

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

England & Wales · Charity number 244976

Details

Other names	THE DIOCESE OF YORK
Status	Registered
Legal form	Charitable company
Company number	00225234
Registered	1965-10-08
Register	View on the Charity Commission register

Contact

Address	Diocese Of York Amy Johnson Way YORKClifton Moor York YO30 4XT
Phone	01904699500
Email	office@yorkdiocese.org
Website	www.dioceseofyork.org.uk

Activities

Objects: The objects for which the Charity is established are for the public benefit to assist, promote and further, primarily but not exclusively in the Diocese of York (hereinafter called the Diocese), the work and purposes of the Church of England and to that end to be the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure 1925 for the Diocese whatever may for the time being be the area thereof and to act as the Committee of the Diocesan Synod of the Diocese.

Activities: The shared mission of the Diocese of York is defined as: 'Mutually Resourcing to build up the Body of Christ, to grow in Christ-likeness, Commitment, Partnership, Influence and Numbers.' The York Diocesan Board of Finance aims to promote, facilitate and assist with this mission for the advancement of the Christian faith in the Diocese of York and elsewhere.

Classification

- **How:** Provides Services
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF YORK
- East Riding Of Yorkshire
- Hartlepool
- Kingston Upon Hull City
- Middlesbrough
- North East Lincolnshire
- North Lincolnshire
- North Yorkshire
- Redcar And Cleveland
- Stockton-on-tees

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£14,242,000	£15,147,000	£109,020,000	75
2023-12-31	£15,138,000	£15,852,000	£107,371,000	76
2022-12-31	£14,494,000	£14,700,000	£105,476,000	74
2021-12-31	£18,212,000	£14,635,000	£111,167,000	76
2020-12-31	£13,513,000	£14,368,000	£103,249,000	79

Trustees

Name	Role	Appointed
CHARLES RODNEY BARTON	Chair	2016-02-24
CANON RICHARD LIVERSEDGE		2025-01-01
Canon Rosalind Patricia Anne Brewer		2022-02-10
DANIEL BROOKES		2025-01-01
David Millican		2022-01-01
Dr Graham Parr		2022-02-10
Dr NICK LAND		
Karen Michelle Banks		2019-01-01
Michael Stallybrass		2025-01-01
Most Revd and Rt Hon Stephen Geoffrey Cottrell		2020-07-09
Rev Andrew Baker		2025-01-01
Rev Mary Rolls		2023-12-11
Rev Rebecca Lumley		2022-01-01
Rev Robert Suekarran		2023-12-11
Rev Victoria Earll		2026-04-17
Revd Canon Dr Christian Selvaratnam		2026-04-17
Rt Revd Barry Hill		2024-10-10
Rt Revd Dr Eleanor Sanderson		2022-09-22
Rt Revd Flora Winfield		2024-10-10
Susan Teal		2025-01-01
The Venerable Amanda Bloor		2020-06-15
The Venerable Elizabeth Claire Hassall		2022-01-01
The Very Rev Dominic Barrington		2022-11-12
Ven Andrew Clifford Broom		2014-10-06

Linked charities

- WYDALE HALL (244976-1)

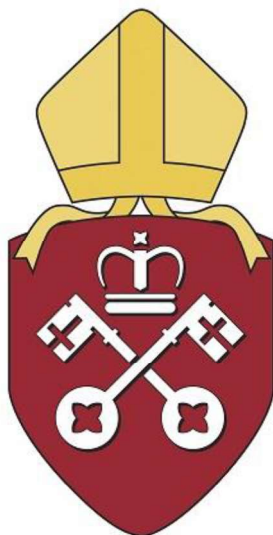
THE YORK DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 244976

Accounts

**The York Diocesan
Board of Finance Limited**

**Annual Report & Financial Statements
for the year ended 31 December 2024**



Company Registration Number: 225234
Charity Registration Number: 244976

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2024

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For the year ended 31 December 2024

The Trustees, who are also Directors for the purposes of company law, and also members of the company, present their annual report, together with the audited financial statements, for the year ended 31 December 2024.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The Diocese of York covers an area of 2,261 square miles, from the Humber to the Tees and from the A1 to the East Coast.

The principal object of the York Diocesan Board of Finance Limited ("YDBF") is to promote, assist and advance the work of the Church of England in the Diocese of York by acting as the financial executive of the York Diocesan Synod.

The YDBF is constituted under the Diocesan Boards of Finance Measure 1925 and has the following principal statutory responsibilities:-

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976 and under the provisions of the Church Property Measure 2018;
- ii. the provision of housing for office holders as the Diocesan Parsonage Board under the Ecclesiastical Offices (Terms of Service) Measure 2009;
- iii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iv. the functions of the Diocesan Board of Education, including the management of investments and the custodian of assets relating to church schools, set out within the Diocesan Boards of Education Measure 2021;
- v. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods and PCCs, and the Archbishop of York (in respect of his responsibility for the provision of the cure of souls) who takes counsel with the Archbishop's Council and the York Diocesan Leadership Team. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

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CORE PURPOSE

The core purpose of the YDBF is to manage the assets of the Diocese so as to provide appropriate personnel, operational and financial resources to assist the Diocesan Synod, Archbishop's Council, deaneries and parishes to further their missional and strategic priorities.

The directors of the YDBF are aware of the Charity Commission's guidance on public benefit and have had regard to it in their administration of the Board. The YDBF believes that, by facilitating the work of the Church of England in the Diocese of York, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

STRATEGIC AIMS: LIVING CHRIST'S STORY

Following consultation with the Deaneries, in November 2022 the Diocesan Synod approved a high level strategy, Living Christ's Story, that identified a number of workstreams to support individual congregations to grow both numerically and spiritually and also to reshape the wider provision of local ministry and the support provided by the YDBF. It is this growth, both in membership and in the financial contributions made by those attending, alongside some restructuring of the way in which parish ministry is supported and delivered, that will provide the sustainability needed to secure their on-going mission and ministry for generations to come.

In particular, we are committed to these four priorities:-

1. **To become more like Christ** and to grow in our own faith and discipleship and understand the part that each of us can play in God's mission of love to the world. Resources for prayer and spirituality and discipleship and enabling people to grow in vocation and looking for a huge flourishing of authorised and licenced lay ministry and ordained ministry will play an important part of Living Christ's Story.
2. **To reach out to people who do not yet know Christ.** At the end of Matthew's gospel Jesus commands us to go into all the world and make disciples. It is for this reason that we will be placing an increased emphasis on teaching about evangelism and planting new communities of faith.
3. **To grow churches of missionary disciples which are younger and more diverse.** Living Christ's Story invites every church community in the diocese to think about itself as a school for disciples, and to particularly think about how we can engage with children, young people, families and schools and with others who have often been excluded from the church.
4. **To transform our structures and finances** so that, as far as possible, our resources and energy are focused on discipleship and mission, and that the organisation is effective in its stewardship of its assets and develops sustainable approaches for resourcing local ministry.

As reported previously, the diocese received national funding to support the costs of additional strategic posts to provide necessary capacity in the areas of Discipleship, Digital Engagement and Data Analysis without additional calls on the Diocesan Common Fund.

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A key deliverable from the investment in capacity for Digital Engagement was the replacement of the Diocesan Website which was delivered in the Spring 2024. The entire site was restructured and rewritten and delivered in a fresh and flexible environment with enhanced capabilities to host online forms and video content.

A further successful bid for national funding was submitted in February 2024 to support leadership development as well as resourcing for a church revitalisation project and for additional capacity to develop plans for a Deanery level growth programme in Hull, which is the largest Deanery in the country with some of the lowest levels of church attendance in the country. Heart for Hull will build on the previously funded programmes such as Mustard Seed, and work in partnership with churches and other partners already involved in significant social and community engagement.

Following the resignation of the Director for Strategic Transformation, soon after the award of the grant, a review of progress was undertaken in conjunction with the Church of England's National Vision and Strategy team. This resulted in a decision to reshape both the roles associated with the delivery of the Living Christ's Story workstreams and the programme governance arrangements. Following further preparatory work during the autumn, the new arrangements were introduced at the beginning of 2025, in parallel with the triennial elections to the Archbishop's Council and Diocesan Board of Finance.

Following the review, the diocese received a top-up grant from the national church to fully fund three fixed term Programme Management posts (which are a prerequisite for the monitoring of funded projects and development of further bids) to be offered for 3 years.

As previously reported, a significant outcome of Living Christ's Story is to secure long term sustainability for the mission and ministry of the Church of England in the Diocese of York. The majority of PCCs do not cover even the direct cost of ministry provided and, whilst a target has been set for that to be achieved by 2026, the impacts of the Covid Pandemic have been more significant than had been initially anticipated, with both local attendance and income still not back to pre-pandemic levels in many parishes, and a period of exceptionally high inflation affecting the utility, insurance and maintenance costs for PCCs. Whilst investment returns have held up in recent years, there are insufficient realisable reserves for the DBF to plan for year on year increases in operating deficits. Plans have been put in place for proactive engagement with PCCs during the submission period for the 2026 Freewill Offer pledges, which will include the identification of potential areas for further reduction in expenditure.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Alongside seeking to make progress on the four strands of Living Christ's Story (LCS), there has continued to be a significant focus on other key areas of activity which either support the strategic goals or relate to our ongoing mission as a Church of England diocese:

- Maintaining an effective Christian presence in every parish.
- Embedding Safeguarding into the DNA of our life as a diocese.
- Promoting and support the work of our Church schools as well as providing support to clergy and others who are working in Community schools.
- Engaging in local debate and ensuring that Christian voices are heard in all areas of public life.
- Responding to areas of social need within our communities, working with other organisations to deliver a positive contribution to the wellbeing of the most vulnerable in our society.

The life of the diocese is primarily expressed through the ministry undertaken in the parishes. Where church attendance has remained significantly below pre-pandemic levels in the majority of cases, there are signs that this has started to grow again, particularly in locations that are engaging with LCS.

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2024 saw some significant change in the leadership of the Diocese, with the retirement in July of the bishops of Selby and Whitby and the consecration in October of the Rt Reverend Dr Flora Winfield and the Rt Reverend Barry Hill to succeed them. Bishop Flora, who has a particular responsibility for episcopal oversight of the Living Christ's Story strategy and the day to day operations of the central services of the diocese, has also been appointed as the vice-chair of the Diocesan Board of Finance.

Resourcing Parochial Ministry

As well as ministry to local congregations, our licensed ministers engage in support for work in their wider parish communities. Just one example is the requirement to offer weddings and funerals to those living in the parish as well as those with direct connections to the church. Although over the last ten years, the number of occasional offices have been reducing, the most recent statistics (2023) show 860 weddings, 3080 funerals and 2470 baptisms. (2022 which was the first year without restrictions post-pandemic: 1150 weddings, 3270 funerals and 3040 baptisms).

While the YDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the YDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the stipendiary parish based clergy (158 FTE at 28 February 2025 with 20 FTE vacancies) is a priority of the YDBF and represents by far its largest financial commitment. Although the YDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. In addition to the stipendiary clergy, at 28th February 2025 there were 105 self-supporting licenced clergy who are also licenced to specific parishes. We remain indebted to almost 350 other ordained ministers, the majority of whom are retired, who hold the Archbishop's Permission to officiate and enable us to offer both Sunday worship and occasional offices across over 580 churches.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The YDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

Over the year the average clergy vacancy rate was approximately 14%. During all parish vacancies, the Area Deans worked closely with the Churchwardens and ensured that scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the generous gift of the time offered by Licenced and Authorised Lay Ministers, Churchwardens and many other lay volunteers as well as our retired and self-supporting ordained ministers.

Safeguarding

The work in this area is overseen by the Diocesan Safeguarding Advisory Panel (DSAP), independently chaired by former Detective Superintendent Allan Harder who, since September 2023, also serves as independent chair for the Diocese of Carlisle.

The DSAP includes representatives of local authorities, North Yorkshire Police, the Roman Catholic Diocese of Middlesbrough and a survivor support charity as well as senior diocesan leaders. The work of the Panel is supported by an Operational Group that brings together key staff within the diocese and York Minster who are involved in safeguarding, working with young people and vulnerable adults and the training of our clergy and lay leaders.

During 2024, in addition to supporting national workstreams, providing advice and support to parishes,

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managing core groups and managing a casework load, the team has continued to support the roll out of the Church of England Safeguarding Learning & Development Framework and the implementation of further changes in the House of Bishops Safeguarding guidelines, post IICSA. It has also overseen preparation for the external audit due to be conducted in 2025. The Safeguarding Advisors continued to experience high levels of activity, alongside facilitating further external scrutiny of the handling of Safeguarding issues in the Church of England.

Following the success of previous years, the fourth successive Safeguarding Week was held in November 2024. Designed to raise awareness and provide additional opportunities for learning and development, the total attendance across the 12 sessions was 534. This is a significant increase on the 285 people who attended in 2023. Adopting the theme of “Lighting the way to Safer Churches” The sessions were delivered with the support of a number of external partners including the North Yorkshire Police and Thirtyone:eight.

A significant amount of resource continues to be committed to providing learning and development opportunities for licensed and authorised ministers, church officers and church members.

In the course of 2024, 350 delegates attended the two sessions of the leadership module (2023, 300), with an additional 68 clergy with permission to officiate (PTO) and 46 Parish Safeguarding Officers attending their own dedicated pathways (2023, 80 and 60 respectively).

The on-line modules offered via the CofE training portal continue to be well supported, with the following numbers of certificates issued during the year: Basic 1466, Foundation 1058, Awareness of Domestic Abuse 607, Safer Recruitment 162, and Modern Slavery 39.

Additional face to face sessions have been held for parish volunteers in relation to DBS administration and safer recruitment, as well as for those who are unable to access the basic and foundation e-learning material. This has been particularly welcomed by those without reliable access to the internet.

We have continued to offer a range of support services to parishes, with attendance by members of the safeguarding team at face-to-face sessions at parish, deanery and archdeaconry levels throughout the year.

DBS processing continues to be a major element of the safer recruitment process across the diocese, with a total of 1357 checks processed (2023: 2100). The policy of inviting disclosure holders to renew their checks on or before the third anniversary of issue is now in place across the diocese.

Alongside the ongoing work to support parishes safer recruitment, the team have continued to promote engagement with the Parish Safeguarding Dashboard which is funded by the DBF and is designed to assist Parish Safeguarding Officers in ensuring local compliance with the element of national policy and procedures that are relevant in their specific context. It also enables the diocesan team to assess likely training needs and collate audit information required by the National Safeguarding Team. The Safeguarding Dashboard is now firmly established as the principal tool for the management of compliance, with a total of 382 parishes now making active use of the system contrasting with 339 at the end of December 2023. In addition, the Safeguarding Hub has now been introduced to support the local management of individual training and DBS records. A total of 61 Hubs are now live, holding the records for 879 individuals. Further growth in this area will be targeted in 2025.

A significant development over the last 18 months has been the development of the Survivor Voice Working Group (SVWG), originally created as part of the governance framework for the Past Case Review, which, now meeting as an ongoing forum, has a remit to challenge the diocese to continually improve our response to and care for those who have been subjected to abuse in church settings. The “Building Hope” advocacy service, delivered by IDAS (www.idas.org.uk), has been designed in collaboration with the SVWG.

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Rob Marshall, our Head of Safeguarding is responsible for reporting any issues that meet statutory thresholds. He is in close contact with the relevant authorities and has ensured that any incidents relating to PCCs or the DBF that meet the threshold for reporting to the Charity Commission have been submitted. He fulfils the statutory duties of Diocesan Safeguarding Officer

The team operated at full strength during the year. The casework load increased in the course of the year, reflecting greater awareness on the part of both statutory partners and the wider public of the need for vigilance and reporting of issues, as well as the requirements for risk assessments where those known to the statutory authorities wish to exercise their legal right to worship in their local parish church.

Following a period of evidence submission which began in Q4 2024, the Diocese will be inspected in March 2025 by INEQUE Safeguarding Group, an independent safeguarding organisation, as part of a national external audit process being funded by the Church of England. It is anticipated that the outcome of the audit will be published on both the Church of England and INEQUE websites in June 2025.

Working with Children & Young People in Schools and Parishes

In this diocese, the York Diocesan Board of Education (YDBE) is a statutory committee of the Diocesan Board of Finance (DBF). YDBE has oversight of education, including the 122 Church schools, and as deemed by the Diocesan Synod, the oversight of Children and Youth work across the diocese. Clear Terms of Reference are in place for the YDBE and its sub-committees and a general oversight report of decisions taken by the YDBE in line with its delegations is provided to the DBF on a termly basis.

During 2024 we saw some significant staffing changes within the Education team, these included the retirement of Andrew Smith, our Director of Education, as well as the departure of Claire Graham-Brown who had served as Deputy Director and together with Andrew had overseen the detailed work on the creation of the diocesan family of MATs. Paul Bramley, a former diocesan headteacher, was appointed as interim Director of Education for the autumn term prior to the arrival of Mari Palmer as Director of Education in January 2025. George Edmond was appointed during the autumn term as Assistant Director for School Organisation and Governance. Bishop Barry has succeeded the former Bishop of Whitby as chair of both the YDBE committee and the Diocese of York Education Trust (DYET).

Our work with Children, Youth and Schools in 2024 continued to focus on supporting homes, schools and churches aligned with the strategic vision of the YDBE. This strategic work is located within the diocesan vision of Living Christ's Story and the national work set out within Growing Faith.

Angela Brymer was appointed to the Children and Youth Adviser post in April 2024 and worked alongside internal and external colleagues to complete the delivery of the pilot Diocesan GROW Youth Discipleship Programme which culminated in the commissioning of young people at York Minster in June. Plans then developed for a new cohort starting in 5 locations in January 2025, to include a residential weekend at Wydale.

Family Camp took place in July 2024 and participants have helped to shape and grow the camp for 2025. Volunteers have been supported and encouraged at parish and deanery level as well as invited to Recharge Retreats and an ecumenical 'Joined Up North' conference. More than 30 Employed workers across the diocese have been invited to termly networking meetings. Ten participants were recruited in September to Catalyst, a level 3, children and youth course written by Ridley Cambridge, finishing with a celebration at Ridley in May 2025.

Work started in autumn 2024 to map provision for 0-5's, 5-11's, 11-19's, and engagement with schools in every deanery. A safeguarding hub has been developed to record safe recruitment for diocesan events with children and young people alongside a close working partnership with the Diocesan

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Safeguarding Team. Angela has spoken at the Parish Safeguarding Officers Forum and the Survivor Voice Working Group.

As for schools, 121 of the 122 Church schools continue to buy into the two-year Service Level Agreement provided by the Education team. The strong working relationship with individual schools supports and encourages them in the development of their theologically rooted Christian vision as well as providing increased income into the diocese to fund School Development Adviser posts.

At December 2024, 43 church schools had converted to academies, sitting within 10 Multi Academy Trusts (MATs) across the diocese, all of which were mixed MATs with Church and community schools working in partnership together. Exploratory discussions were held with MATs who have expressed interest in reconstituting using Church of England Articles of Association as well as schools that may seek to convert during 2025.

A fully academised system continues to be the desire of the Department for Education (DfE). However, with conversion decisions in hands of individual governing bodies, a mixed system of maintained and academy schools is likely to continue for the foreseeable future. Considering this mixed economy, the YDBE published its Diocesan Academisation Strategy in December 2023 which frames the YDBE's policy and practice for engagement with its schools and the DfE.

The diocese continues to be held accountable by the DfE and other statutory bodies, such as Ofsted, for the progress and attainment in Church schools. By the year-end, 104 of the 122 (84%) Church schools and academies were rated 'Good' or 'Outstanding' by Ofsted.

The statutory framework for denominational Church school inspection – SIAMS – changed in September 2023 to a system that no longer gave a 'one word' judgement but instead took a more holistic view of the work of the school as a Church school. 98% of Church schools in the Diocese were rated 'Good' or 'Outstanding/Excellent' under the previous system and during 2024 all 33 of the schools inspected have had inspection findings that indicate that the school is living up to its foundation as a Church school and are enabling pupils and adults to flourish.

MISSION, MINISTRY & DISCIPLESHIP

Following a stable year in 2023, there were a number of personnel changes in the Mission & Ministry Team. Although the various sub-teams continued to move forward with planning and delivery within the overarching priorities set out as part of Living Christ's Story, the vacancies did create capacity challenges in some areas during the year.

Nurturing of lay and ordained discipleship

In support of the key priority around Becoming More Like Christ, the development of Rhythm of Life Materials has continued with the publication of further resources for small groups, worship materials and a Collective Worship series for schools. These have been supported by face to face engagement across the diocese with parishes and deaneries as they make use of the *Rhythm* materials.

In collaboration with the Children & Youth Team, the first GROW: Youth Discipleship Ambassadors programmes (for 11-16s) were run across the diocese, with a commissioning service in York Minster in June. This programme will be run again in four locations across the diocese during 2025, and in support of young adults there are plans for a Taizé Pilgrimage in the summer of 2025.

Vocations

The Diocesan Director of Ordinands (DDO) left at the end of the year but the work will be held until a successor is appointed by our largely volunteer team, supported by senior colleagues from the Mission & Ministry team.

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15 ordinands completed their ministerial training and were ordained deacon in summer 2024.

During the academic year 2024-25, the diocese has 9 ordinands in training, with 6 incumbent level (and seeking stipends) and 3 assistant (and anticipating SSM). Of these, 3 are under 30; 5 are between 30 and 50 and 1 over 50.

We anticipate that the numbers entering training for ordained ministry in September 2025 will be around 10, although the exact numbers will depend on the outcome of Stage Two panels to be held during Q2.

There has been close collaboration with the Start of Ordained Ministry adviser during the first year of a refreshed provision for those in pre and post- ordination training. Now that is established, a particular focus for the next DDO will be working with colleagues to broaden the scope of vocations work to encompass a wider variety of lay ministries as well as vocations to ordained ministry.

Lifelong Learning

Following the introduction of new learning pathways for lay ministries during 2023, 2024 saw the first full year of delivery. The team are providing pathways for Licenced Lay Ministers (LLM) as well as Authorised Lay Ministers (ALM). Clearer expectations have been set around authorised and licensed lay ministries around and work has continued to establish a definitive central register, alongside centrally monitored engagement with Safeguarding Training.

During 2024, in addition to the lay ministries pathways, the Lifelong Learning Team continued to provide higher education accredited training, validated by Durham University, for Readers, licensed and recognised lay ministers, ordinands and curates and those in discernment for a wide range of ministries, within and beyond the church. It continued its partnership with St Hild's College to support ordination training by contributing to the Yorkshire Theological Education Partnership.

Whilst the programme of continuing ministerial education for Readers and clergy had been scaled back from pre-Covid levels, largely due to the limited capacity within the team, a number of events were offered (both online and in person). Following the award of national funding, Gerald Fox joined the team as a part-time Racial Justice Education Adviser. His initial work has focussed on developing and piloting learning materials around racial awareness and unconscious bias, as well as connecting with national initiatives.

Revitalise

2024 saw a year of consolidation of Revitalise, one aspect of our growing healthy churches programme. Revitalise offers a two year accompanied journey for 40 chosen benefices from across the diocese where there is potential to grow missionally and financially. Those benefices cover 26% of the parishes of the Diocese, 22% of the population and 31% of the area. The 40 benefices are grouped into 5 cohorts who each have 4 days together as a learning community. In between those days, team members visit the benefices to work with lay and ordained leaders on practical ways in which growth can occur in their context. 2024 has seen a closer attention to measuring that growth using the national church outcomes framework. In 2024, we seconded a part-time member of staff to the team and also secured national funding to appoint an additional full-time team member to begin work early in 2025.

Wydale Hall

Wydale Hall's small but dedicated team has continued to be flexible and creative in responding to the needs of guests and the visitor feedback has been very positive. A full programme of Wydale events was scheduled for 2024 which included provision for remote participation in some events. We continue to be grateful to the prayerful and practical support of the extended community of volunteers who

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continue to meet regularly in person and online via Zoom and offered their practical skills to support the ministry of the Retreat House.

Nationally Funded Projects :

MULTIPLY – New Worshipping Communities for 20s-40s and MUSTARD SEED – Growing disciples in places where life is tough

Both of these projects are now coming towards the end of their funding, with both programmes consolidating the work that has taken place and looking forward to the future sustainability of the individual local initiatives. The remaining Multiply worshipping communities have continued to show growth and local leadership is emerging in a number of them which will help to secure ongoing sustainability beyond the current funding. Whilst some leaders have moved into other roles (including one Multiply Minister who has become the incumbent of the Benefice in which they were ministering, thus bringing together both established and new worshipping communities under the same leadership), at the end of 2024 there were still 6 FTE nationally funded Multiply “full-time” locations.

The Multiply Growth Fund continued to support Lay Ministers during 2024. Whilst two projects came to an end due to leaders moving on, there are 12 ongoing projects. The work ranges from growing worshipping communities based on Toddler Groups and Food Banks, to supporting Student outreach in Hull and York.

The Trustees remain grateful to the Benefact Trust who agreed that their block grants to York Diocese for 2019-21 could be designated to create a fund to be expended over an extended period to meet the costs of the Mustard Seed Programme Lead and the development costs of the Stepping Up learning and development programmes. This money has been supplemented by Church of England Strategic Development Funding. Looking towards ongoing sustainability, partnerships with churches and individuals are beginning to be established as part of an Advocates Scheme, and funding is being sought from other charitable bodies.

As at December 2024, there have been 21 cohorts, with engagement across 39 parishes. A further 22 people completed the course in 2024 and of the 82 people who have completed the course to date, almost all are involved in mission or in the process of discernment and planning for mission. A significant number have been commissioned locally as “Community Ministers”, nine of whom are paid for one or two days each week, with support from the Mustard Seed grant fund.

Research commissioned by the Church of England suggest that parishes who are engaged in discipleship and growth programmes with national funding see growth. This programme is principally about nurturing discipleship and leadership in order to strengthen the capacity of the local church for mission in communities with the highest levels of social and economic deprivation. Evidence from the churches in the first 17 Stepping Up cohorts suggest that they have seen 178 adult baptisms and confirmations since their involvement with Mustard Seed, with 727 new people attending either existing Sunday Worship or one of the 15 New Worshipping communities that have been established following participation in the Stepping Up programme.

The Mustard Seed learnings continue to be shared with the National Church and the Programme Lead has provided advice and support to a number of dioceses who are exploring a similar approach. Further details about all the Mustard Seed locations can be found on the dedicated website www.mseed.org

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PARISH SUPPORT

A significant amount of staff time is dedicated to the support of clergy and parish officers with their day-to-day responsibilities for buildings, finance, people and the practical aspects of parish life. The retirement in April of the Assistant Diocesan Secretary, who had overseen the support provided to parishes with governance, patronage, church buildings and pastoral reorganisation, together with further work on the organisation of Living Christ's Story workstreams, led to a decision to bring a number of the teams together within an Operational Support directorate. Recruitment is taking place in Q1 2025 for a new Deputy Diocesan Secretary who will oversee this area of work. In addition to the ongoing work around HR, Governance and Communications, and coordination of our work in relation to reducing carbon usage, there are two particular areas of work which are significant in relation to the Living Christ's Story ambition to support parishes with increasing local income and managing the growing costs of running church buildings.

Supporting local financial sustainability

The Generous Giving team exists to support parish level financial sustainability (which in turn increases parish capacity to increase the level of contributions that they make to the Common Fund). Their primary area of work is around encouraging and developing personal generosity and have supported stewardship conversations in parishes across the whole of the diocese, but they also seek to assist PCCs with other practical ways of increasing income and/or reducing expenditure.

After four years of operation of the Parish Giving Scheme, the number of churches using the scheme now stands at 127 with 1228 givers, an increase over the year of 19 churches and 276 givers. Of these 88% Gift Aid their donations and 44% have signed up to the automatic inflationary increase. In the month of December 2024, PGS processed £103,637 of gifts together with a further £23,860 of Gift Aid. During 2024 the average weekly gift (excluding Gift Aid) was £15.69. Whilst down slightly from 2023 (£17.51), this remains significantly higher than the diocesan average weekly gift across all forms of regular giving of £12.80 compared with the national average of £16.90. In 2024 the total gross value of gifts processed by PGS in the Diocese of York was £1,371,038 (2023: £1,095,273)

Additionally, the team have continued to support the roll out of digital (contactless) giving devices to parishes and we have continued to provide membership of the Association of Church Accountants and Treasurers (ACAT) for all PCCs. There was a significant roll out late in 2023 of contactless units that were provided as part of a national scheme at no cost to either the local church or the DBF. As a result, in during 2024 the total value of contactless giving (excluding via Sumup devices) increased to £280,643 (from £165,362 in 2023). This represents over 33,500 transactions with an average gift of £8.37, which compares with a national average of £8.62. Just over 200 churches are now engaged in some form of digital (contactless and/or online) giving with the support of the Generous Giving Team.

Supporting parishes with their church buildings

Following the diocese's award of funding from the Church Buildings Support Officer grant programme, Vivienne Cooling took up her post as Funding and Community Engagement Adviser to help churches with sourcing grant funding, to build capacity, to build community engagement to meet the outcomes required by the National Lottery Heritage Fund, and to build relationships with potential partners such as tourism boards.

In addition to the nationally funded Minor Repairs and Improvement grant scheme, under which small grants for works up to £10,000 can be distributed by the Church Buildings Adviser, additional allocations of national funding were awarded under the Net Zero Quick Wins grant scheme and the Disability

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Project Parish Grants Scheme. These schemes are being managed by the Church Buildings team to best ensure that they are being appropriately utilised by parishes with qualifying projects.

The Church Buildings Adviser made 115 visits to parishes to offer on-site advice about re-ordering, building maintenance and related matters. In addition, both he and the DAC Secretary continued to offer advice to parishes by telephone and by e-mail. Further technical advice was provided to parishes by the DAC's volunteer specialist advisers, particularly in the areas of bells, clocks, heating and electrics.

Whilst the volume of faculty applications was slightly down in 2024 (141), the team have supported the Archdeacon in approving 199 List B matters as well as significant levels of support to major projects such as the £12m project to restore and redevelop the church of St Michael le Belfrey, York.

The Diocesan Net Zero Action Plan was further delayed following the resignation of the Project Officer in the summer. An external consultant was engaged in Q4 to complete the initial work, but in the meantime there have been further attempts to increase engagement with the Energy Footprint Tool and the team have supported a number of churches in seeking grant funding for heating projects and carrying out energy audits.

The team were involved in a number of training events for church officers, the most significant of which was a day conference at the De Grey Rooms, York on 'The Courage of Change: Managing repair, re-ordering and conservation projects'. The conference, sponsored by Trinitas Insurance, was attended by 180 people from across the diocese who came to hear presentations on a wide range of topics from building and conservation experts.

Wider service and partnership in communities experiencing social need to deliver a positive contribution to the wellbeing of the most vulnerable in our society

Whilst the strategic goals are focussing on the spiritual wellbeing of individuals in our most deprived communities, churches across the diocese have continued their wider involvement in each of their communities, often joining with other denominations to resource Foodbanks and support charities working with the poorest in our society. As a DBF, we continued to take an active role during 2024 in supporting a number of projects, for example by providing facilities to Westway Open Arms (Scarborough) which serves the Eastfield Estate in Scarborough, and underwriting the costs of the BMO based in Brambles Farm and Thorntree in Middlesbrough alongside the continued funding of the provision of ministry to the Church of England parishes affiliated to Together Middlesbrough & Cleveland, a joint venture between the diocese and the Church Urban Fund, enabling those parishes to share their facilities and other resources in the support of those most in need within those communities.

FUTURE PLANS

Supporting parishes and communities as they engage with the growth plans that have been contextually developed in each Deanery as part of *Living Christ's Story* will continue to be a key priority for 2025. This will be the key focus for the Mission and Ministry teams.

Living Christ's Story seeks to respond to the challenges of falling attendance, exacerbated by the Covid pandemic, with a strong focus on numerical and spiritual growth, together with the need to restructure the resourcing of ministry at both parish and diocesan level to enable us to create a credible and robust financial plan to respond to the phased reduction in Church Commissioners' direct support for poorer dioceses that began in 2017. By 2026 the annual grant will be reduced by circa £1m per annum (at 2016 value) compared to the £2.2m received in 2016.

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The high-level Living Christ's Story plan assumed a modest reduction in the number of remunerated posts together with an increase in the donor base to offset the reduction in the Church Commissioners grant and halt the reduction in real terms in parochial contributions to the Common Fund. It had been anticipated that the majority of the structural changes arising from the consultations would be implemented by 2026, with resulting savings, increased investment income and the impact of growing congregations starting to come through in the following years such that by 2031 the clear target is that recurring expenditure of the diocese can be met via regular and reliable sources of income.

It is clear however that the impact of the pandemic was far more significant than had been anticipated and progress towards the intermediate target of each group of parishes covering the direct costs of clergy stipends and housing by 2026 has not been as strong as had been hoped. Although targeted consultation, with those Ministry Units furthest away from meeting the direct cost of ministry, took place in early 2024 and resulted in a modest increase in Free Will Offers (FWO), the pledges still fall short of those originally submitted for 2020.

The Diocesan Leadership Team have scheduled face to face meetings in each Archdeaconry, ahead of the July 2025 request for the 2026 FWO pledges, to engage directly with parishes and to share the reality of the funding situation facing the DBF. The 2026 pledges will then be assessed in the light of current Deanery Plans to establish whether the planned level of resourcing both in parishes and in diocesan support will have to be revised downwards to achieve a sustainable position by 2031.

York is, however, not unique amongst dioceses in operating at a deficit before use of expendable assets and we are anticipating that further national support will be forthcoming in 2026 as part of a nine year national commitment on the part of the Church Commissioners to support dioceses in reaching sustainability in a way that reduces the likelihood of needing to make short term funding decisions that result in adverse missional outcomes. It is anticipated that this support will include an increase in the quantum of Low Income Communities funding, reduction in diocesan apportionment of national costs, and some tapered grant support to recognise the post-Covid shortfalls being experienced by almost every DBF.

In recent years, the Diocesan Support team has been carrying a number of key vacancies, often for extended periods. Although this has helped to manage costs it has impacted capacity, efficiency and staff wellbeing and so the Trustees have agreed to a number of vacant posts being filled as a matter of priority. These included the appointment in November 2024 of a Head of HR and Governance (replacing the former HR Manager and incorporating additional responsibilities) and a Deputy Diocesan Secretary (following the retirement of the previous Assistant Diocesan Secretary and again incorporating additional responsibilities). As well as restoring much needed capacity to improve the effectiveness of the support provided to parishes, once established, these roles will reduce a key dependency risk in relation to the role of Diocesan Chief Executive.

FINANCIAL REVIEW

Financial Performance

The Trustees are grateful to all the parishes which gave generously into the Common Fund of the Diocese during the year, and especially to those parishes that give by monthly instalments, which is essential in supporting the cash flow of the Diocese.

Free Will Offers, the money given by Parishes to the Diocese to fund its mission and ministry, are the main incoming resource for the Diocese. These were slightly higher than the previous year at **£7,435,000** (2023: £7,188,000), but are still lower than the pre-pandemic levels in 2019 of £8,098,000. Based on submissions from parishes, the expectation is that, during 2025, Free Will Offers will recover

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further as parish income begins to recover, but it will be at least a further year before they return to pre-pandemic levels, due in no small part to the reduction in regular attendance in many churches coupled with the impact of inflation on energy and other costs on local budgets. This does mean that income is not keeping pace with the levels of inflation experienced by the Diocese in relation to salaries and building repair costs.

The overall net movement in funds in 2024 was **£1,649,000** (2023: **£1,895,000**).

		Unrestricted			Restricted	Endowed	Total	Total
	2024	General	Designated	Total			2024	2023
		£000	£000	£000	£000	£000	£000	£000
SOFA:								
Operational (shortfall)/gain		(1,852)	-	(1,852)	155	(34)	(1,731)	(1,819)
add back investment and property gains/transfers/exceptional items:								
Income from closed school sale		-	-	-	-	99	99	-
Gain on sale of properties/closed churches		-	-	-	-	37	37	1,105
Lay pension scheme usable surplus		690	-	690	-	-	690	-
Clergy pension scheme deficit reduction		-	-	-	-	-	-	-
		(1,162)	-	(1,162)	155	102	(905)	(714)
Investment gains/(losses)		657	-	657	198	1,699	2,554	2,609
Investment gains- land		-	-	-	-	-	-	-
Transfer between funds -other		163	(76)	87	(87)	-	-	-
Transfer between funds - property		156	-	156	(127)	(29)	-	-
Net movement in funds per SOFA		(186)	(76)	(262)	139	1,772	1,649	1,895

Unrestricted fund:

The unrestricted general fund showed an excess of expenditure over income of **£1,162,000** before investment gains or transfers (2023: **£2,014,000**). However, if the gain on the sale of properties, and the year end lay pension scheme movements are excluded, there was an operational shortfall of **£1,852,000** (2023: **£2,151,000**).

This shortfall was better than anticipated levels. With Free Will Offer income **£665,000** lower than in 2019, before the impact of any inflation over that period, the DBF continued to seek efficiency savings and unanticipated additional vacancies, whilst operationally challenging, once again had a positive impact on the operating shortfall.

Additionally, the actuarial position of the old lay pension scheme, led to a usable surplus and **£174,000** was applied to offset pension costs in the year. Included on the balance sheet is an asset of **£516,000** relating to the unused balance of this usable surplus at the year end which will be used in a similar way to offset employer contributions over the next 2 to 3 years.

