

**Charity Registration No. 1155158**

**Company Registration No. 08776679 (England and Wales)**

# **CHURCH OF ENGLAND CENTRAL SERVICES**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**(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 (Chair) Loretta Minghella (resigned 30 September 2021) Clive Mather Nikesh Patel Elizabeth Renshaw Samantha Rushton Alan Nigel Smith (from 1 October 2021)
<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>	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
<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 2021.

### **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 Archbishops' Council Finance Committee)
- AC: Samantha Rushton
- CC: Loretta Minghella (First Church Estates Commissioner) (to 30 September 2021)
- CC: Alan Smith (First Church Estates Commissioner) (from 1 October 2021)
- CC: Elizabeth Renshaw
- PB: Clive Mather (Chair of the Pensions Board)
- PB: Nimesh Patel

The trustees meet together regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECBS), 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**

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 regular review.

# Church of England Central Services

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

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

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.

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 2021 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 continued to be impacted by the COVID-19 pandemic and the restrictions imposed as a result, with each department playing a key role in continuing to help the NCIs and the wider Church to respond to the ongoing challenges throughout the year. In addition to successfully maintaining operational services, including a focus on cybersecurity and data protection, ChECS' teams continued to respond 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.

During the year, Human Resources, Technology and Office Services successfully supported the NCIs to develop their hybrid working policies and arrangements and managed a transition to a mixed approach of safe office and remote working. The HR team led NCI staff through the 'Working without Walls' programme, designed to help individuals and teams explore how and where they work in a hybrid context, managing key objectives around delivery, trust, learning and wellbeing. In conjunction with this, Technology and Office Services teams led a 'Return to the office' project, working to ensure that NCI staff teams had the right technological solutions and safe, flexible office accommodation to support new ways of working. A staff engagement survey in March 2021 indicated staff felt valued and supported. HR supported delivery of the 2<sup>nd</sup> year of the Belonging and Inclusion plan and responses on racial justice eg "From Lament to Action". HR also undertook extensive work on mental and physical wellbeing, resilience training for key teams and leaders and delivered the "Difference" reconciliation-based programme for senior NCI leaders. Work continued on raising staff basic awareness of key areas such as whistleblowing, complaints handling and safeguarding.

ChECS' teams continued to have 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 ensure the financial impact of the pandemic on the wider Church was well understood, and to manage the provision of financial support appropriately. The Digital Comms team continued provide an award-winning range of innovative tools and digital services including pre-recorded national online worship 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. Similarly, the Giving Team continued to provide a range of online training webinars to support parishes and dioceses to help promote giving and generosity during the pandemic, and to progress the Church of England Giving Strategy, leading the operation of the Giving Adviser fund, rolling out contactless giving devices, and integrating online giving tools within A Church Near You (ACNY).

The Emerging Church programme has also been a key priority for ChECS teams during the year, most notably the Transforming Effectiveness project, where a range of HR, Finance, Communications and other support was provided for the extensive 'Simpler NCIs' restructuring programme. Some ChECS teams were affected by this restructuring including the transfer of the Strategic Development Unit and clergy HR teams to the Archbishops' Council, and the creation of a new Data Services team, bringing

## Church of England Central Services

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

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together Information Management, People & Data systems and Research and Statistics. In addition, the interfaces between ChECS and policy teams such as Communications were studied. A wide-ranging consultation was undertaken across the Church to help identify and develop 'Simpler services for dioceses and worshipping communities'. Support for early work on the National Church Governance review implications was also undertaken, and this will be a key focus for 2022 and beyond.

ChECS teams have also continued to support a range of other major projects across the NCIs. This included the successful go-live of the first phase of the People System project, with the National Clergy Register launched in May 2021; a landmark achievement enabling a 'golden-record' for all clergy to be held in one database for the first time, with key information available in a publicly searchable register. Delivery of core HR and Payroll functionality was moved to a second phase of the project, which is now expected to be delivered in mid-2022. ChECS teams also supported the successful go-live of the Pensions Board Housing Management System in September 2021, and are working on a number of other strategic projects including in Safeguarding (independence, redress and casework management system).

2021 was the eleventh year in which the Parish Buying service operated and at the end of the year, the active mailing list grew to 19,195 (2020: 18,362), with total registrations at a level of 23,670 (2020: 22,279). 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. As with the previous year, 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 a focus on digital giving online and new products such as audio-visual, solar panels and other products in support of the Church's focus on the transition to Net Zero which continue to drive membership and engagement.

