001 to £80,000	7	5
£80,001 to £90,000	2	5
£90,001 to £100,000	3	4
£100,001 to £110,000	5	1
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	-	-
£150,001 to £160,000	-	1
<b>Total</b>	<b>32</b>	<b>30</b>

All of the staff above are members of the Church Administrators Pension Fund (Note 5). Of these, 28 (2019: 24) accrue benefits under a defined contribution scheme for which contributions for the year were £295,000 (2019: £256,000). The remaining 4 (2019: 6) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Legal Advisor, who earned £133,000 (2019: Chief Finance & Operations Officer who earned £153,000). ChECS' remuneration policy is in line with that of the other NCIs.

None of the trustees were remunerated or reimbursed any expenses by ChECS during the year.

## Church of England Central Services

### *Notes to the Financial Statements for the year ended 31 December 2020 (continued)*

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#### 5. PENSIONS

Pension benefits for staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme which was established for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed below.

##### The Church Administrators Pension Fund

###### i) Defined Benefits Section (closed to new members from 30 June 2006)

###### Costs shared between the National Church Institutions

A valuation of the scheme is carried out once every three years, the most recent having been carried out as at 31 December 2019. This revealed a deficit of £9.1 million. Deficit contributions of £2,400,000 per annum from January 2021 are payable until 30 April 2023. At 31 December 2020, payments were made under the previous Schedule of Contributions, where the deficit recovery contributions were subject to an annual increase on 1 January each year of 3.3% per annum. The deficit contributions paid by ChECS in 2020 were £797,000 (2019: £791,000). The level of additional contributions made by the participating employers as a whole was £2,847,000 in 2020 (2019: £2,756,000).

FRS 102 requires this agreed deficit recovery plan to be provided for. The total provision of £2.4m (as at 31 December 2020) is measured at its net present value. However, this transaction has no impact on ChECS' financial statements as the amount is recharged in full to the three equal partners of which ChECS is a jointly controlled entity.

###### Contributions Paid

In 2020 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £213,000 (2019: £231,000). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £390,000 (2019: £390,000).

###### ii) Defined Contribution Section

Following the closure of the defined benefit section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. ChECS paid contributions of £899,000 in 2020 (2019: £783,000).

###### Membership

The average number of ChECS employees within each scheme was:

	CAPF	
	Defined Benefit	Defined Contribution
2020	21	172
2019	24	141

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2020 (continued)

#### 6. INTANGIBLE ASSETS

	2020	2019	2020	2019
	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
At 1 January	670	-	670	-
Additions	1,410	670	1,410	670
Disposals	-	-	-	-
At 31 December	<b>2,080</b>	<b>670</b>	<b>2,080</b>	<b>670</b>

During the year ChECS has undertaken work on a new IT system, which will incorporate Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy. The system will interface with other key business systems including recruitment, pensions and the diocesan contact management system. All associated feasibility costs were expensed, until formal approval was given by the JECSB and the ChECS Board in July 2019. Subsequent to approval being given the project was considered to have moved into its development phase and therefore costs incurred as a direct result of the work have been capitalised.

The asset is currently under construction and is expected to be brought into use in mid 2021.

#### 7. DEBTORS:

	2020	2019	2020	2019
Current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Trade debtors	247	373	229	362
Other debtors	79	111	79	111
Prepayments and accrued income	464	381	429	323
Related parties (see Note 11)	33	23	-	-
Amounts due from subsidiary undertaking	-	-	2	127
	<b>823</b>	<b>888</b>	<b>739</b>	<b>923</b>

	2020	2019	2020	2019
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	-
	<b>-</b>	<b>-</b>	<b>212</b>	<b>-</b>

During the year, the Board considered the status of the amounts loaned to the subsidiary undertaking, and determined that this funding had been provided for the long term benefit of ChECS Trading and is not expected to be repaid within twelve months. As a result, the substance of this debt is considered to be a long term debtor and is therefore presented as such in the financial statements.



## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2020 (continued)

#### 8. CREDITORS

	2020	2019	2020	2019
<b>Current liabilities:</b>	<b>Consolidated</b>	<b>Consolidated</b>	<b>Charity only</b>	<b>Charity only</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts due within 1 year				
Trade creditors	707	455	700	410
Related parties (see Note 11)	382	45	382	45
Taxation & social security	1,140	1,021	1,102	1,000
Accruals & deferred income	1,189	485	1,155	442
	<b>3,418</b>	<b>2,006</b>	<b>3,339</b>	<b>1,897</b>
<b>Non-current liabilities:</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Consolidated</b>	<b>Consolidated</b>	<b>Charity only</b>	<b>Charity only</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts due after 1 year				
Related parties (see Note 11)	2,052	670	2,052	670
	<b>2,052</b>	<b>670</b>	<b>2,052</b>	<b>670</b>

Included within the amounts of £2,434k due to related parties (both short term and long term) is £2,368k, which relates to cash flow loans for a new IT system. Of this amount, £316k falls due within one year and £2,052k is due after one year. The loans are interest free, unsecured and are repayable over the useful life of the system.

#### 9. SUBSIDIARY RESULTS

ChECS has a trading subsidiary, ChECS Trading Ltd (company registration no. 08940330), which carries out any activities that are deemed, for tax purposes, to be trading activities. ChECS owns 100% of the share capital in ChECS Trading Ltd. The subsidiary is registered at the same address as its parent. A summary of the profit and loss account of ChECS Trading Ltd is shown below:

<b><u>ChECS Trading Ltd</u></b>	<b>Year Ended 31/12/2020</b>	<b>Year Ended 31/12/2019</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	642	769
Cost of Sales	(633)	(750)
<b>GROSS PROFIT</b>	<b>9</b>	<b>19</b>
Administration expenses	(8)	(5)
Interest payable	(2)	(4)
Charitable donations	-	(10)
<b>RESULT FOR THE FINANCIAL YEAR</b>	<b>(1)</b>	<b>-</b>

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2020 (continued)

#### 9. SUBSIDIARY RESULTS (CONTINUED)

A summary of the net assets of ChECS Trading Ltd is shown below:

	2020	2019
	£'000	£'000
<b>Current assets</b>		
Debtors	85	91
Cash at bank and in hand	207	144
	<u>292</u>	<u>235</u>
Creditors: amounts falling due within one year	(81)	(23)
Net current assets	211	212
Creditors: amounts falling due after one year	(212)	(212)
<b>Total reserves</b>	<u>(1)</u>	<u>-</u>

#### 10. OPERATING LEASES

As at 31 December 2020 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2020 Total	2019 Total
Falling due:-	£'000	£'000	£'000	£'000
Within One year	126	67	193	558
Two to Five years	-	69	69	592
	<u>126</u>	<u>136</u>	<u>262</u>	<u>1,150</u>

As at 31 December 2019 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2019 Total
Falling due:-	£'000	£'000	£'000
Within One year	500	58	558
Two to Five years	505	87	592
	<u>1,005</u>	<u>145</u>	<u>1,150</u>

## Church of England Central Services

### *Notes to the Financial Statements for the year ended 31 December 2020 (continued)*

#### **11. RELATED PARTIES**

ChECS is a jointly controlled entity between the Archbishops' Council, the Church Commissioners for England, and the Church of England Pensions Board in which the three members hold equal shares. Each member has the right to appoint and remove two of ChECS' trustees and holds equal guarantee rights in ChECS.

The amount charged to each related party during the year was as follows:-

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Church Commissioners for England	7,153	6,697
The Archbishops' Council	6,285	5,516
The Church of England Pensions Board	2,447	2,280
<b>Total</b>	<b>15,885</b>	<b>14,493</b>

In addition, the Church Commissioners charged ChECS a total of £500k during 2020 (2019: £473k) to rent a building for use in ChECS' charitable activities.

As at 31 December the following amounts were owed to / (from) related parties:-

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Church Commissioners for England	1,444	348
The Archbishops' Council	731	170
The Church of England Pensions Board	259	197
<b>Total</b>	<b>2,434</b>	<b>715</b>

In addition, ChECS Trading was owed £33,000 (2019: £23,000) from the above related parties.

#### **ChECS Trading**

The amount charged to ChECS by ChECS Trading during the year was as follows:-

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
ChECS	28	14

As at 31 December the following amounts were due from ChECS Trading:-

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
ChECS Trading	214	127