A draw down from unrestricted reserves of up to **£2.3 million** (pre investment gains and other fund transfers) was approved for 2025 by Diocesan Synod at its meeting in November 2024. This will be mainly funded through a transfer across from the Pastoral Account during the year.

This budget reflects a combination of further investment in the Growth Strategy and also a continuing transitional necessity resulting from the reduction in income from the Church Commissioners and the lead time necessary to reach a corresponding uplift in Free Will Offerings. The Trustees assessed that the Diocese had adequate reserves to fund this in year shortfall. Safeguarding the future finances of the Diocese is a key part of the on-going strategic consultations and achieving sustainable parish giving will continue to be a vital factor in the Diocese's financial security in the future.

Designated funds:

£76,000 was drawn down from designated funds (2023 **£75k**) relating to the Mustard Seed Project (being the Benefact Trust grant funding spent in support of that project in the year).

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Restricted funds:

Restricted funds showed a net excess of income over expenditure of **£155,000** before investment gains, losses or transfers (2023: £373,000).

Endowed funds:

Endowed funds showed a surplus of **£102,000** before non property related investment gains or transfers (2023: £927,000 surplus).

The excess of expenditure over income across all funds amounted to **£905,000** compared with a £714,000 deficit in 2023.

Fixed Asset investments are included on the balance sheet at year end valuation. The impact of net unrealised and realised investment gains for the year of £2,554,000 (2023: £2,609,000 loss) improved the results to a net total surplus for the year of **+£1,649,000** compared to +£1,895,000 in 2023. Out of this net income, various transfers were made between funds (as detailed in note 13).

Significant Property Transactions

There were a number of property sales and purchases during 2024 as the Diocesan policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church

£1,776,000 of properties were purchased during the year compared to £1,256,000 in 2023. During the year, the Diocese disposed of former clergy housing with a total book value of £260,000 realising net sales proceeds of £297,000 and a gain on sale of £37,000. The acquisitions in 2024 will be followed in 2025 by the disposal of the houses that they have replaced.

Glebe land, which is included within investments, was disposed of for £1,151,000 (2023: £207,000), representing a gain on sale of £450,000 (2023: £143,000 gain).

Balance sheet position

The Trustees consider that the balance sheet and notes demonstrate that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled **£109,020,000** (2023: £107,371,000) it must be noted that included in this total are properties, mostly in use for the ministry, whose net book value amounted to **£51,413,000** (2023: £49,886,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds or as endowments and cannot necessarily be expended for the general purposes of the YDBF.

Reserves policy*Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 4 months budgeted unrestricted expenditure. At 31 December 2024 the amount required under this

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policy totalled **£4.8m** (2023: £4.7m). Actual free reserves as at 31 December 2024 totalled **£5.4m** (2023 £6.2m), which is equivalent to just over 4.5 months of budgeted unrestricted operating expenditure.

Whilst this level of reserves is slightly above the minimum prudent level set by the trustees, it is considered to be currently necessary to hold them in the light of changes to the Church Commissioners' funding for the Diocese, the budgeted operating shortfall for 2025, the decline after inflation in the value of Free Will Offering, and also possible reduction of contributions to local parishes and/or Free Will Offerings in response to issues in the wider Church. The Trustees are monitoring the rate at which the reserves are reducing and have plans to support the strategic initiatives via a release of fixed assets.

The Trustees keep under review the ability of the Common Fund to support the currently agreed levels of stipendiary ministry and have passed a resolution to utilise Total Return legislation from January 2025 to release funding for future projects as well as to increase the level of investment income that can be applied in support of stipends.

Reserves held as fixed assets

The general fund comprises net assets amounting to £11,636,000 of which £4,923,000 are tangible fixed assets.

Restricted and endowment funds

As set out in notes 20 to 22, YDBF holds and administers a number of endowment and restricted funds. As at 31 December 2024, endowment funds totalled £82.1m (2023: £80.4m) and restricted funds totalled £15.2m (2023: £15.1m). The capital in the endowment funds is not available for the general purposes of the YDBF. The Pastoral Account, as established under the Pastoral Measure, is technically restricted and shown as such in the annual accounts. However, once obligations under the Measure are met, its purposes do allow funds to be transferred to the Stipends Capital Endowment fund or to be used for other purposes at the discretion of the Board. Further details are given in note 22. The sustainability model for Living Christ's Story assumes that, over the next few years, some of the transfers to the Pastoral Account (from further planned asset disposals) will continue to be drawn down to help finance the period of transition to new patterns of ministry resourcing, with the remainder retained and invested for income to support stipends.

In October 2024 the Trustees passed a resolution to adopt a total return accounting policy with effect from 1 January 2025, in respect of the share of the Stipend Capital Endowed Fund that is not property or land and also to the endowed Local Trusts' Stipend Fund. This approach allows increases in the value of investments to be used as income and allows the Diocese to invest in a way that has appropriate regard to the furtherance of its aims both now and in the future.

As part of the 2025 budgeting process, it was agreed that income transferred to the general fund in 2025, to support stipendiary ministry, would be 4.5% of the opening balances on the funds. Further detail is shown in note 23.

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement, and ability to draw down from invested funds, demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence, the Trustees believe that the YDBF remains well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

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Even allowing for the continuing impact of both the reduction in attendance and parish income, that has not yet recovered following the Coronavirus pandemic, and inflation on the level of parish contributions to the Common Fund, the Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Grant making policy

The Memorandum of Association of the YDBF explicitly permits the YDBF to make grants in pursuance of its objects. The nature of grants made in 2024 is explained in note 11.

Investment policy

The YDBF is empowered in its articles of association to invest monies not immediately required for its purposes. In addition, the YDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trust deeds. The YDBF’s policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The Trustees’ investment policy is to spread the YDBF’s investments between Evelyn and CCLA. Evelyn work on a discretionary basis and are mandated to achieve a total return of CPIH plus 4% after costs over the medium term. Within the CCLA portfolio, the YDBF selects funds from the CBF range of funds for the Church of England, taking into account the objectives of each fund in the context of the YDBF’s own objectives for income and long term capital growth. The long term total return objective of the CBF Investment Fund is CPI plus 5% p.a before costs. The CBF Property Fund aims to deliver a high income yield with capital growth over time. Both managers are required to adhere to the policies of the Church of England’s Ethical Investment Advisory Group. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2024 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	14,530	41.5%	2.79%	5.09%
CBF Property Fund	1,358	3.9%	5.42%	6.14%
CBF Deposit Fund	139	0.4%	4.6%	4.6%
Evelyn Managed	18,978	54.2%	2.2%	12.1%
	35,005	100.0%		

The Investment Group meets with the Investment Managers twice each year and regularly reviews the performance of the funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification and management of risk. To achieve this, the Trustees have engaged with the management team to consider the principal risks to which the YDBF is exposed and to prioritise a mitigation strategy. The Risk Register is regularly reviewed by the appropriate sub-committees and officers (under the oversight of the Audit Committee), to ensure that all risks are proportionally addressed in line with the YDBF's risk management policy and that all mitigating controls are operating effectively.

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The highest risk areas for the Company; those that could have a significant impact on the organisation's ability to achieve its strategic aims, have been identified as being in the following areas:

1. Safeguarding - the risk that there is an occurrence of abuse (or allegation of historic abuse) by someone working for or on behalf of the Diocese. The mitigating controls are as follows:
 - The YDBF retains appropriately trained safeguarding professionals who are following nationally agreed policies and protocols aligned to relevant ecclesiastical and civil legislation;
 - Compulsory training is provided to all relevant staff;
 - An independently chaired Diocesan Safeguarding Advisory Panel (DSAP) oversees the effectiveness of YDBF practices; and
 - All church officers and church bodies (including PCCs and the YDBF) are required to adhere to statutory policies and procedures with professional support provided by the safeguarding team.
2. Reliance on key management staff and clergy:
 - a) the risk that vacancies in key posts and under-resourcing of the Diocesan offices and key central functions could lead to a breakdown in the delivery of the Diocesan mission and stewardship of its assets. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - Shared access to systems and documented processes to enable continuity on core processes to be maintained for key activities in the event of a significant vacancy or absence; and
 - The Trustees will continue to review the staffing of central functions as part of the development of the strategic plans.
 - b) the risk that clergy and other key leaders will not have the capacity to deliver the strategic goals in relation to growth either due to individual capability or there being too many demands placed on limited parish resources. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - The Diocesan Leadership Team, together with the Living Christ's Story Programme Board, are responsible for ensuring that the demands being placed on parishes are being coordinated and accompanied by appropriate levels of support and training.
3. The risk that the YDBF is unable to meet its strategic aims due to financial constraints as a result of a decline in parish Free Will Offerings, adverse investment conditions or reduction in funding from the Church Commissioners. The mitigating controls are:
 - Strong engagement of the Diocesan Leadership Team, especially the Archdeacons, with parishes to ensure that commitments by parishes are honoured as far as is practically possible;
 - Priority given to supporting clergy and lay leadership to grow local sustainability in terms of both attendance and giving;
 - Strong budgetary control processes to identify adverse trends and consider the necessary medium and long term actions needed to address the underlying issues;
 - Robust reserves policies to ensure that temporary shortfalls can be financed without the need for short term cuts; and
 - Investment in strategic capacity to ensure that access to funding streams from the Church Commissioners is maximised.

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In addition, the Trustees are keeping a number of areas of potentially significant extraordinary expenditure under close review. They will be factored into the ten year forecasts and the annual budget continues to allow for a contingency sufficient to cover immediate unanticipated costs. The areas being monitored for additional extraordinary and/or significant costs that would place financial pressures such that a reduction in core activities may become necessary include:

- Wydale Hall - Additional costs arising from non-insurable unanticipated shutdowns. Inability to cover the cost of major repairs from normal operating surpluses, requiring additional capital funding from YDBF reserves.
- Safeguarding – Uninsured compensation payments for historic cases (including Redress contributions). Additional resource costs for compliance with legislation or House of Bishops Regulations.
- Zero Net Carbon – the costs of achieving net-zero for DBF assets, support for parishes in achieving net-zero (including grants and impact on Free Will Offer), ongoing offsetting levies.
- Pensions – Fund liabilities increasing beyond currently forecasted levels.

In addition to the fiscal policies identified in (3) above, close contact is maintained with the National Church Institutions and other dioceses to facilitate collaborative approaches to influence legislative changes that may lead to increased cost and seeking additional national funding streams to mitigate the impact of significant additional mandatory expenditure. This will also be particularly important as the Trustees look at how to mitigate the risks, in terms of both financial and missional impact, associated with local disagreement with, for example, decisions made by the General Synod or the House of Bishops around services of blessing for those in same sex relationships.

At March 2025 six parishes (March 2024: 5) had given notice that they were no longer willing to contribute directly to the Diocesan Common Fund (in the light of decisions taken by General Synod in relation to the Prayers of Love and Faith). They have, however, undertaken to contribute via a facility administered by the Church of England Evangelical Council (CEEC) at levels similar to that pledged in recent years which are, in each case, no more than the direct costs of providing stipendiary clergy to that parish (i.e. with no contribution to the pooled costs).

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese itself is divided into twenty one deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the

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Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from (and partner with) neighbouring Dioceses and the National Church Institutions.

Organisational structure

The York Diocesan Board of Finance (YDBF) is a company limited by guarantee (No. 225234) and a registered charity (No. 244976) governed by its Standing Orders and Articles of Association which were last revised and approved in July 2024. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of York. It was established in its present form in 1927 and is successor in title to the York Diocesan Trustees.

Its statutory governing body is the **Diocesan Synod**, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Archbishop, Suffragan Bishops and Archdeacons; clergy members elected by the houses of clergy in Deanery Synods; lay members elected by the houses of laity in Deanery Synods; up to five persons who may be co-opted by the house of clergy or the house of laity; and a maximum of 10 members nominated by the Archbishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Archbishop's Council and Standing Committee.

Archbishop's Council

The members of the Archbishop's Council and Standing Committee are also appointed to the Board of Directors, with the exception of the Bishop of Beverley and any member of the Council who is an employee of the Company. Archbishop's Council consists of 11 ex officio members, including the Archbishop, the four Suffragan Bishops and the three Archdeacons, together with four clergy (elected by the house of clergy from among their number) and eight lay persons (elected by the members of the house of laity) representing deaneries and a maximum of six Synod members nominated by the Archbishop.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of York, are set by the Diocesan Synod and the YDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the YDBF. The Trustees, meeting within the context of the Archbishop's Council & Standing Committee, hold up to five meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Acting as the Trustees of the YDBF
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year ended 31 December 2024

- Advising the Archbishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by various sub-committees including:-

Finance Sub-Committee: the role of the Finance Sub-committee is to provide focussed support to the directors of the YDBF so that they might better enable the mission of the diocese through sound financial management and transparent, open reporting. The responsibilities of the Finance Sub-Committee include:

- Monitoring the financial performance of the Diocese against budget and forecast;
- Approving the Management Accounts;
- Ensuring that appropriate Financial Statements are drawn up;
- Making recommendations on and monitoring the operation of the Common Fund including the process of making Free Will Offers;
- Reviewing and giving first stage approval to the budget;
- Making recommendations for the Board's approval on levels of stipends, salaries and pension provision;
- Acting for the Board in its capacity as Custodian Trustee in relation to third party investments;
- Making recommendations to the Board on the appointment of professional advisers;
- Monitoring entries in the Risk Register that relate to finance;
- Monitoring and reflecting updates to financial regulation;
- Ensuring the appropriate provision of HR expertise and policies in order to meet the obligations of the DBF; and
- Undertaking such other work as may be referred to it by the YDBF.

Property Sub-Committee: the Property Sub-Committee undertakes the YDBF's responsibilities under the Church Property Measure 2018; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Ecclesiastical Offices (Terms of Service) Measure 2011.

Diocesan Board of Education Sub-Committee: the Education Sub-Committee is a statutory sub-committee that exists to fulfil the YDBF's responsibilities under the Diocesan Boards of Education Measure 2021. In addition to its statutory responsibilities, the committee also oversees the support provided to parishes for their work with children, young people and families.

Diocesan Pastoral & Mission Sub-Committee: as far as is permissible under Ecclesiastical Law the functions of the Pastoral and Mission Committee as set out in the Mission and Pastoral Measure 2011 have been delegated to the Pastoral and Mission Sub-Committee. The primary function of the

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For the year ended 31 December 2024

Committee is pastoral reorganisation in the Diocese of York, taking account of available clergy numbers and making use of new patterns of ministry. It also oversees the work of diocesan staff in relation to the management of church buildings that have been closed for regular worship, pending their disposal.

Audit Sub-Committee: the role of the committee is to monitor and report on the effectiveness of internal governance procedures and internal controls, including meeting with the external auditors, reviewing the statutory accounts and ensuring that the risk register is being appropriately maintained.

Trustee recruitment and induction

Trustees are members of the Archbishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to provide updated declarations for the registers of skills and interests on a tri-annual basis. Some employees hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

Governance Matters

Diocesan Synod, the DBF and most Boards and Committees met on a pattern of online and in person meetings. Following elections to Diocesan Synod and Archbishop's Council, a new term of office for those elected to serve as Trustees of the DBF commenced on 1 January 2025. Newly elected members received Trustee Training, including reference to the 2020 Charity Governance Code (produced by the Good Governance Group) in March 2025. The ongoing monitoring of governance and the periodic review of terms of reference of sub-committees is overseen by the Audit Committee and the Chairs of the Houses of Clergy and Laity of the Diocesan Synod.

Volunteers

YDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the YDBF greatly values and would want to acknowledge the considerable time given by all members of Boards, Committees and Working Groups – for each of them just a part of the practical outworking of what it means to be "Living Christ's Story".

Remuneration of key management personnel

Emoluments of key management personnel are determined through a process of job evaluation and with reference to market rates for equivalent jobs.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Chief Executive is given specific and general delegated authority to deliver the business

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of the YDBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The YDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the YDBF does not control them, and they are segregated from the YDBF's own assets by means of separate bank and investment accounts. The market value of funds held as custodian amounted to **£17,146,000** at 31 December 2024 (2023: £16,833,000). Custodian investments are summarised in note 29.

Funds held on behalf of schools

The Board of Education (as incorporated within the YDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2024 is **£94,000** (2023 £109,000).

OTHER RELATED PARTIES

The Diocese of York Educational Trust, which acts as a member of Academy Trusts and Multi-Academy trusts on behalf of the YDBF (the DBE being unincorporated) is a related party. A small grant is made by the DBE to support governance costs and the Trustees work closely with members of the DBE and the education team to support the Church of England Academies in the diocese. The YDBF also has operational links with Church of England schools in the Diocese, but as the nature of the relationship does not satisfy the requirements for control under the accounting standards, they are not disclosed within the accounts.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in note 28 to the financial statements.

Although the following are not related parties under accounting regulations, there are a number of bodies that the YDBF works closely with), these include:

- The Archbishops' Council to which the YDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The Archbishop's Council allocate funding to dioceses from the Church Commissioners under legislation and regulations established by the General Synod of the Church of England.
- The Church Commissioners from which the YDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The YDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the YDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in

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retirement.DBE Services, of which the YDBF is a member, provides services to Church Schools. Any profits are returned to the member dioceses via charitable donations and are designated by the trustees to support the work of the education team.

- Together Middlesbrough and Cleveland, a charitable company limited by guarantee, which exists to work in partnership with Christian based charities in the north of the diocese for the relief of hardship and the wellbeing of those in need. YDBF is a member, alongside the Church Urban Fund, but receives no benefit and does not make any financial contribution.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of YDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the YDBF 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 YDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the YDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Saffery LLP have expressed their willingness to continue in office as auditor for the next financial year

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and are deemed to be reappointed under Section 487 (2) of the Companies Act 2006 until otherwise resolved at a General Meeting of the Company.

ADMINISTRATIVE DETAILS**Trustees**

No Trustee had any beneficial interest in the company during 2024. The following Trustees were in post at the date of this report (those who served for some of 2024 are shown in *italics*):

Ex-officio:

Chair–	Mr C R Barton
The Dean of York –	The Very Reverend Dominic Barrington
The Archbishop of York –	The Most Reverend & Right Honourable S Cottrell
The Bishop of Whitby –	The Right Reverend PJ Ferguson (<i>Vice-Chair until resigned as trustee 31 July 2024</i>)
	The Right Reverend B Hill (<i>appointed 10 October 2024</i>)
The Bishop of Selby –	The Right Reverend Dr JB Thomson (<i>resigned 31 July 2024</i>)
	The Right Reverend F Winfield (<i>appointed 10 October 2024 and Vice- Chair from 6 February 2025</i>)
The Bishop of Hull –	The Right Reverend E Sanderson
The Archdeacon of Cleveland –	The Venerable A Bloor
The Archdeacon of the East Riding –	The Venerable AC Broom
The Archdeacon of York –	The Venerable SJ Rushton (<i>resigned 31 March 2025</i>)

The Chair of the House of Laity -	Dr N Land (term ended 31 December 2024)
	Mr D Brookes (appointed 1 January 2025)
The Chair of the House of Clergy -	The Reverend R Lumley

Elected by:

Synod House of Clergy	The Reverend E Hassall
	The Reverend Canon S Sherriff (term ended 31 December 2024)
	The Reverend M Rolls
	The Reverend A Baker (appointed 1 January 2025)
	The Reverend M Carey (appointed 1 January 2025)
	The Reverend R Walker (<i>resigned 15 January 2024</i>)

Synod House of Laity	Miss KM Banks
	Dr NA Burgess (term ended 31 December 2024)
	Mr D Millican
	Canon RPA Brewer
	Dr G Boag-Munroe (<i>resigned 29 June 2024</i>)
	Dr D Craven (term ended 31 December 2024)
	Dr G Parr
	Dr T Scott (term ended 31 December 2024)
	Dr N Land (appointed 1 January 2025)
	Mr M Stallybrass (appointed 1 January 2025)
	Mrs S Teal (appointed 1 January 2025)
	Canon R Liversedge (appointed 1 January 2025)

Co-opted by the Archbishop	The Reverend R Suekarran

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For the year ended 31 December 2024

Senior staff and advisers

Diocesan Secretary & Chief Executive	Canon PJ Warry
Director of Finance	Mrs K Rose
Director of Education	Mr AK Smith (to 31 August 2024)
	Mrs M Palmer (from 6 Jan 2025)
Director of Communications & Parish Resourcing	Mr M Sheppard
Director of Mission & Ministry	The Revd I McIntosh
Director for Strategic Transformation	Miss S Nicol (to 3 June 2024)
Head of Safeguarding	Mr R Marshall
Assistant Diocesan Secretary	Ms SA Davies (to 6 April 2024)

Registered Office:	Diocese of York, Amy Johnson Way, Clifton Moor, York, YO30 4XT
Bankers	Barclays Bank PLC, 1-3 Parliament Street, York, YO1 8SE
Auditors	Saffery LLP, 10 Wellington Place, Leeds, LS1 4AP
Solicitors	Lupton Fawcett LLP, Stamford House, Piccadilly, York, YO1 9PP and Womble Bond Dickenson LLP The Spark, Draymans Way, Newcastle Helix, Newcastle Upon Tyne, UK NE4 5DE
Investment advisers	CCLA Investment Management Ltd 1 Angel Lane, London, EC4R 3AB and Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 2BJ
Glebe Agents	Savills, River House, 17 Museum Street, York, YO1 7DJ and Dee, Atkinson & Harrison, The Exchange, Exchange Street, Driffield, YO25 6LD
Insurers	Ecclesiastical Insurance Office plc, Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester. GL3 4AW

In approving this Trustees’ Report, the Trustees are also approving the Strategic Report included on pages 4 – 20 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

Signed by:

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Mr CR Barton
Chairman

+ Flora Selby
The Right Reverend F Winfield
Vice Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE YORK DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of the York Diocesan Board of Finance Limited for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including the 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 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work 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 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report, which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and strategic 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, or returns adequate for our audit have not been received from branches not visited by us; 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 25, 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measures.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the 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.

DocuSigned by:

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12 June 2025

Sally Appleton (Senior Statutory Auditor)
 For and on behalf of Saffery LLP,
 Chartered Accountants, Statutory Auditors

10 Wellington Place
 Leeds
 LS1 4AP

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

For the year end 31 December 2024

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2024	Total funds 2023
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Grants and donations	2					
Parish contributions		7,435	-	-	7,435	7,188
Archbishops' Council		1,583	1,045	-	2,628	2,869
Other grants and donations		47	179	-	226	268
Charitable activities	3	870	819	99	1,788	1,711
Other activities	4	535	-	-	535	404
Investments	5	1,406	171	-	1,577	1,593
Other	6	16	-	37	53	1,105
Total		11,892	2,214	136	14,242	15,138
Expenditure on						
Raising Funds	7	460	-	-	460	382
Charitable activities						
General charitable activities	8	13,284	2,059	34	15,377	15,470
Usable pension surplus	26	(690)	-	-	(690)	-
(Gains) on clergy pension scheme	26	-	-	-	-	-
Total		13,054	2,059	34	15,147	15,852
Net (expenditure)/income before investment gains and losses		(1,162)	155	102	(905)	(714)
Net gains/(losses) on investments	20	657	198	1,699	2,554	2,609
Net (expenditure)/income		(505)	353	1,801	1,649	1,895
Transfers between funds	13	243	(214)	(29)	-	-
Net movement in funds		(262)	139	1,772	1,649	1,895
Total funds brought forward		11,898	15,107	80,366	107,371	105,476
Total funds carried forward	20	11,636	15,246	82,138	109,020	107,371

All activities derive from continuing activities. The notes on pages 35 to 63 from part of the financial statements.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT
For the year end 31 December 2024

	Total 2024	Total 2023
	£'000	£'000
Total income	14,106	14,170
Total expenditure	(15,113)	(15,811)
Operating (deficit) for the year	(1,007)	(1,641)
Net gains/(losses) on investments	855	949
Net (expenditure) for the year	(152)	(692)
Other comprehensive expenditure/income	-	-
Net assets transferred from/(to) endowments	29	1,216
Total comprehensive income	(123)	524

The Income and Expenditure Account is derived from the Statement of Financial Activities, with movements in endowment funds and investment gains/losses excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

At 31 December 2024

Company number - 225234		2024		2023	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		51,413		49,886
Investments	15		53,040		54,014
			<u>104,453</u>		<u>103,900</u>
Current assets					
Debtors	17	1,806		1,865	
Cash on deposit		3,110		2,423	
Cash at bank and in hand		<u>1,367</u>		<u>1,694</u>	
		6,283		5,982	
Creditors: amounts falling due within one year	18	<u>(1,663)</u>		<u>(2,458)</u>	
NET CURRENT ASSETS			<u>4,620</u>		<u>3,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			109,073		107,424
Creditors: amounts falling due after more than one year	19		(53)		(53)
NET ASSETS			<u><u>109,020</u></u>		<u><u>107,371</u></u>
FUNDS					
Endowment funds			82,138		80,366
Restricted income funds			15,246		15,107
Unrestricted income funds:					
General - other			6,531		6,884
General - represented by tangible fixed assets			4,923		4,756
Designated			182		258
Total funds	22		<u><u>109,020</u></u>		<u><u>107,371</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on

11 June 2025

Signed by:



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Mr CR Barton
Chairman

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

For the year end 31 December 2024

	2024		2023	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(2,762)		(2,759)
Cash flows from investing activities				
Dividends and interest from investments	1,083		1,076	
Proceeds from sale of:				
Tangible fixed assets	297		1,421	
Fixed asset investments	6,754		3,816	
Closed Churches	-		136	
Purchase of:				
Tangible fixed assets for the use of the YDBF	(1,787)		(1,256)	
Fixed asset investments	(3,225)		(3,538)	
Net cash provided by investing activities		3,122		1,655
Change in cash and cash equivalents in the reporting period		360		(1,104)
Cash and equivalents at 1 January		4,117		5,221
Cash and equivalents at 31 December		4,477		4,117
Reconciliation of net income to net cash flow from operating activities				
Net (expenditure) for the year ended 31 December		(905)		(714)
Adjusted for:				
Depreciation charges		-		2
Write down of impaired asset		-		-
Dividends and interest from investments		(1,083)		(1,076)
Profit on sale of functional assets		(37)		(968)
Profit on disposal of closed churches		-		(136)
Decrease/(increase)in debtors		59		(732)
(Decrease)/increase in creditors		(796)		865
Net cash used in operating activities		(2,762)		(2,759)
Analysis of cash and cash equivalents				
Cash at bank and in hand		1,367		1,694
Notice deposits (less than 3 months)		3,110		2,423
		4,477		4,117

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS102)) second edition effective 1 January 2019, the Companies Act 2006 and applicable accounting standards (FRS102).

Going Concern:

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook and that there is no material uncertainty relating to going concern.

The Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the YDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Freewill Offering** is recognised as income of the year in respect of which it is received.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the YDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Permanent endowment funds (Stipends Capital Fund)**. This account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
- ix) **Permanent endowment funds (Ordination Candidates Council Fund, First Lord Grimthorpe's Trust and Local Trusts' Stipend Fund)**. The income is fully expended within the year of receipt and the terms of the funds, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the YDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The YDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the YDBF's contributions payable in respect of the accounting period, in accordance with FRS102. The usable surplus on the Church Workers Pension Fund defined benefit pension scheme has been recognised as an asset on the YDBF's balance sheet.

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The YDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Trustees review the YDBF's assets for indications of impairment each year. Where indicators of impairment are identified the affected assets are written down to the recoverable amount, which is the higher of the asset's fair value and its value in use. The impairment losses are recognised in expenditure.

Where expenditure on refurbishing a property exceeds £20,000 it is capitalised if it adds value to the property.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. The respective property and loan are carried at historical cost.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Investment properties
Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses
The YDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The YDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historical cost.

Valuation of fixed assets
Parsonages, team vicarages and general fund owned houses are carried at historical cost. A number of properties were first recognised at the relevant 1994 council tax band value, which is now treated as historical cost.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computer Equipment	25% per annum	straight line basis
Furniture and equipment	25% per annum	straight line basis

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The YDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the YDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the YDBF. There are two types of unrestricted funds:
 - **General funds** which the YDBF intends to use for the general purposes of the YDBF and
 - **Designated funds** set aside out of unrestricted funds by the YDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

1. ACCOUNTING POLICIES (continued)

- **Endowment** funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the YDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches. Trusts where the YDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Assessment of residual value of freehold property when determining whether or not depreciation is required – see above;
- Calculation of depreciation – see details set out at 1d) above; and
- Accounting for pensions – the key assumptions underpinning any pension creditor reflected in these accounts are set by the Church of England Pensions Board and then reviewed and accepted or challenged by the Trustees. The DBF has adopted a policy of recognising its usable surplus on the Church Workers Pension Fund which is included within debtors.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

2. DONATIONS

2a. Parish Contributions

The majority of donations are collected from parishes through the Freewill Offering system.

2024	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Parish contributions to the Common Fund				
Current year contributions	7,272	-	-	7,272
Receipts for previous years	163	-	-	163
Total income	7,435	-	-	7,435
2023 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Parish contributions to the Common Fund				
Current year contributions	7,084	-	-	7,084
Receipts for previous years	104	-	-	104
Total income	7,188	-	-	7,188

2b. Archbishops' Council

2024	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Resourcing Education Ministry	-	18	-	18
Grant for low income dioceses	1,583	-	-	1,583
Other grants	-	1,027	-	1,027
Total income	1,583	1,045	-	2,628
2023 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Resourcing Education Ministry	-	154	-	154
Grant for low income dioceses	1,650	-	-	1,650
Other grants	-	1,065	-	1,065
	1,650	1,219	-	2,869

The above are grants from the National Church.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024

2. DONATIONS (continued)

2c. Other grants and donations

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Benefact Trust Grant	-	126	-	126
Other grants, donations and legacies	47	53	-	100
	<u>47</u>	<u>179</u>	<u>-</u>	<u>226</u>

2023 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Benefact Trust Grant	-	147	-	147
Other grants, donations and legacies	47	74	-	121
	<u>47</u>	<u>221</u>	<u>-</u>	<u>268</u>

3. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Statutory fees	565	-	-	565
Generated income	11	-	-	11
Chaplaincy and other	144	49	-	193
Diocesan Board of Education	150	63	99	312
Wydale Hall	-	707	-	707
	<u>870</u>	<u>819</u>	<u>99</u>	<u>1,788</u>

2023 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Statutory fees	635	-	-	635
Generated income	22	-	-	22
Chaplaincy and other	134	44	-	178
Diocesan Board of Education	206	63	-	269
Wydale Hall	-	607	-	607
	<u>997</u>	<u>714</u>	<u>-</u>	<u>1,711</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Housing income	535	-	-	535

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000

Housing income	404	-	-	404

5. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Dividends receivable	841	167	-	1,008
Interest receivable	71	4	-	75
Rental receivable	494	-	-	494
	1,406	171	-	1,577

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000

Dividends receivable	917	113	-	1,030
Interest receivable	43	3	-	46
Rental receivable	517	-	-	517
	1,477	116	-	1,593

6. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Gain on sale of properties	-	-	37	37
Other income	1	-	-	1
Disposal of closed churches	15	-	-	15
	16	-	37	53

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000

Gain on sale of properties	-	-	968	968
Other income	1	-	-	1
Disposal of closed churches	136	-	-	136
	137	-	968	1,105

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

7. FUNDRAISING COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Investment Manager's Fees	55	-	-	55
Property agents' fees	187	-	-	187
Other rented property costs	218	-	-	218
	<u>460</u>	<u>-</u>	<u>-</u>	<u>460</u>

2023 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Investment Manager's Fees	78	-	-	78
Property agents' fees	164	-	-	164
Other rented property costs	140	-	-	140
	<u>382</u>	<u>-</u>	<u>-</u>	<u>382</u>

8. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	209	-	-	209
Grants & provisions	36	-	-	36
Mission agency pension costs	-	-	-	-
Retired clergy housing costs	146	-	-	146
Ordinand maintenance grants - pooling adjustment	55	-	-	55
	<u>797</u>	<u>-</u>	<u>-</u>	<u>797</u>
Resourcing Ministry and Mission				
Parish ministry and chaplaincy				
Parochial clergy stipends, national insurance and pensions	6,066	331	-	6,397
Housing costs	2,774	-	-	2,774
Removal, resettlement and grants	201	-	-	201
Other costs	59	106	-	165
Resourcing Ministerial Education	<u>-</u>	<u>220</u>	<u>-</u>	<u>220</u>
	9,100	657	-	9,757
Support for parish ministry	2,879	722	-	3,601
Wydale Hall	-	671	-	671
	<u>11,979</u>	<u>2,050</u>	<u>-</u>	<u>14,029</u>
Expenditure on Education				
Support for church schools and parishes	508	9	34	551
	<u>13,284</u>	<u>2,059</u>	<u>34</u>	<u>15,377</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

8. CHARITABLE ACTIVITIES (continued)

2023 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	205	-	-	205
Grants & provisions	36	-	-	36
Mission agency pension costs	11	-	-	11
Retired clergy housing costs	139	-	-	139
Ordinand maintenance grants - pooling adjustment	64	-	-	64
	<u>806</u>	<u>-</u>	<u>-</u>	<u>806</u>
Resourcing Ministry and Mission				
Parish ministry and chaplaincy				
Parochial clergy stipends, national insurance and pensions	5,905	417	-	6,322
Housing costs	2,984	-	-	2,984
Removal, resettlement and grants	217	-	-	217
Other costs	71	128	-	199
Resourcing Ministerial Education	<u>-</u>	<u>141</u>	<u>-</u>	<u>141</u>
	9,177	686	-	9,863
Support for parish ministry	3,037	638	-	3,675
Wydale Hall	-	560	-	560
	<u>12,214</u>	<u>1,884</u>	<u>-</u>	<u>14,098</u>
Expenditure on Education				
Support for church schools and parishes	512	13	41	566
	<u>13,532</u>	<u>1,897</u>	<u>41</u>	<u>15,470</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2024 £'000
Raising Funds	460	-	-	460
Charitable Activities:				
Contributions to Archbishops' Council	-	797	-	797
Resourcing parish ministry	12,000	556	802	13,358
Education	447	1	103	551
Retreat Centre	545	-	126	671
(Gains) on clergy pension scheme	-	-	-	-
Usable pension surplus	(690)	-	-	(690)
	12,762	1,354	1,031	15,147
2023 comparatives	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2023 £'000
Raising Funds	382	-	-	382
Charitable Activities:				
Contributions to Archbishops' Council	-	806	-	806
Resourcing parish ministry	12,228	521	789	13,538
Education	461	2	103	566
Retreat Centre	452	-	108	560
(Gains) on clergy pension scheme	-	-	-	-
	13,523	1,329	1,000	15,852

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Central Support	394	133	-	527
Support for Schools	103	-	-	103
Retreat Centre	-	126	-	126
Governance:				
Boards and committees	4	-	-	4
External Audit	27	-	-	27
Registrar & Chancellor	160	-	-	160
Synodical costs	14	-	-	14
Allocation of central support costs	70	-	-	70
	772	259	-	1,031

2023 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Central Support	383	124	-	507
Support for Schools	103	-	-	103
Retreat Centre	-	108	-	108
Governance:				
Boards and committees	4	-	-	4
External Audit	32	-	-	32
Registrar & Chancellor	150	-	-	150
Synodical costs	20	-	-	20
Allocation of central support costs	76	-	-	76
	768	232	-	1,000

11. ANALYSIS OF GRANTS MADE

11. ANALYSIS OF GRANTS MADE				2024
	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	797	797
From unrestricted funds				
PCCs for faculty fees	150	-	36	36
PCCs for Repairs to Church Buildings	21	-	36	36
Ordinands in training	6	96	-	96
Clergy for training	50	19	-	19
Resettlement Grants	37	201	-	201
Diocese of York Educational Trust	1	-	1	1
Other grants	4	-	5	5
From restricted funds				
PCCs for Repairs to Church Buildings	13	-	47	47
Clergy for energy grants	-	-	-	-
PCCs for energy grants	-	-	-	-
Other grants	-	-	-	-
PCCs for Mustard Seed projects	45	-	116	116
	327	316	241	557
Total	339	316	1,038	1,354

THE YORK DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024
11. ANALYSIS OF GRANTS MADE (continued)

				2023
2023 comparative	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	806	806
From unrestricted funds				
PCCs for faculty fees	148	-	35	35
PCCs for Repairs to Church Buildings	24	-	8	8
Ordinands in training	10	82	-	82
Clergy for training	43	12	-	12
Resettlement Grants	39	217	-	217
Diocese of York Educational Trust	1	-	2	2
Other grants	4	-	6	6
From restricted funds				
PCCs for Repairs to Church Buildings	2	-	6	6
Clergy for energy grants	36	37	-	37
PCCs for energy grants	32	-	21	21
Other grants	1	-	4	4
PCCs for Mustard Seed projects	44	-	93	93
	384	348	175	523
Total	396	348	981	1,329

12. STAFF COSTS

Employee costs during the year were as follows:

	2024 £'000	2023 £'000
Wages and salaries	2,604	2,469
National insurance contributions	263	246
Pension Costs - Current Year	270	261
	3,137	2,976

	Funded via general fund	Externally funded	Total Number	Total Number
The average number of persons employed during the year :				
Archdeaconry based roles	4.0	-	4.0	4.0
Living Christ's Story (including Multiply & Mustard Seed)	4.0	10.3	14.3	13.4
Safeguarding and Pastoral Care	5.2	-	5.2	5.4
Mission & Ministry - Training, Vocations & School of Ministry	7.2	-	7.2	8.8
Education	5.0	3.8	8.8	9.2
Other Diocesan Office based posts	19.7	0.6	20.3	20.0
Other externally funded posts		3.0	3.0	3.3
	45.1	17.7	62.8	64.1
Parochial Posts	3.8	-	3.8	3.2
Wydale Hall	-	8.1	8.1	8.9
	48.9	25.8	74.7	76.2

The average number of persons employed during the year based on full-time equivalents:

	Funded via general fund	Externally funded	Total Number	Total Number
Archdeaconry based roles	2.7	-	2.7	2.5
Living Christ's Story (including Multiply & Mustard Seed)	3.8	8.5	12.3	10.9
Safeguarding and Pastoral Care	4.2	-	4.2	4.4
Mission & Ministry - Training, Vocations & School of Ministry	6.5	0.0	6.5	8.0
Education	4.3	3.1	7.4	7.4
Other Diocesan Office based posts	17.7	0.6	18.3	18.8
Other externally funded posts	-	2.5	2.5	2.7
	39.2	14.7	53.9	54.7
Parochial Posts	3.0	-	3.0	2.4
Wydale Hall	0.0	6.2	6.2	6.0
	42.2	20.9	63.1	63.1

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

12. STAFF COSTS (continued)

The number of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:

	2024	2023
£60,000 - £70,000	2	2
£70,000 - £80,000	1	3
£80,000 - £90,000	1	-

Pension payments of **£34,242** (2023: £44,667) were made to these employees.