In addition, this was the fourth 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 32 subscribing organisations (2020: 31 subscribers). Recruitment activity levels continued to improve after falling to depressed levels in the height of the pandemic in 2020. 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 surplus for the year of £1k therefore reflects the result of ChECS Trading, after gift-aiding distributable reserves to the Archbishops' Council.

### **Funds**

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds.

### **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 2021.

# Church of England Central Services

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

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### **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, 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 2022 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:

- Continuing support for the Emerging Church Programme of work undertaken by the NCIs, with a particular focus on the Governance Review work
- Continuing to develop 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 the programme of work focused on People & Data, including the go-live of core HR/payroll functionality on the new People System. This also 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 architecture 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.
- Initiating a programme of work to implement a new Finance system for the NCIs, incorporating the varied requirements of each organisation and including the consideration of grant management functionality
- 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 leadership and staff engagement, continuing to develop work on values and behaviours, and promoting diversity and inclusion across the NCIs; supporting teams to embed hybrid working arrangements. Raising HR professionalism across the diocesan HR Network.
- 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.

## Church of England Central Services

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

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- Continuing to roll out 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 key income sources in Parish Buying (the energy basket) continued to be impacted by COVID-19 restrictions, the Pathways recruitment activity saw positive growth towards pre-pandemic levels. 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.

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.

2021 has been a challenging year as a result of the on-going 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. During the year ChECs began a process of staff re-structuring to increase its operational efficiency and effectiveness, and to better support the vision and strategy of the Church of England.

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.



## Church of England Central Services

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

Principal Risk Area	Key Management Actions and Plans
<b>Organisational Change</b> Insufficient staff capacity to deliver the volume of changes proposed.  Significant levels of organisational change impact upon staff morale.	<ul style="list-style-type: none"> <li>Regular communications with staff in relation to the Transforming Effectiveness Programme, which focuses on increasing effectiveness and efficiency across ChECS and the wider Church.</li> <li>All Managers given specific training and coaching in relation to managing organisational change and working in a hybrid environment.</li> <li>Emerging Church Steering Group in place to co-ordinate and prioritise workstreams.</li> </ul>
<b>People</b> Inability to attract/recruit and/or retain high quality staff with the requisite skills.  Inadequate staff resilience and change appetite to adapt and deal with organisational and cultural change.	<ul style="list-style-type: none"> <li>NCI Staff Engagement Survey completed in February 2021. Action plan is closely monitored by Chief Officers of the NCIs.</li> <li>Inclusion &amp; Belonging Strategy developed and 24-month action plan well-underway.</li> <li>Value and Behaviours workshops undertaken during 2021, resulting in the development of a refreshed set of values for staff and trustees.</li> <li>Continued focus on staff well-being with Employee Assistance programme introduced, NCI Mental Health "first-aid" support and additional resilience and mental health training provided in light of Covid-19.</li> <li>Simpler NCIs formal consultation was launched in July 2021 which included proposals affecting some ChECS teams. Support sessions have been provided to Senior Leaders. Transforming Effectiveness workstreams will serve to reduce costs and simplify processes across the NCIs.</li> </ul>
<b>Service Delivery</b> Lack of effective planning of operations, capacity challenges and/or ability to manage projects results in inefficient and ineffective working practices and a failure to achieve objectives to budget/time.	<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>Project Management Framework developed for the NCIs</li> <li>Project Review Board in place providing Senior Management oversight of the most complex or high-risk projects in the NCIs</li> <li>Transforming Effectiveness Programme initiated to consider issues of affordability, efficiency, and effectiveness across NCIs</li> </ul>
<b>Cyber/Data-Security</b> The information security management system (ISMS) is not of a robust and sufficient standard to prevent NCIs being the target of a cyber-attack.  Failure to collect effectively and securely, handle, use and store data across the NCIs	<ul style="list-style-type: none"> <li>Cyber Essentials Plus accreditation secured and key control measures are monitored on an ongoing basis by management.</li> <li>IT Security Awareness rolled out to all staff during 2021.</li> <li>Critical technology infrastructure housed in a remote location.</li> <li>Dedicated IT Security Manager.</li> <li>Significant IT infrastructure work to increase the security and robustness of systems.</li> <li>Policies, training and monitoring processes to ensure compliance with legal and regulatory requirements including EU GDPR data protection legislation.</li> </ul>
<b>Business Continuity</b> 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.	<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 6<sup>th</sup> 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**

We have audited the financial statements of Church of England Central Services ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity only Balance Sheets, the Consolidated statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2021 and of its / the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 charitable company / group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group'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 contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Church of England Central Services

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

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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 trustees' responsibilities statement set out on page 10, 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 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 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 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**

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

## Church of England Central Services

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

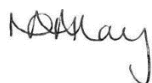
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **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.