Payments to 2 people (2023:2) on termination of employment totalling £36,000 (2023: £25,000) have been made during the year.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2024 they were:

Diocesan Chief Executive	Canon PJ Warry
Assistant Diocesan Secretary	Ms SA Davies (resigned 6 April 2024)
Director of Finance	Mrs K Rose
Diocesan Director of Education	Mr AK Smith (resigned 31 August 2024)
Director of Communications and Parish Resourcing	Mr M Sheppard
Director of Mission & Ministry	The Reverend I McIntosh
Director of Strategic Transformation	Ms S Nicol (resigned 3 June 2024)

Remuneration, pensions and benefits for these employees amounted to £482,053 (2023: £544,826).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 14 (2023: 13) of the Trustees received travelling and out of pocket expenses, totalling **£21,309** (2023 - £20,964) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees in the year, who were in receipt of a stipend and/or housing provided by the YDBF during the year:

	Stipend	Housing
The Most Reverend & Right Honourable S Cottrell	No	No
The Very Reverend D Barrington	No	No
The Right Reverend PJ Ferguson (resigned 31 July 2024)	No	Yes
The Right Reverend JB Thomson (resigned 31 July 2024)	No	Yes
The Right Reverend Dr E Sanderson	No	Yes
The Right Reverend F Winfield (appointed 10 October 2024)	No	Yes
The Right Reverend B Hill (appointed 10 October 2024)	No	Yes
The Venerable AC Broom	Yes	Yes
The Venerable SJ Rushton (resigned 31 March 2025)	Yes	Yes
The Venerable A Bloor	Yes	Yes
The Reverend R Walker (resigned 15 January 2024)	Yes	Yes
The Reverend Canon S Sherriff	Yes	Yes
The Reverend R Lumley	Yes	Yes
The Reverend E Hassall	Yes	Yes
The Reverend M Rolls	Yes	Yes
The Reverend R Suekarran	Yes	Yes

The YDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The YDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the Archbishop and cathedral staff.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

12. STAFF COSTS (continued)

The YDBF paid an average of 177 (2023 – 179) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs are shown below. These posts include part time posts and are equivalent to 163 (2023 - 167) full time posts.

	2024 £'000	2023 £'000
Stipends	4,887	4,762
National insurance contributions	422	395
Pension costs - current year	1,144	1,224
Pension costs - deficit reduction	-	-
	<u>6,453</u>	<u>6,381</u>

Included above are additional payments of £73,000 (2023: nil) paid under the Mission & Pastoral Measure.

The stipends of the Archbishop and Suffragan Bishops are funded by the Church Commissioners and are in the range **£42,350-£81,951** (2023 range £39,952 - £77,312). The annual rate of stipend, funded by the YDBF, paid to Archdeacons in 2024 was **£41,002** (2023 £39,048) and other clergy who were Trustees were paid in the range **£28,670 - £30,390** (2023 range £27,192 - £28,942). Stipend levels are set on the basis that housing is provided, and that costs relating to the provided housing (including

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Property related:				
Parsonages Houses Fund to/(from) the Pastoral Account	-	-	(75)	75
Diocesan Parsonages Board from Pastoral Account	-	-	313	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(313)	-
General Fund from Pastoral Account	156	-	(156)	-
Parsonage houses Fund from Stipend Capital Fund	-	-	-	(1,231)
Stipend Capital Fund to the Parsonage houses Fund	-	-	-	1,231
Diocean Parsonage Board Fund from Parsonages House Fund	-	-	104	(104)
Benefice Building Fund to Pastoral Account	-	-	(1,352)	-
Pastoral Account from the Benefice Buidling Fund	-	-	1,352	-
Other transfers:				
General fund (to)/from designated funds	76	(76)	-	-
General fund from Education UST income fund	29	-	(29)	-
Pastoral Account to the General Fund	46	-	(46)	-
Reduction of the clergy pension deficit	-	-	-	-
Sundry other transfers	12	-	(12)	-
	<u>319</u>	<u>(76)</u>	<u>(214)</u>	<u>(29)</u>

Many of the transfers made between funds during 2024 relate to property transactions. There was 1 property sale, 4 purchases 2 extensions/reorderings and 1 redesignations following a change in use and a pastoral reorganisation.

The other main transfers relate to movements between general and designated funds regarding funds set aside for Mustard Seed.

2023 comparative	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Property related:				
Parsonages Houses Fund to the Pastoral Account	-	-	976	(976)
Diocesan Parsonages Board from Pastoral Account	-	-	347	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(347)	-
Parsonage houses Fund from Stipend Capital Fund	-	-	-	30
Parsonage houses Fund to Stipend Capital Fund	-	-	-	(30)
Diocean Parsonage Board Fund from Parsonages House Fund	-	-	240	(240)
Other transfers:				
General fund (to)/from designated funds	75	(75)	-	-
General fund from Education UST income fund	-	-	-	-
Pastoral Account to the General Fund	76	-	(76)	-
Reduction of the clergy pension deficit	-	-	-	-
Sundry other transfers	11	-	(11)	-
	<u>162</u>	<u>(75)</u>	<u>1,129</u>	<u>(1,216)</u>

Many of the transfers made between funds during 2023 relate to property transactions. There were 3 property sales, 3 purchases and 2 redesignations following a change in use and a pastoral reorganisation.

The other main transfers relate to movements between general and designated funds re funds set aside for Mustard Seed.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

14. TANGIBLE FIXED ASSETS - Land & Buildings

	Wydale Hall £000	Education Properties £000	Freehold Properties £000	Diocesan Office £000	Office Equipment £000	Total £000
Cost						
At 1 January 2024	1,950	81	47,514	963	134	50,642
Additions	-	-	1,776	-	11	1,787
Disposals	-	-	(260)	-	(44)	(304)
At 31 December 2024	<u>1,950</u>	<u>81</u>	<u>49,030</u>	<u>963</u>	<u>101</u>	<u>52,125</u>
Depreciation						
At 1 January 2024	-	-	625	-	131	756
Charge for the year	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	(44)	(44)
At 31 December 2024	<u>-</u>	<u>-</u>	<u>625</u>	<u>-</u>	<u>87</u>	<u>712</u>
Net book value						
At 31 December 2024	<u>1,950</u>	<u>81</u>	<u>48,405</u>	<u>963</u>	<u>14</u>	<u>51,413</u>
At 31 December 2023	<u>1,950</u>	<u>81</u>	<u>46,889</u>	<u>963</u>	<u>3</u>	<u>49,886</u>

All of the properties in the balance sheet are freehold and are vested in the YDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to **£148,000** (2023: £148,000).

15. FIXED ASSET INVESTMENTS

	At 1 January 2024 £000	Additions £000	Disposals £000	Change in Market Value £000	At 31 December 2024 £000
Investment Property	18,736	-	(701)	-	18,035
Listed Investments	18,986	3,021	(5,451)	2,051	18,607
Unlisted Investments	16,292	204	(431)	333	16,398
	<u>54,014</u>	<u>3,225</u>	<u>(6,583)</u>	<u>2,384</u>	<u>53,040</u>

16. FINANCIAL INSTRUMENTS

	2024 £000	2023 £000
Financial assets measured at fair value	<u>34,615</u>	<u>34,693</u>

Financial assets measured at fair value comprise listed and unlisted investments and value linked loans to parishes. Financial assets measured at amortised cost comprise cash and debtors. Financial liabilities measured at amortised cost comprise loans and other creditors.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2024****17. DEBTORS**

	2024	2023
	£'000	£'000
Due within one year		
Capital Work in Progress	40	108
Other debtors and prepayments	1,132	1,607
Usable pension surplus (see note 26)	239	-
	1,411	1,715
Due after more than one year		
Loans to parishes	118	150
Usable pension surplus (see note 26)	277	-
Total debtors	1,806	1,865

18. CREDITORS: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	95	233
Other taxation and social security	72	14
Other creditors and accruals	670	1,101
Amounts held for other bodies	826	1,110
Pension Scheme Liabilities		
Church Workers' Pension Fund	-	-
Clergy Pension Scheme	-	-
Total creditors amounts falling due within one year	1,663	2,458

19. CREDITORS: amounts after more than one year

	2024	2023
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	53	53
Pension scheme liabilities		
Church Workers' Pension Fund	-	-
Clergy Pension Scheme	-	-
Total creditors: amounts falling due after more than one year	53	53
The maturity of the above loans may be analysed as follows:		
In five years and more	53	53
	53	53

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2024 the Board had no intention of disposing of any of those properties funded via VLLs.

During 2011 and 2012 a significant programme of mechanical and engineering work was carried out at Wydale Hall. The work was financed by a value-linked loan of £375,000 from the general reserves of the Diocese which is secured on the Hall. During 2015 the loan was increased by a further £47,000 to facilitate the refurbishment of the General Manager's living accommodation. There is no fixed term for repayment of the loan. As the DBF accounts include the results of Wydale Hall the creditor is not reflected within the above balances.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024
20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2024 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2024 £'000
UNRESTRICTED FUNDS						
General	11,640	11,892	(13,054)	657	319	11,454
Designated						
Mustard Seed Fund	258	-	-	-	(76)	182
	<u>11,898</u>	<u>11,892</u>	<u>(13,054)</u>	<u>657</u>	<u>243</u>	<u>11,636</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	4,497	-	-	-	417	4,914
Pastoral Account	4,708	-	-	198	761	5,667
Resourcing Ministerial Education	201	19	(220)	-	-	-
Benefice Building Fund	3,611	166	-	-	(1,352)	2,425
Mission Support Fund	34	2	-	-	-	36
Bishops' IT	11	-	(2)	-	-	9
First Lord Grimthorpe's Trust	9	3	-	-	-	12
Ministry Fund	-	49	(39)	-	(10)	-
Wydale Hall	1,421	707	(670)	-	-	1,458
Board of Education	162	63	(9)	-	(28)	188
Multiply (20s-40s)	-	372	(372)	-	-	-
Restructuring	9	-	(9)	-	-	-
Mustard Seed Fund	-	241	(241)	-	-	-
Strategic Capacity Fund	-	236	(236)	-	-	-
Giving Advisor Fund	8	24	(24)	-	-	8
Position of First Responsibility	17	18	(17)	-	-	18
Energy Grant Funds	4	-	-	-	-	4
Thorntree	1	2	(2)	-	-	1
Building Grants Funds	13	-	(3)	-	-	10
Multiply grant fund	10	-	(10)	-	-	-
Mustard Seed grant fund	-	50	(4)	-	-	46
South Africa Link Fund	1	-	-	-	-	1
Clergy Retreats	5	-	(1)	-	-	4
Benefact Trust	305	126	(60)	-	-	371
Carbon net zero	15	32	(45)	-	-	2
East Riding village churches	60	-	(16)	-	-	44
SPIDR - spiritual direction funds	5	-	-	-	(2)	3
Church Building support officer & grants	-	80	(64)	-	-	16
Growing more diverse	-	20	(11)	-	-	9
Heart of Hull	-	4	(4)	-	-	-
	<u>15,107</u>	<u>2,214</u>	<u>(2,059)</u>	<u>198</u>	<u>(214)</u>	<u>15,246</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	32,071	-	-	-	1,202	33,273
Board of Education	2,413	99	(34)	209	-	2,687
Permanent						
Stipends Capital Fund	44,988	37	-	1,452	(1,231)	45,246
Ordination Candidates Council	244	-	-	11	-	255
First Lord Grimthorpe's Trust	52	-	-	1	-	53
Local Trusts' Stipend Fund	598	-	-	26	-	624
	<u>80,366</u>	<u>136</u>	<u>(34)</u>	<u>1,699</u>	<u>(29)</u>	<u>82,138</u>
Total funds	<u>107,371</u>	<u>14,242</u>	<u>(15,147)</u>	<u>2,554</u>	<u>-</u>	<u>109,020</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024
20. SUMMARY OF FUND MOVEMENTS (continued)

2023 comparative	Balances at 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2023 £'000
UNRESTRICTED FUNDS						
General	12,850	11,900	(13,914)	642	162	11,640
Designated						
Mustard Seed Fund	333	-	-	-	(75)	258
	<u>13,183</u>	<u>11,900</u>	<u>(13,914)</u>	<u>642</u>	<u>87</u>	<u>11,898</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,910	-	-	-	587	4,497
Pastoral Account	3,848	-	-	307	553	4,708
Resourcing Ministerial Education	188	154	(141)	-	-	201
Benefice Building Fund	3,499	112	-	-	-	3,611
Mission Support Fund	33	1	-	-	-	34
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	7	2	-	-	-	9
Ministry Fund	-	44	(34)	-	(10)	-
Wydale Hall	1,373	607	(559)	-	-	1,421
Board of Education	111	64	(13)	-	-	162
Multiply (20s-40s)	-	474	(474)	-	-	-
Restructuring	37	-	(28)	-	-	9
Mustard Seed Fund	-	220	(220)	-	-	-
Strategic Capacity Fund	-	285	(285)	-	-	-
Giving Advisor Fund	8	24	(24)	-	-	8
Position of First Responsibility	-	47	(30)	-	-	17
Energy Grant Funds	62	-	(58)	-	-	4
Longhill	4	-	(4)	-	-	-
Thorntree	-	3	(2)	-	-	1
Roof Alarm & Building Grants Funds	20	-	(7)	-	-	13
Multiply grant fund	18	-	(8)	-	-	10
South Africa Link Fund	1	-	-	-	-	1
Clergy Retreats	-	5	-	-	-	5
Benefact Trust	168	147	(10)	-	-	305
Carbon net zero	-	15	-	-	-	15
East Riding village churches	-	60	-	-	-	60
SPIDR - spiritual direction funds	-	6	-	-	(1)	5
	<u>13,298</u>	<u>2,270</u>	<u>(1,897)</u>	<u>307</u>	<u>1,129</u>	<u>15,107</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	32,289	968	-	-	(1,186)	32,071
Board of Education	2,306	-	(41)	148	-	2,413
Permanent						
Stipends Capital Fund	43,544	-	-	1,474	(30)	44,988
Ordination Candidates Council	238	-	-	7	-	245
First Lord Grimthorpe's Trust	49	-	-	2	-	51
Local Trusts' Stipend Fund	569	-	-	29	-	598
	<u>78,995</u>	<u>968</u>	<u>(41)</u>	<u>1,660</u>	<u>(1,216)</u>	<u>80,366</u>
Total funds	<u>105,476</u>	<u>15,138</u>	<u>(15,852)</u>	<u>2,609</u>	<u>-</u>	<u>107,371</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

21. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,923	7,200	178	(847)	11,454
Designated					-
Mustard Seed Fund	-	-	182	-	182
	<u>4,923</u>	<u>7,200</u>	<u>360</u>	<u>(847)</u>	<u>11,636</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	4,914	-	-	-	4,914
Pastoral Account	-	3,954	1,713	-	5,667
Resourcing Ministerial Education	-	-	-	-	-
Benefice Building Fund	-	-	2,425	-	2,425
Mission Support Fund	-	-	36	-	36
Bishops' IT	-	-	9	-	9
First Lord Grimthorpe's Trust	-	-	12	-	12
Ministry Fund	-	-	-	-	-
Wydale Hall	1,950	-	291	(783)	1,458
Board of Education	-	-	188	-	188
Multiply (20s-40s)	-	-	-	-	-
Restructuring	-	-	-	-	-
Mustard Seed	-	-	-	-	-
Strategic Capacity Fund	-	-	-	-	-
Giving Advisor Fund	-	-	8	-	8
Position of First Responsibility	-	-	18	-	18
Energy Grants fund	-	-	4	-	4
Thorntree	-	-	1	-	1
Building Grants Funds	-	-	10	-	10
Multiply grant fund	-	-	-	-	-
Mustard Seed Grant fund	-	-	46	-	46
South Africa Link Fund	-	-	1	-	1
Clergy Retreats	-	-	4	-	4
Benefact Trust	-	-	371	-	371
Carbon net zero	-	-	50	(48)	2
East Riding Village churches	-	-	47	(3)	44
SPIDIR - spiritual direction funds	-	-	3	-	3
Church Building support officer and grants	-	-	16	-	16
Growing more diverse	-	-	9	-	9
Heart of Hull	-	-	-	-	-
	<u>6,864</u>	<u>3,954</u>	<u>5,262</u>	<u>(834)</u>	<u>15,246</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	33,273	-	-	-	33,273
Board of Education	81	2,450	191	(35)	2,687
Permanent					
Stipends Capital Fund	6,272	38,500	474	-	45,246
Ordination Candidates Council	-	259	(4)	-	255
First Lord Grimthorpe's Trust	-	53	-	-	53
Local Trusts' Stipend Fund	-	624	-	-	624
	<u>39,626</u>	<u>41,886</u>	<u>661</u>	<u>(35)</u>	<u>82,138</u>
Total funds	<u>51,413</u>	<u>53,040</u>	<u>6,283</u>	<u>(1,716)</u>	<u>109,020</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

21. SUMMARY OF ASSETS BY FUND (continued)

2023 Comparatives	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,756	8,562	(473)	(1,205)	11,640
Designated					-
Mustard Seed Fund	-	-	258	-	258
	<u>4,756</u>	<u>8,562</u>	<u>(215)</u>	<u>(1,205)</u>	<u>11,898</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	4,497	-	-	-	4,497
Pastoral Account	-	3,751	957	-	4,708
Resourcing Ministerial Education	-	-	200	1	201
Benefice Building Fund	-	-	3,611	-	3,611
Mission Support Fund	-	-	34	-	34
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	9	-	9
Ministry Fund	-	-	-	-	-
Wydale Hall	1,950	-	275	(804)	1,421
Board of Education	-	-	162	-	162
Multiply (20s-40s)	-	-	-	-	-
Restructuring	-	-	9	-	9
Mustard Seed	-	-	-	-	-
Strategic Capacity Fund	-	-	-	-	-
Giving Advisor Fund	-	-	8	-	8
Position of First Responsibility	-	-	17	-	17
Energy Grants fund	-	-	63	(59)	4
Longhill	-	-	-	-	-
Thorntree	-	-	1	-	1
Roof Alarm & Building Grants Funds	-	-	13	-	13
Multiply grant fund	-	-	10	-	10
South Africa Link Fund	-	-	1	-	1
Clergy Retreats	-	-	5	-	5
Benefact Trust	-	-	305	-	305
Carbon net zero	-	-	15	-	15
East Riding Village churches	-	-	60	-	60
SPIDIR - spiritual direction funds	-	-	5	-	5
	<u>6,447</u>	<u>3,751</u>	<u>5,771</u>	<u>(862)</u>	<u>15,107</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	32,071	-	-	-	32,071
Board of Education	81	2,149	216	(33)	2,413
Permanent					
Stipends Capital Fund	6,531	38,657	211	(411)	44,988
Ordination Candidates Council	-	246	(1)	-	245
First Lord Grimthorpe's Trust	-	51	-	-	51
Local Trusts' Stipend Fund	-	598	-	-	598
	<u>38,683</u>	<u>41,701</u>	<u>426</u>	<u>(444)</u>	<u>80,366</u>
Total funds	<u>49,886</u>	<u>54,014</u>	<u>5,982</u>	<u>(2,511)</u>	<u>107,371</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

22. DESCRIPTION OF FUNDS

General fund	The general fund is the YDBF's unrestricted undesignated fund available for any of the YDBF's purposes without restriction.
Roof alarm & building grants	The roof alarm and building grants funds represents funds received from third parties and those designated by the York Diocesan Board of Finance, to support Churches within the Diocese to obtain roof alarms and with building works.
Mustard seed fund	The mustard seed funds represent funds designated by the Trustees to be used towards the mustard seed project and restricted grants received for the project.
Pastoral account	The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese • other purposes of the diocese or any benefice or parish in the diocese • to make grants or loans to any other diocese • to transfer funds to the diocesan stipends fund income or capital accounts.
Stipends capital fund	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds are invested as part of the YDBF's portfolio and managed by CCLA or Evelyn.
Parsonages houses fund	This fund represents the carrying value of all the benefice houses (parsonages) in the Diocese. These are expendable endowments in that the Board has the power to convert certain sale proceeds to income with various consents obtained locally and from the Church Commissioners by being transferred to the Diocesan Pastoral Account and then converted to an income account at a later date.
Ordination candidates' council	The ordination candidates' council fund relates to invested bequests, the income from which is to provide assistance to candidates training for the Anglican priesthood.
First Lord Grimthorpe's Trust	The First Lord Grimthorpe's Trust provides income for repairs to churches of the evangelical tradition within the Diocese of York.
Local Trusts' Stipend Fund	The Local Trusts' Stipend Fund relate to specific investments, the income from which is to augment stipends.
Diocesan Parsonage Board	The Diocesan Parsonages Board holds houses which are used to accommodate certain office holders who do not have incumbent status.
Benefice Building Fund	The Benefice Building Fund holds proceeds from parsonage sales pending replacement of the property. Any surplus remaining after purchase of a new benefice house or following Pastoral Reorganisation is transferred to the Pastoral Account subject to the consents set out in the Church Property Measure.
Mission Support Fund	The Mission Support Fund relates to donations for projects in Hull and Middlesbrough.
Bishops' IT	Bishop's IT is a central allocation by the Church Commissioners for Bishops' information technology needs.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2024****22. DESCRIPTION OF FUNDS (continued)**

Ministry Fund	The Ministry Fund represents donations from private individuals and grant awarding trusts to support specific ministry posts in the diocese.
Wydale Hall	Wydale Hall is a special restricted fund and operates as a conference and retreat house primarily for the benefit of the Church of England. In event of a sale of the property the proceeds would have to be applied either in the purchase of another property to be used for the same purposes or invested and the resultant income applied for the promotion and holding of retreats and of religion. Its sole trustee is the York Diocesan Board of Finance Limited.
Diocesan Board of Education	DBE funds are restricted in accordance with the Uniform Statutory Trust legislation. The funds are proceeds from site disposals, donations and income from educational services and can be used to support Church Schools. The income can be used by the DBE to fund the provision of services to schools. Capital and income can also be used to assist with school building projects.
Resourcing Ministerial Education	Funding from Ministry Division specifically for ordinand training.
Strategic Capacity Funding	Funding from Archbishops Council for specific activities relating to the renewal and reform agenda.
Multiply (20s-40s)/Grant	Multiply (20s-40s) is Strategic Development Funding from the Church of England awarded for the establishment of new worshipping communities for the 20 to 40 age range. The Multiply Grant Fund represents funds received from third parties towards supporting the Multiply project
Restructuring	Funding from the Church of England Strategic Investment Board to be drawn down for use on projects that will support increased financial sustainability and resilience.
Longhill and Thorntree	Grants and donations restricted for use within the Longhill or Thorntree Bishops' Mission Orders (BMOs).
Giving Advisor Fund and Position of First Responsibility	The Giving Advisor Fund is to support part of the cost of one of the Giving advisors. The Position of First Responsibility is to support a specific clergy post for a period.
Energy Grants Fund	The Energy Grants Fund relate to income from the National Church to be allocated towards support for Parishes and clergy.
South Africa Link	The South Africa Link Fund relates to donations specifically towards the link project.
Benefact Trust Fund	The Benefact Trust Fund is used for projects as agreed with the Trust in advance each year.
Carbon net zero	Funding towards the development of carbon net zero plans.
East Riding Village Churches	A legacy towards the costs of repair and maintenance of village churches in the East Riding area.
SPIDR Fund	Funds held towards the operation of spiritual direction courses.
Church Building support officer & grants	Funds towards small building grants for Parishes and a fixed term church building support officer.
Growing more diverse	Funds towards a fixed term post and related expenses regarding transformative education for racial justice.
Heart of Hull	Funds towards enabling fresh missional energy in Hull.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

23. TOTAL RETURN ON INVESTEMENTS

In October 2024 the Trustees agreed to adopt a total return approach from 1 January 2025, to the share of the endowed Stipend Capital Fund that is not property or land and also to the endowed Local Trusts' Stipend Fund.

This approach allows an appropriate proportion of both dividend income and increases in the value of investments, built up within the unapplied total return endowment, to be transferred to the general fund each year to support stipendiary ministry. The transfer to be set at a rate the board considers appropriate, taking account of the needs of current and future beneficiaries.

As part of the 2025 budgeting process, it was agreed that income transferred to the general fund in 2025 would be set at 4.5% of the opening balances on the funds. The relevant funds will be split into the following:

- a Trust for investment - being the calculated original cost plus inflation to 1 January 2025. The calculation was based on the book value at 2004, adjusted for additions or disposals since that date.
- an Unapplied Total Return - representing historic investment gains generated over inflation, to that date, including

24. CAPITAL COMMITMENTS

At 31 December 2024 the YDBF had capital expenditure commitments authorised but not contracted for of £nil (2023 - £nil), and contracted for but not yet due of £nil (2023- £72,210).

25. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

26. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other Responsible Bodies. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

York DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were nil.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation is in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA_VL tables, with allowance for improvements in mortality rates in line

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2024

26. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021 (from January 2021 to December 2022)	7.10%
31 December 2022	-
31 December 2023	-
31 December 2024	-

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme’s rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 and 31 December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

	2024 £'000	2023 £'000
Balance sheet liability as at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability* (recognised in SOFA)	-	-
Balance sheet liability as at 31 December	-	-

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

The legal structure of the scheme is such that if another Responsible Body fails, York DBF could become responsible for paying a share of that Responsible Body’s pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

26. PENSIONS (continued)

Church Workers Pension Fund

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The YDBF and Wydale Hall participate in both the Defined Benefits Scheme section and the Pension Builder Scheme section of the CWPf for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

The Church Workers Pension Fund Defined Benefit Scheme has been closed to future accrual with effect from 31 March 2018. Members of that scheme who remain in employment by the Diocese of York have joined the Pension Builder Classic scheme. The decision to close the scheme and the determination of future pension arrangements followed a consultation with members.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of the DBS charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (**2024 DBF £nil and Wydale £nil**; 2023: DBF £nil and Wydale £nil), plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2024****26. PENSIONS (continued)****Church Workers Pension Fund – Defined Benefits Scheme (continued)**

A valuation of the DBS is carried out once every three years. At the most recent valuation as at 31 December 2022 there was a surplus of £73.6m. The next valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

The movement in the provision is set out below:

	YDBF		Wydale		Total	
	2024	2023	2024	2023	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Balance sheet liability as at 1 January	-	-	-	-	-	-
Deficit contribution paid	-	-	-	-	-	-
Interest cost (recognised in SOFA)	-	-	-	-	-	-
Remaining change to the balance sheet liability* (recognised in SOFA)	-	-	-	-	-	-
Balance sheet liability as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year -ends.

Where relevant, this liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments. Under the latest valuation no deficit recovery contributions are required and as such there is currently no balance sheet liability in respect of this scheme.

	2024	2023	2022
Discount rate at 31 December	n/a	n/a	0.0%pa

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

Included on the balance sheet is an asset of £516,000 relating to a usable surplus within the YDBF's share of the Church Workers Pension Fund – defined benefit scheme. During the year £174k of this surplus was used by the YDBF against its current year employer pension contributions under the Pension Builder Scheme, and the balance will be used over the next 2-3 years.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2024

26. PENSIONS (continued)

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The York Diocesan Board of Finance only offers Pension Builder Classic to its employees.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2024: DBF £251,466 and Wydale £18,377; 2023: DBF £245,160 and Wydale £15,541).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at December 2022. The next valuation is due as at 31 December 2025.

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year end 31 December 2024

27. PRIOR YEAR COMPARATIVE SOFA

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2023	Total funds 2022 (restated)
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	2					
Parish contributions		7,188	-	-	7,188	7,044
Archbishops' Council		1,650	1,219	-	2,869	3,125
Other grants and donations		47	221	-	268	268
Charitable activities	3	997	714	-	1,711	1,889
Other activities	4	404	-	-	404	332
Investments	5	1,477	116	-	1,593	1,403
Other	6	137	-	968	1,105	433
Total		11,900	2,270	968	15,138	14,494
Expenditure on						
Raising Funds	7	382	-	-	382	293
Charitable activities						
General charitable activities	8	13,532	1,897	41	15,470	14,552
(Gains)/losses on clergy pension scheme	25	-	-	-	-	(145)
Total		13,914	1,897	41	15,852	14,700
Net (expenditure)/income before investment gains and losses		(2,014)	373	927	(714)	(206)
Net gains/(losses) on investments	20	642	307	1,660	2,609	(3,637)
Net (expenditure)/income		(1,372)	680	2,587	1,895	(3,843)
Transfers between funds	13	87	1,129	(1,216)	-	-
Net movement in funds		(1,285)	1,809	1,371	1,895	(3,843)
Total funds brought forward		13,183	13,298	78,995	105,476	109,319
Total funds carried forward	20	11,898	15,107	80,366	107,371	105,476

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2024****28. RELATED PARTY TRANSACTIONS**

Due to the DBF's links with local schools, a member of key management personnel of the DBF is a member of a number of Academy Trusts in the Diocese. Transactions with these Academy Trusts arise in the normal course of business, however these are not deemed to be a related party under FRS102 as the establishments are not under common control of the DBF.

Having made enquiries, the directors are not aware of any related party transactions in 2024 (2023: £nil) other than the grant paid to The Diocese of York Educational Trust.

The Diocese of York Educational Trust (DYET) was incorporated in February 2012. The Trust can have up to seven Trustees; three appointed by the Diocesan Board of Education, three appointed by the Archbishop and the Diocesan Director of Education on an ex officio basis. The Objects of DYET are to advance for the public benefit education in the Diocese of York or elsewhere, in particular but not exclusively, by:

- promoting the efficiency and effectiveness of Educational Institutions and the efficient and effective application of resources for such purposes including by promoting and disseminating models of good practice and by the delivery of support services generally to such institutions;
- advancing the education of people who work or volunteer in or govern Educational Institutions in order to assist those persons to deliver a high quality education to the pupils and to communities served by those institutions;
- establishing, sponsoring and maintaining Academies (primarily but not exclusively Church of England Academies) under the direction of the Diocesan Board of Education.

The YDBF made a grant of £1,447 to DYET during 2024 (2023: £1,500).

29. FUNDS HELD AS CUSTODIAN TRUSTEE

The YDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the YDBF does not control them. The financial assets held in this way may be summarised as follows:

	2024	2023
	£'000	£'000
CBF Church of England Investment Fund	4,291	4,362
CBF Church of England Fixed Interest Fund	166	162
CBF Church of England Property Fund shares	29	30
COIF income and accumulation shares	352	351
Other common investment fund holdings	9,633	9,265
CBF Church of England Deposit Fund	1,940	1,673
Cash at bank	735	990
Total assets held as custodian trustee	17,146	16,833

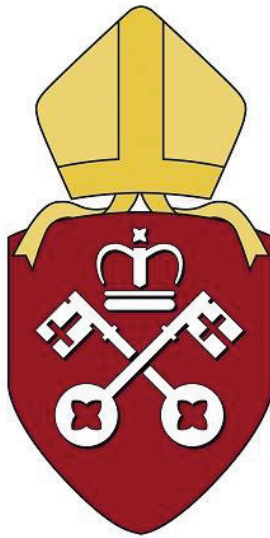
THE YORK DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 244976

Accounts

**The York Diocesan
Board of Finance Limited**

**Annual Report & Financial Statements
for the year ended 31 December 2023**



Company Registration Number: 225234
Charity Registration Number: 244976

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2023

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THE YORK DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2023

The Trustees, who are also Directors for the purposes of company law, and also members of the company, present their annual report, together with the audited financial statements, for the year ended 31 December 2023.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The Diocese of York covers an area of 2,261 square miles, from the Humber to the Tees and from the A1 to the East Coast.

The principal object of the York Diocesan Board of Finance Limited ("YDBF") is to promote, assist and advance the work of the Church of England in the Diocese of York by acting as the financial executive of the York Diocesan Synod.

The YDBF is constituted under the Diocesan Boards of Finance Measure 1925 and has the following principal statutory responsibilities:-

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976 and under the provisions of the Church Property Measure 2018;
- ii. the provision of housing for office holders as the Diocesan Parsonage Board under the Ecclesiastical Offices (Terms of Service) Measure 2009;
- iii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iv. the functions of the Diocesan Board of Education, including the management of investments and the custodian of assets relating to church schools, set out within the Diocesan Boards of Education Measure 2021;
- v. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods and PCCs, and the Archbishop of York (in respect of his responsibility for the provision of the cure of souls) who takes counsel with the Archbishop's Council and the York Diocesan Leadership Team. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2023

CORE PURPOSE

The core purpose of the YDBF is to manage the assets of the Diocese so as to provide appropriate personnel, operational and financial resources to assist the Diocesan Synod, Archbishop's Council, deaneries and parishes to further their missional and strategic priorities.

The directors of the YDBF are aware of the Charity Commission's guidance on public benefit and have had regard to it in their administration of the Board. The YDBF believes that, by promoting the work of the Church of England in the Diocese of York, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

STRATEGIC AIMS: LIVING CHRIST'S STORY

Following consultation with the Deaneries, in November 2022 the Diocesan Synod approved a high level strategy, Living Christ's Story, that identified a number of workstreams to support individual congregations to grow both numerically and spiritually and also to reshape the wider provision of local ministry and the support provided by the YDBF. It is this growth, both in membership and in the financial contributions made by those attending, alongside some restructuring of the way in which parish ministry is supported and delivered, that will provide the sustainability needed to secure their on-going mission and ministry for generations to come.

In particular, we are committed to these four priorities:-

1. **To become more like Christ** and to grow in our own faith and discipleship and understand the part that each of us can play in God's mission of love to the world. Resources for prayer and spirituality and discipleship and enabling people to grow in vocation and looking for a huge flourishing of authorised and licenced lay ministry and ordained ministry will play an important part of Living Christ's Story.
2. **To reach out to people who do not yet know Christ.** At the end of Matthew's gospel Jesus commands us to go into all the world and make disciples. It is for this reason that we will be placing an increased emphasis on teaching about evangelism and planting new communities of faith.
3. **To grow churches of missionary disciples which are younger and more diverse.** Living Christ's Story invites every church community in the diocese to think about itself as a school for disciples, and to particularly think about how we can engage with children, young people, families and schools and with others who have often been excluded from the church.
4. **To transform our structures and finances** so that, as far as possible, our resources and energy are focused on discipleship and mission, and that the organisation is effective in its stewardship of its assets and develops sustainable approaches for resourcing local ministry.

Although the diocese has been awarded national funding (as outlined in the 2022 Report) for additional strategic capacity, it took until November 2022 to recruit a Director for Strategic Transformation. That funding also supported the costs of additional strategic posts to provide

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2023

additional capacity in the areas of Discipleship, Digital Engagement and Data Analysis without additional calls on the Diocesan Common Fund.

2023 therefore was the first full year with the additional capacity in place. Due to other pressures, and sickness absence, it took longer than anticipated to update some of the baseline data (from 2020/21) and put in place an agreed governance and delivery framework although work continued with parishes in line with the high level strategic aims.

As previously reported, a significant outcome sought from the 10 year plan is the transformation of our finances and structures. The majority of PCCs do not cover the cost of ministry provided and, whilst investment returns have held up in recent years, it would not be prudent for the DBF to plan for year on year increases in operating deficits. This transformation therefore begins at parish level, where the adverse financial effect of Covid together with increased energy and insurance costs, have resulted in only a minority of PCCs increasing their Free Will Offer to the diocese in line with inflation. The overall Free Will Offer income from parishes in 2023 was still 11% below the pre-pandemic sum received in 2019.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Alongside seeking to make progress on the four strands of Living Christ's Story, there has continued to be a significant focus on other key areas of activity which either support the strategic goals or relate to our ongoing mission as a Church of England diocese:

- Maintaining an effective Christian presence in every parish.
- Embedding Safeguarding into the DNA of our life as a diocese.
- Promoting and support the work of our Church schools as well as providing support to clergy and others who are working in Community schools.
- Engaging in local debate and ensuring that Christian voices are heard in all areas of public life.
- Responding to areas of social need within our communities, working with other organisations to deliver a positive contribution to the wellbeing of the most vulnerable in our society.

The legacy of the Coronavirus Pandemic continued to impact many aspects of diocesan life during 2023. The life of the diocese is primarily expressed through the ministry undertaken in the parishes. Where church attendance has remained significantly below 2019 levels in the majority of cases, this is reflected in levels of income derived from planned giving.

Significant IT event

Recent Annual Reports have documented the move to a significant level of hybrid working following the experience of the national lockdowns of 2020-21 and the way in which that has been facilitated by greater use of technology, including a reduction of the reliance on on-premises servers through the migration to SharePoint and the Xledger accounting system.

Whilst it had been envisaged that further investment in technology would be planned for future years, a significant Cyber Incident in November 2023 accelerated our plans. Whilst the network security was breached enabling the execution of malicious code, which caused some short term disruption, no data was lost and neither the police nor our IT providers found any evidence that any personal data was exfiltrated. The necessary statutory notifications to the ICO and Charity Commission were made.

Given that most of the data and applications had already been moved to the Cloud, a decision was taken to switch off the on-premises file and application servers and restore all remaining files and systems to the Cloud, with most users up and running within 48 hours and the migration of the

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Property Management System completed within 10 days.

All data and systems are now fully secured in a multi-factor authenticated environment and the final step will be to decommission the on-premises domain controller. This is scheduled to happen alongside a planned upgrade of operating systems during 2024.

Resourcing Parochial Ministry

As well as ministry to local congregations, our licensed lay ministers engage in support for work in their wider parish communities. Just one example is the requirement to offer weddings and funerals to those living in the parish as well as those with direct connections to the church. Although over the last ten years, the number of occasional offices have been reducing, during the pandemic the numbers of weddings and baptisms were reduced significantly (2020: 330 weddings, 3550 funerals, 560 baptisms). These have been slowly returning to levels seen immediately before the pandemic (2022: 1150 weddings, 3270 funerals and 3040 baptisms).

While the YDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the YDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the stipendiary parish based clergy (159 FTE at 29 February 2024 with 27 FTE vacancies) is a priority of the YDBF and represents by far its largest financial commitment. Although the YDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. In addition to the stipendiary clergy, there are just under 100 self-supporting licenced clergy who are also licenced to specific parishes. We remain indebted to almost 320 other ordained ministers, the majority of whom are retired, who hold the Archbishop's Permission to officiate and enable us to offer both Sunday worship and occasional offices across over 580 churches.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The YDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

Over the year the average clergy vacancy rate was approximately 19%. During all parish vacancies, the Area Deans worked closely with the Churchwardens and ensured that scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the generous gift of the time offered by Licenced and Authorised Lay Ministers, Churchwardens and many other lay volunteers as well as our retired and self-supporting ordained ministers.

Safeguarding

The work in this area is overseen by the Diocesan Safeguarding Advisory Panel (DSAP), independently chaired by former Detective Superintendent Allan Harder who, since September 2023, also serves as independent chair for the Diocese of Carlisle.

The DSAP includes representatives of local authorities, North Yorkshire Police, the Roman Catholic Diocese of Middlesbrough and a survivor support charity as well as senior diocesan leaders. The work of the Panel is supported by an Operational Group that brings together key staff within the diocese and York Minster who are involved in safeguarding, working with young people and vulnerable adults and the training of our clergy and lay leaders.

During 2023, in addition to supporting national workstreams, providing advice and support to parishes, managing core groups and managing a casework load, the team has continued to support the roll out

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of the Church of England Safeguarding Learning & Development Framework and the implementation of further changes in the House of Bishops Safeguarding guidelines, post IICSA. The Safeguarding Advisors continued to experience high levels of activity, alongside facilitating further external scrutiny of the handling of Safeguarding issues in the Church of England.

Following the success of previous years, the third successive Safeguarding Week was held in November 2023. Designed to raise awareness and provide additional opportunities for learning and development, around 285 people attended 13 separate on-line events. The sessions were delivered with the support of a number of external partners including the Police and Survivor Support.

A significant amount of resource continues to be committed to providing training to licensed and authorised ministers, church officers and church members. In the course of 2023, 300 individuals attended the mandatory two session Safeguarding Leadership training for licensed and authorised ministers (2022: 370). Additional Leadership Pathway options for Parish Safeguarding Officers (PSO) and Clergy with permission to officiate (PTO) were offered and were attended by 60 PSOs (2022:63) and 80 PTOs (2022:69). A total of 1504 accessed the specialist Domestic Abuse or Safer Recruiting online training modules (2022: 757). 2,979 foundation and basic e-learning courses were completed (2022: 2,495). In addition, 53 people accessed the new module relating to Modern Slavery & Human Trafficking.

Additional face to face sessions have been held for parish volunteers in relation to DBS administration and safer recruitment, as well as for those who are unable to access the basic and foundation e-learning material. This has been particularly welcomed by those without reliable access to the internet.

Alongside the ongoing work to support parishes with over 2,100 DBS checks carried out (2022: 1,904), the team have encouraged engagement with the Parish Safeguarding Dashboard which is funded by the DBF and is designed to assist Parish Safeguarding Officers in ensuring local compliance with the element of national policy and procedures that are relevant in their specific context. It also enables the diocesan team to assess likely training needs and collate audit information required by the National Safeguarding Team. By the end of December 2023, 339 parishes (76%) had registered on the dashboard, contrasting with 194 (43%) at the beginning of the year.

Rob Marshall, our Head of Safeguarding is responsible for reporting any issues that meet statutory thresholds. He is in close contact with the relevant authorities and has ensured that any incidents relating to PCCs or the DBF that meet the threshold for reporting to the Charity Commission have been submitted. He fulfils the statutory duties of Diocesan Safeguarding Officer

Sara Dickinson was appointed as Assistant Safeguarding Officer in February 2023, bringing the team back up to full strength. In addition to sharing the casework load, she has been working closely with others to develop the work of the Survivor Voice Working Group, originally created as part of the governance framework for the Past Case Review, as an ongoing forum with a remit to challenge the diocese to continually improve our response to and care for those who have been subjected to abuse in church settings. Additionally, the Diocesan Secretary had continued to contribute to the ongoing revision of national policies and procedures.

Working with Children & Young People in Schools and Parishes

In this diocese, the York Diocesan Board of Education (YDBE) is a statutory committee of the Diocesan Board of Finance (DBF). YDBE has oversight of education, including the 122 Church schools, and as deemed by the Diocesan Synod, the oversight of Children and Youth work across the diocese. Clear Terms of Reference are in place for the YDBE and its sub-committees and a general oversight report of decisions taken by the YDBE in line with its delegations is provided to the DBF on a termly basis.

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Much of our work with Children, Youth and Schools in 2023 focused on supporting homes, schools and churches aligned with the strategic vision of the YDBE. This strategic work is located within the diocesan vision of Living Christ's Story and the national work set out within Growing Faith.

To support churches' engagement with children and young people, officers and consultants have worked to develop local support for mission and ministry. This included Early Years and young families' workers developing a toddler group support network using the Big Bible Storybook Toddler resource; the development and distribution of Rhythm of Life resources for children and primary schools; online training sessions provided on mental health and young people; Recharge Retreats held for children and youth workers; prayer walks undertaken; and, an ecumenical 'Joined Up North' conference held for all those working with children, youth and schools. The development of the GROW Youth Discipleship Ambassador Scheme has continued to be a major focus during with a pilot in 5 locations from January – June 2024, culminating with a commissioning service for the young people in York Minster.

As for schools, 121 of the 122 Church schools buy into the two-year Service Level Agreement provided by the Education team. The strong working relationship with individual schools supports and encourages them in the development of their theologically rooted Christian vision as well as providing increased income into the diocese to fund School Development Adviser posts.

At the beginning of 2023 there were 10 Multi Academy Trusts (MATs) across the diocese, all of which were mixed MATs with Church and community schools working in partnership together. By the end of 2023, there were 41 academies with others likely to convert during 2024. A fully academised system continues to be the desire of the Department for Education (DfE). However, with conversion decisions in hands of individual governing bodies, a mixed system of maintained and academy schools is likely to continue for the foreseeable future. Considering this mixed economy, the YDBE published its Diocesan Academisation Strategy in December 2023 which frames the YDBE's policy and practice for engagement with its schools and the DfE.

The diocese continues to be held accountable by the DfE and other statutory bodies, such as Ofsted, for the progress and attainment in Church schools. By the year-end, 99 of the 122 (81%) Church schools and academies were rated 'Good' or 'Outstanding' by Ofsted.

The statutory framework for denominational Church school inspection – SIAMS – changed in September 2023 to a system that no longer gave a 'one word' judgement but instead took a more holistic view of the work of the school as a Church school. 98% of Church schools in the Diocese were rated 'Good' or 'Outstanding/Excellent' under the previous system and since September 2023, all eight schools inspected have had inspection findings that indicate that the school is living up to its foundation as a Church school and are enabling pupils and adults to flourish.

Nurturing of lay and ordained discipleship, vocations and equipping for lay and ordained ministry

Following significant change in 2022, the Mission & Ministry Team has had a full year of working with the reconfigured roles that were reported last year. There have been no further significant changes in personnel and that has enabled the various sub-teams to move forward with planning and delivery within the overarching priorities set out as part of Living Christ's Story.

In support of the key priority around Becoming More Like Christ a set of materials introducing a diocesan Rhythm of Life was launched and rolled out during Lent 2023. This was made available widely to churches, to individuals and with a bespoke version that is appropriate for use in schools. There has been focussed work around youth discipleship and engagement across the diocese in support of parishes in their use of the *Rhythm* material and other resources.

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Despite the resourcing challenges experienced by our Vocations work over the last few years, our largely volunteer team has continued to invest in nurturing vocations in the Diocese, with 20 ordinands (7 male, 13 female) in training at 31 March 2024 of whom 9 commenced training in September 2023. Six of our candidates are under 32 and three are studying on the Caleb stream (a shorter course for mature candidates with previous leadership experience).

9 candidates have attended Stage One panels in the 2023/24 selection year, of which 6 are expected to go on to Stage Two. This includes the Caleb candidates whose discernment process runs in parallel with their formation.

In January 2023, seven individuals who had previously served as Distinctive Deacons were ordained as priest. They continue to serve in their local contexts, with one subsequently being appointed as Priest in Charge of the benefice in which they serve.

In the course of the year, the Diocesan Director of Ordinands has been working closely with the Start of Ordained Ministry adviser to review and refresh our provision for those in pre and post- ordination training.

During 2023, and following a process of consultation and discernment, new arrangements for lay ministries were introduced. Readers have become Licenced Lay Ministers (LLM) and we have begun to recognise non-stipendiary as well as stipendiary Licenced Lay Workers. Many of those previously serving as Recognised Parish Assistants transferred to become Authorised Lay Ministers (ALM) with a clearer set of expectations around their Ministry including holding a central register and centrally monitored engagement with Safeguarding Training. Their authorisation was renewed during the Celebration of Lay Ministries Service in York Minster in September 2023.

A revised set of learning pathways for lay ministries began to be rolled out from September 2023. The Deepening Discipleship Project has now replaced the previous training offerings for Recognised Parish Assistants.

During 2023, the York School of Ministry (YSOM), continued to provide higher education accredited training, validated by Durham University, for Readers, licensed and recognised lay ministers, ordinands and curates and those in discernment for a wide range of ministries, within and beyond the church. It continued its partnership with St Hild's College to support ordination training by contributing to the Yorkshire Theological Education Partnership.

Learning has been facilitated both on line and in person, as appropriate to the content. This has already both widened access and begun to reduce our carbon footprint.

Whilst, as reported last year, the programme of continuing ministerial education for Readers and clergy had been scaled back pending the review of provisions for lifelong learning, a number of events were offered (both online and in person) in the course of 2023.

Wydale Hall's schedule of bookings and events was back to pre-pandemic levels, although group sizes tend to be smaller than they were before the lockdowns. The team at Wydale have continued to be flexible and creative in responding to the needs of guests and the visitor feedback has been very positive. A full programme of Wydale events was scheduled for 2023 which included provision for remote participation in some events. We continue to be grateful to the prayerful and practical support of the extended community of volunteers who continue to meet regularly in person and online via Zoom and offered their practical skills to support the ministry of the Retreat House.

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Nationally Funded “Reach” Projects***MULTIPLY – New Worshipping Communities for 20s-40s and MUSTARD SEED – Growing disciples in places where life is tough***

Both of these projects have passed the mid-point of their funding, with the last year being one of consolidation and beginning to look forward to the future sustainability of the individual local initiatives. As reported in 2022, the remaining Multiply worshipping communities have continued to show growth and local leadership is emerging in a number of them which will help to secure ongoing sustainability beyond the current funding. At the end of 2023 there were 10 FTE nationally funded Multiply “full-time” locations.

The Multiply Growth Fund continued to support Lay Ministers during 2023. Whilst two projects came to an end due to leaders moving on, there are 12 ongoing projects with two further projects are due to come on stream during 2024. The work ranges from growing worshipping communities based on Toddler Groups and Food Banks, to supporting Student outreach in Hull and York.

The Trustees remain grateful to the Benefact Trust who agreed that their block grants to York Diocese for 2019-21 could be designated to create a fund to be expended over an extended period to meet the costs of the Mustard Seed Programme Lead and the development costs of the Stepping Up learning and development programmes. This money has been supplemented by Church of England Strategic Development Funding

As at December 2023, 13 Stepping Up cohorts have completed their programmes and a further four cohorts are underway, with more planned to start in 2024. Of the 60 people who have completed the course to date, almost all are involved in mission or in the process of discernment and planning for mission. A significant number have been commissioned locally as “Community Ministers”, some of whom are paid for one or two days each week, with support from the Mustard Seed grant fund.

The Mustard Seed learnings have been shared with the National Church and the work was highlighted in the “Growing Leaders on Urban Estates” report that was released by the National Estate Churches Network and the Church of England Estates Evangelism Task Group in February. It was also featured during the Christmas Day Service broadcast on Radio 4. Further details about all the Mustard Seed locations can be found on the dedicated website www.mseed.org

Wider service and partnership in communities experiencing social need to deliver a positive contribution to the wellbeing of the most vulnerable in our society

Whilst the strategic goals are focussing on the spiritual wellbeing of individuals in our most deprived communities, churches across the diocese have continued their wider involvement in each of their communities, often joining with other denominations to resource Foodbanks and support charities working with the poorest in our society. As a DBF, we continued to take an active role during 2023 in supporting a number of projects, for example by providing facilities to Westway Open Arms (Scarborough) which serves the Eastfield Estate in Scarborough, and underwriting the costs of the BMO based in Brambles Farm and Thorntree in Middlesbrough alongside the continued funding of the provision of ministry to the Church of England parishes affiliated to Together Middlesbrough & Cleveland, a joint venture between the diocese and the Church Urban Fund, enabling those parishes to share their facilities and other resources in the support of those most in need within those communities.

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GENEROUS GIVING – supporting local financial sustainability

The team exists to support parish level financial sustainability (which in turn increases parish capacity to increase the level of contributions that they make to the Common Fund). Their primary area of work is around encouraging and developing personal generosity but they also seek to assist PCCs with other practical ways of increasing income and/or reducing expenditure.

After three years of operation of the Parish Giving Scheme, the number of parishes using the scheme now stands at 108 with 966 givers, of whom 88% Gift Aid and 46.5% have signed up to the inflationary increase. In the month of February 2024, PGS processed £100,139 of gifts with £18,729 of Gift Aid. This represents an average weekly gift of £18.92 (excluding Gift Aid), compared with the diocesan average weekly gift across all forms of regular giving of £12.30. In 2023 the total number of gifts processed by PGS in the Diocese of York was £1,095,273, crossing the £1m threshold for the first time.

Additionally, the team have continued to support the roll out of digital (contactless) giving devices to parishes and we have continued to provide membership of the Association of Church Accountants and Treasurers (ACAT) for all PCCs. As part of a national initiative, we were able to roll out 70 contactless units in October at no cost to either the local church or the DBF. The models that were provided to the diocese ranged from the £310 CollecTin, to the £895 GWB Skinny. The intention is that, as a minimum, each church will raise at least the value of the unit that they were given within the first 12 months of operation. To date the 70 beneficiaries have been gifted over £37,000 and 4 in 10 have raised at least the value of the unit they were given.

FUTURE PLANS

Supporting parishes and communities as they continue to recover from the impact of the Coronavirus Pandemic and engage with the growth plans that have been contextually developed in each Deanery as part of *Living Christ's Story* will continue to be a key priority for 2024. This will be the key focus for the Mission and Ministry teams.

Living Christ's Story seeks to respond to the challenges of falling attendance, with a strong focus on numerical and spiritual growth, together with the need to restructure the resourcing of ministry at both parish and diocesan level to enable us to create a credible and robust financial plan to respond to the phased reduction in Church Commissioners' direct support for poorer dioceses that began in 2017. By 2026 the annual grant will be reduced by circa £1m per annum (at 2016 value) compared to the £2.2m received in 2016.

Financial modelling continues to underpin this major undertaking as we seek to increase the pool of volunteer ministers, encourage missionary discipleship and enable churches to grow within a broader mixed ecology. The high level Living Christ's Story plan assumed a modest reduction in the number of remunerated posts together with an increase in the donor base to offset the reduction in the Church Commissioners grant and halt the reduction in real terms in parochial contributions to the Common Fund. It is anticipated that the majority of the structural changes arising from the consultations will be implemented by 2026, with resulting savings, increased investment income and the impact of growing congregations starting to come through in the following years such that by 2031 the clear target is that recurring expenditure of the diocese can be met via regular and reliable sources of income.

It has become clear however that the impact of the pandemic was far more significant than had been anticipated and progress towards the intermediate target of each group of parishes covering the direct costs of clergy stipends and housing by 2026 has not been as strong as had been hoped. A further targeted consultation, with those Ministry Units furthest away from meeting the direct cost of ministry, will take place in the first quarter of 2024 to inform the 2025 budget process and to enable

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the Trustees, if necessary, to revise their assumptions and plans for 2026 onwards to achieve the 2031 target.

Another key element of the structural and financial transformation strategy within Living Christ's Story, is to engage with the national aspiration that the Church of England will achieve carbon net-zero by the end of 2030. It is clear that this will have significant financial implications for both parishes the DBF and, although the diocese has not made as much progress as some others in this area, it was successful in securing funding to develop a costed net-zero plan and to begin to evaluate the implications for churches, schools and operational assets. Due to delays in the grant process and time taken to secure a Project Manager, the plan will now be taken to Diocesan Synod in 2024. Further bids were made for national funding for 2 year part-time project management posts to (i) oversee progress towards net zero and (ii) develop a comprehensive strategic plan for Clergy Housing and other DBF managed properties.

In addition, we expect to make progress with our commitment to diversity and inclusion following the award of national funding for a Racial Justice Enabler to deliver some of the key undertakings around training and support for those in ministry, following the adoption in 2022 of the Diocesan Racial Justice Charter.

FINANCIAL REVIEW

Financial Performance

The Trustees are grateful to all the parishes which gave generously into the Common Fund of the Diocese during the year, and especially to those parishes that give by monthly instalments, which is essential in supporting the cash flow of the Diocese.

Free Will Offers, the money given by Parishes to the Diocese to fund its mission and ministry, are the main incoming resource for the Diocese. These were slightly higher than the previous year at **£7,188,000** (2022: £7,044,000), but are still lower than the pre-pandemic levels in 2019 of £8,098,000. Based on submissions from parishes, the expectation is that, during 2024, Free Will Offers will recover further as parish income begins to recover, but it will be at least a further year before they return to pre-pandemic levels, due in no small part to the reduction in regular attendance in many churches coupled with the impact of inflation on energy and other costs on local budgets. This does mean that income is not keeping pace with the levels of inflation experienced by the Diocese in relation to salaries and building repair costs.

The overall net movement in funds in 2023 was **+£1,895,000** (2022: -3,843,000). The significantly lower level in 2022 was due to investment losses.

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		Unrestricted			Restricted	Endowed		Total	Total
2023		General	Designated	Total				2023	2022
		£000	£000	£000	£000	£000		£000	£000
SOFA:									
Operational (shortfall)/gain		(2,151)	-	(2,151)	373	(41)		(1,819)	(1,558)
add back investment and property gains/transfers/exceptional items:									
Covid related grant awarded in the year		-	-	-	-	-		-	-
Income from closed school sale						-		-	314
Gain on sale of properties/closed churches		137	-	137	-	968		1,105	433
Lay pension scheme surplus revaluation		-	-	-	-	-		-	261
Clergy pension scheme deficit reduction		-	-	-	-	-		-	344
		(2,014)	-	(2,014)	373	927		(714)	(206)
Investment gains/(losses)		642	-	642	307	1,660		2,609	(4,949)
Investment gains- land		-		-	-	-		-	1,312
Transfer between funds -other		162	(75)	87	(87)	-		-	-
Transfer between funds - property		-	-	-	1,216	(1,216)		-	-
		(1,210)	- 75	(1,285)	1,809	1,371		1,895	(3,843)

Unrestricted fund:

The unrestricted general fund showed an excess of expenditure over income of **£2,014,000** before investment gains or transfers (2022: £1,171,000). However, if the gain on the sale of properties, and the year end lay and clergy pension scheme movements are excluded, there was an operational shortfall of £2,151,000 (2022: £1,777,000) which can be split into a **£2,076,000 shortfall** on general funds and a £75,000 drawdown from designated funds (2022: £1,707,000 shortfall on general funds £70,000 drawdown on designated).

This shortfall was slightly better than anticipated levels, with Free Will Offer income £909,000 lower than in 2019, the DBF continued to seek efficiency savings and unanticipated additional vacancies, whilst operationally challenging, once again had a positive impact on the operating shortfall.

A draw down from unrestricted reserves of up to **£2.1 million** (being £2.5 million less anticipated investment gains) was approved for 2024 by Diocesan Synod at its meeting in November 2024. This allowed for a combination of further investment in the Growth Strategy and also a continuing transitional necessity resulting from the reduction in income from the Church Commissioners and the lead time necessary to reach a corresponding uplift in Free Will Offerings. The Trustees assessed that the Diocese had adequate reserves to fund this in year shortfall. Safeguarding the future finances of the Diocese is a key part of the on-going strategic consultations and achieving sustainable parish giving will continue to be a vital factor in the Diocese's financial security in the future.

Designated funds:

£75,000 was drawdown from designated funds (2022 £70k drawdown) at the year-end towards the Mustard Seed Project (being the Benefact Trust grant spent in support of that project in the year).

Restricted funds:

Restricted funds showed a net excess of income over expenditure of **£373,000** before investment gains, losses or transfers (2022: £232,000). In 2022, grants from the National Church of £568,000 were received to support clergy and Parishes with energy costs and had been substantially allocated before the end of that year.

Endowed funds:

Endowed funds showed an excess of income over expenditure of **£927,000** before non property related investment gains or transfers (2022: £733,000 surplus). This related to gains arising following the sale of various properties.

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The excess of expenditure over income across all funds amounted to **£714,000** compared with a £206,000 deficit in 2022.

Fixed Asset investments are included on the balance sheet at year end valuation. The impact of net unrealised and realised investment gains for the year of £2,609,000 (2022: £3,637,000 loss) improved the results to a net total surplus for the year of **+£1,895,000** compared with an overall decrease in funds of £3,843,000 in 2022. Out of this net income various transfers were made between funds, as detailed in note 13.

Significant Property Transactions

There were a number of property sales and purchases during 2023 as the Diocesan policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church

£1,256,000 of land and buildings were purchased during the year compared to £818,000 in 2022. During the year, the Diocese disposed of former clergy housing with a total book value of £453,000 realising net sales proceeds of £1,421,000 and a gain on sale of £968,000.

Glebe land, which is included within investments, was disposed of for £207,000 (2022: £117,000), representing a gain on sale of £143,000 (2022:£53,000 gain).

Balance sheet position

The Trustees consider that the balance sheet and notes demonstrate that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled **£107,371,000** (2022: £105,476,000) it must be noted that included in this total are properties, mostly in use for the ministry, whose net book value amounted to **£49,886,000** (2022: £49,085,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds or as endowments and cannot necessarily be expended for the general purposes of the YDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 4 months budgeted unrestricted expenditure. At 31 December 2023 the amount required under this policy totalled **£4.7m** (2022: £4.9m). Actual free reserves as at 31 December 2023 totalled **£6.2m** (2022 £8.1m), which is equivalent to just over 5 months of budgeted unrestricted operating expenditure.

Whilst this level of reserves is above the minimum prudent level set by the trustees, it is considered to be currently necessary to hold them in the light of changes to the Church Commissioners' funding for the Diocese, the budgeted operating shortfall for 2024 (which includes the final year of six years' match funding for the 20s-40s strategic investment), the decline in Free Will Offering, and also possible reduction of contributions to local parishes and/or Free Will Offerings in response to issues in the wider Church. The Trustees are monitoring the rate at which the reserves are reducing and have plans

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to support the strategic initiatives via a release of fixed assets. The option to utilise Total Return legislation to release funding for future projects is kept under review by the Trustees as is the ability of the Common Fund to support the currently agreed levels of stipendiary ministry.

Reserves held as fixed assets

The general fund comprises net assets amounting to £11,640,000 of which £4,756,000 are tangible fixed assets.

Restricted and endowment funds

As set out in notes 20 to 22, YDBF holds and administers a number of endowment and restricted funds. As at 31 December 2023 endowment funds totalled £80.4m (2022: £79.0m) and restricted funds totalled £15.1m (2022: £13.2m). The capital in the endowment funds is not available for the general purposes of the YDBF. The Pastoral Account, as set up under the Pastoral Measure, is technically restricted and shown as such in the annual accounts. However, once obligations under the Measure are met, its purposes do allow funds to be transferred to the Stipends Capital Endowment fund or to be used for other purposes at the discretion of the Board. Further details are given in note 22. The sustainability model for Living Christ's Story assumes that, over the next five years, some of the transfers to the Pastoral Account (from further planned asset disposals) will continue to be drawn down to help finance the period of transition to new patterns of ministry resourcing, with the remainder retained and invested for income to support stipends.

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement, and ability to draw down from invested funds, demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence, the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

Even allowing for the continuing impact of both the reduction in attendance and parish income, that has not yet recovered following the Coronavirus pandemic, and inflation on the level of parish contributions to the Common Fund, the Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Grant making policy

The Memorandum of Association of the YDBF explicitly permits the YDBF to make grants in pursuance of its objects. The nature of grants made in 2023 is explained in note 11.

Investment policy

The YDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the YDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The YDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify

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appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The Trustees' investment policy is to spread the YDBF's investments between Evelyn (previously called Smith & Williamson) and CCLA. Evelyn work on a discretionary basis and are mandated to achieve a total return of CPIH plus 4% after costs over the medium term. Within the CCLA portfolio, the YDBF selects funds from the CBF range of funds for the Church of England, taking into account the objectives of each fund in the context of the YDBF's own objectives for income and long term capital growth. The long term total return objective of the CBF Investment Fund is CPI plus 5% p.a before costs. The CBF Property Fund aims to deliver a high income yield with capital growth over time. Both managers are required to adhere to the policies of the Church of England's Ethical Investment Advisory Group. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2023 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	14,137	40.1%	3.0%	12.6%
CBF Property Fund	1,350	3.8%	5.0%	-1.2%
CBF Deposit Fund	570	1.6%	4.5%	4.5%
Evelyn Managed	19,221	54.5%	2.4%	9.7%
	<u>35,278</u>	100.0%		

The Investment Group meets with the Investment Managers twice each year and regularly reviews the performance of the funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification and management of risk. To achieve this, the Trustees have engaged with the management team to consider the principal risks to which the YDBF is exposed and to prioritise a mitigation strategy. The Risk Register is regularly reviewed by the appropriate sub-committees and officers (under the oversight of the Audit Committee), to ensure that all risks are proportionally addressed in line with the YDBF's risk management policy and that all mitigating controls are operating effectively.

The highest risk areas for the Company; those that could have a significant impact on the organisation's ability to achieve its strategic aims, have been identified as being in the following areas:

1. Safeguarding - the risk that there is an occurrence of abuse (or allegation of historic abuse) by someone working for or on behalf of the Diocese. The mitigating controls are as follows:
 - The YDBF retains appropriately trained safeguarding professionals who are following clear policies and protocols aligned to National Church guidelines;
 - Compulsory training is provided to all relevant staff;
 - An independently chaired safeguarding advisory panel governs the effectiveness of YDBF practices; and
 - All parishes are required to adhere to nationally agreed House of Bishops policies and practices with support provided by the safeguarding team.

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2. Reliance on key management staff and clergy:

- a) the risk that vacancies in key posts and under-resourcing of the Diocesan offices and key central functions could lead to a breakdown in the delivery of the Diocesan mission and stewardship of its assets. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - Shared access to systems and documented processes to enable continuity on core processes to be maintained for key activities in the event of a significant vacancy or absence; and
 - The Trustees will continue to review the staffing of central functions as part of the development of the strategic plans.
- b) the risk that clergy and other key leaders will not have the capacity to deliver the strategic goals in relation to growth either due to individual capability or there being too many demands placed on limited parish resources. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - The Diocesan Leadership Team, supported principally by the Director for Strategic Transformation and the Director of Mission & Ministry, are responsible for ensuring that the demands being placed on parishes are being coordinated and accompanied by appropriate levels of support and training.

3. The risk that the YDBF is unable to meet its strategic aims due to financial constraints as a result of a decline in parish Free Will Offerings, adverse investment conditions or reduction in funding from the Church Commissioners. The mitigating controls are:

- Strong engagement of the Diocesan Leadership Team, especially the Archdeacons, with parishes to ensure that commitments by parishes are honoured as far as is practically possible;
- Priority given to supporting clergy and lay leadership to grow local sustainability in terms of both attendance and giving;
- Strong budgetary control processes to identify adverse trends and consider the necessary medium and long term actions needed to address the underlying issues;
- Robust reserves policies to ensure that temporary shortfalls can be financed without the need for short term cuts; and
- Investment in strategic capacity to ensure that access to funding streams from the Church Commissioners is maximised.

In addition, the Trustees are keeping a number of areas of potentially significant extraordinary expenditure under close review. They will be factored into the ten year forecasts and the annual budget continues to allow for a contingency sufficient to cover immediate unanticipated costs. The areas being monitored for additional extraordinary and/or significant costs that would place financial pressures such that a reduction in core activities may become necessary include:

- Wydale Hall - Additional costs arising from non-insurable unanticipated shutdowns. Inability to cover the cost of major roof repairs from normal operating surpluses, requiring additional capital funding from YDBF reserves.
- Pensions – Fund liabilities increasing beyond currently forecasted levels.

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- Safeguarding – Uninsured compensation payments for historic cases. Additional resource costs for compliance with legislation or House of Bishops Regulations.
- Zero Net Carbon – the costs of achieving net-zero for DBF assets, support for parishes in achieving net-zero (including grants and impact on Free Will Offer), ongoing offsetting levies.

In addition to the fiscal policies identified in (3) above, close contact is maintained with the National Church Institutions and other dioceses to facilitate collaborative approaches to influence legislative changes that may lead to increased cost and seeking additional national funding streams to mitigate the impact of significant additional mandatory expenditure. This will be particularly important as the Trustees look at how to mitigate the risks, in terms of both financial and missional impact, associated with local disagreement with, for example, decisions made by the General Synod or the House of Bishops around services of blessing for those in same sex relationships.

At the time of the report (April 2024) five parishes have indicated that they would not wish to contribute directly to the Diocesan Common Fund. To date, four of these have undertaken to contribute via a facility administered by the Church of England Evangelical Council (CEEC) at levels similar to that pledged in recent years and two have committed to using that facility to pay the outstanding balance of Free Will Offer for the previous year.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese itself is divided into twenty one deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from (and partner with) neighbouring Dioceses and the National Church Institutions.

Organisational structure

The York Diocesan Board of Finance (YDBF) is a company limited by guarantee (No. 225234) and a registered charity (No. 244976) governed by its Standing Orders and its Memorandum and Articles of Association which were approved on 16 July 2009. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of York. It was established in its present form in 1927 and is successor in title to the York Diocesan Trustees.

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Its statutory governing body is the **Diocesan Synod**, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Archbishop, Suffragan Bishops and Archdeacons; clergy members elected by the houses of clergy in Deanery Synods; lay members elected by the houses of laity in Deanery Synods; up to five persons who may be co-opted by the house of clergy or the house of laity; and a maximum of 10 members nominated by the Archbishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Archbishop's Council and Standing Committee.

Archbishop's Council

The members of the Archbishop's Council and Standing Committee are also appointed to the Board of Directors, with the exception of the Bishop of Beverley and any member of the Council who is an employee of the Company. Archbishop's Council consists of 13 ex officio members, including the Archbishop, the four Suffragan Bishops and the three Archdeacons, four clergy elected by the house of clergy from among their number and eight lay persons elected by the members of the house of laity representing deaneries and a maximum of six Synod members nominated by the Archbishop.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of York, are set by the Diocesan Synod and the YDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the YDBF. The Trustees, meeting within the context of the Archbishop's Council & Standing Committee, hold up to five meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Acting as the Trustees of the YDBF
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Archbishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by various sub-committees including:-

Finance Sub-Committee: the role of the Finance Sub-committee is to provide focussed support to the directors of the YDBF so that they might better enable the mission of the diocese through sound financial management and transparent, open reporting. The responsibilities of the Finance Sub-

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Committee include:

- Monitoring the financial performance of the Diocese against budget and forecast;
- Approving the Management Accounts;
- Ensuring that appropriate Financial Statements are drawn up;
- Making recommendations on and monitoring the operation of the Common Fund including the process of making Free Will Offers;
- Reviewing and giving first stage approval to the budget;
- Making recommendations for the Board's approval on levels of stipends, salaries and pension provision;
- Acting for the Board in its capacity as Custodian Trustee in relation to third party investments;
- Making recommendations to the Board on the appointment of professional advisers;
- Monitoring entries in the Risk Register that relate to finance;
- Monitoring and reflecting updates to financial regulation;
- Ensuring the appropriate provision of HR expertise and policies in order to meet the obligations of the DBF; and
- Undertaking such other work as may be referred to it by the YDBF.

Property Sub-Committee: the Property Sub-Committee undertakes the YDBF's responsibilities under the Church Property Measure 2018; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Ecclesiastical Offices (Terms of Service) Measure 2011.

Diocesan Board of Education Sub-Committee: the Education Sub-Committee is a statutory sub-committee that exists to fulfil the YDBF's responsibilities under the Diocesan Boards of Education Measure 2021. In addition to its statutory responsibilities, the committee also oversees the support provided to parishes for their work with children, young people and families.

Diocesan Pastoral & Mission Sub-Committee: as far as is permissible under Ecclesiastical Law the functions of the Pastoral and Mission Committee as set out in the Mission and Pastoral Measure 2011 have been delegated to the Pastoral and Mission Sub-Committee. The primary function of the Committee is pastoral reorganisation in the Diocese of York, taking account of available clergy numbers and making use of new patterns of ministry. It also oversees the work of diocesan staff in relation to the management of church buildings that have been closed for regular worship, pending their disposal.

Audit Sub-Committee: the role of the committee is to monitor and report on the effectiveness of internal governance procedures and internal controls, including meeting with the external auditors, reviewing the statutory accounts and ensuring that the risk register is being appropriately maintained.

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Trustee recruitment and induction

Trustees are members of the Archbishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to provide updated declarations for the registers of skills and interests on a tri-annual basis. Some employees hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

Governance Matters

Diocesan Synod, the DBF and most Boards and Committees met on a pattern of online and in person meetings. Following elections to Diocesan Synod and Archbishop's Council, the new term of office for those elected to serve as Trustees of the DBF commenced on 1 January 2022. Newly elected members received Trustee Training, including reference to the 2020 Charity Governance Code (produced by the Good Governance Group), at its first residential meeting. The ongoing monitoring of governance and the periodic review of terms of reference of sub-committees is overseen by the Audit Committee and the Chairs of the Houses of Clergy and Laity of the Diocesan Synod.

Volunteers

YDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the YDBF greatly values and would want to acknowledge the considerable time given by all members of Boards, Committees and Working Groups – for each of them just a part of the practical outworking of what it means to be "Living Christ's Story".

Remuneration of key management personnel

Emoluments of key management personnel are determined through a process of job evaluation and with reference to market rates for equivalent jobs.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Chief Executive is given specific and general delegated authority to deliver the business of the YDBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The YDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the YDBF does not control them, and they are segregated

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from the YDBF's own assets by means of separate bank and investment accounts. The market value of funds held as custodian amounted to **£16,833,000** at 31 December 2023 (2022: £15,400,000). Custodian investments are summarised in note 28.

Funds held on behalf of schools

The Board of Education (as incorporated within the YDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2023 is **£109,000** (2022: £245,000).

OTHER RELATED PARTIES

The Diocese of York Educational Trust, which acts as a member of Academy Trusts and Multi-Academy trusts on behalf of the YDBF (the DBE being unincorporated) is a related party. A small grant is made by the DBE to support governance costs and the Trustees work closely with members of the DBE and the education team to support the Church of England Academies in the diocese. The YDBF also has operational links with Church of England schools in the Diocese, but as the nature of the relationship does not satisfy the requirements for control under the accounting standards, they are not disclosed within the accounts.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in note 27 to the financial statements.