Nicola May  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor

**London**

Date 26<sup>th</sup> April 2022

## Church of England Central Services

*Consolidated Statement of Financial Activities  
(including consolidated income and expenditure account)  
For the year ended 31 December 2021*

		All Funds 2021 £'000	All Funds 2020 £'000
	Note		
<b>Income from:</b>			
Charitable activities	2	16,942	16,994
<b>Total income</b>		<b>16,942</b>	<b>16,994</b>
<b>Expenditure on:</b>			
Charitable activities	3	(16,941)	(16,995)
<b>Total expenditure</b>		<b>(16,941)</b>	<b>(16,995)</b>
<b>Net income / (loss) and net movement in funds</b>		<b>1</b>	<b>(1)</b>
Total funds at 1 January		(1)	-
<b>Total funds at 31 December</b>		<b>-</b>	<b>(1)</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.

## Church of England Central Services

### *Consolidated and Charity only Balance Sheets As at 31 December 2021*

	Notes	Consolidated 31-Dec-21 £'000	Consolidated 31-Dec-20 £'000	Charity Only 31-Dec-21 £'000	Charity Only 31-Dec-20 £'000
<b>Fixed assets</b>					
Intangible assets	6	3,153	2,080	3,153	2,080
<b>Total fixed assets</b>		<b>3,153</b>	<b>2,080</b>	<b>3,153</b>	<b>2,080</b>
<b>Non-Current asset</b>					
Amounts due from subsidiary undertaking	7	-	-	212	212
<b>Total Non-Current assets</b>		<b>-</b>	<b>-</b>	<b>212</b>	<b>212</b>
<b>Current assets</b>					
Debtors	7	1,575	823	1,409	739
Cash at bank and in hand		2,315	2,566	2,213	2,360
<b>Total current assets</b>		<b>3,890</b>	<b>3,389</b>	<b>3,622</b>	<b>3,099</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	8	(4,551)	(3,418)	(4,495)	(3,339)
<b>Net current liabilities</b>		<b>(661)</b>	<b>(29)</b>	<b>(873)</b>	<b>(240)</b>
<b>Total assets less current liabilities</b>		<b>2,492</b>	<b>2,051</b>	<b>2,492</b>	<b>2,052</b>
Creditors: amounts falling due after one year	8	(2,492)	(2,052)	(2,492)	(2,052)
<b>Net assets / (liabilities)</b>		<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Funds of the Charity</b>					
General fund		-	(1)	-	-
<b>Total funds</b>		<b>-</b>	<b>(1)</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 6<sup>th</sup> April 2021 and signed on its behalf by:



John Spence, Chair

# Church of England Central Services

## Consolidated statement of cash flows for the year ended 31 December 2021

	2021 £'000	2020 £'000
<b>Cash generated from operating activities</b>	<b>A 1,116</b>	<b>2,858</b>
<b>Cash flows from investment activities</b>		
Purchase of intangible asset	(1,367)	(1,410)
Change in cash, cash equivalents and net debt in the year	(251)	1,448
Cash, cash equivalents and net debt at 1 January	2,566	1,118
<b>Cash, cash equivalents and net debt at 31 December</b>	<b>B 2,315</b>	<b>2,566</b>

### A. Net cash generated by operating activities

	2021 £'000	2020 £'000
Net income / (loss) for the year (as per the statement of financial activities)	1	(1)
Amortisation	294	-
(Increase)/Decrease in debtors	(752)	65
Increase in creditors	1,573	2,794
<b>Net cash generated by operating activities</b>	<b>1,116</b>	<b>2,858</b>

### B. Analysis of cash, cash equivalents and net debt

	2021 £'000	2020 £'000
Cash at bank and in hand	2,315	2,566
<b>Total cash, cash equivalents and net debt</b>	<b>2,315</b>	<b>2,566</b>



# Church of England Central Services

## *Notes to the Financial Statements for the year ended 31 December 2021 (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 2021. 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 (2020: £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 ongoing 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 2021 (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 2021 (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.