Although the following are not related parties under accounting regulations, there are a number of bodies that the YDBF works closely with, these include:

- The Archbishops' Council to which the YDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The Archbishop's Council allocate funding to dioceses from the Church Commissioners under legislation and regulations established by the General Synod of the Church of England.
- The Church Commissioners from which the YDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The YDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the YDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- DBE Services, of which the YDBF is a member, provides services to Church Schools. Any profits are returned to the member dioceses via charitable donations and are designated by the trustees to support the work of the education team.
- Together Middlesbrough and Cleveland, a charitable company limited by guarantee, which exists to work in partnership with Christian based charities in the north of the diocese for

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the relief of hardship and the wellbeing of those in need. YDBF is a member, alongside the Church Urban Fund, but receives no benefit and does not make any financial contribution.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of YDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the YDBF 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 YDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the YDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

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STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Saffery LLP have expressed their willingness to continue in office as auditor for the next financial year and are deemed to be reappointed under Section 487 (2) of the Companies Act 2006 until otherwise resolved at a General Meeting of the Company.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2023. The following Trustees were in post at the date of this report (those who served for some of 2023 are shown in *italics*):

Ex-officio:

Chair–	Mr C R Barton
The Dean of York –	The Very Reverend Dominic Barrington
The Archbishop of York –	The Most Reverend & Right Honourable S Cottrell
The Bishop of Whitby –	The Right Reverend PJ Ferguson (Vice-Chairman)
The Bishop of Selby –	The Right Reverend Dr JB Thomson
The Bishop of Hull –	The Right Reverend E Sanderson
The Archdeacon of Cleveland –	The Venerable A Bloor
The Archdeacon of the East Riding –	The Venerable AC Broom
The Archdeacon of York –	The Venerable SJ Rushton

The Chair of the House of Laity -	Dr N Land
The Chair of the House of Clergy -	The Reverend R Walker (<i>resigned 15 January 2024 and stood down as Chair of the House of Clergy 18 November 2023</i>)
	The Reverend R Lumley – <i>existing Trustee but as appointed as Chair of the House of Clergy 18 November 2023</i>)

Elected by:

Synod House of Clergy	<i>The Reverend FR Mayer-Jones (resigned 6 May 2023)</i>
	The Reverend E Hassall
	The Reverend Canon S Sherriff
	<i>Rev M Rolls (appointed 11 December 2023)</i>

Synod House of Laity	Miss KM Banks
	Dr NA Burgess
	Mr D Millican
	Canon RPA Brewer
	Dr G Boag-Munroe
	Dr D Craven
	Dr G Parr
	Dr T Scott

Co-opted by the Archbishop	<i>Rev R Suekarran (appointed 11 December 2023)</i>

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Senior staff and advisers

Diocesan Secretary & Chief Executive	Canon PJ Warry
Director of Finance	Mrs K Rose
Director of Education	Mr AK Smith
Director of Communications & Parish Resourcing	Mr M Sheppard
Director of Mission & Ministry	The Revd I McIntosh
Director for Strategic Transformation	Miss S Nicol (to 3 June 2024)
Head of Safeguarding	Mr R Marshall
Assistant Diocesan Secretary	Ms SA Davies (to 6 April 2024)

Registered Office:	Diocese of York, Amy Johnson Way, Clifton Moor, York, YO30 4XT
Bankers	Barclays Bank PLC, 1-3 Parliament Street, York, YO1 8SE
Auditors	Saffery LLP, Mitre House, North Park Road, Harrogate, HG1 5RX
Solicitors	Lupton Fawcett LLP, Stamford House, Piccadilly, York, YO1 9PP and Womble Bond Dickenson LLP The Spark, Draymans Way, Newcastle Helix, Newcastle Upon Tyne, UK NE4 5DE
Investment advisers	CCLA Investment Management Ltd 1 Angel Lane, London, EC4R 3AB and Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 2BJ
Glebe Agents	Savills, River House, 17 Museum Street, York, YO1 7DJ and Dee, Atkinson & Harrison, The Exchange, Exchange Street, Driffield. YO25 6LD
Insurers	Ecclesiastical Insurance Office plc, Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester. GL3 4AW

In approving this Trustees’ Report, the Trustees are also approving the Strategic Report included on pages 4 – 18 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

Signed by:

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Mr CR Barton
Chairman

2024
19 July 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE YORK DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of the York Diocesan Board of Finance Limited for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including the 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 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work 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 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report, which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and strategic 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, or returns adequate for our audit have not been received from branches not visited by us; 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 pages 23, 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measure.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the 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.

Saffery LLP

Sally Appleton (Senior Statutory Auditor)
For and on behalf of Saffery LLP,
Chartered Accountants, Statutory Auditors

Mitre House

North Park Road
Harrogate
HG1 5RX

31 July 2024

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

For the year end 31 December 2023

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2023	Total funds 2022
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Grants and donations	2					
Parish contributions		7,188	-	-	7,188	7,044
Archbishops' Council		1,650	1,219	-	2,869	3,125
Other grants and donations		47	221	-	268	268
Charitable activities	3	997	714	-	1,711	1,889
Other activities	4	404	-	-	404	332
Investments	5	1,477	116	-	1,593	1,403
Other	6	137	-	968	1,105	433
Total		11,900	2,270	968	15,138	14,494
Expenditure on						
Raising Funds	7	382	-	-	382	293
Charitable activities						
General charitable activities	8	13,532	1,897	41	15,470	14,552
(Gains) on clergy pension scheme	25	-	-	-	-	(145)
Total		13,914	1,897	41	15,852	14,700
Net (expenditure)/income before investment gains and losses		(2,014)	373	927	(714)	(206)
Net gains/(losses) on investments	20	642	307	1,660	2,609	(3,637)
Net (expenditure)/income		(1,372)	680	2,587	1,895	(3,843)
Transfers between funds	13	87	1,129	(1,216)	-	-
Net movement in funds		(1,285)	1,809	1,371	1,895	(3,843)
Total funds brought forward		13,183	13,298	78,995	105,476	109,319
Total funds carried forward	20	11,898	15,107	80,366	107,371	105,476

All activities derive from continuing activities. The notes on pages 34 to 62 form part of the financial statements.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year end 31 December 2023

	Total 2023	Total 2022
	£'000	£'000
Total income	14,170	13,748
Total expenditure	(15,811)	(14,687)
Operating (deficit) for the year	(1,641)	(939)
Net gains/(losses) on investments	949	(1,671)
Net (expenditure) for the year	(692)	(2,610)
Other comprehensive expenditure/income	-	-
Net assets transferred from/(to) endowments	1,216	(161)
Total comprehensive income	524	(2,771)

The Income and Expenditure Account is derived from the Statement of Financial Activities, with movements in endowment funds and investment gains/losses excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

At 31 December 2023

Company number - 225234		2023		2022	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		49,886		49,085
Investments	15		54,014		51,683
			<u>103,900</u>		<u>100,768</u>
Current assets					
Debtors	17	1,865		1,133	
Cash on deposit		2,423		4,004	
Cash at bank and in hand		<u>1,694</u>		<u>1,217</u>	
		5,982		6,354	
Creditors: amounts falling due within one year	18	<u>(2,458)</u>		<u>(1,593)</u>	
NET CURRENT ASSETS			<u>3,524</u>		<u>4,761</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			107,424		105,529
Creditors: amounts falling due after more than one year	19		(53)		(53)
NET ASSETS			<u><u>107,371</u></u>		<u><u>105,476</u></u>
FUNDS					
Endowment funds			80,366		78,995
Restricted income funds			15,107		13,298
Unrestricted income funds:					
General - other			6,884		8,092
General - represented by tangible fixed assets			4,756		4,758
Designated			258		333
Total funds	22		<u><u>107,371</u></u>		<u><u>105,476</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 19 July 2024

Signed by:



19 July 2024

Mr CR Barton
Chairman

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

For the year end 31 December 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(2,759)		(1,704)
Cash flows from investing activities				
Dividends and interest from investments	1,076		860	
Proceeds from sale of:				
Tangible fixed assets	1,421		553	
Fixed asset investments	3,816		1,761	
Closed Churches	136		-	
Purchase of:				
Tangible fixed assets for the use of the YDBF	(1,256)		(818)	
Fixed asset investments	(3,538)		(1,885)	
Net cash provided by investing activities		1,655		471
Change in cash and cash equivalents in the reporting period		(1,104)		(1,233)
Cash and equivalents at 1 January		5,221		6,454
Cash and equivalents at 31 December		4,117		5,221
Reconciliation of net income to net cash flow from operating activities				
Net (expenditure) for the year ended 31 December		(714)		(206)
Adjusted for:				
Depreciation charges		2		3
Dividends and interest from investments		(1,076)		(860)
Profit on sale of functional assets		(968)		(432)
Profit on disposal of closed churches		(136)		-
(Increase)/decrease in debtors		(732)		40
Increase/(decrease) in creditors		865		(249)
Net cash used in operating activities		(2,759)		(1,704)
Analysis of cash and cash equivalents				
Cash at bank and in hand		1,694		1,217
Notice deposits (less than 3 months)		2,423		4,004
		4,117		5,221

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS102)) second edition effective 1 January 2019, the Companies Act 2006 and applicable accounting standards (FRS102).

Going Concern:

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook and that there is no material uncertainty relating to going concern.

The Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the YDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Freewill Offering** is recognised as income of the year in respect of which it is received.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

Grant income in respect of the Coronavirus Job Retention Scheme is included in other income and is recognised in the same period as the staff costs to which it relates.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the YDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Permanent endowment funds (Stipends Capital Fund)**. This account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
- ix) **Permanent endowment funds (Ordination Candidates Council Fund, First Lord Grimthorpe's Trust and Local Trusts' Stipend Fund)**. The income is fully expended within the year of receipt and the terms of the funds, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the YDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The YDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the YDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which YDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The YDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Trustees review the YDBF's assets for indications of impairment each year. Where indicators of impairment are identified the affected assets are written down to the recoverable amount, which is the higher of the asset's fair value and its value in use. The impairment losses are recognised in expenditure.

Where expenditure on refurbishing a property exceeds £15,000 it is capitalised if it adds value to the property.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. The respective property and loan are carried at historical cost.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The YDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The YDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historical cost.

Valuation of fixed assets

Parsonages, team vicarages and general fund owned houses are carried at historical cost. A number of properties were first recognised at the relevant 1994 council tax band value, which is now treated as historical cost.

d) Other tangible fixed assets

All capital expenditure over £2,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computer Equipment	25% per annum	straight line basis
Furniture and equipment	25% per annum	straight line basis

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The YDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the YDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the YDBF. There are two types of unrestricted funds:
 - **General funds** which the YDBF intends to use for the general purposes of the YDBF and
 - **Designated funds** set aside out of unrestricted funds by the YDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

1. ACCOUNTING POLICIES (continued)

- **Endowment** funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the YDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches. Trusts where the YDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Assessment of residual value of freehold property when determining whether or not depreciation is required – see above;
- Calculation of depreciation – see details set out at 1d) above; and
- Accounting for pensions – the key assumptions underpinning any pension creditor reflected in these accounts are set by the Church of England Pensions Board and then reviewed and accepted or challenged by the Trustees.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2023

2. DONATIONS

2a. Parish Contributions

The majority of donations are collected from parishes through the Freewill Offering system.

2023	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Parish contributions to the Common Fund				
Current year contributions	7,084	-	-	7,084
Receipts for previous years	104	-	-	104
Total income	7,188	-	-	7,188
2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Parish contributions to the Common Fund				
Current year contributions	6,977	-	-	6,977
Receipts for previous years	67	-	-	67
Total income	7,044	-	-	7,044

2b. Archbishops' Council

2023	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Resourcing Education Ministry	-	154	-	154
Grant for low income dioceses	1,650	-	-	1,650
Other grants	-	1,065	-	1,065
Total income	1,650	1,219	-	2,869
2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Resourcing Education Ministry	-	303	-	303
Grant for low income dioceses	1,694	-	-	1,694
Other grants	-	1,128	-	1,128
	1,694	1,431	-	3,125

The above are grants from the National Church.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

2. DONATIONS (continued)

2c. Other grants and donations

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Benefact Trust Grant	-	147	-	147
Other grants, donations and legacies	47	74	-	121
	<u>47</u>	<u>221</u>	<u>-</u>	<u>268</u>

2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Benefact Trust Grant	-	168	-	168
Other grants, donations and legacies	74	26	-	100
	<u>74</u>	<u>194</u>	<u>-</u>	<u>268</u>

3. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Statutory fees	635	-	-	635
Generated income	22	-	-	22
Chaplaincy and other	134	44	-	178
Diocesan Board of Education	206	63	-	269
Wydale Hall	-	607	-	607
	<u>997</u>	<u>714</u>	<u>-</u>	<u>1,711</u>

2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Statutory fees	611	-	-	611
Generated income	23	-	-	23
Chaplaincy and other	135	50	-	185
Diocesan Board of Education	157	52	314	523
Wydale Hall	-	547	-	547
	<u>926</u>	<u>649</u>	<u>314</u>	<u>1,889</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2023

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Housing income	404	-	-	404
2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Housing income	332	-	-	332

5. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Dividends receivable	917	113	-	1,030
Interest receivable	43	3	-	46
Rental receivable	517	-	-	517
	1,477	116	-	1,593
2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Dividends receivable	804	44	-	848
Interest receivable	8	4	-	12
Rental receivable	543	-	-	543
	1,355	48	-	1,403

6. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Gain on sale of properties	-	-	968	968
Other income	1	-	-	1
Disposal of closed churches	136	-	-	136
	137	-	968	1,105
2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Gain on sale of properties	-	-	432	432
Disposal of closed churches	1	-	-	1
	1	-	432	433

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

7. FUNDRAISING COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Investment Manager's Fees	78	-	-	78
Property agent's fees	164	-	-	164
Other rented property costs	140	-	-	140
	<u>382</u>	<u>-</u>	<u>-</u>	<u>382</u>
2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Investment Manager's Fees	32	-	-	32
Property agent's fees	168	-	-	168
Other rented property costs	93	-	-	93
	<u>293</u>	<u>-</u>	<u>-</u>	<u>293</u>

8. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	205	-	-	205
Grants & provisions	36	-	-	36
Mission agency pension costs	11	-	-	11
Retired clergy housing costs	139	-	-	139
Ordinand maintenance grants - pooling adjustment	64	-	-	64
	<u>806</u>	<u>-</u>	<u>-</u>	<u>806</u>
Resourcing Ministry and Mission				
Parish ministry and chaplaincy				
Parochial clergy stipends, national insurance and pensions	5,905	417	-	6,322
Housing costs	2,984	-	-	2,984
Removal, resettlement and grants	217	-	-	217
Other costs	71	128	-	199
Resourcing Ministerial Education	<u>-</u>	<u>141</u>	<u>-</u>	<u>141</u>
	<u>9,177</u>	<u>686</u>	<u>-</u>	<u>9,863</u>
Support for parish ministry	<u>3,037</u>	<u>638</u>	<u>-</u>	<u>3,675</u>
Wydale Hall	<u>-</u>	<u>560</u>	<u>-</u>	<u>560</u>
	<u>12,214</u>	<u>1,884</u>	<u>-</u>	<u>14,098</u>
Expenditure on Education				
Support for church schools and parishes	512	13	41	566
	<u>13,532</u>	<u>1,897</u>	<u>41</u>	<u>15,470</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

8. CHARITABLE ACTIVITIES (continued)

2022 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Contributions to Archbishops' Council				
Training for ministry	350	-	-	350
National Church responsibilities	215	-	-	215
Grants & provisions	30	-	-	30
Mission agency pension costs	15	-	-	15
Retired clergy housing costs	132	-	-	132
Ordinand maintenance grants - pooling adjustment	86	-	-	86
	<u>828</u>	<u>-</u>	<u>-</u>	<u>828</u>
Resourcing Ministry and Mission				
Parish ministry and chaplaincy				
Parochial clergy stipends, national insurance and pensions	6,362	314	-	6,676
Housing costs	2,225	-	-	2,225
Removal, resettlement and grants	100	-	-	100
Other costs	62	72	-	134
Resourcing Ministerial Education	<u>-</u>	<u>275</u>	<u>-</u>	<u>275</u>
	8,749	661	-	9,410
Support for parish ministry	2,333	896	-	3,229
Wydale Hall	-	522	-	522
	<u>11,082</u>	<u>2,079</u>	<u>-</u>	<u>13,161</u>
Expenditure on Education				
Support for church schools and parishes	539	11	13	563
	<u>12,449</u>	<u>2,090</u>	<u>13</u>	<u>14,552</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2023 £'000
Raising Funds	382	-	-	382
Charitable Activities:				
Contributions to Archbishops' Council	-	806	-	806
Resourcing parish ministry	12,228	521	789	13,538
Education	461	2	103	566
Retreat Centre	452	-	108	560
(Gains) on clergy pension scheme	-	-	-	-
	13,523	1,329	1,000	15,852

2022 comparatives	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2022 £'000
Raising Funds	293	-	-	293
Charitable Activities:				
Contributions to Archbishops' Council	-	828	-	828
Resourcing parish ministry	11,127	826	685	12,639
Education	476	2	86	563
Retreat Centre	422	-	100	522
(Gains) on clergy pension scheme	(145)	-	-	(145)
	12,173	1,656	871	14,700

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2023

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Central Support	383	124	-	507
Support for Schools	103	-	-	103
Retreat Centre	-	108	-	108
Governance:				
Boards and committees	4	-	-	4
External Audit	32	-	-	32
Registrar & Chancellor	150	-	-	150
Synodical costs	20	-	-	20
Allocation of central support costs	76	-	-	76
	768	232	-	1,000

2022 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Central Support	394	38	-	432
Support for Schools	86	-	-	86
Retreat Centre	-	100	-	100
Governance:				
Boards and committees	9	-	-	9
External Audit	30	-	-	30
Registrar & Chancellor	131	-	-	131
Synodical costs	12	-	-	12
Allocation of central support costs	71	-	-	71
	733	138	-	871

11. ANALYSIS OF GRANTS MADE

11. ANALYSIS OF GRANTS MADE				2023
	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	806	806
From unrestricted funds				
PCCs for faculty fees	148	-	35	35
PCCs for Repairs to Church Buildings	24	-	8	8
Ordinands in training	10	82	-	82
Clergy for training	43	12	-	12
Resettlement Grants	39	217	-	217
Diocese of York Educational Trust	1	-	2	2
Other grants	4	-	6	6
From restricted funds				
PCCs for Repairs to Church Buildings	2	-	6	6
Clergy for energy grants	36	37	-	37
PCCs for energy grants	32	0	21	21
Other grants	1	-	4	4
PCCs for Mustard Seed projects	44	-	93	93
	384	348	175	523
Total	396	348	981	1,329

THE YORK DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2023
11. ANALYSIS OF GRANTS MADE (continued)

				2022
2022 comparative	Number	Individuals	Institutions	Total
From unrestricted funds for national church responsibilities		£'000	£'000	£'000
Contributions to Archbishops' Council	12	-	828	828
From unrestricted funds				
PCCs for faculty fees	145	-	34	34
PCCs for Repairs to Church Buildings	13	-	13	13
Ordinands in training	16	88	-	88
Clergy for training	38	14	-	14
Resettlement Grants	39	100	-	100
Diocese of York Educational Trust	1	-	1	1
Other grants	4	-	4	4
From restricted funds				
PCCs for Repairs to Church Buildings	7	-	12	12
Clergy for energy grants	38	56	-	56
PCCs for energy grants	440	-	450	450
Other grants	2	-	7	7
PCCs for Mustard Seed projects	16	-	49	49
	759	258	570	828
Total	771	258	1,398	1,656

12. STAFF COSTS

Employee costs during the year were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	2,469	2,248
National insurance contributions	246	231
Pension Costs - Current Year	261	251
	2,976	2,730
Pension Costs - (Surplus)/Deficit	-	(261)
	2,976	2,469

	Funded via general fund	Externally funded	Total Number	Total Number
The average number of persons employed during the year :				
Archdeaconry based roles	4.0	-	4.0	4.5
Living Christ's Story (including Multiply & Mustard Seed)	4.0	9.4	13.4	9.8
Safeguarding and Pastoral Care	5.4	-	5.4	5.1
Mission & Ministry - Training, Vocations & School of Ministry	8.8	0.0	8.8	7.8
Education	5.8	3.4	9.2	10.0
Other Diocesan Office based posts	19.4	0.6	20.0	20.5
Longhill	-	-	-	2.0
Other externally funded posts	-	3.3	3.3	3.3
	47.4	16.7	64.1	63.0
Parochial Posts	3.2	-	3.2	2.9
Wydale Hall	-	8.9	8.9	8.7
	50.6	25.6	76.2	74.6

The average number of persons employed during the year based on full-time equivalents:

	Funded via general fund	Externally funded	Total Number	Total Number
Archdeaconry based roles	2.5	-	2.5	2.7
Living Christ's Story (including Multiply & Mustard Seed)	3.5	7.4	10.9	8.2
Safeguarding and Pastoral Care	4.4	-	4.4	4.3
Mission & Ministry - Training, Vocations & School of Ministry	8.0	-	8.0	7.0
Education	4.8	2.6	7.4	8.7
Other Diocesan Office based posts	18.2	0.6	18.8	19.6
Longhill	-	-	-	0.7
Other externally funded posts	-	2.7	2.7	2.7
	41.4	13.3	54.7	53.9
Parochial Posts	2.4	-	2.4	2.4
Wydale Hall	-	6.0	6.0	6.0
	43.8	19.3	63.1	62.3

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2023

12. STAFF COSTS (continued)

The number of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:

	2023	2022
£60,000 - £70,000	2	2
£70,000 - £80,000	3	1

Pension payments of **£44,667** (2022: £31,305) were made to these employees.

Payments to 2 people on termination of employment totalling £25,000 (2022: £25,000) have been made during the year.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2023 they were:

Diocesan Chief Executive	Canon PJ Warry
Assistant Diocesan Secretary	Ms SA Davies
Director of Finance	Mrs K Rose
Diocesan Director of Education	Mr AK Smith
Director of Communications and Parish Resourcing	Mr M Sheppard
Director of Mission & Minsitry	The Reverend I McIntosh
Director of Strategic Transformation	Ms S Nicol

Remuneration, pensions and benefits for these employees amounted to £544,826 (2022: £476,947).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 13 (2022: 8) of the Trustees received travelling and out of pocket expenses, totalling **£20,964** (2022 - £11,287) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the YDBF during the year:

	Stipend	Housing
The Most Reverend & Right Honourable S Cottrell	No	No
TheVery Reverend D Barrington	No	No
The Right Reverend PJ Ferguson	No	Yes
The Right Reverend JB Thomson	No	Yes
The Right Reverend Dr E Sanderson	No	Yes
The Venerable AC Broom	Yes	Yes
The Venerable SJ Rushton	Yes	Yes
The Venerable A Bloor	Yes	Yes
The Reverend R Walker (resigned 15 January 2024)	Yes	Yes
The Reverend FR Mayer-Jones (resigned 6 May2023)	Yes	Yes
The Reverend Canon S Sherriff	Yes	Yes
The Reverend R Lumley	Yes	Yes
The Reverend E Hassall	Yes	Yes
The Reverend M Rolls (appointed 11 December 2023)	Yes	Yes
The Reverend R Suekarran (appointed 11 December 2023)	Yes	Yes

The YDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The YDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the Archbishop and cathedral staff.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

12. STAFF COSTS (continued)

The YDBF paid an average of 186 (2022 – 185) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs are shown below. These posts include part time posts and are equivalent to 168 (2022 - 178) full time posts.

	2023 £'000	2022 £'000
Stipends	4,762	4,872
National insurance contributions	395	424
Pension costs - current year	1,224	1,555
Pension costs - deficit reduction	-	199
	<u>6,381</u>	<u>7,050</u>

The stipends of the Bishops were paid and funded by the Church Commissioners.

The stipends of the Archbishop and Suffragan Bishops are funded by the Church Commissioners and are in the range **£39,952-£77,312** (2022 range £38,050 - £73,630). The annual rate of stipend, funded by the YDBF, paid to Archdeacons in 2022 **£39,048** (2022 £37,188) and other clergy who were Trustees were paid in the range **£27,192- £28,942** (2022 range £26,892 - £27,564). Stipend levels are set on the basis that housing is provided, and that costs relating to the provided housing (including rent, Council Tax, water charges, maintenance, and building insurance) are paid on behalf of clergy.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Property related:				
Parsonages Houses Fund to the Pastoral Account	-	-	976	(976)
Diocesan Parsonages Board from Pastoral Account	-	-	347	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(347)	-
Parsonage houses Fund from Stipend Capital Fund	-	-	-	30
Parsonage houses Fund to Stipend Capital Fund	-	-	-	(30)
Diocesan Parsonage Board Fund from Parsonages House Fund	-	-	240	(240)
Other transfers:				
General fund (to)/from designated funds	75	(75)	-	-
General fund from Education UST income fund	-	-	-	-
Pastoral Account to the General Fund	76	-	(76)	-
Reduction of the clergy pension deficit	-	-	-	-
Sundry other transfers	11	-	(11)	-
	<u>162</u>	<u>(75)</u>	<u>1,129</u>	<u>(1,216)</u>

Many of the transfers made between funds during 2023 relate to property transactions. There were 3 property sales, 3 purchases and 2 redesignations following a change in use and a pastoral reorganisation.

The other main transfers relate to movements between general and designated funds re funds set aside for Mustard Seed

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
2022 comparative				
Property related:				
Parsonages Houses Fund to the Pastoral Account	-	-	323	(323)
Diocesan Parsonages Board to Pastoral Account	-	-	57	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(57)	-
General Fund to the Parsonage House Fund- property	(120)	-	-	120
General Fund to the Stipend Capital Fund - property	(20)	-	-	20
Other transfers:				
General fund (to)/from designated funds	70	(70)	-	-
General fund from Education UST income fund	47	-	(47)	-
Pastoral Account to the General Fund	1,520	-	(1,520)	-
reduction of the clergy pension deficit	(344)	-	-	344
Sundry other transfers	13	-	(13)	-
	<u>1,166</u>	<u>(70)</u>	<u>(1,257)</u>	<u>161</u>

Many of the transfers made between funds during 2022 relate to property transactions. The other main transfers relate to:

- Movements between general and designated funds re funds set aside for Mustard Seed
- Transfer of funds from the Uniform Statutory Trust income account, which were used towards the work of the education team
- A £1.5million transfer from the Pastoral account to the General fund as budgeted, to replenish the general fund for the Diocesan share of the Mustard Seed and Multiply projects
- Transfer relating the clergy pension deficit (note 25)

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

14. TANGIBLE FIXED ASSETS - Land & Buildings

	Wydale Hall £000	Education Properties £000	Freehold Properties £000	Diocesan Office £000	Office Equipment £000	Total £000
Cost						
At 1 January 2023	1,950	81	46,711	963	134	49,839
Additions	-	-	1,256	-	-	1,256
Disposals	-	-	(453)	-	-	(453)
At 31 December 2023	<u>1,950</u>	<u>81</u>	<u>47,514</u>	<u>963</u>	<u>134</u>	<u>50,642</u>
Depreciation						
At 1 January 2023	-	-	625	-	129	754
Charge for the year	-	-	-	-	2	2
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2023	<u>-</u>	<u>-</u>	<u>625</u>	<u>-</u>	<u>131</u>	<u>756</u>
Net book value						
At 31 December 2023	<u>1,950</u>	<u>81</u>	<u>46,889</u>	<u>963</u>	<u>3</u>	<u>49,886</u>
At 31 December 2022	<u>1,950</u>	<u>81</u>	<u>46,086</u>	<u>963</u>	<u>5</u>	<u>49,085</u>

All of the properties in the balance sheet are freehold and are vested in the YDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to **£148,000** (2022: £148,000).

15. FIXED ASSET INVESTMENTS

	At 1 January 2023 £000	Additions £000	Disposals £000	Change in Market Value £000	At 31 December 2023 £000
Investment Property	18,799	-	(63)	-	18,736
Listed Investments	17,973	3,287	(3,579)	1,305	18,986
Unlisted Investments	14,911	251	(13)	1,143	16,292
	<u>51,683</u>	<u>3,538</u>	<u>(3,655)</u>	<u>2,448</u>	<u>54,014</u>

16. FINANCIAL INSTRUMENTS

	2023 £000	2022 £000
Financial assets measured at fair value	<u>34,693</u>	<u>32,577</u>

Financial assets measured at fair value comprise listed and unlisted investments and value linked loans to parishes. Financial assets measured at amortised cost comprise cash and debtors. Financial liabilities measured at amortised cost comprise loans and other creditors.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

17. DEBTORS

	2023 £'000	2022 £'000
Due within one year		
Capital Work in Progress	108	40
Other debtors and prepayments	1,607	902
	<u>1,715</u>	<u>942</u>
Due after more than one year		
Loans to parishes	150	191
	<u>150</u>	<u>191</u>
Total debtors	<u>1,865</u>	<u>1,133</u>

18. CREDITORS: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	233	173
Other taxation and social security	14	69
Other creditors and accruals	1,101	910
Amounts held for other bodies	1,110	441
Pension Scheme Liabilities		
Church Workers' Pension Fund	-	-
Clergy Pension Scheme	-	-
	<u>2,458</u>	<u>1,593</u>
Total creditors amounts falling due within one year	<u>2,458</u>	<u>1,593</u>

19. CREDITORS: amounts after more than one year

	2023 £'000	2022 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	53	53
Pension scheme liabilities		
Church Workers' Pension Fund	-	-
Clergy Pension Scheme	-	-
	<u>53</u>	<u>53</u>
Total creditors: amounts falling due after more than one year	<u>53</u>	<u>53</u>
The maturity of the above loans may be analysed as follows:		
In five years and more	53	53
	<u>53</u>	<u>53</u>

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2023 the Board had no intention of disposing of any of those properties funded via VLLs.

During 2011 and 2012 a significant programme of mechanical and engineering work was carried out at Wydale Hall. The work was financed by a value-linked loan of £375,000 from the general reserves of the Diocese which is secured on the Hall. During 2015 the loan was increased by a further £47,000 to facilitate the refurbishment of the General Manager's living accommodation. There is no fixed term for repayment of the loan. As the DBF accounts include the results of Wydale Hall the creditor is not reflected within the above balances.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2023

20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2023 £'000
UNRESTRICTED FUNDS						
General	12,850	11,900	(13,914)	642	162	11,640
Designated						
Mustard Seed Fund	333	-	-	-	(75)	258
	<u>13,183</u>	<u>11,900</u>	<u>(13,914)</u>	<u>642</u>	<u>87</u>	<u>11,898</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,910	-	-	-	587	4,497
Pastoral Account	3,848	-	-	307	553	4,708
Resourcing Ministerial Education	188	154	(141)	-	-	201
Benefice Building Fund	3,499	112	-	-	-	3,611
Mission Support Fund	33	1	-	-	-	34
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	7	2	-	-	-	9
Ministry Fund	-	44	(34)	-	(10)	-
Wydale Hall	1,373	607	(559)	-	-	1,421
Board of Education	111	64	(13)	-	-	162
Multiply (20s-40s)	-	474	(474)	-	-	-
Restructuring	37	-	(28)	-	-	9
Mustard Seed Fund	-	220	(220)	-	-	-
Strategic Capacity Fund	-	285	(285)	-	-	-
Giving Advisor Fund	8	24	(24)	-	-	8
Position of First Responsibility	-	47	(30)	-	-	17
Energy Grant Funds	62	-	(58)	-	-	4
Longhill	4	-	(4)	-	-	-
Thorntree	-	3	(2)	-	-	1
Roof Alarm & Building Grants Funds	20	-	(7)	-	-	13
Multiply grant fund	18	-	(8)	-	-	10
South Africa Link Fund	1	-	-	-	-	1
Clergy Retreats	-	5	-	-	-	5
Benefact Trust	168	147	(10)	-	-	305
Carbon net zero	-	15	-	-	-	15
East Riding village churches	-	60	-	-	-	60
SPIDIR - spiritual direction funds	-	6	-	-	(1)	5
	<u>13,298</u>	<u>2,270</u>	<u>(1,897)</u>	<u>307</u>	<u>1,129</u>	<u>15,107</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	32,289	968	-	-	(1,186)	32,071
Board of Education	2,306	-	(41)	148	-	2,413
Permanent						
Stipends Capital Fund	43,544	-	-	1,474	(30)	44,988
Ordination Candidates Council	238	-	-	7	-	245
First Lord Grimthorpe's Trust	49	-	-	2	-	51
Local Trusts' Stipend Fund	569	-	-	29	-	598
	<u>78,995</u>	<u>968</u>	<u>(41)</u>	<u>1,660</u>	<u>(1,216)</u>	<u>80,366</u>
Total funds	<u><u>105,476</u></u>	<u><u>15,138</u></u>	<u><u>(15,852)</u></u>	<u><u>2,609</u></u>	<u><u>-</u></u>	<u><u>107,371</u></u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

20. SUMMARY OF FUND MOVEMENTS (continued)

2022 comparative	Balances at 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2022 £'000
UNRESTRICTED FUNDS						
General	14,311	11,426	(12,597)	(1,456)	1,166	12,850
Designated						
Mustard Seed Fund	403	-	-	-	(70)	333
	<u>14,714</u>	<u>11,426</u>	<u>(12,597)</u>	<u>(1,456)</u>	<u>1,096</u>	<u>13,183</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,853	-	-	-	57	3,910
Pastoral Account	5,315	-	1	(215)	(1,253)	3,848
Resourcing Ministerial Education	160	303	(275)	-	-	188
Benefice Building Fund	3,454	45	-	-	-	3,499
Faith in Education Fund	1	-	(1)	-	-	-
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	13	2	(8)	-	-	7
Ministry Fund	(2)	50	(38)	-	(10)	-
Wydale Hall	1,348	547	(522)	-	-	1,373
Board of Education	116	52	(10)	-	(47)	111
Multiply (20s-40s)	-	340	(340)	-	-	-
Restructuring	186	-	(149)	-	-	37
Mustard Seed Fund	-	177	(177)	-	-	-
Strategic Capacity Fund	-	20	(20)	-	-	-
Giving Advisor Fund	-	24	(16)	-	-	8
Energy Grant Funds	-	568	(506)	-	-	62
Longhill	24	-	(20)	-	-	4
Roof Alarm & Building Grants Funds	26	-	(2)	-	(4)	20
Multiply grant fund	-	25	(7)	-	-	18
South Africa Link Fund	-	1	-	-	-	1
Benefact Trust	-	168	-	-	-	168
	<u>14,538</u>	<u>2,322</u>	<u>(2,090)</u>	<u>(215)</u>	<u>(1,257)</u>	<u>13,298</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	32,329	264	-	-	(303)	32,290
Board of Education	2,300	314	(13)	(295)	-	2,306
Permanent						
Stipends Capital Fund	44,475	168	-	(1,563)	464	43,544
Ordination Candidates Council	262	-	-	(25)	-	237
First Lord Grimthorpe's Trust	54	-	-	(5)	-	49
Local Trusts' Stipend Fund	647	-	-	(78)	-	569
	<u>80,067</u>	<u>746</u>	<u>(13)</u>	<u>(1,966)</u>	<u>161</u>	<u>78,995</u>
Total funds	<u>109,319</u>	<u>14,494</u>	<u>(14,700)</u>	<u>(3,637)</u>	<u>-</u>	<u>105,476</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

21. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,756	8,562	(473)	(1,205)	11,640
Designated					-
Mustard Seed Fund	-	-	258	-	258
	<u>4,756</u>	<u>8,562</u>	<u>(215)</u>	<u>(1,205)</u>	<u>11,898</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	4,497	-	-	-	4,497
Pastoral Account	-	3,751	957	-	4,708
Resourcing Ministerial Education	-	-	200	1	201
Benefice Building Fund	-	-	3,611	-	3,611
Mission Support Fund	-	-	34	-	34
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	9	-	9
Ministry Fund	-	-	-	-	-
Wydale Hall	1,950	-	275	(804)	1,421
Board of Education	-	-	162	-	162
Multiply (20s-40s)	-	-	-	-	-
Restructuring	-	-	9	-	9
Mustard Seed	-	-	-	-	-
Strategic Capacity Fund	-	-	-	-	-
Giving Advisor Fund	-	-	8	-	8
Position of First Responsibility	-	-	17	-	17
Energy Grants fund	-	-	63	(59)	4
Longhill	-	-	-	-	-
Thorntree	-	-	1	-	1
Roof Alarm & Building Grants Funds	-	-	13	-	13
Multiply grant fund	-	-	10	-	10
South Africa Link Fund	-	-	1	-	1
Clergy Retreats	-	-	5	-	5
Benefact Trust	-	-	305	-	305
Carbon net zero	-	-	15	-	15
East Riding Village churches	-	-	60	-	60
SPIDIR - spiritual direction funds	-	-	5	-	5
	<u>6,447</u>	<u>3,751</u>	<u>5,771</u>	<u>(862)</u>	<u>15,107</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	32,071	-	-	-	32,071
Board of Education	81	2,149	216	(33)	2,413
Permanent					
Stipends Capital Fund	6,531	38,657	211	(411)	44,988
Ordination Candidates Council	-	246	(1)	-	245
First Lord Grimthorpe's Trust	-	51	-	-	51
Local Trusts' Stipend Fund	-	598	-	-	598
	<u>38,683</u>	<u>41,701</u>	<u>426</u>	<u>(444)</u>	<u>80,366</u>
Total funds	<u>49,886</u>	<u>54,014</u>	<u>5,982</u>	<u>(2,511)</u>	<u>107,371</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

21. SUMMARY OF ASSETS BY FUND (continued)

2022 Comparatives	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,758	7,943	782	(633)	12,850
Designated					-
Mustard Seed Fund	-	-	333	-	333
	<u>4,758</u>	<u>7,943</u>	<u>1,115</u>	<u>(633)</u>	<u>13,183</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,910	-	-	-	3,910
Pastoral Account	-	3,457	391	-	3,848
Resourcing Ministerial Education	-	-	189	(1)	188
Benefice Building Fund	-	-	3,499	-	3,499
Growing Faith in Education	-	-	-	-	-
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	7	-	7
Ministry Fund	-	-	-	-	-
Wydale Hall	1,950	-	197	(774)	1,373
Board of Education	-	1	110	-	111
Multiply (20s-40s)	-	-	-	-	-
Restructuring	-	-	43	(6)	37
Mustard Seed	-	-	1	(1)	-
Strategic Capacity Fund	-	-	-	-	-
Giving Advisor Fund	-	-	8	-	8
Energy Grants fund	-	-	281	(219)	62
Longhill	-	-	4	-	4
Roof Alarm & Building Grants Funds	-	-	20	-	20
Multiply grant fund	-	-	20	(2)	18
South Africa Link Fund	-	-	1	-	1
Benefact Trust	-	-	168	-	168
	<u>5,860</u>	<u>3,458</u>	<u>4,983</u>	<u>(1,003)</u>	<u>13,298</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	32,290	-	-	-	32,290
Board of Education	81	2,007	218	-	2,306
Permanent					
Stipends Capital Fund	6,096	37,418	30	-	43,544
Ordination Candidates Council	-	239	(2)	-	237
First Lord Grimthorpe's Trust	-	49	-	-	49
Local Trusts' Stipend Fund	-	569	-	-	569
	<u>38,467</u>	<u>40,282</u>	<u>246</u>	<u>-</u>	<u>78,995</u>
Total funds	<u>49,085</u>	<u>51,683</u>	<u>6,344</u>	<u>(1,636)</u>	<u>105,476</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

22. DESCRIPTION OF FUNDS

General fund	The general fund is the YDBF's unrestricted undesignated fund available for any of the YDBF's purposes without restriction.
Roof alarm & building grants	The roof alarm and building grants funds represents funds received from third parties and those designated by the York Diocesan Board of Finance, to support Churches within the Diocese to obtain roof alarms and with building works.
Mustard seed fund	The mustard seed funds represent funds designated by the Trustees to be used towards the mustard seed project and restricted grants received for the project.
Pastoral account	The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese • other purposes of the diocese or any benefice or parish in the diocese • to make grants or loans to any other diocese • to transfer funds to the diocesan stipends fund income or capital accounts.
Stipends capital fund	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds are invested as part of the YDBF's portfolio and managed by CCLA or Evelyn.
Parsonages houses fund	This fund represents the carrying value of all the benefice houses (parsonages) in the Diocese. These are expendable endowments in that the Board has the power to convert certain sale proceeds to income with various consents obtained locally and from the Church Commissioners by being transferred to the Diocesan Pastoral Account and then converted to an income account at a later date.
Ordination candidates' council	The ordination candidates' council fund relates to invested bequests, the income from which is to provide assistance to candidates training for the Anglican priesthood.
First Lord Grimthorpe's Trust	The First Lord Grimthorpe's Trust provides income for repairs to churches of the evangelical tradition within the Diocese of York.
Local Trusts' Stipend Fund	The Local Trusts' Stipend Fund relate to specific investments, the income from which is to augment stipends.
Diocesan Parsonage Board	The Diocesan Parsonages Board holds houses which are used to accommodate certain office holders who do not have incumbent status.
Benefice Building Fund	The Benefice Building Fund holds proceeds from parsonage sales pending replacement of the property. Any surplus remaining after purchase of a new benefice house or following Pastoral Reorganisation is transferred to the Pastoral Account subject to the consents set out in the Church Property Measure.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2023****22. DESCRIPTION OF FUNDS (continued)**

Mission Support Fund	The Mission Support Fund relates to donations for projects in Hull and Middlesbrough.
Bishops' IT	Bishop's IT is a central allocation by the Church Commissioners for Bishops' information technology needs.
Ministry Fund	The Ministry Fund represents donations from private individuals and grant awarding trusts to support specific ministry posts in the diocese.
Wydale Hall	Wydale Hall is a special restricted fund and operates as a conference and retreat house primarily for the benefit of the Church of England. In event of a sale of the property the proceeds would have to be applied either in the purchase of another property to be used for the same purposes or invested and the resultant income applied for the promotion and holding of retreats and of religion. Its sole trustee is the York Diocesan Board of Finance Limited.
Diocesan Board of Education	DBE funds are restricted in accordance with the Uniform Statutory Trust legislation. The funds are proceeds from site disposals, donations and income from educational services and can be used to support Church Schools. The income can be used by the DBE to fund the provision of services to schools. Capital and income can also be used to assist with school building projects.
Resourcing Ministerial Education	Funding from Ministry Division specifically for ordinand training.
Strategic Capacity Funding	Funding from Archbishops Council for specific activities relating to the renewal and reform agenda.
Multiply (20s-40s)/Grant	Multiply (20s-40s) is Strategic Development Funding from the Church of England awarded for the establishment of new worshipping communities for the 20 to 40 age range. The Multiply Grant Fund represents funds received from third parties towards supporting the Multiply project
Restructuring	Funding from the Church of England Strategic Investment Board to be drawn down for use on projects that will support increased financial sustainability and resilience.
Longhill and Thorntree	Grants and donations restricted for use within the Longhill or Thorntree Bishops' Mission Orders (BMOs).
Giving Advisor Fund and Position of First Responsibility	The Giving Advisor Fund is to support part of the cost of one of the Giving advisors. The Position of First Responsibility is to support a specific clergy post for a period.
Energy Grants Fund	The Energy Grants Fund relate to income from the National Church to be allocated towards support for Parishes and clergy.
South Africa Link	The South Africa Link Fund relates to donations specifically towards the link project.
Benefact Trust Fund	The Benefact Trust Fund is used for projects as agreed with the Trust in advance each year.
Carbon net zero	Funding towards the development of carbon net zero plans.
East Riding Village Churches	A legacy towards the costs of repair and maintenance of village churches in the East Riding area.
SPIDIR Fund	Funds held towards the operation of spiritual direction courses.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

23. CAPITAL COMMITMENTS

At 31 December 2023 the YDBF had capital expenditure commitments authorised but not contracted for of £nil (2022 - £nil), and contracted for but not yet due of £72,210 (2022 - £nil).

24. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

25. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

York DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were nil.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation is in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa and an allowance or 2020 data of 0%.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2023****25. PENSIONS (continued)****Church of England Funded Pension Scheme (continued)**

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.10%
31 December 2022	-
31 December 2023	-

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The

	2023 £'000	2022 £'000
Balance sheet liability as at 1 January	-	344
Deficit contribution paid	-	(199)
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability* (recognised in SOFA)	-	(145)
Balance sheet liability as at 31 December	-	-

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

Under the latest valuation no deficit recovery contributions are required and as such there is currently no balance sheet liability in respect of this scheme. No assumptions are needed for December 2022 or 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

Rates at 31 December:	2023	2022	2021
Discount rate	n/a	n/a	0.0%pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5%pa

The legal structure of the scheme is such that if another Responsible Body fails, York DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

25. PENSIONS (continued)

Church Workers Pension Fund

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The YDBF and Wydale Hall participate in both the Defined Benefits Scheme section and the Pension Builder Scheme section of the CWPf for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

The Church Workers Pension Fund Defined Benefit Scheme has been closed to future accrual with effect from 31 March 2018. Members of that scheme who remain in employment by the Diocese of York have joined the Pension Builder Classic scheme. The decision to close the scheme and the determination of future pension arrangements followed a consultation with members.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of the DBS charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (**2023 DBF £nil and Wydale £nil**; 2022: DBF £nil and Wydale £nil), plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

25. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

A valuation of the DBS is carried out once every three years, the most recent valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022. The calculations for this are under way. Although these calculations are not yet finalised, it is expected that there will be a usable surplus in the scheme which will be offset against future contributions.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,000 per year in respect of YDBF and £2,200 per year in respect of Wydale Hall. In addition deficit payments of £66,365 per year for YDBF and £13,001 per year for Wydale hall were agreed for 5.08 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result no obligation has been recognised as a liability within the Employer's financial statements as at

	YDBF		Wydale		Total	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Balance sheet liability as at 1 January	-	279	-	60	-	339
Deficit contribution paid	-	(68)	-	(14)	-	(82)
Interest cost (recognised in SOFA)	-	3	-	1	-	4
Remaining change to the balance sheet liability* (recognised in SOFA)	-	(214)	-	(47)	-	(261)
Balance sheet liability as at 31 December	-	-	-	-	-	-

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

Where relevant this liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments. Under the latest valuation no deficit recovery contributions are required and as such there is currently no balance sheet liability in respect of this scheme.

	2022	2022	2021
Discount rate at 31 December	n/a	0.0%pa	1.4%pa

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2023

25. PENSIONS (continued)

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The York Diocesan Board of Finance only offers Pension Builder Classic to its employees.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (**2023: DBF £245,160 and Wydale £15,541**; 2022: DBF £236,535 and Wydale £14,455).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at December 2019. The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not in payment and pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year end 31 December 2023

26. PRIOR YEAR COMPARATIVE SOFA

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2022	Total funds 2021 (restated)
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	2					
Parish contributions		7,044	-	-	7,044	6,816
Archbishops' Council		1,694	1,431	-	3,125	3,635
Other grants and donations		74	194	-	268	247
Charitable activities	3	926	649	314	1,889	1,480
Other activities	4	332	-	-	332	247
Investments	5	1,355	48	-	1,403	1,275
Other	6	1	-	432	433	4,918
Total		11,426	2,322	746	14,494	18,618
Expenditure on						
Raising Funds	7	293	-	-	293	204
Charitable activities						
General charitable activities	8	12,449	2,090	13	14,552	14,418
(Gains)/losses on clergy pension scheme	25	(145)	-	-	(145)	13
Total		12,597	2,090	13	14,700	14,635
Net (expenditure)/income before investment gains and losses		(1,171)	232	733	(206)	3,983
Net (losses)/gains on investments	20	(1,456)	(215)	(1,966)	(3,637)	4,341
Net income		(2,627)	17	(1,233)	(3,843)	8,324
Transfers between funds	13	1,096	(1,257)	161	-	-
Net movement in funds		(1,531)	(1,240)	(1,072)	(3,843)	8,324
Total funds brought forward		14,714	14,538	80,067	109,319	100,995
Total funds carried forward	20	13,183	13,298	78,995	105,476	109,319

THE YORK DIOCESAN BOARD OF FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year end 31 December 2023****27. RELATED PARTY TRANSACTIONS**

Due to the DBF's links with local schools, a member of key management personnel of the DBF is a member of a number of Academy Trusts in the Diocese. Transactions with these Academy Trusts arise in the normal course of business, however these are not deemed to be a related party under FRS102 as the establishments are not under common control of the DBF.

Having made enquiries, the directors are not aware of any related party transactions in 2023 (2022: £nil) other than the grant paid to The Diocese of York Educational Trust.

The Diocese of York Educational Trust (DYET) was incorporated in February 2012. The Trust has seven Trustees; three appointed by the Diocesan Board of Education, three appointed by the Archbishop and the Diocesan Director of Education on an ex officio basis. The Objects of DYET are to advance for the public benefit education in the Diocese of York or elsewhere, in particular but not exclusively, by:

- promoting the efficiency and effectiveness of Educational Institutions and the efficient and effective application of resources for such purposes including by promoting and disseminating models of good practice and by the delivery of support services generally to such institutions;
- advancing the education of people who work or volunteer in or govern Educational Institutions in order to assist those persons to deliver a high quality education to the pupils and to communities served by those institutions;
- establishing, sponsoring and maintaining Academies (primarily but not exclusively Church of England Academies) under the direction of the Diocesan Board of Education.

The YDBF made a grant of £1,500 to DYET during 2023 (2022: £1,500).

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The YDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers)

	2023	2022
	£'000	£'000
CBF Church of England Investment Fund	4,362	3,980
CBF Church of England Fixed Interest Fund	162	196
CBF Church of England Property Fund shares	30	31
COIF income and accumulation shares	351	329
Other common investment fund holdings	9,265	8,789
CBF Church of England Deposit Fund	1,673	1,697
Cash at bank	990	378
Total assets held as custodian trustee	16,833	15,400

Accounts

**The York Diocesan
Board of Finance Limited**

**Annual Report & Financial Statements
for the year ended 31 December 2022**



**Company Registration Number: 225234
Charity Registration Number: 244976**

ANNUAL REPORT

For the year ended 31 December 2022

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ANNUAL REPORT

For the year ended 31 December 2022

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The Diocese of York covers an area of 2,261 square miles, from the Humber to the Tees and from the A1 to the East Coast.

The principal object of the York Diocesan Board of Finance Limited ("YDBF") is to promote, assist and advance the work of the Church of England in the Diocese of York by acting as the financial executive of the York Diocesan Synod.

The YDBF is constituted under the Diocesan Boards of Finance Measure 1925 and has the following principal statutory responsibilities:-

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976 and under the provisions of the Church Property Measure 2018;
- ii. the provision of housing for office holders as the Diocesan Parsonage Board under the Ecclesiastical Offices (Terms of Service) Measure 2009;
- iii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iv. the functions of the Diocesan Board of Education, including the management of investments and the custodian of assets relating to church schools, set out within the Diocesan Boards of Education Measure 2021;
- v. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods and PCCs, and the Archbishop of York (in respect of his responsibility for the provision of the cure of souls) who takes counsel with the Archbishop's Council and the York Diocesan Leadership Team. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

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CORE PURPOSE

The core purpose of the YDBF is to manage the assets of the Diocese so as to provide appropriate personnel, operational and financial resources to assist the Diocesan Synod, Archbishop's Council, deaneries and parishes to further their missional and strategic priorities.

The directors of the YDBF are aware of the Charity Commission's guidance on public benefit and have had regard to it in their administration of the Board. The YDBF believes that, by promoting the work of the Church of England in the Diocese of York, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

STRATEGIC AIMS: LIVING CHRIST'S STORY

Following a consultation with the Deaneries, in November 2020 the Diocesan Synod approved a renewed statement of strategic priorities to underpin a 10 year plan to support individual congregations to grow both numerically and spiritually. It is this growth, both in membership and in the financial contributions made by those attending, that will provide the sustainability needed to secure their on-going mission and ministry for generations to come.

The key areas of focus, as we seek to be a family of worshipping communities who are "Living Christ's Story" are:

- Becoming more like Christ
- Reaching people we currently don't
- Growing churches of missionary disciples
- Transforming our finances and structures

Following further extended consultation with the parishes in the first half of 2021, a framework for Deanery level deployment planning was adopted by Diocesan Synod in January 2022. Between January and November 2022, Deanery Leadership teams worked with bishops, archdeacons and other diocesan staff to create Deanery Mission & Ministry plans.

Following the appointment of a new Director of Mission & Ministry in September 2021, a restructured Mission & Ministry function brought together those involved in

- the deepening of discipleship and the nurturing of lay and ordained vocations;
- equipping lay and ordained for ministry and leadership;
- the largely externally funded Multiply and Mustard Seed programmes that seek to raise up local leadership and new worshipping communities in those places where we have historically not reached as many people as we would hope to: those living in places where life is tough and those who are in their 20s-40s.

Significant recruitment activity took place during the year to fill posts that had been held vacant, pending the restructuring of the team, and by the end of the year was complete. The new team is working closely with others who are also engaged in the key areas of focus listed above (including those supporting our work in Growing Faith, Generous Giving and Sustainable Churches) in delivering support to Deaneries in the delivery of their local plans.

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It was reported in the previous annual report that the DBF was successful in their bid to the Archbishops' Council Strategic Investment Board for £825,000 of Strategic Capacity Funding (SCF). The Archdeacon of York had been seconded full-time from November 2021 to May 2022 to work on the bid and coordinate the planning for the Deanery Planning phase of the programme. Following confirmation of the grant, and an extended recruitment process, a full time Director for Strategic Transformation joined the diocese in November to oversee the detailed implementation of the Living Christ's Story plans. The funding has also enabled the recruitment of additional project management capacity (which will also support the development of a Carbon Net Zero plan for the diocese) and additional capacity in the area of Discipleship, Digital Engagement and Data Analysis without additional calls on the Diocesan Common Fund.

A significant outcome sought from the 10 year plan is the transformation of our finances and structures. The overwhelming majority of PCCs do not cover the cost of ministry provided and, whilst investment returns have held up in recent years, it would not be prudent for the DBF to plan for year on year increases in operating deficits. This transformation therefore begins at parish level, where even discounting the adverse financial effect of Covid, only a minority of PCCs have been able to increase their Freewill Offer to the diocese in line with inflation. The overall Free Will Offer income from parishes in 2022 was still 13% below that received in 2019.

As well as offering support via the Generous Giving Team, there has been continued effort to communicate the complexities of the DBF's finances to the parishes and to quantify the variance between the Free Will Offer pledged and the actual costs of ministry and other support being provided to groups of congregations under the oversight of a single ministry team. This analysis has been made available to Deanery Leadership Teams to support their local planning which will form the core of a sustainable ministry deployment plan to be implemented over the next 3-5 years.

The deanery and parish consultations over the last two years have confirmed that there is a significant issue around parish administration and its impact on clergy and lay members. As well as identifying areas where additional support would be welcomed, it was recognised that some areas of current engagement between the parishes and Diocesan Office would benefit from a review. Although delayed due to the timescales of appointing the new Director for Strategic Transformation, an externally facilitated review has been commissioned by the Board and is due to commence in Spring 2023.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Alongside progressing the strategic planning process, and the initial delivery of support for the four strands of Living Christ's Story, there has continued to be a significant focus on other key areas of activity which either support the strategic goals or relate to our ongoing mission as a Church of England diocese:

- Maintaining an effective Christian presence in every parish.
- Embedding Safeguarding into the DNA of our life as a diocese.
- Promoting and support the work of our Church schools as well as providing support to clergy and others who are working in Community schools.
- Engaging in local debate and ensuring that Christian voices are heard in all areas of public life.
- Responding to areas of social need within our communities, working with other organisations to deliver a positive contribution to the wellbeing of the most vulnerable in our society.

The **Coronavirus Pandemic** continued to impact almost every aspect of diocesan life during the last year. The life of the diocese is primarily expressed through the ministry undertaken in the parishes and, and this continued to be impacted by restrictions until early 2022 (when the final Omicron

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restrictions around mask wearing were lifted). Church attendance has remained below 2019 levels in the majority of cases and the evidence is that contact with children and families and voluntary giving to parishes are significantly reduced.

Since the reopening of Diocesan Office in 2021, most DBF staff have been able to take advantage of patterns of working continue to permit some personal flexibility in regard to location for their work. The lockdowns of 2020-21 necessitated remote access to systems, albeit that some of the provision was, by necessity, ad-hoc and sub-optimal. The continued ability to offer hybrid working has been facilitated by greater use of technology, including a reduction of the reliance on on-premise servers through the migration to SharePoint and the Xledger accounting system in the course of 2022. It is envisaged that further investment in technology and training to improve effectiveness will be recommended following the Services Review and form a key areas of work for the Digital Transformation Lead who will be in role from Easter 2023.

Resourcing Parochial Ministry

As well as engaging in a wide variety of community and church projects, our licensed ministers usually carry out approximately 1,100 weddings, 3,700 funerals and 3,300 baptisms each year (2019 figures). During the pandemic the numbers were reduced significantly and are slowly returning to previous levels (2021: 900 weddings, 3300 funerals and 2000 baptisms). While the YDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the YDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the stipendiary parish based clergy (169 FTE at 28 Feb 2023 with 35 FTE vacancies) is a priority of the YDBF and represents by far its largest financial commitment. Although the YDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. In addition to the stipendiary clergy, there are about 75 self-supporting licenced clergy and a further 300, the majority of whom are retired, who hold the Archbishop's Permission to officiate and enable us to offer both Sunday worship and occasional offices across over 580 churches.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The YDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

Over the year the average vacancy rate was approximately 16%. During all parish vacancies, the Area Deans worked closely with the churchwardens and ensured that scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the retired and self-supporting ministers in the diocese together with the Readers and huge numbers of lay volunteers.

Safeguarding

The work in this area continued to be overseen by the Diocesan Safeguarding Advisory Panel (DSAP), independently chaired by Professor Sue Proctor until February 2022, when retired DI Allan Harder was appointed as her successor. DI Harder had represented North Yorkshire Police on the panel prior to his retirement and had chaired the Past Case Review Reference Group. The DSAP includes representatives of local authorities, North Yorkshire Police, the Roman Catholic Diocese of Middlesbrough and a survivor support charity as well as senior diocesan leaders. The work of the Panel is supported by an Operational Group that brings together key staff within the diocese and York

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Minster who are involved in safeguarding, working with young people and vulnerable adults and the training of our clergy and lay leaders.

During 2022, in addition to supporting national workstreams, providing advice and support to parishes, managing core groups and managing a casework load, the team has continued to support the roll out of the Church of England Safeguarding Learning & Development Framework and the implementation of further changes in the House of Bishops Safeguarding guidelines, post IICSA. The Safeguarding Advisors continued to experience high levels of activity, alongside facilitating further external scrutiny of the handling of Safeguarding issues in the Church of England.

One of the commitments made by the Church of England to the Independent Inquiry into Child Sexual Abuse (IICSA) was to review the files of all licenced ministers and parish officers to ensure that there are no outstanding safeguarding issues relating to work with children young people or vulnerable adults that were not picked up by the 2010 Past Care Review (PCR) which had a narrower remit. This review (PCR2) of over 1800 files required significant resourcing, both in terms of staff time and the funding of a team of external reviewers. Progress was hampered due to the lockdowns which made it hard to access the files, but the work was finally completed in the autumn of 2021 and a final report published in Spring 2022. The local report identified a small number of cases where further review was recommended as well as a recommendation to formalise and publish a harassment and bullying policy for use at both parish and diocesan level. This policy was approved by Diocesan Synod in April 2022 and is available on the diocesan website.

Following the success of the inaugural Diocesan Safeguarding Week in 2021, a second week was held in November 2022. Designed to raise awareness and provide additional opportunities for learning and development, over 250 people attended 12 separate events, all but one of them delivered via Zoom. The sessions were delivered with the support of a number of external partners including the Police and Survivor support.

A significant amount of resource continues to be committed to providing training to licensed and authorised ministers, church officers and church members. In the course of 2022, 370 individuals attended the mandatory two session Safeguarding Leadership training for licensed and authorised ministers (2021: 366), with a total of 757 accessing the specialist Domestic Abuse or Safer Recruiting online training modules (2021: 243). 2495 foundation and basic e-learning courses were completed (2021: 1375). Additional Leadership Pathway options for Parish Safeguarding Officers (PSO) and Clergy with permission to officiate (PTO) were introduced during 2021 and were attended by 63 (PSOs) and 69 (PTOs)

Additional face to face sessions have been held for parish volunteers in relation to DBS administration and safer recruitment, as well as for those who are unable to access the basic and foundation e-learning material. This has been particularly welcomed by older participants as well as those with unreliable internet access.

Julie O'Hara, our Safeguarding Adviser (DSA), left the diocese to take up a national role in July 2022. Following a national recruitment exercise, Rob Marshall (previously Assistant DSA) was appointed in November to a reconfigured role of Head of Safeguarding. This anticipates the impending revision of Canon 42 that will require dioceses to appoint a qualified individual to the statutory role of Diocesan Safeguarding Officer "to have responsibility in the diocese, independent of the bishop, for the professional leadership on and management of matters relating to the safeguarding of children and vulnerable adults". The Head of Safeguarding will fulfil this role for the Diocese of York.

The Head of Safeguarding is responsible for reporting any issues that meet statutory thresholds. He is in close contact with the relevant authorities and has ensured that any incidents relating to PCCs or the DBF that meet the threshold for reporting to the Charity Commission have been submitted.

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An appointment of a replacement Assistant Safeguarding Officer was made in February 2023, bringing the team back up to full strength. We anticipate that will provide the necessary capacity to manage a the casework load alongside awareness raising and working with the newly constituted Survivor Voice Working Group to improve our response to and care for those who have been subjected to abuse in church settings. Additionally, the Diocesan Secretary continues to contribute to the ongoing revision of a number of national policies and procedures.

Working with Children & Young People in Schools and Parishes

The Diocesan Boards of Education Measure (2021) became law in April 2021 and required each Diocesan Synod to make a Scheme to designate the DBE for the Diocese. The Scheme relating to the York Diocesan Board of Education (YDBE) was made in June 2022 by Diocesan Synod. This Scheme created the YDBE as a statutory committee of the Diocesan Board of Finance (DBF). In addition to the education requirements of the DBE Measure, the York Diocesan Synod also deemed the YDBE to have oversight of Children and Youth work in the Scheme. Clear Terms of Reference were agreed both for the YDBE and its sub-committees and a general oversight report is provided to the DBF on a termly basis.

Much of our work with Children, Youth and Schools in 2022 focused on supporting homes, schools and churches aligned with the strategic vision of the YDBE. This strategic work is located within the diocesan vision of Living Christ's Story and the national work set out within Growing Faith.

Post pandemic, diocesan support for churches continued to focus on resourcing households as well as in church activity as return to 'in person' gatherings in churches for children and families were slow to emerge. This included the development of a Big Bible Storybook Toddler Resource to support discipleship opportunities for those who bring young children to toddler groups and the hosting of an Early Years conference for those who work with young children in churches in October 2022. Generation to Generation development days across the diocese have prompted productive conversations on how to make services more inclusive, accessible and relevant to all ages. Children and Youth worker gatherings have been held in each of the Archdeaconries and the Children and Youth Adviser has been successful in gaining Growing Faith Foundation Research Funding to carry out further research on children and holiness.

As for schools, 122 of the 123 Church schools bought into the two-year Service Level Agreement provided by the Education team. This level of buy in promotes the strong working relationship with Church schools in developing their Christian vision as well as providing increased income into the diocese to fund the School Development Adviser posts.

At the beginning of 2022 there were ten Multi Academy Trusts (MATs) across the diocese, all of which were mixed MATs with Church and community schools working in partnership together. 2022 saw the publication of the Schools White Paper by the Department for Education (DfE) entitled, *Opportunity for all: strong schools with great teachers for your child*. One of the four strands in the White Paper was the desire for 'A stronger and fairer school system' with a timeline for all schools to join a MAT by 2030. This led to increased interest from Governing Bodies in exploring conversion to academy status over the course of 2022. However this was then tempered with the wider political uncertainty and subsequent withdrawal of the associated Schools Bill by the DfE. This means that a mixed system of maintained and academy schools will likely continue for the foreseeable future.

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Small school viability continues to be a challenge for the YDBE especially when a school is judged to be inadequate by Ofsted. The YDBE continues to engage with MATs, Local Authorities and the DfE on possible solutions when a school finds itself in this position. Regrettably two Church schools closed during the course of 2022; one on viability grounds and one where the DfE was unable to find a sponsor for the school.

The diocese continues to be held accountable by the DfE and other statutory bodies, such as Ofsted, for the progress and attainment in Church schools. By the year-end, 103 of the 123 (84%) Church schools and academies were rated 'Good' or 'Outstanding' by Ofsted and under the statutory system for denominational Church school inspection (SIAMS), 121 (98%) of schools were rated 'Good' or 'Outstanding/Excellent'.

Nurturing of lay and ordained discipleship, vocations and equipping for lay and ordained ministry

The Mission & Ministry Team has seen significant change during 2022 as the team was restructured to better support the strategic direction that has been set in response to the diocesan Living Christ's Story consultation processes. A number of key appointments were made to fill vacancies (that had arisen as a result of retirements during 2021 and 2022) and new posts that have been funded via national strategic funding grants.

As part of the successful bid for Strategic Capacity Funding, the diocese obtained funding for a Discipleship Adviser, and Ms Sammi Tooze was appointed in the latter part of 2022. She has been working on resources to support the key priority around Becoming More Like Christ and, together with the Archbishop, has launched a set of materials introducing a diocesan Rhythm of Life which will be rolled out during Lent 2023.

She has been working closely with recently appointed colleagues who support both lay and ordained vocations. The Revd Canon Nick Bird, who had held the Diocesan Director of Ordinands (DDO) role on a voluntary basis alongside his parish work during the long term absence of the previous DDO, took up the role full-time in September.

Despite the resourcing challenges experienced in that area of work over the last few years, our largely volunteer team has continued to invest in nurturing vocations in the Diocese, with 20 ordinands in training (at 31 March 2022) of whom 4 commenced training in September 2022; a number of our ordinands are under 32 and there is a good gender-balance. Furthermore, 9 candidates attended Stage One Panels in the new Shared Discernment Process (SDP) in the 2022/23 selection year, and we continue to have a number of other candidates in the discernment pipeline, including 7 Distinctive Deacons who are exploring ordination to the priesthood.

A key aspect of the restructuring of the Mission & Ministry Team has been to draw together various strands of training for lay and ordained ministries together into a single Lifelong Learning Team. Two new roles were created to focus on the learning and development needs for lay and ordained ministers in the first five years of their ministry. Alongside the creation of the new role of Start of Lay Ministries advisor, the team is developing a revised set of learning pathways for lay ministries. These will be rolled out from September 2023 and will replace the current training offerings for Recognised Parish Assistants and Readers.

During 2022, the York School of Ministry (YSOM), based at the Diocesan Office but with hubs in Middlesbrough and Beverley, continued to provide higher education accredited training, validated by Durham University, for Readers, licensed and recognised lay ministers, ordinands and curates and those in discernment for a wide range of ministries, within and beyond the church. YSOM also continued to run the Recognised Parish Assistant training programme in a number of locations around

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the diocese and, in addition, offered a number of introductory courses aimed at a wider audience, including, for example, Children's and Youth workers, Churchwardens and church administrators. It continued its partnership with St Hild's College to support ordination training by contributing to the Yorkshire Theological Education Partnership.

Learning has been facilitated both on line and in person, as appropriate to the content. This has already both widened access and begun to reduce our carbon footprint.

Whilst, as reported last year, the programme of continuing ministerial education for Readers and clergy had been scaled back pending the review of provision for lifelong learning, a number of events were offered (both online and in person) in the course of 2022.

Wydale Hall's schedule of bookings and events was much closer to pre-Covid norms. Whilst there are still challenges for group bookings either as a direct result of Covid related drop-outs, or because numbers are generally lower post-Covid, the team at Wydale have continued to be flexible and creative in responding to the needs of guests and the visitor feedback has been very positive. A full programme of Wydale events was scheduled for 2022 which included provision for remote participation in many events. We continue to be grateful to the prayerful and practical support of the extended community of volunteers who have met regularly online via Zoom and offered their practical skills as visitors have been able to be back on site.

Nationally Funded "Reach" Projects

MULTIPLY - New Worshipping Communities for 20s-40s and MUSTARD SEED – Growing disciples in places where life is tough

Both of these projects are reaching the mid-point of their funding and the last year has been one of consolidation. As reported in 2021, the remaining Multiply worshipping communities have continued to show growth and local leadership is emerging in a number of them which will help to secure ongoing sustainability beyond the current funding.

The Multiply Growth Fund continued to support Lay Minister programme continued during 2022. Whilst two projects came to an end due to leaders moving on, 10 continue and further projects are due to come on stream during 2023. The pandemic had a significant impact on local capacity to engage in new work and a significant amount of time continues to be spent in support the emerging leaders as they evaluate their future plans in the light of the continuing challenges presented by the social context in which many are working.

The Trustees remain grateful to the Benefact Trust (formerly Allchurches Trust) who agreed that their block grants to York Diocese for 2019-21 could be designated to create a fund to be expended over an extended period to meet the costs of the Mustard Seed Programme Lead and the development costs of the Stepping Up learning and development programmes.

As at December 2022, seven Stepping Up cohorts have completed their programmes and a further six cohorts are underway, with three more planned to start at Easter 2023. Of the 35 people who have completed the course to date, 21 have been locally commissioned as a Community Minister and a further 11 are in the process of discerning their role in mission. Participants have been drawn from 33 parishes.

The rollout of the Mustard Seed Ambassadors programme has been impacted by the Covid recovery period for many churches and also staff availability due to turnover in the core team. This will be revisited during 2023 to identify people from across the Diocese who have a passion to support mission in our poorest communities, willing to come alongside and build a supportive relationship with, and

commitment to, a Mustard Seed church and its community.

Wider service and partnership in communities experiencing social need to deliver a positive contribution to the wellbeing of the most vulnerable in our society

Whilst the strategic goals are focussing on the spiritual wellbeing of individuals in our most deprived communities, churches across the diocese have continued their wider involvement in each of their communities, often joining with other denominations to resource Foodbanks and support charities working with the poorest in our society. As a DBF, we continued to take an active role during 2022 in supporting a number of projects, for example by providing facilities to Westway Open Arms (Scarborough) which serves the Eastfield Estate in Scarborough, and St Margaret's Welcome Centre (Longhill Estate, Hull) and funding the provision of ministry to the CofE parishes affiliated to Together Middlesbrough & Cleveland, a joint venture between the diocese and the Church Urban Fund, enabling those parishes to share their facilities and other resources in the support of those most in need within those communities.

Following the termination of the Longhill Bishop's Mission Order and discussions with the local PCC, the DBF transferred its lease and the staff working at the St Margaret's Welcome Centre to the new Longhill Community Charity (a CIO with links to the local PCC) with effect from January 1st 2023.

GENEROUS GIVING – supporting local financial sustainability

The team exists to support parish level financial sustainability (which in turn increases parish capacity to increase the level of contributions that they make to the Common Fund). Their primary area of work is around encouraging and developing personal generosity but they also seek to assist PCCs with other practical ways of increasing income and/or reducing expenditure.

As reported last year, there had been some staff vacancies during 2021 that were held pending a review of objectives and team roles in the light of the restated strategic priorities and the creation of a national framework for Generous Giving. A successful application was made for national Stewardship funding which enabled us to recruit a second advisor who joined the team at Easter 2022. Following the appointment of the final member of the original Generous Giving Team to the new role of Discipleship Enabler, a further recruitment took place at the end of the year to bring the team back to 2 for 2023.

Despite the resourcing challenges, at the end of the second year of operation of the Parish Giving Scheme, the number of parishes using the scheme increased from 29 parishes and 537 givers to 81 parishes (of whom 72 are actively promoting the scheme) with 817 givers, of whom 88% Gift Aid and 49% have signed up to the inflationary increase. In the month of March 2023, PGS processed £68,745 of gifts with £15,765 of Gift Aid. This represents an average weekly gift of £19.64 (excluding Gift Aid), compared with the diocesan average weekly gift across all forms of regular giving of £12.35.

Additionally, the team have continued to support the roll out of digital (contactless) giving devices to parishes (with plans for a nationally supported additional "push" in 2023) and we have continued to provide membership of the Association of Church Accountants and Treasurers (ACAT) for all PCCs.

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FUTURE PLANS

Supporting parishes and communities as they continue to recover from the impact of the Coronavirus Pandemic and engage with the growth plans that have been contextually developed in each Deanery as part of *Living Christ's Story* will continue to be a key priority for 2023. This will be the key focus for the Mission and Ministry teams. Other areas of support provided by the DBF to parishes will be the subject of an externally facilitated review to provide assurance to stakeholders that they represent an appropriate, efficient and cost-effective use of resources.

Living Christ's Story seeks to respond to the challenges of falling attendance, with a strong focus on numerical and spiritual growth, together with the need to restructure the resourcing of ministry at both parish and diocesan level to enable us to create a credible and robust financial plan to respond to the phased reduction in Church Commissioners' direct support for poorer dioceses that began in 2017. By 2026 the annual grant will be reduced by circa £1m per annum (at 2016 value) compared to the £2.2m received in 2016.

Financial modelling continues to underpin this major undertaking as we seek to increase the pool of volunteer ministers, encourage missionary discipleship and enable churches to grow within a broader mixed ecology which builds, for example, on the experience of on-line worship and the work of chaplaincies during the lockdown. The resulting plan assumes a modest reduction in the number of remunerated posts together with an increase in the donor base to offset the reduction in the Church Commissioners grant and halt the reduction in real terms in parochial contributions to the Common Fund.

It is anticipated that the majority of the structural changes arising from the consultations will be implemented by 2026, with resulting savings, increased investment income and the impact of growing congregations starting to come through in the following years such that by 2031 the clear target is that recurring expenditure of the diocese can be met via regular and reliable sources of income.

Another key element of the structural and financial transformation strategy within *Living Christ's Story*, is to engage with the national aspiration that the CofE will achieve carbon net-zero by the end of 2030. It is clear that this will have significant financial implications for both parishes the DBF and, although the diocese has not made as much progress as some others in this area, there are plans in place to engage more intentionally in 2023. The DBF has successfully applied for funding to support the development of a costed net-zero plan (to be presented to the Trustees by the end of the 2023) and alongside implications for churches, schools and operational assets, will be looking at other environmental aspects of the stewardship of its land and investments in the course of the next 12 months, supported by its professional advisors.

In addition, we expect to make progress with our commitment to diversity and inclusion as the work of the Racial Justice Working Group continues following the adoption of the Diocesan Racial Justice Charter in July 2022.

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FINANCIAL REVIEW

Financial Performance

The Trustees are grateful to all the parishes which gave generously into the Common Fund of the Diocese during the year, and especially to those parishes that give by monthly instalments, which is essential in supporting the cash flow of the Diocese.

Free Will Offers, the money given by Parishes to the Diocese to fund its mission and ministry, are the main incoming resource for the Diocese. These were higher than the previous year at **£7,044,000** (2021: £6,816,000). Whilst current year contributions recovered by **£221,000**, it is still lower than the pre-pandemic levels in 2019 of £8,098,000. Based on submissions from parishes, the expectation is that, during 2023, Free Will Offers will recover further as parish income begins to recover, but it will be at least a further year before they return to pre-pandemic levels, due in no small part to the reduction in regular attendance in many churches coupled with the impact of energy inflation (particularly the price hike in standing charges) on local budgets. This does mean that income is not keeping pace with the levels of inflation experienced by the Diocese in relation to salaries and building repair costs.