#### 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

	2021	2020
Department	£'000	£'000
Communications	2,442	2,501
Finance & Resources	6,033	6,146
Internal Audit & Risk Management	362	370
IT	2,507	2,019
Legal	1,330	1,472
Office Services & Human Resources	3,013	2,093
Records	655	1,751
ChECS Trading Limited	600	642
<b>TOTAL</b>	<b>16,942</b>	<b>16,994</b>

### 3. CHARITABLE EXPENDITURE

	2021	2020
Department	£'000	£'000
Communications	2,442	2,501
Finance & Resources	6,033	6,146
Internal Audit & Risk Management	362	370
IT	2,507	2,019
Legal	1,330	1,472
Office Services & Human Resources	3,013	2,093
Records	655	1,751
ChECS Trading Limited	599	643
<b>TOTAL</b>	<b>16,941</b>	<b>16,995</b>

# Church of England Central Services

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

### Governance costs - auditor's remuneration:

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

	2021 £'000	2020 £'000
Audit of ChECS	7	10
Audit of ChECS Trading Ltd	3	5
Taxation services provided by auditor	4	4
<b>TOTAL</b>	<b>14</b>	<b>19</b>

### 4. STAFF NUMBERS AND COSTS

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2021 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2021 Total	2020 Total
Average No. Employed	19	85	3	17	13	34	6	177	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	922	3,954	190	887	922	1,405	224	8,504	8,189
Social security	105	430	22	99	111	157	25	949	911
Pension contributions	111	976	24	113	314	218	97	1,853	1,898
<b>Total cost of staff</b>	<b>1,138</b>	<b>5,360</b>	<b>236</b>	<b>1,099</b>	<b>1,347</b>	<b>1,780</b>	<b>346</b>	<b>11,306</b>	<b>10,998</b>

Total cost of staff includes termination costs of £240,247 (2020: £92,000) in respect of 7 (2020: 6) individuals.

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### STAFF NUMBERS AND COSTS (CONTINUED)

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
Average No. Employed	20	82	3	14	12	34	13	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1031	3,631	137	766	880	1,100	644	8,189
Social security	117	396	15	87	107	120	69	911
Pension contributions	116	981	16	100	358	179	148	1,898
<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>

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

	2021 Number	2020 Number
£60,001 to £70,000	17	14
£70,001 to £80,000	4	7
£80,001 to £90,000	3	2
£90,001 to £100,000	2	3
£100,001 to £110,000	7	5
£120,001 to £130,000	1	-
£130,001 to £140,000	1	1
<b>Total</b>	<b>35</b>	<b>32</b>

All of the staff above are members of the Church Administrators Pension Fund (Note 5). Of these, 30 (2020: 28) accrue benefits under a defined contribution scheme for which contributions for the year were £330,425 (2020: £295,000). The remaining 5 (2020: 4) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Legal Advisor, who earned £133,000 (2020: Chief Legal Advisor who earned £133,000). 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 nor in the year 2020.

## Church of England Central Services

### *Notes to the Financial Statements for the year ended 31 December 2021 (continued)*

#### 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 this section is carried out every three years, the most recent having been at 31 December 2019. This revealed a deficit of £9.1m for the entire scheme. Following the valuation, the employers have collectively entered into an agreement with CAPF to continue to pay contributions of 19.1% of Pensionable Salaries (increasing to 27.6% of Pensionable Salaries with effect from 1 January 2021). The employers also agreed to make deficit payments of £2,846,698 in 2020, payable monthly, decreasing to £2,400,000 from January 2021 until December 2023, in respect of the shortfall in the Defined Benefit Section (increasing each 1 January by 3.3% per annum).

The deficit contributions paid by ChECS in 2021 were £653,000 (2020: £797,000). The level of additional contributions made by the participating employers as a whole was £2,400,000 in 2021 (2020: £2,847,000).

FRS 102 requires this agreed deficit recovery plan to be provided for. The total provision of £2.4m (as at 31 December 2021) 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 2021 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £253,271 (2020: £213,000). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £500,000 (2020: £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 £948,886 in 2021 (2020: £899,000).