Prior period adjustment: When awarded in 2019 the £3m Multiply Grant was recognised in full within restricted income at this point. The treatment of the Multiply Grant has been reassessed in the current year, including the existence of any performance-related conditions which might prevent upfront entitlement under the Charities SORP. As such, a prior period adjustment has been accounted for within these financial statements to recognise the income as the cost-related performance conditions are met over the life of the project. Further details are given in note 28.

The overall net movement in funds in 2022 was **-£3,843,000** (2021: +£8,324,000, as restated). The significantly higher level in 2021 was due to gains on the sale of land and buildings and investment gains. Such exceptional items masked a larger underlying operational shortfall.

2022	General £000	Unrestricted Designated £000	Total £000	Restricted £000	Endowed £000	Total 2022 £000	Total 2021 £000 (restated)
SOFA:							
Operational (shortfall)/gain	(1,707)	(70)	(1,777)	232	(13)	(1,558)	(1,872)
add back investment and property gains/transfers/exceptional items:							
Covid related grant awarded in the year	-	-	-	-	-	-	620
Income from closed school sale					314	314	-
Gain on sale of properties/closed churches	1	-	1	-	432	433	4,918
Lay pension scheme surplus revaluation	261	-	261	-	-	261	-
Clergy pension scheme deficit reduction	344	-	344	-	-	344	317
	(1,101)	(70)	(1,171)	232	733	(206)	3,983
Investment gains/(losses)	(1,456)	-	(1,456)	(215)	(3,278)	(4,949)	4,341
Investment gains- land	-	-	-	-	1,312	1,312	-
Transfer between funds - other	1,580	-	1,580	(1,580)	-	-	-
Transfer between funds - property	(140)	-	(140)	323	(183)	-	-
Transfer between funds - pension	(344)	-	(344)	-	344	-	-
	(1,461)	70	(1,531)	(1,240)	(1,072)	(3,843)	8,324

Unrestricted fund:

The unrestricted general fund showed an excess of expenditure over income of **£1,171,000** before investment losses or transfers (2021: £479,000). However, if the gain on the sale of properties, and the year end lay and clergy pension scheme movements are excluded, there was an operational shortfall of £1,777,000 (2021: £1,995,000) which can be split into a **£1,707,000 shortfall** on general funds and a £70,000 drawdown from designated funds (2021: £2,068,000 shortfall on general funds £73,000 increase on designated).

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This shortfall was slightly better than anticipated levels, with Free Will Offer income £1,054,000 lower than in 2019, the DBF continued to seek efficiency savings and unanticipated additional vacancies, whilst operationally challenging, once again had a positive impact on the operating shortfall.

A draw down from unrestricted reserves of up to **£1.8 million** (being £2.1 million less anticipated investment gains) was approved for 2023 by Diocesan Synod at its meeting in November 2022. This allowed for a combination of further investment in the Growth Strategy and also a continuing transitional necessity resulting from the reduction in income from the Church Commissioners and the lead time necessary to reach a corresponding uplift in Free Will Offerings. The Trustees assessed that the Diocese had adequate reserves to fund this in year shortfall. Safeguarding the future finances of the Diocese is a key part of the on-going strategic consultations and achieving sustainable parish giving will continue to be a vital factor in the Diocese's financial security in the future.

Designated funds:

£70,000 was drawdown from designated funds (2021 £73k added) at the year-end towards the Mustard Seed Project (being the Allchurches Trust grant spent in support of that project in the year).

Restricted funds:

Restricted funds showed a net excess income over expenditure of **£232,000** before investment losses or transfers (2021: £123,000). Grants from the National Church of £568,000 were received in 2022 to support clergy and Parishes with energy costs and had been substantially allocated before the end of the year.

Endowed funds:

Endowed funds showed an excess of income over expenditure of **£733,000** before non property related investment gains or transfers (2021: £4,339,000 surplus). This related to gains arising following the sale of various properties.

The excess of expenditure over income across all funds amounted to **£206,000** compared with a £3,983,000 surplus in 2021.

Fixed Asset investments are included on the balance sheet at year end valuation. The impact of net unrealised and realised investment losses for the year of £3,637,000 (2021: £4,341,000 gain) increased the net total deficit for the year to **-£3,843,000** compared with an overall increase in funds of £8,324,000 in 2021. Out of this net income various transfers were made between funds, as detailed in note 13.

Significant Property Transactions

There were a number of property sales and purchases during 2022 as the Diocesan policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church

£818,000 of land and buildings were purchased during the year compared to £1 million in 2021. During the year, the Diocese disposed of former clergy housing with a total book value of £121,000 realising net sales proceeds of £553,000 and a gain on sale of £432,000.

Glebe land, which is included within investments, was disposed of for £117,000 (2021: £200,000), representing a gain on sale of £53,000 (2021: £11,000 loss).

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Balance sheet position

The Trustees consider that the balance sheet and notes demonstrate that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled **£105,476,000** (2021: £109,319,000) it must be noted that included in this total are properties, mostly in use for the ministry, whose net book value amounted to **£49,085,000** (2021: £48,391,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds or as endowments and cannot necessarily be expended for the general purposes of the YDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 4 months budgeted unrestricted expenditure. At 31 December 2022 the amount required under this policy totalled **£4.9m** (2021: £4.9m). Actual free reserves as at 31 December totalled **£8.1m** (2021 £9.4m), which is equivalent to just over 7 months of budgeted unrestricted operating expenditure.

Whilst this level of reserves is above the minimum prudent level set by the trustees, it is considered to be currently necessary to hold them in the light of changes to the Church Commissioners' funding for the Diocese, the budgeted operating shortfall for 2023 (which includes the fifth of six years' match funding for the 20s-40s strategic investment), the decline in Free Will Offering, and also possible reduction of contributions to local parishes and/or Free Will Offerings in response to issues in the wider Church. The trustees are monitoring the rate at which the reserves are reducing and have plans to support the strategic initiatives via a release of fixed assets. The option to utilise Total Return legislation to release funding for future projects is kept under review by the Trustees as is the ability of the Common Fund to support the currently agreed levels of stipendiary ministry.

Reserves held as fixed assets

The general fund comprises net assets amounting to £12,850,000 of which £4,758,000 are tangible fixed assets.

Restricted and endowment funds

As set out in notes 20 to 22, YDBF holds and administers a number of endowment and restricted funds. As at 31 December 2022 endowment funds totalled £79.0m (2021: £80.1m) and restricted funds totalled £13.2m (2021: £14.5m). The capital in the endowment funds is not available for the general purposes of the YDBF. The Pastoral Account, as set up under the Pastoral Measure, is technically restricted and shown as such in the annual accounts. However, once obligations under the Measure are met, its purposes do allow funds to be transferred to the Stipends Capital Endowment fund or to be used for other purposes at the discretion of the Board. Further details are given in note 22. The sustainability model for Living Christ's Story assumes that, over the next five years, some of the transfers to the Pastoral Account (from further planned asset disposals) will continue to be drawn down to help finance the period of transition to new patterns of ministry resourcing, with the remainder retained and invested for income to support stipends.

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have

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considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence, the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

Even allowing for the continuing impact of both the reduction in attendance and parish income, that has not yet recovered following the Coronavirus pandemic, and inflation on the level of parish contributions to the Common Fund, the Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Grant making policy

The Memorandum of Association of the YDBF explicitly permits the YDBF to make grants in pursuance of its objects. The nature of grants made in 2022 is indicated in note 11.

Investment policy

The YDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the YDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The YDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The Trustees' investment policy is to spread the YDBF's investments between Evelyn (previously called Smith & Williamson) and CCLA. Evelyn work on a discretionary basis and are mandated to achieve a total return of CPIH plus 5% over the medium term. Within the CCLA portfolio, the YDBF selects funds from the CBF range of funds for the Church of England, taking into account the objectives of each fund in the context of the YDBF's own objectives for income and long term capital growth. The long term total return objective of the CBF Investment Fund is CPI plus 5% p.a. The CBF Property Fund aims to deliver a high income yield with capital growth over time. Both managers are required to adhere to the policies of the Church of England's Ethical Investment Advisory Group. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2022 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	12,971	39.5%	2.64%	-9.16%
CBF Property Fund	1,439	4.4%	4.4%	-7.8%
CBF Deposit Fund	570	1.7%	1.31%	1.31%
Evelyn Managed	17,904	54.4%	2.4%	-13.2%
	<u>32,884</u>	100.0%		

The Investment Group meets with the Investment Managers twice each year and regularly reviews the performance of the funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification and management of risk. To achieve this, the Trustees have engaged with the management team to consider the principal risks to which the YDBF is exposed and to prioritise a mitigation strategy. The Risk Register is regularly reviewed by the appropriate sub-committees and officers (under the oversight of the Audit Committee), to ensure that all risks are proportionally addressed in line with the YDBF's risk management policy and that all mitigating controls are operating effectively.

The highest risk areas for the Company; those that could have a significant impact on the organisation's ability to achieve its strategic aims, have been identified as being in the following areas:

1. Safeguarding - the risk that there is an occurrence of abuse (or allegation of historic abuse) by someone working for or on behalf of the Diocese. The mitigating controls are as follows:
 - The YDBF retains appropriately trained safeguarding professionals who are following clear policies and protocols aligned to National Church guidelines;
 - Compulsory training is provided to all relevant staff;
 - An independently chaired safeguarding advisory panel governs the effectiveness of YDBF practices; and
 - All parishes are required to adhere to nationally agreed House of Bishops policies and practices with support provided by the safeguarding team.
2. Reliance on key management staff and clergy:
 - a) the risk that vacancies in key posts and under-resourcing of the Diocesan offices and key central functions could lead to a breakdown in the delivery of the Diocesan mission and stewardship of its assets. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - Shared access to systems and documented processes to enable continuity on core processes to be maintained for key activities in the event of a significant vacancy or absence; and
 - The Trustees will continue to review the staffing of central functions as part of the development of the strategic plans.
 - b) the risk that clergy and other key leaders will not have the capacity to deliver the strategic goals in relation to growth either due to individual capability or there being too many demands placed on limited parish resources. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - The Diocesan Leadership Team, supported principally by the Director for Strategic Transformation and the Director of Mission & Ministry, are responsible for ensuring that the demands being placed on parishes are being coordinated and accompanied by appropriate levels of support and training.
3. The risk that the YDBF is unable to meet its strategic aims due to financial constraints as a result of a decline in parish Free Will Offerings, adverse investment conditions or reduction in funding from the Church Commissioners. The mitigating controls are:

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- Strong engagement of the Diocesan Leadership Team, especially the Archdeacons, with parishes to ensure that commitments by parishes are honoured as far as is practically possible;
- Priority given to supporting clergy and lay leadership to grow local sustainability in terms of both attendance and giving;
- Strong budgetary control processes to identify adverse trends and consider the necessary medium and long term actions needed to address the underlying issues;
- Robust reserves policies to ensure that temporary shortfalls can be financed without the need for short term cuts; and
- Investment in strategic capacity to ensure that access to funding streams from the Church Commissioners is maximised.

In addition, the Trustees are keeping a number of areas of potentially significant extraordinary expenditure under close review. They will be factored into the ten year forecasts and the annual budget continues to allow for a contingency sufficient to cover immediate unanticipated costs. The areas being monitored for additional extraordinary and/or significant costs that would place financial pressures such that a reduction in core activities may become necessary include:

- Wydale Hall - Additional costs arising from non-insurable unanticipated shutdowns. Inability to cover the cost of major roof repairs from normal operating surpluses, requiring additional capital funding from YDBF reserves.
- Pensions – Fund liabilities increasing beyond currently forecasted levels.
- Safeguarding – Uninsured compensation payments for historic cases. Additional resource costs for compliance with legislation or House of Bishops Regulations.
- Carbon Net-Zero – the costs of achieving net-zero for DBF assets, support for parishes in achieving net-zero (including grants and impact on Free Will Offer), ongoing offsetting levies.

In addition to the fiscal policies identified in (3) above, close contact is maintained with the National Church Institutions and other dioceses to facilitate collaborative approaches to influence legislative changes that may lead to increased cost and seeking additional national funding streams to mitigate the impact of significant additional mandatory expenditure. This will be particularly important as the Trustees look at how to mitigate the risks, in terms of both financial and missional impact, associated with local disagreement with, for example, decisions made by the General Synod or the House of Bishops around same sex relationships.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese,

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overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese itself is divided into twenty one deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from (and partner with) neighbouring Dioceses and the National Church Institutions.

Organisational structure

The York Diocesan Board of Finance (YDBF) is a company limited by guarantee (No. 225234) and a registered charity (No. 244976) governed by its Standing Orders and its Memorandum and Articles of Association which were approved on 16 July 2009. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of York. It was established in its present form in 1927 and is successor in title to the York Diocesan Trustees.

Its statutory governing body is the **Diocesan Synod**, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Archbishop, Suffragan Bishops and Archdeacons; clergy members elected by the houses of clergy in Deanery Synods; lay members elected by the houses of laity in Deanery Synods; up to five persons who may be co-opted by the house of clergy or the house of laity; and a maximum of 10 members nominated by the Archbishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Archbishop's Council and Standing Committee.

Archbishop's Council

The members of the Archbishop's Council and Standing Committee are also appointed to the Board of Directors, with the exception of the Bishop of Beverley and any member of the Council who is an employee of the Company. Archbishop's Council consists of 13 ex officio members, including the Archbishop, the four Suffragan Bishops and the three Archdeacons, four clergy elected by the house of clergy from among their number and eight lay persons elected by the members of the house of laity representing deaneries and a maximum of six Synod members nominated by the Archbishop.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of York, are set by the Diocesan Synod and the YDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the YDBF. The Trustees, meeting within the context of the Archbishop's Council & Standing Committee, hold up to five meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Acting as the Trustees of the YDBF

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- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Archbishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by four sub-committees:-

Finance Sub-Committee: the role of the Finance Sub-committee is to provide focussed support to the directors of the YDBF so that they might better enable the mission of the diocese through sound financial management and transparent, open reporting. The responsibilities of the Finance Sub-Committee include:

- Monitoring the financial performance of the Diocese against budget and forecast;
- Approving the Management Accounts;
- Ensuring that appropriate Financial Statements are drawn up;
- Making recommendations on and monitoring the operation of the Common Fund including the process of making Freewill Offers;
- Reviewing and giving first stage approval to the budget;
- Making recommendations for the Board's approval on levels of stipends, salaries and pension provision;
- Acting for the Board in its capacity as Custodian Trustee in relation to third party investments;
- Making recommendations to the Board on the appointment of professional advisers;
- Monitoring entries in the Risk Register that relate to finance;
- Monitoring and reflecting updates to financial regulation;
- Ensuring the appropriate provision of HR expertise and policies in order to meet the obligations of the DBF; and
- Undertaking such other work as may be referred to it by the YDBF.

Property Sub-Committee: the Property Sub-Committee undertakes the YDBF's responsibilities under the Church Property Measure 2018; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Ecclesiastical Offices (Terms of Service) Measure 2011.

Diocesan Board of Education Sub-Committee: the Education Sub-Committee is a statutory sub-committee that exists to fulfil the YDBF's responsibilities under the Diocesan Boards of Education Measure 2021. In addition to its statutory responsibilities, the committee also oversees the support provided to parishes for their work with children, young people and families

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Diocesan Pastoral & Mission Sub-Committee: as far as is permissible under Ecclesiastical Law the functions of the Pastoral and Mission Committee as set out in the Mission and Pastoral Measure 2011 have been delegated to the Pastoral and Mission Sub-Committee. The primary function of the Committee is pastoral reorganisation in the Diocese of York, taking account of available clergy numbers and making use of new patterns of ministry. It also oversees the work of diocesan staff in relation to the management of church buildings that have been closed for regular worship, pending their disposal.

Trustee recruitment and induction

Trustees are members of the Archbishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to provide updated declarations for the registers of skills and interests on a tri-annual basis. Some employees hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

Governance Matters

During 2022, Diocesan Synod, the DBF and most Boards and Committees met on a pattern of online and in person meetings. Following elections to Diocesan Synod and Archbishop's Council, the new term of office for those elected to serve as Trustees of the DBF commenced on 1 January 2022. Newly elected members received Trustee Training, including reference to the 2020 Charity Governance Code (produced by the Good Governance Group), at its first residential meeting. The ongoing monitoring of governance and the periodic review of terms of reference of sub-committees is overseen by the Audit Committee and the Chairs of the Houses of Clergy and Laity of the Diocesan Synod.

Volunteers

YDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the YDBF greatly values and would want to acknowledge the considerable time given by all members of Boards, Committees and Working Groups – for each of them just a part of the practical outworking of what it means to be "Living Christ's Story".

Remuneration of key management personnel

Emoluments of key management personnel are determined through a process of job evaluation and with reference to market rates for equivalent jobs.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Chief Executive is given specific and general delegated authority to deliver the business of the YDBF in accordance with the policies framed by the Trustees.

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Funds held as Custodian Trustee

The YDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the YDBF does not control them, and they are segregated from the YDBF's own assets by means of separate bank and investment accounts. The market value of funds held as custodian amounted to **£15,400,000** at 31 December 2022 (2021: £16,804,000). Custodian investments are summarised in note 29.

Funds held on behalf of schools

The Board of Education (as incorporated within the YDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2022 is **£245,000** (2021: £116,000).

OTHER RELATED PARTIES

The Diocese of York Educational Trust, which acts as a member of Academy Trusts and Multi-Academy trusts on behalf of the YDBF (the DBE being unincorporated) is a related party. A small grant is made by the DBE to support governance costs and the Trustees work closely with members of the DBE and the education team to support the Church of England Academies in the diocese.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in notes 27 to the financial statements.

Although the following are not related parties under accounting regulations, there are a number of bodies that the YDBF works closely with), these include:

- The Archbishops' Council to which the YDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The Archbishop's Council allocate funding to dioceses from the Church Commissioners under legislation and regulations established by the General Synod of the Church of England.
- The Church Commissioners from which the YDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The YDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the YDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- DBE Services, of which the YDBF is a member, provides services to Church Schools. Any profits are returned to the member dioceses via charitable donations and are designated by the trustees to support the work of the education team.

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- Together Middlesbrough and Cleveland, a charitable company limited by guarantee, which exists to work in partnership with Christian based charities in the north of the diocese for the relief of hardship and the wellbeing of those in need. YDBF is a member, alongside the Church Urban Fund, but receives no benefit and does not make any financial contribution.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of YDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the YDBF 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 YDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the YDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Following a competitive tender exercise conducted by the Audit Committee on behalf of the Trustees, Saffery Champness LLP were appointed, at a General Meeting of the Company held on 27th November 2022 , to serve as auditor in succession to Haysmacintyre LLP.

Saffery Champness have expressed their willingness to continue in office as auditor for the next financial year and are deemed to be reappointed under Section 487 (2) of the Companies Act 2006 until otherwise resolved at a General Meeting of the Company.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2022. The following Trustees were in post at the date of this report (those who served for some of 2022 are shown in *italics*):

Ex-officio:

Chair–	Mr C R Barton
The Dean of York –	<i>The Right Reverend Jonathan Frost (resigned 18 January 2022)</i> <i>The Very Reverend Dominic Barrington (appointed 12 November 2022)</i>
The Archbishop of York –	The Most Reverend & Right Honourable S Cottrell
The Bishop of Whitby –	The Right Reverend PJ Ferguson (Vice-Chairman)
The Bishop of Selby –	The Right Reverend Dr JB Thomson
The Bishop of Hull –	<i>The Right Reverend AM White (resigned 28 February 2022)</i> <i>The Right Reverend E Sanderson (appointed 22 September 2022)</i>
The Archdeacon of Cleveland –	The Venerable A Bloor
The Archdeacon of the East Riding –	The Venerable AC Broom
The Archdeacon of York –	The Venerable SJ Rushton

The Chair of the House of Laity -	Dr N Land
The Chair of the House of Clergy -	The Reverend R Walker

Elected by:

Synod House of Clergy	The Reverend FR Mayer-Jones The Reverend E Hassall The Reverend R Lumley The Reverend Canon S Sherriff

Synod House of Laity	Miss KM Banks Dr NA Burgess Mr D Millican Canon RPA Brewer <i>Dr G Boag-Munroe (appointed 10 February 2022)</i> <i>Dr D Craven (appointed 10 February 2022)</i> <i>Dr G Parr (appointed 10 February 2022)</i> <i>Dr T Scott (appointed 10 February 2022)</i>

Co-opted by the Archbishop	Mr B Hudson (resigned 31 December 2022)

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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Senior staff and advisers

Diocesan Secretary & Chief Executive	Canon PJ Warry
Director of Finance	Mrs K Rose
Director of Education	Mr AK Smith
Director of Communications & Parish Resourcing	Mr M Sheppard
Director of Mission & Ministry	The Revd I McIntosh
Director for Strategic Transformation	Miss S Nicol
Head of Safeguarding	Mr R Marshall
Assistant Diocesan Secretary	Ms SA Davies

Registered Office:	Diocese of York, Amy Johnson Way, Clifton Moor, York, YO30 4XT
Bankers	Barclays Bank PLC, 1-3 Parliament Street, York, YO1 8SE
Auditors	Saffery Champness LLP, Mitre House, North Park Road, Harrogate, HG1 5RX
Solicitors	Lupton Fawcett LLP, Stamford House, Piccadilly, York, YO1 9PP
Investment advisers	CCLA Investment Management Ltd 1 Angel Lane, London, EC4R 3AB <i>and</i> Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 2BJ
Glebe Agents	Savills, River House, 17 Museum Street, York, YO1 7DJ <i>and</i> Dee, Atkinson & Harrison, The Exchange, Exchange Street, Driffield. YO25 6LD
Insurers	Ecclesiastical Insurance Office plc, Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester. GL3 4AW

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 18 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



Mr CR Barton
Chairman
26 April 2023



The Right Rev'd PJ Ferguson
Vice Chair
26 April 2023

Opinion

We have audited the financial statements of the York Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report) 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and strategic 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, or returns adequate for our audit have not been received from branches not visited by us; 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 23, 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measures.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the 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.

Saffery Champness LLP

Sally Appleton (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP,
Chartered Accountants, Statutory Auditors

23 May 2023

Mitre House

North Park Road
Harrogate
HG1 5RX

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
For the year end 31 December 2022

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2022	Total funds 2021 (restated)
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Grants and donations	2					
Parish contributions		7,044	-	-	7,044	6,816
Archbishops' Council		1,694	1,431	-	3,125	3,635
Other grants and donations		74	194	-	268	247
Charitable activities	3	926	649	314	1,889	1,480
Other activities	4	332	-	-	332	247
Investments	5	1,355	48	-	1,403	1,275
Other	6	1	-	432	433	4,918
Total		11,426	2,322	746	14,494	18,618
Expenditure on						
Raising Funds	7	293	-	-	293	204
Charitable activities						
General charitable activities	8	12,449	2,090	13	14,552	14,418
(Gains)/losses on clergy pension scheme	25	(145)	-	-	(145)	13
Total		12,597	2,090	13	14,700	14,635
Net (expenditure)/income before investment gains and losses		(1,171)	232	733	(206)	3,983
Net (losses)/gains on investments	20	(1,456)	(215)	(1,966)	(3,637)	4,341
Net income		(2,627)	17	(1,233)	(3,843)	8,324
Transfers between funds	13	1,096	(1,257)	161	-	-
Net movement in funds		(1,531)	(1,240)	(1,072)	(3,843)	8,324
Total funds brought forward (restated)		14,714	14,538	80,067	109,319	100,995
Total funds carried forward	20	13,183	13,298	78,995	105,476	109,319

All activities derive from continuing activities. The notes on pages 34 to 62 form part of the financial statements.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year end 31 December 2022

	Total 2022 £'000	Total 2021 (restated) £'000
Total income	13,748	14,279
Total expenditure	(14,687)	(14,635)
Operating deficit for the year	(939)	(356)
Net (losses)/gains on investments	(1,671)	1,468
Net (expenditure)/income for the year	(2,610)	1,112
Other comprehensive expenditure/income		
Net assets transferred (to)/from endowments	(161)	4,875
Total comprehensive income	(2,771)	5,987

The Income and Expenditure Account is derived from the Statement of Financial Activities, with movements in endowment funds and investment gains/losses excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

At 31 December 2022

Company number - 225234		2022		2021 (restated)	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		49,085		48,391
Investments	15		51,683		55,196
			<u>100,768</u>		<u>103,587</u>
Current assets					
Debtors	17	1,133		1,173	
Cash on deposit		4,004		3,996	
Cash at bank and in hand		<u>1,217</u>		<u>2,458</u>	
		6,354		7,627	
Creditors: amounts falling due within one year	18	<u>(1,593)</u>		<u>(1,581)</u>	
NET CURRENT ASSETS			<u>4,761</u>		<u>6,045</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			105,529		109,633
Creditors: amounts falling due after more than one year	19		(53)		(314)
NET ASSETS			<u>105,476</u>		<u>109,319</u>
FUNDS					
Endowment funds			78,995		80,067
(Including Investment Valuation Reserve of £21,509,000 (2021: £23,401,000))					
Restricted income funds			13,298		14,538
(Including Investment Valuation Reserve of -£92,000 (2021: £127,000))					
Unrestricted income funds:					
(Including Investment Valuation Reserve of £3,317,000 (2021: £4,975,000))					
General -other			8,092		9,408
General - represented by tangible fixed assets			4,758		4,903
Designated			333		403
Total funds	22		<u>105,476</u>		<u>109,319</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 26 April 2023 and signed on behalf of the Board by:



Mr CR Barton
Chairman

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

For the year end 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000 (restated)
Net cash (outflow) from operating activities		(1,704)		(2,052)
Cash flows from investing activities				
Dividends and interest from investments	860		749	
Proceeds from sale of:				
Tangible fixed assets	553		6,270	
Fixed asset investments	1,761		2,155	
Closed Churches	-		-	
Purchase of:				
Tangible fixed assets for the use of the YDBF	(818)		(1,031)	
Fixed asset investments	(1,885)		(4,321)	
Net cash provided by investing activities		471		3,822
Change in cash and cash equivalents in the reporting period		(1,233)		1,770
Cash and equivalents at 1 January		6,454		4,684
Cash and equivalents at 31 December		5,221		6,454
Reconciliation of net income to net cash flow from operating activities				
Net (expenditure)/income for the year ended 31 December		(206)		3,983
Adjusted for:				
Depreciation charges		3		11
Write down of impaired asset		-		-
Dividends and interest from investments		(860)		(749)
Profit on sale of functional assets		(432)		(4,918)
Profit on disposal of closed churches		-		-
Decrease in debtors		40		160
(Decrease) in creditors		(249)		(539)
Net cash used in operating activities		(1,704)		(2,052)
Analysis of cash and cash equivalents				
Cash at bank and in hand		1,217		2,458
Notice deposits (less than 3 months)		4,004		3,996
		5,221		6,454

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS102)) second edition effective 1 January 2019, the Companies Act 2006 and applicable accounting standards (FRS102).

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook and that there is no material uncertainty relating to going concern.

The Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the YDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Freewill Offering** is recognised as income of the year in respect of which it is received.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

Grant income in respect of the Coronavirus Job Retention Scheme is included in other income and is recognised in the same period as the staff costs to which it relates.

- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the YDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Permanent endowment funds (Stipends Capital Fund)**. This account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
- ix) **Permanent endowment funds (Ordination Candidates Council Fund, First Lord Grimthorpe's Trust and Local Trusts' Stipend Fund)**. The income is fully expended within the year of receipt and the terms of the funds, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the YDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The YDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the YDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which YDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The YDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Trustees review the YDBF's assets for indications of impairment each year. Where indicators of impairment are identified the affected assets are written down to the recoverable amount, which is the higher of the asset's fair value and its value in use. The impairment losses are recognised in expenditure.

Where expenditure on refurbishing a property exceeds £15,000 it is capitalised if it adds value to the property.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans, and the the associated loan from the Church Commissioners are stated at historical cost.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The YDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The YDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historical cost.

Valuation of fixed assets

Parsonages, team vicarages and general fund owned houses are carried at historical cost. A number of properties were first recognised at the relevant 1994 council tax band value, which is now treated as historical cost.

d) Other tangible fixed assets

All capital expenditure over £2,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computer Equipment	25% per annum	straight line basis
Furniture and equipment	25% per annum	straight line basis

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The YDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the YDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the YDBF. There are two types of unrestricted funds:
 - **General funds** which the YDBF intends to use for the general purposes of the YDBF and
 - **Designated funds** set aside out of unrestricted funds by the YDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

1. ACCOUNTING POLICIES (continued)

- **Endowment** funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the YDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches. Trusts where the YDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Assessment of residual value of freehold property when determining whether or not depreciation is required – see above;
- Calculation of depreciation – see details set out at 1d) above; and
- Accounting for pensions – the key assumptions underpinning the pension creditor reflected in these accounts are set by the Church of England Pensions Board and then reviewed and accepted or challenged by the Trustees.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

2. DONATIONS

2a. Parish Contributions

The majority of donations are collected from parishes through the Freewill Offering system.

2022	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Parish contributions to the Common Fund				
Current year contributions	6,977	-	-	6,977
Receipts for previous years	67	-	-	67
Total income	7,044	-	-	7,044
2021 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Parish contributions to the Common Fund				
Current year contributions	6,756	-	-	6,756
Receipts for previous years	60	-	-	60
Total income	6,816	-	-	6,816

2b. Archbishops' Council

2022	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Resourcing Education Ministry	-	303	-	303
Grant for low income dioceses	1,694	-	-	1,694
Other grants	-	1,128	-	1,128
Total income	1,694	1,431	-	3,125
2021 comparative I(restated)	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Resourcing Education Ministry	-	369	-	369
Grant for low income dioceses	1,755	-	-	1,755
Sustainability Funding Grant	620	-	-	620
Other grants	-	891	-	891
	2,375	1,260	-	3,635

The above are grants from the National Church.

Resourcing Ministerial Education is a funding stream to support the costs of ordinand training which was introduced for the 2017/18 academic year, replacing a previous model whereby the training was funded directly by the Church Commissioners.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

2. DONATIONS (continued)

2c. Other grants and donations

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Benefact Trust Grant (previously All Churches Trust)	-	168	-	168
Other grants and donations	74	26	-	100
	74	194	-	268

2021 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000 (restated)
Benefact Trust Grant (previously All Churches Trust)	177	-	-	177
Other grants and donations	61	9	-	70
	238	9	-	247

3. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Statutory fees	611	-	-	611
Generated income	23	-	-	23
Chaplaincy and other	135	50	-	185
Diocesan Board of Education	157	52	314	523
Wydale Hall	-	547	-	547
	926	649	314	1,889

2021 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Statutory fees	602	-	-	602
Chaplaincy and other	279	63	-	342
Diocesan Board of Education	-	187	-	187
Wydale Hall	-	349	-	349
	881	599	-	1,480

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Housing income	332	-	-	332

2021 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000

Housing income	247	-	-	247

5. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Dividends receivable	804	44	-	848
Interest receivable	8	4	-	12
Rental receivable	543	-	-	543
	1,355	48	-	1,403

2021 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000

Dividends receivable	745	-	-	745
Interest receivable	2	2	-	4
Rental receivable	526	-	-	526
	1,273	2	-	1,275

6. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Gain on sale of properties	-	-	432	432
Disposal of closed churches	1	-	-	1
	1	-	432	433

2021 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000

Gain on sale of properties	579	-	4,339	4,918
Disposal of closed churches	-	-	-	-
	579	-	4,339	4,918

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

7. FUNDRAISING COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Investment Manager's Fees	32	-	-	32
Property agent's fees	168	-	-	168
Other rented property costs	93	-	-	93
	<u>293</u>	<u>-</u>	<u>-</u>	<u>293</u>

2021 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Investment Manager's Fees	29	-	-	29
Property agent's fees	115	-	-	115
Other rented property costs	60	-	-	60
	<u>204</u>	<u>-</u>	<u>-</u>	<u>204</u>

8. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Contributions to Archbishops' Council				
Training for ministry	350	-	-	350
National Church responsibilities	215	-	-	215
Grants & provisions	30	-	-	30
Mission agency pension costs	15	-	-	15
Retired clergy housing costs	132	-	-	132
Ordinand maintenance grants - pooling adjustment	86	-	-	86
	<u>828</u>	<u>-</u>	<u>-</u>	<u>828</u>
Resourcing Ministry and Mission				
Parish ministry and chaplaincy				
Parochial clergy stipends, national insurance and pensions	6,362	314	-	6,676
Housing costs	2,225	-	-	2,225
Removal, resettlement and grants	100	-	-	100
Other costs	62	72	-	134
Resourcing Ministerial Education	-	275	-	275
	<u>8,749</u>	<u>661</u>	<u>-</u>	<u>9,410</u>
Support for parish ministry	2,333	896	-	3,229
Wydale Hall	-	522	-	522
	<u>11,082</u>	<u>2,079</u>	<u>-</u>	<u>13,161</u>
Expenditure on Education				
Support for church schools and parishes	539	11	13	563
	<u>12,449</u>	<u>2,090</u>	<u>13</u>	<u>14,552</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

8. CHARITABLE ACTIVITIES (continued)

2021 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	245	-	-	245
Grants & provisions	30	-	-	30
Mission agency pension costs	16	-	-	16
Retired clergy housing costs	129	-	-	129
Ordinand maintenance grants - pooling adjustment	70	-	-	70
	<u>841</u>	<u>-</u>	<u>-</u>	<u>841</u>
Resourcing Ministry and Mission				
Parish ministry and chaplaincy				
Parochial clergy stipends, national insurance and pensions	6,301	390	-	6,691
Housing costs	2,301	-	-	2,301
Removal, resettlement and grants	230	-	-	230
Other costs	54	55	-	109
Resourcing Ministerial Education	<u>-</u>	<u>304</u>	<u>-</u>	<u>304</u>
	8,886	749	-	9,635
Support for parish ministry	2,579	356	-	2,935
Wydale Hall	-	425	-	425
	<u>11,466</u>	<u>1,529</u>	<u>-</u>	<u>12,995</u>
Expenditure on Education				
Support for church schools and parishes	363	218	-	581
	<u>12,670</u>	<u>1,747</u>	<u>-</u>	<u>14,418</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2022

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities	Grant	Support	Total
	Undertaken Directly £'000	Funding of Activities £'000	Costs £'000	Costs 2022 £'000
Raising Funds	293	-	-	293
Charitable Activities:				
Contributions to Archbishops' Council	-	828	-	828
Resourcing parish ministry	11,128	826	685	12,639
Education	475	2	86	563
Retreat Centre	422	-	100	522
(Gains) on clergy pension scheme	(145)	-	-	(145)
	12,173	1,656	871	14,700
2021 comparatives				
	Activities	Grant	Support	Total
	Undertaken Directly £'000	Funding of Activities £'000	Costs £'000	Costs 2021 £'000
Raising Funds	204	-	-	204
Charitable Activities:				
Contributions to Archbishops' Council	-	841	-	841
Resourcing parish ministry	11,515	396	660	12,571
Education	496	-	85	581
Retreat Centre	326	-	99	425
Loss on clergy pension scheme	13	-	-	13
	12,554	1,237	844	14,635

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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10. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Central Support	394	38	-	432
Support for Schools	86	-	-	86
Retreat Centre	-	100	-	100
Governance:				
Boards and committees	9	-	-	9
External Audit	30	-	-	30
Registrar & Chancellor	131	-	-	131
Synodical costs	12	-	-	12
Allocation of central support costs	71	-	-	71
	733	138	-	871

2021 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Central Support2	407	24	-	431
Support for Schools	85	-	-	85
Retreat Centre	-	99	-	99
Governance:				
External Audit	26	-	-	26
Registrar & Chancellor	126	-	-	126
Synodical costs	8	-	-	8
Allocation of central support costs	69	-	-	69
	721	123	-	844

11. ANALYSIS OF GRANTS MADE

11. ANALYSIS OF GRANTS MADE				2022
	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	828	828
From unrestricted funds				
PCCs for faculty fees	145	-	34	34
PCCs for Repairs to Church Buildings	13	-	13	13
Ordinands in training	16	88	-	88
Clergy for training	38	14	-	14
Resettlement Grants	39	100	-	100
Diocese of York Educational Trust	1	-	1	1
Other grants	4	-	4	4
From restricted funds				
PCCs for Repairs to Church Buildings	7	-	12	12
Clergy for energy grants	38	56		56
PCCs for energy grants	440	0	450	450
Other grants	2	-	7	7
PCCs for Mustard Seed projects	16	-	49	49
	759	258	570	828
Total	771	258	1,398	1,656

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2022

11. ANALYSIS OF GRANTS MADE (continued)

	Number	Individuals £'000	Institutions £'000	2021 Total £'000
2021 comparative				
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	840	840
From unrestricted funds				
PCCs for church inspection fees	2	-	-	-
PCC for faculty fees	161	-	34	34
PCCs for Repairs to Church Buildings	19	-	11	11
Ordinands in training	17	99	-	99
Clergy for training	24	9	-	9
Resettlement Grants	49	231	-	231
Diocese of York Educational Trust	-	-	-	-
From restricted funds				
PCCs for Repairs to Church Buildings	5	-	13	13
	277	339	58	397
Total	289	339	898	1,237

12. STAFF COSTS

	2022 £'000	2021 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,248	2,257
National insurance contributions	231	221
Pension Costs - Current Year	251	249
	2,730	2,727
Pension Costs - (Surplus)/Deficit	(261)	81
	2,469	2,808

The average number of persons employed during the year :

	Number	Number
Parochial Posts	2.9	2.8
Archdeaconry based roles	4.5	4.3
Reach, Grow, Sustain posts	9.5	9.2
Safeguarding and Pastoral Care	5.1	4.3
Mission & Ministry - Training, Vocations and School of Ministry	8.7	8.0
Education	10.0	10.0
Other Diocesan Office based posts	19.8	22.2
Longhill	2.0	2.2
Wydale Hall	8.7	9.9
Externally funded posts	3.3	3.9
	74.5	76.8

The average number of persons employed during the year based on full-time equivalents:

	Number	Number
Parochial Posts	2.4	2.8
Archdeaconry based roles	2.7	2.9
Reach, Grow, Sustain posts	8.0	8.4
Safeguarding and Pastoral Care	4.2	3.7
Mission & Ministry - Training, Vocations and School of Ministry	8.0	6.7
Education	8.7	9.3
Other Diocesan Office based posts	18.9	19.9
Longhill	0.7	0.8
Wydale Hall	6.0	6.6
Externally funded posts	2.7	2.7
	62.3	63.9

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2022

12. STAFF COSTS (continued)

The number of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:

	2022	2021
£60,000 - £70,000	2	2
£70,000 - £80,000	1	1

Pension payments of **£31,305** (2021: £31,189) were made to these employees
Payments on termination of employment of £25,000 (2021: £ni) have been made during the year

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

Diocesan Chief Executive	Canon PJ Warry
Assistant Diocesan Secretary	Ms SA Davies
Director of Finance	Mrs K Rose
Diocesan Director of Education	Mr AK Smith
Director of Communications and Parish Resourcing	Mr M Sheppard
Director of Mission & Minsitry (appointed September 2021)	The Reverend I McIntosh
Director of Strategic Transformation	Ms S Nicol

Remuneration, pensions and benefits for these employees amounted to £476,947 (2021: £476,205).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 8 (2020: 14) of the Trustees received travelling and out of pocket expenses, totalling **£11,287** (2021 - £14,438) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the YDBF during the year:

	Stipend	Housing
The Most Reverend & Right Honourable S Cottrell	No	No
TheVery Reverend D Barrington (appointed 12 November 2022)	No	No
The Right Reverend J Frost (resigned 18 January 2022)	No	No
The Right Reverend PJ Ferguson	No	Yes
The Right Reverend JB Thomson	No	Yes
The Right Reverend Dr E Sanderson (appointed 22 September 2022)	No	Yes
The Right Reverend AM White (resigned 28 February 2022)	No	Yes
The Venerable AC Broom	Yes	Yes
The Venerable SJ Rushton	Yes	Yes
The Venerable A Bloor	Yes	Yes
The Reverend R Walker	Yes	Yes
The Reverend FR Mayer-Jones	Yes	Yes
The Reverend Canon S Sherriff (appointed 1 January 2022)	Yes	Yes
The Reverend R Lumley (appointed 1 January 2022)	Yes	Yes
The Reverend E Hassall (appointed 1 January 2022)	Yes	Yes

The YDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The YDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the Archbishop and cathedral staff.