#### Membership

The average number of ChECS employees within each scheme was:

	CAPF	
	Defined Benefit	Defined Contribution
2021	20	157
2020	21	157

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 6. INTANGIBLE ASSETS

	2021	2020	2021	2020
	Consolidated	Consolidated	Charity only	Charity only
Cost	£'000	£'000	£'000	£'000
At 1 January	2,080	670	2,080	670
Additions	1,367	1,410	1,367	1,410
Disposals	-	-	-	-
At 31 December	<b>3,447</b>	<b>2,080</b>	<b>3,447</b>	<b>2,080</b>
<b>Accumulated amortisation</b>				
At 1 January	-	-	-	-
Charged for the year	(294)	-	(294)	-
At 31 December	<b>(294)</b>	<b>-</b>	<b>(294)</b>	<b>-</b>
<b>Net book values</b>				
At 31 December 2021	<b>3,153</b>	<b>2,080</b>	<b>3,153</b>	<b>2,080</b>
At 31 December 2020	<b>2,080</b>	<b>670</b>	<b>2,080</b>	<b>670</b>

During the year ChECS continued to undertake work on a new IT system, which incorporated 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 interfaces 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 JECBS 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 were capitalised.

The asset was partly brought into use in 2021, with amortisation incurred from the go-live date.

#### 7. DEBTORS

	2021	2020	2021	2020
	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Trade debtors	396	247	278	229
Other debtors	88	79	88	79
Prepayments and accrued income	1,091	464	1,041	429
Related parties (see Note 11)	-	33	-	-
Amounts due from subsidiary undertaking	-	-	2	2
	<b>1,575</b>	<b>823</b>	<b>1,409</b>	<b>739</b>

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

	2021	2020	2021	2020
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	212
	-	-	212	212

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.

## 8. CREDITORS

	2021	2020	2021	2020
Current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due within 1 year				
Trade creditors	602	707	593	700
Related parties (see Note 11)	891	382	891	382
Taxation & social security	1,248	1,140	1,248	1,102
Accruals & deferred income	1,810	1,189	1,763	1,155
	<b>4,551</b>	<b>3,418</b>	<b>4,495</b>	<b>3,339</b>

	2021	2020	2021	2020
Non-current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due after 1 year				
Related parties (see Note 11)	2,492	2,052	2,492	2,052
	<b>2,492</b>	<b>2,052</b>	<b>2,492</b>	<b>2,052</b>

Included within the amounts of £3,383k due to related parties (both short term and long term) is £3,172k, which relates to cash flow loans for a new IT system. Of this amount, £680k falls due within one year and £2,492k is due after one year. The loans are interest free, unsecured and are repayable over the useful life of the system.



## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

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#### 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 31/12/2021 £'000</b>	<b>Year Ended 31/12/2020 £'000</b>
Turnover	600	642
Cost of Sales	(587)	(633)
<b>GROSS PROFIT</b>	<b>13</b>	<b>9</b>
Administration expenses	(8)	(8)
Interest payable	(2)	(2)
Charitable donations	(2)	-
<b>RESULT FOR THE FINANCIAL YEAR</b>	<b>1</b>	<b>(1)</b>

#### 9. SUBSIDIARY RESULTS (CONTINUED)

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Current assets</b>		
Debtors	167	85
Cash at bank and in hand	103	207
	270	292
Creditors: amounts falling due within one year	(58)	(81)
Net current assets	212	211
Creditors: amounts falling due after one year	(212)	(212)
<b>Total reserves</b>	<b>-</b>	<b>(1)</b>

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 10. OPERATING LEASES

As at 31 December 2021 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2021 Total	2020 Total
Falling due:-	£'000	£'000	£'000	£'000
Within One year	-	65	65	193
Two to Five years	-	4	4	69
	-	69	69	262

The annual lease payment were £193,000 (2020: £558,000)

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
Falling due:-	£'000	£'000	£'000
Within One year	126	67	193
Two to Five years	-	69	69
	126	136	262

## Church of England Central Services

### Notes to the Financial Statements for the year ended 31 December 2021 (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:-

	2021	2020
	£'000	£'000
Church Commissioners for England	7,084	7,153
The Archbishops' Council	6,405	6,285
The Church of England Pensions Board	2,621	2,447
<b>Total</b>	<b>16,110</b>	<b>15,885</b>

In addition, the Church Commissioners charged ChECS a total of £126,000 during 2021 (2020: £500,000) to rent a building for use in ChECS' charitable activities.

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

	2021	2020
	£'000	£'000
Church Commissioners for England	1,625	1,444
The Archbishops' Council	1,401	731
The Church of England Pensions Board	357	259
<b>Total</b>	<b>3,383</b>	<b>2,434</b>

In addition, ChECS Trading was owed £2,310 (2020: £33,000) from the above related parties.

#### ChECS Trading

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

	2021	2020
	£'000	£'000
ChECS	3	28

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

	2021	2020
	£'000	£'000
ChECS Trading	214	214