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2022

12. STAFF COSTS (continued)

The YDBF paid an average of 185 (2021 – 184) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	4,872	4,770
National insurance contributions	424	404
Pension costs - current year	1,555	1,533
Pension costs - deficit reduction	199	331
	<u>7,050</u>	<u>7,038</u>

The stipends of the five Bishops were paid and funded by the Church Commissioners.

The stipends of the Archbishop and Suffragan Bishops are funded by the Church Commissioners and are in the range **£38,050-£73,630** (2021 range £37,670 - £72,900). The annual rate of stipend, funded by the YDBF, paid to Archdeacons in 2022 **£37,188** (2021 £36,830) and other clergy who were Trustees were paid in the range **£26,892- £27,564** (2021 range £26,265 - £26,892). Stipend levels are set on the basis that housing is provided, and that costs relating to the provided housing (including rent, Council Tax, water charges, maintenance, and building insurance) are paid on behalf of clergy.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Property related:				
Parsonages Houses Fund to Pastoral Account	-	-	323	(323)
Diocesan Parsonages Board to Pastoral Account			57	
Pastoral Account to the Diocesan Parsonages Board	-	-	(57)	-
General Fund to the Parsonage House Fund- property	(120)	-	-	120
General Fund to the Stipend Capital Fund - property	(20)	-	-	20
Other transfers:				
General fund (to)/from designated funds	70	(70)	0	-
General fund from Education UST income fund	47	-	(47)	-
Pastoral Account to the General Fund	1,520	-	(1,520)	-
reduction of the clergy pension deficit	(344)	-	-	344
Sundry other transfers	13	-	(13)	-
	<u>1,166</u>	<u>(70)</u>	<u>(1,257)</u>	<u>161</u>

Many of the transfers made between funds during 2022 relate to property transactions. The other main transfers relate to:

- Movements between general and designated funds relating to funds set aside for Mustard Seed.
- Transfer of funds from the Uniform Statutory Trust income account, which were used towards the work of the education team
- A £1.5million transfer from the Pastoral account to the General fund as budgeted, to replenish the general fund for the Diocesan share of the Mustard Seed and Multiply projects
- Transfer relating the clergy pension deficit (note 25)

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
2021 comparative				
Parsonages Houses Fund to Pastoral Account	-	-	2,870	(2,870)
Parsonages Houses Fund to the Benefice Building Fund	-	-	2,127	(2,127)
General Fund to the Pastoral Account - property related	(860)	-	860	-
General Fund to the Pastoral Account- other	501	-	(501)	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(260)	-
Diocesan Parsonages Board to Pastoral Account	-	-	260	-
Parsonages Houses Fund to General fund	195	-	-	(195)
From the General Fund to the Stipends Capital Fund for the reduction of the clergy pension deficit	(317)	-	-	317
General fund to designated funds	(76)	76	-	-
	<u>(557)</u>	<u>76</u>	<u>5,356</u>	<u>(4,875)</u>

All of the transfers made between funds during 2021 relate to property transactions with the exception of the transfer relating to the clergy pension deficit, those to designated funds and £501,000 transferred from the Pastoral to the General Fund, being a contribution agreed by the Board towards the impact of Covid and also the investment gains in excess of inflation on the Pastoral Account.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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14. TANGIBLE FIXED ASSETS - Land & Buildings

	Wydale Hall £000	Education Properties £000	Freehold Properties £000	Diocesan Office £000	Office Equipment £000	Total £000
Cost						
At 1 January 2022	1,950	81	46,014	963	154	49,162
Additions	-	-	818	-	-	818
Disposals	-	-	(121)	-	(20)	(141)
At 31 December 2022	1,950	81	46,711	963	134	49,839
Depreciation						
At 1 January 2022	-	-	625	-	146	771
Charge for the year	-	-	-	-	3	3
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	(20)	(20)
At 31 December 2022	-	-	625	-	129	754
Net book value						
At 31 December 2022	1,950	81	46,086	963	5	49,085
At 31 December 2021	1,950	81	45,389	963	8	48,391

All of the properties in the balance sheet are freehold and are vested in the YDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to **£148,000** (2021: £148,000).

15. FIXED ASSET INVESTMENTS

	At 1 January 2021 £000	Additions £000	Disposals £000	Change in Market Value £000	At 31 December 2022 £000
Investment Property	17,551	-	(64)	1,312	18,799
Listed Investments	20,083	1,863	(922)	(3,051)	17,973
Unlisted Investments	17,562	22	(724)	(1,949)	14,911
	55,196	1,885	(1,710)	(3,688)	51,683

16. FINANCIAL INSTRUMENTS

	2022 £000	2021 £000
Financial assets measured at fair value	32,577	36,667

Financial assets measured at fair value comprise listed and unlisted investments and value linked loans to parishes. Financial assets measured at amortised cost comprise cash and debtors. Financial liabilities measured at amortised cost comprise loans and other creditors.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2022

17. DEBTORS

	2022 £'000	2021 £'000 (restated)
Due within one year		
Capital Work in Progress	40	68
Other debtors and prepayments	902	887
	942	955
Due after more than one year		
Loans to parishes	191	218
Total debtors	1,133	1,173

18. CREDITORS: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	173	173
Other taxation and social security	69	56
Other creditors and accruals	910	531
Amounts held for other bodies	441	397
Pension Scheme Liabilities		
Church Workers' Pension Fund	-	80
Clergy Pension Scheme	-	344
Total creditors amounts falling due within one year	1,593	1,581

19. CREDITORS: amounts after more than one year

	2022 £'000	2021 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	53	53
Pension scheme liabilities		
Church Workers' Pension Fund	-	261
Clergy Pension Scheme	-	-
Total creditors: amounts falling due after more than one year	53	314

The maturity of the above loans may be analysed as follows:

In five years and more	53	53
	53	53

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 22 the Board had no intention of disposing of any of those properties funded via VLLs.

During 2011 and 2012 a significant programme of mechanical and engineering work was carried out at Wydale Hall. The work was financed by a value-linked loan of £375,000 from the general reserves of the Diocese which is secured on the Hall. During 2015 the loan was increased by a further £47,000 to facilitate the refurbishment of the General Manager's living accommodation. There is no fixed term for repayment of the loan.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2022 £'000 (restated)	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2022 £'000
UNRESTRICTED FUNDS						
General	14,311	11,426	(12,597)	(1,456)	1,166	12,850
Designated						
Mustard Seed Fund	403	-	-	-	(70)	333
	<u>14,714</u>	<u>11,426</u>	<u>(12,597)</u>	<u>(1,456)</u>	<u>1,096</u>	<u>13,183</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,853	-	-	-	57	3,910
Pastoral Account	5,315	-	1	(215)	(1,253)	3,848
Resourcing Ministerial Education	160	303	(275)	-	-	188
Benefice Building Fund	3,454	45	-	-	-	3,499
Faith in Education Fund	1	-	(1)	-	-	-
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	13	2	(8)	-	-	7
Ministry Fund	(2)	50	(38)	-	(10)	-
Wydale Hall	1,348	547	(522)	-	-	1,373
Board of Education	116	52	(10)	-	(47)	111
Multiply (20s-40s)	-	340	(340)	-	-	-
Restructuring	186	-	(149)	-	-	37
Mustard Seed Fund	-	177	(177)	-	-	-
Strategic Capacity Fund	-	20	(20)	-	-	-
Giving Advisor Fund	-	24	(16)	-	-	8
Energy Grant Funds	-	568	(506)	-	-	62
Longhill	24	-	(20)	-	-	4
Roof Alarm & Building Grants Funds	26	-	(2)	-	(4)	20
Multiply grant fund	-	25	(7)	-	-	18
South Africa Link Fund	-	1	-	-	-	1
Benefact Trust	-	168	-	-	-	168
	<u>14,538</u>	<u>2,322</u>	<u>(2,090)</u>	<u>(215)</u>	<u>(1,257)</u>	<u>13,298</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	32,329	264	-	-	(303)	32,290
Board of Education	2,300	314	(13)	(295)	-	2,306
Permanent						
Stipends Capital Fund	44,475	168	-	(1,563)	464	43,544
Ordination Candidates Council	262	-	-	(25)	-	237
First Lord Grimthorpe's Trust	54	-	-	(5)	-	49
Local Trusts' Stipend Fund	647	-	-	(78)	-	569
	<u>80,067</u>	<u>746</u>	<u>(13)</u>	<u>(1,966)</u>	<u>161</u>	<u>78,995</u>
Total funds	<u>109,319</u>	<u>14,494</u>	<u>(14,700)</u>	<u>(3,637)</u>	<u>-</u>	<u>105,476</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2022

20. SUMMARY OF FUND MOVEMENTS (continued)

2021 comparative (restated)	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2021 £'000
UNRESTRICTED FUNDS						
General	14,002	12,409	(12,884)	1,341	(557)	14,311
Designated						
Roof Alarm Grants Fund	28	-	(4)	-	(24)	-
Mustard Seed Fund	303	-	-	-	100	403
	<u>14,333</u>	<u>12,409</u>	<u>(12,888)</u>	<u>1,341</u>	<u>(481)</u>	<u>14,714</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,593	-	-	-	260	3,853
Pastoral Account	1,937	-	(11)	127	3,262	5,315
Resourcing Ministerial Education	96	368	(304)	-	-	160
Benefice Building Fund	1,618	2	-	-	1,834	3,454
Faith in Education Fund	1	-	-	-	-	1
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	11	2	-	-	-	13
Ministry Fund	2	63	(67)	-	-	(2)
Wydale Hall	1,424	349	(425)	-	-	1,348
Board of Education	147	182	(213)	-	-	116
Learning to Lead Religious Education	-	5	(5)	-	-	-
Multiply (20s-40s)	-	406	(406)	-	-	-
Restructuring	-	370	(184)	-	-	186
Mustard Seed Fund	-	115	(115)	-	-	-
Longhill	17	8	(1)	-	-	24
Kingswood	3	-	(3)	-	-	-
Roof Alarm & Building Grants Funds	39	-	(13)	-	-	26
	<u>8,932</u>	<u>1,870</u>	<u>(1,747)</u>	<u>127</u>	<u>5,356</u>	<u>14,538</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	33,182	4,339	-	-	(5,192)	32,329
Board of Education	2,086	-	-	214	-	2,300
Permanent						
Stipends Capital Fund	41,606	-	-	2,552	317	44,475
Ordination Candidates Council	232	-	-	30	-	262
First Lord Grimthorpe's Trust	48	-	-	6	-	54
Local Trusts' Stipend Fund	576	-	-	71	-	647
	<u>77,730</u>	<u>4,339</u>	<u>-</u>	<u>2,873</u>	<u>(4,875)</u>	<u>80,067</u>
Total funds	<u>100,995</u>	<u>18,618</u>	<u>(14,635)</u>	<u>4,341</u>	<u>-</u>	<u>109,319</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2022

21. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,758	7,943	782	(633)	12,850
Designated					-
Mustard Seed Fund	-	-	333	-	333
	<u>4,758</u>	<u>7,943</u>	<u>1,115</u>	<u>(633)</u>	<u>13,183</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,910	-	-	-	3,910
Pastoral Account	-	3,457	391	-	3,848
Resourcing Ministerial Education	-	-	189	(1)	188
Benefice Building Fund	-	-	3,499	-	3,499
Faith in Education Fund	-	-	-	-	-
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	7	-	7
Ministry Fund	-	-	-	-	-
Wydale Hall	1,950	-	197	(774)	1,373
Board of Education	-	1	110	-	111
Multiply (20s-40s)	-	-	-	-	-
Restructuring	-	-	43	(6)	37
Mustard Seed	-	-	1	(1)	-
Strategic Capacity Fund	-	-	-	-	-
Giving Advisor Fund	-	-	8	-	8
Energy Grants fund	-	-	281	(219)	62
Longhill	-	-	4	-	4
Roof Alarm & Building Grants Funds	-	-	20	-	20
Multiply grant fund	-	-	20	(2)	18
South Africa Link Fund	-	-	1	-	1
Benefact Trust	-	-	168	-	168
	<u>5,860</u>	<u>3,458</u>	<u>4,983</u>	<u>(1,003)</u>	<u>13,298</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	32,290	-	-	-	32,290
Board of Education	81	2,007	218	-	2,306
Permanent					
Stipends Capital Fund	6,096	37,418	30	-	43,544
Ordination Candidates Council	-	239	(2)	-	237
First Lord Grimthorpe's Trust	-	49	-	-	49
Local Trusts' Stipend Fund	-	569	-	-	569
	<u>38,467</u>	<u>40,282</u>	<u>246</u>	<u>-</u>	<u>78,995</u>
Total funds	<u>49,085</u>	<u>51,683</u>	<u>6,344</u>	<u>(1,636)</u>	<u>105,476</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2022

21. SUMMARY OF ASSETS BY FUND (continued)

2021 Comparatives (restated)	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,903	9,431	691	(714)	14,311
Designated					-
Roof Alarm Grants Fund	-	-	0	-	0
Mustard Seed Fund	-	-	403	-	403
	<u>4,903</u>	<u>9,431</u>	<u>1,094</u>	<u>(714)</u>	<u>14,714</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,853	-	-	-	3,853
Pastoral Account	-	2,607	2,708	-	5,315
Resourcing Ministerial Education	-	-	160	-	160
Benefice Building Fund	-	-	3,454	-	3,454
Faith in Education Fund	-	-	1	-	1
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	12	1	13
Ministry Fund	-	-	(2)	-	(2)
Wydale Hall	1,950	-	(75)	(527)	1,348
Board of Education	-	-	116	-	116
Learning to Lead Religious Education	-	-	3	(3)	-
Multiply (20s-40s)	-	-	-	-	-
Restructuring	-	-	186	-	186
Mustard Seed	-	-	-	-	-
Longhill	-	-	24	-	24
Kingswood	-	-	-	-	-
Roof Alarm & Building Grants Funds	-	-	26	-	26
	<u>5,803</u>	<u>2,607</u>	<u>6,657</u>	<u>(529)</u>	<u>14,538</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	32,329	-	-	-	32,329
Board of Education	81	2,007	518	(306)	2,300
Permanent					
Stipends Capital Fund	5,275	39,018	528	(346)	44,475
Ordination Candidates Council	-	262	-	-	262
First Lord Grimthorpe's Trust	-	54	-	-	54
Local Trusts' Stipend Fund	-	647	-	-	647
	<u>37,685</u>	<u>41,988</u>	<u>1,046</u>	<u>(652)</u>	<u>80,067</u>
Total funds	<u>48,391</u>	<u>54,026</u>	<u>8,797</u>	<u>(1,895)</u>	<u>109,319</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

22. DESCRIPTION OF FUNDS

General fund	The general fund is the YDBF's unrestricted undesignated fund available for any of the YDBF's purposes without restriction.
Roof alarm & building grants	The roof alarm and building grants funds represents funds received from third parties and those designated by the York Diocesan Board of Finance, to support Churches within the Diocese to obtain roof alarms and with building works.
Mustard seed funds	The mustard seed funds represent funds designated by the Trustees to be used towards the mustard seed project and restricted grants towards that project.
Pastoral account	The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese • other purposes of the diocese or any benefice or parish in the diocese • to make grants or loans to any other diocese • to transfer funds to the diocesan stipends fund income or capital accounts.
Stipends capital fund	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds are invested as part of the YDBF's portfolio and managed by CCLA or Smith & Williamson.
Parsonages houses fund	This fund represents the carrying value of all the benefice houses (parsonages) in the Diocese. These are expendable endowments in that the Board has the power to convert certain sale proceeds to income with various consents obtained locally and from the Church Commissioners by being transferred to the Diocesan Pastoral Account and then converted to an income account at a later date.
Ordination candidates' council	The ordination candidates' council fund relates to invested bequests, the income from which is to provide assistance to candidates training for the Anglican priesthood.
First Lord Grimthorpe's Trust	The First Lord Grimthorpe's Trust provides income for repairs to churches of the evangelical tradition within the Diocese of York.
Local Trusts' Stipend Fund	The Local Trusts' Stipend Fund relate to specific investments, the income from which is to augment stipends.
Diocesan Parsonage Board	The Diocesan Parsonages Board holds houses which are used to accommodate certain office holders who do not have incumbent status.
Benefice Building Fund	The Benefice Building Fund holds proceeds from parsonage sales pending replacement of the property. Any surplus remaining after purchase of a new benefice house or following Pastoral Reorganisation is transferred to the Pastoral Account subject to the consents set out in the Church Property Measure.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

22. DESCRIPTION OF FUNDS (continued)

Faith in Education Fund	The Faith in Education Fund aims to pioneer links between churches and schools in Hull by contributing creatively toward addressing problems particularly at secondary level of poor attainment, low aspirations and falling rolls.
Mission Support Fund	The Mission Support Fund relates to donations for projects in Hull and Middlesbrough.
Bishops' IT	Bishop's IT is a central allocation by the Church Commissioners for Bishops' information technology needs.
Ministry Fund	The Ministry Fund represents donations from private individuals and grant awarding trusts to support specific ministry posts in the diocese.
Wydale Hall	Wydale Hall is a special restricted fund and operates as a conference and retreat house primarily for the benefit of the Church of England. In event of a sale of the property the proceeds would have to be applied either in the purchase of another property to be used for the same purposes or invested and the resultant income applied for the promotion and holding of retreats and of religion. Its sole trustee is the York Diocesan Board of Finance Limited.
Diocesan Board of Education	DBE funds are restricted in accordance with the Uniform Statutory Trust legislation. The funds are proceeds from site disposals, donations and income from educational services and can be used to support Church Schools. The income can be used by the DBE to fund the provision of services to schools. Capital and income can also be used to assist with school building projects.
Learning to Lead Religious Education	This represents donations from specific organisations to cover direct costs of supporting the development of religious education.
Resourcing Ministerial Education	Funding from Ministry Division specifically for ordinand training.
Strategic Capacity Funding	Funding from Archbishops Council for specific activities relating to the renewal and reform agenda.
Multiply (20s-40s)	Strategic Development Funding from the Church of England Strategic Investment Board awarded for the establishment of new worshipping communities for the 20 to 40 age range.
Restructuring	Funding from the Church of England Strategic Investment Board to be drawn down for use on projects that will support increased financial sustainability and resilience.
Longhill	Grants and donations restricted for use within the Longhill Bishop's Mission Order (BMO).
Giving Advisor Fund	The Giving Advisor Fund is to support part of the cost of one of the Giving advisors.
Energy Grants Fund	The Energy Grants Fund relate to income from the National Church to be allocated towards support for Parishes and clergy.
South Africa Link	The South Africa Link Fund relates to donations specifically towards the link project.
Benefact Trust Fund	The Benefact Trust Fund is used for projects as agreed with the Trust in advance each year.
Multiply Grant Fund	The Multiply Grant Fund represents funds received from third parties towards

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

23. CAPITAL COMMITMENTS

At 31 December 2022 the YDBF had capital expenditure commitments authorised but not contracted for of £nil (2021 - £nil), and contracted for but not yet due of £nil (2021 - £61,760).

24. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

25. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

York DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation is in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa and an allowance or 2020 data of 0%.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

25. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	11.9%	7.1%

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there is no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	2021 £'000
Balance sheet liability as at 1 January	344	661
Deficit contribution paid	(199)	(331)
Interest cost (recognised in SOFA)	-	1
Remaining change to the balance sheet liability* (recognised in SOFA)	(145)	13
Balance sheet liability as at 31 December	-	344

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

Rates at 31 December:	2022	2021	2020
Discount rate	n/a	0.0%pa	0.2%pa
Price inflation	n/a	n/a	3.1%pa
Increase to total pensionable payroll	n/a	-1.5%pa	1.6%pa

The legal structure of the scheme is such that if another Responsible Body fails, York DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

25. PENSIONS (continued)

Church Workers Pension Fund

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The YDBF and Wydale Hall participate in both the Defined Benefits Scheme section and the Pension Builder Scheme section of the CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

The Church Workers Pension Fund Defined Benefit Scheme has been closed to future accrual with effect from 31 March 2018. Members of that scheme who remain in employment by the Diocese of York have joined the Pension Builder Classic scheme. The decision to close the scheme and the determination of future pension arrangements followed a consultation with members.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of the DBS charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (**2022 DBF £nil and Wydale £nil**; 2021: DBF £nil and Wydale £nil), plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

25. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

A valuation of the DBS is carried out once every three years, the most recent was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,000 per year in respect of YDBF and £2,000 per year in respect of Wydale Hall. In addition deficit payments of £66,365 per year for YDBF and £13,001 per year for Wydale hall were agreed for 5.08 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result no obligation has been recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	YDBF		Wydale		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Balance sheet liability as at 1 January	279	281	60	56	339	337
Deficit contribution paid	(68)	(66)	(14)	(13)	(82)	(79)
Interest cost (recognised in SOFA)	3	1	1	-	4	1
Remaining change to the balance sheet liability* (recognised in SOFA)	(214)	63	(47)	17	(261)	80
Balance sheet liability as at 31 December	-	279	-	60	-	339

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

The liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	2022	2021	2020
Discount rate at 31 December	0.0%pa	1.4%pa	0.4%pa

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

25. PENSIONS (continued)

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The York Diocesan Board of Finance only offers Pension Builder Classic to its employees.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (**2022: DBF £236,535 and Wydale £14,455**; 2021: DBF £237,578 and Wydale £11,356).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at December 2019. The next valuation is due at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1%, following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year end 31 December 2022

26. PRIOR YEAR COMPARATIVE SOFA

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2021 (restated) £'000	Total funds 2020 (restated) £'000
	Note	£'000	£'000	£'000		
Income and endowments from						
Donations	2					
Parish contributions		6,816	-	-	6,816	7,338
Archbishops' Council		2,375	1,260	-	3,635	2,745
Other donations		238	9	-	247	315
Charitable activities	3	881	599	-	1,480	1,553
Other activities	4	247	-	-	247	222
Investments	5	1,273	2	-	1,275	1,173
Other	6	579	-	4,339	4,918	566
Total		12,409	1,870	4,339	18,618	13,912
Expenditure on						
Raising Funds	7	204	-	-	204	187
Charitable activities						
General charitable activities	8	12,671	1,747	-	14,418	14,152
(Gains) on clergy pension scheme	25	13	-	-	13	29
Total		12,888	1,747	-	14,635	14,368
Net income/(expenditure) before investment gains and losses		(479)	123	4,339	3,983	(855)
Net gains/(losses) on investments	20	1,341	127	2,873	4,341	3,684
Net income		862	250	7,212	8,324	2,829
Transfers between funds	13	(481)	5,356	(4,875)	-	-
Net movement in funds		381	5,606	2,337	8,324	2,829
Total funds brought forward		14,333	8,932	77,730	100,995	98,166
Total funds carried forward	20	14,714	14,538	80,067	109,319	100,995

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2022

27. RELATED PARTY TRANSACTIONS

Having made enquiries, the directors are not aware of any related party transactions in 2022 (2021: £nil) other than the grant paid to The Diocese of York Educational Trust.

The Diocese of York Educational Trust (DYET) was incorporated in February 2012. The Trust has seven Trustees; three appointed by the Diocesan Board of Education, three appointed by the Archbishop and the Diocesan Director of Education on an ex officio basis. The Objects of DYET are to advance for the public benefit education in the Diocese of York or elsewhere, in particular but not exclusively, by:

- promoting the efficiency and effectiveness of Educational Institutions and the efficient and effective application of resources for such purposes including by promoting and disseminating models of good practice and by the delivery of support services generally to such institutions;
- advancing the education of people who work or volunteer in or govern Educational Institutions in order to assist those persons to deliver a high quality education to the pupils and to communities served by those institutions;
- establishing, sponsoring and maintaining Academies (primarily but not exclusively Church of England Academies) under the direction of the Diocesan Board of Education.

The YDBF made a grant of £1,500 to DYET during 2022 (2021: £nil).

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The YDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the YDBF does not control them. The financial assets held in this way may be summarised as follows:

	2022 £'000	2021 £'000
CBF Church of England Investment Fund	3,980	4,450
CBF Church of England Fixed Interest Fund	196	226
CBF Church of England Property Fund shares	31	36
COIF income and accumulation shares	329	363
Other common investment fund holdings	8,789	9,464
CBF Church of England Deposit Fund	1,697	1,661
Cash at bank	378	604
Total assets held as custodian trustee	15,400	16,804

29. PRIOR PERIOD ADJUSTMENT

The comparative figures on the statement of financial activities and balance sheet have been restated to reflect a material correction to the recognition of the Multiply 20s to 40s grant, to ensure consistency with other similar grants recognised in later accounting periods.

	Unrestricted £'000	Restricted £'000	Endowed £'000	Total £'000
Reserves brought forward 1 January 2021 per 2021 accounts	14,333	11,186	77,730	103,249
Impact of prior period adjustment	-	(2,254)	-	(2,254)
Restated reserves brought forward 1 January 2021	14,333	8,932	77,730	100,995
Net movement in funds per 2021 accounts	381	5,200	2,337	7,918
Impact of prior period adjustment	-	406	-	406
Restated reserves carried forward 31 December 2021	14,714	14,538	80,067	109,319

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 244976

Accounts

**The York Diocesan
Board of Finance Limited**

**Annual Report & Financial Statements
for the year ended 31 December 2021**



Company Registration Number: 225234
Charity Registration Number: 244976

ANNUAL REPORT

For the year ended 31 December 2021

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees Annual Report under the Charities Act 2011

LEGAL OBJECTS

The Diocese of York covers an area of 2,261 square miles, from the Humber to the Tees and from the A1 to the East Coast.

The principal object of the York Diocesan Board of Finance Limited ("YDBF") is to promote, assist and advance the work of the Church of England in the Diocese of York by acting as the financial executive of the York Diocesan Synod.

The YDBF has the following statutory responsibilities:-

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976 and under the provisions of the Church Property Measure 2018;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Boards of Education Measure 2021;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods and PCCs, and the Archbishop of York (in respect of his responsibility for the provision of the cure of souls) who takes counsel with the Archbishop's Council and the York Diocesan Leadership Team. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

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CORE PURPOSE

The core purpose of the YDBF is to manage the assets of the Diocese so as to provide appropriate personnel, operational and financial resources to assist the Diocesan Synod, Archbishop's Council, deaneries and parishes to further their missional and strategic priorities.

The directors of the YDBF are aware of the Charity Commission's guidance on public benefit and have had regard to it in their administration of the Board. The YDBF believes that, by promoting the work of the Church of England in the Diocese of York, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

STRATEGIC AIMS: LIVING CHRIST'S STORY

Following a consultation with the Deaneries, in November 2020 the Diocesan Synod approved a renewed statement of strategic priorities to underpin a 10 year plan to support individual congregations to grow both numerically and spiritually. It is this growth, both in membership and in the financial contributions made by those attending, that will provide the sustainability needed to secure their on-going mission and ministry for generations to come.

The key areas of focus, as we seek to be a family of worshipping communities who are "Living Christ's Story" are:

- Becoming more like Christ
- Reaching people we currently don't
- Growing churches of missionary disciples
- Transforming our finances and structures

Following further extended consultation with the parishes in the first half of 2021, a framework for Deanery level deployment planning has been developed. This framework was adopted by Diocesan Synod in January 2022. Work then got underway on Deanery Level Mission & Ministry planning.

Following some key staff movements, the outcomes of the consultation provided input into the Diocesan Leadership Team's proposals to the Board for a restructuring of our activities in the area of Mission and Ministry into a new single team under the leadership of a single senior staff member. This will facilitate greater collaboration between those supporting the parishes in the first 3 priority areas as well as leveraging the "ripple effect" envisaged in the externally funded Multiply and Mustard Seed programmes, to benefit churches and communities more widely in the diocese.

Dr Ian McIntosh joined the diocese in September 2021 as Director of Mission & Ministry. The restructured Mission & Ministry function will bring together those involved in

- the deepening of discipleship and the nurturing of lay and ordained vocations;
- equipping lay and ordained for ministry and leadership;
- the largely externally funded Multiply and Mustard Seed programmes that seek to raise up local leadership and new worshipping communities in those places where we have historically not reached as many people as we would hope to: those living in places where life is tough and those who are in their 20s-40s.

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Further details about activity in these areas can be found on pages 9 & 10

Recruitment will continue to the Mission & Ministry team during the Spring of 2022, and the team will work closely with others who are supporting the key areas of focus listed above, including those supporting our work in Growing Faith, Generous Giving and Sustainable Churches.

A significant outcome sought from the 10 year plan is the transformation of our finances and structures. The overwhelming majority of PCCs do not cover the cost of ministry provided and, whilst investment returns have held up in recent years, it would not be prudent for the DBF to plan for year on year increases in operating deficits. This transformation therefore begins at parish level, where even discounting the adverse financial effect of Covid, only a minority of PCCs have been able to increase their Freewill Offer to the diocese in line with inflation.

As well as offering support via the Generous Giving Team, significant effort has been made to communicate the complexities of the DBF's finances to the parishes and to quantify the variance between the Free Will Offer pledged and the actual costs of ministry and other support being provided to groups of congregations under the oversight of a single ministry team. This analysis has been made available to Deanery Leadership Teams to support their local planning which will form the core of a sustainable ministry deployment plan to be implemented over the next 3-5 years.

The deanery and parish consultations have confirmed that there is a significant issue around parish administration and its impact on clergy and lay members. As well as identifying areas where additional support would be welcomed, it was recognised that some areas of current engagement between the parishes and Diocesan Office would benefit from a review. Such a review will be commissioned by the Board during the summer of 2022.

The DBF approved a proposal from the Diocesan Leadership Team that the diocese should seek Strategic Capacity Funding (SCF) from the Archbishops' Council Strategic Investment Board in order to appoint a full time Director for Strategic Transformation to oversee the detailed implementation of the Living Christ's Story plans. The Archdeacon of York was seconded full-time from November 2021 to May 2022 to work on the bid and coordinate the planning for the Deanery Planning phase of the programme. It was confirmed at the end of February 2022 that the bid had been successful. It will facilitate additional project management capacity (which will also support the development of a Carbon Net Zero plan for the diocese) and fund strategic development work in the area of Discipleship, Digital Engagement and Data Analysis.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Alongside progressing the strategic planning process, there has continued to be a significant focus on other key areas of activity which either support the strategic goals or relate to our ongoing mission as a Church of England diocese:

- Maintaining an effective Christian presence in every parish.
- Embedding Safeguarding into the DNA of our life as a diocese.
- Promoting and support the work of our Church schools as well as providing support to clergy and others who are working in Community schools.
- Engaging in local debate and ensuring that Christian voices are heard in all areas of public life.
- Responding to areas of social need within our communities, working with other organisations to deliver a positive contribution to the wellbeing of the most vulnerable in our society.

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The **Coronavirus Pandemic** has continued to have a very significant effect on every aspect of diocesan life. The life of the diocese is primarily expressed through the ministry undertaken in the parishes and, although the restrictions placed on services such as weddings and funerals were not as severe as in 2020, the need to reduce capacity for in-person services and the general health concerns of the population have led to a continued pattern of on-line worship in many places. Although this now sits alongside in-person services, attendances in church have remained below 2019 levels in the majority of cases and the evidence is that voluntary giving to parishes is significantly reduced.

DBF staff continued to work from home for most of the year, in line with government guidance. As the Government's Coronavirus Job Retention Scheme (CJRS) was wound down, and Diocesan Office was re-opened, staff were invited to discuss patterns of working that would continue to allow some personal flexibility on location.

Financially, the impact of the pandemic has been mitigated through access to the CJRS, reduced expenditure resulting from a curtailment of activities (particularly property repairs and maintenance). Whereas in 2020, parochial contributions to the Common Fund via Free Will Offers, held up remarkably well, often through use of PCC reserves to honour pledges made, York saw a significant downturn in the levels of Free Will Offers being met in 2021. As a result, the Board applied for a Sustainability Grant from the Archbishops' Council Strategic Investment Board and were awarded a contribution of £620,000 towards the income shortfall.

Resourcing Parochial Ministry

As well as engaging in a wide variety of community and church projects, our licensed ministers usually carry out approximately 1,100 weddings, 3,700 funerals and 3,300 baptisms each year (2019 figures). During the pandemic the number of weddings and baptisms were again reduced in 2021 (final numbers not yet submitted) but funeral ministry continued throughout the 2021. While the YDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the YDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the stipendiary parish based clergy (181 FTE at 28 Feb 2022 with 20 FTE vacancies) is a priority of the YDBF and represents by far its largest financial commitment. Although the YDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. In addition to the stipendiary clergy, there are about 80 self-supporting licenced clergy and a further 300, the majority of whom are retired, who hold the Archbishop's Permission to officiate and enable us to offer both Sunday worship and occasional offices across over 580 churches.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The YDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

Over the year the average vacancy rate was approximately 13%. During all interregnums the Area Deans worked closely with the churchwardens of the relevant parishes and ensured that scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the retired and self-supporting ministers in the diocese together with the Readers and huge numbers of lay volunteers.

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Safeguarding

The work in this area continued to be overseen by the Strategic Safeguarding Group (SSG), independently chaired by Professor Sue Proctor (until February 2022), and including representatives of local authorities, North Yorkshire Police, and the Roman Catholic Diocese of Middlesbrough. The SSG is supported by an Operational Group that brings together key staff within the diocese and York Minster who are involved in safeguarding, working with young people and vulnerable adults and the training of our clergy and lay leaders.

During 2021, in addition to supporting national workstreams, providing advice and support to parishes, managing core groups and managing a casework load, the team has continued to support the roll out of the Church of England Safeguarding Learning & Development Framework and the implementation of further changes in the House of Bishops Safeguarding guidelines, post IICSA. The Safeguarding Advisors continued to experience high levels of activity, alongside facilitating further external scrutiny of the handling of Safeguarding issues in the Church of England.

One of the commitments made by the Church of England to the Independent Inquiry into Child Sexual Abuse (IICSA) was to review the files of all licenced ministers and parish officers to ensure that there are no outstanding safeguarding issues relating to work with children young people or vulnerable adults that were not picked up by the 2010 Past Care Review (PCR) which had a narrower remit. This review (PCR2) of over 1800 files required significant resourcing, both in terms of staff time and the funding of a team of external reviewers. Progress was hampered due to the lockdowns which made it hard to access the files, but the work was finally completed in the autumn. The review was supported locally by the Diocesan Safeguarding Advisors and overseen by a panel chaired by a representative of one of our statutory partners. The outcomes for each diocese are due to be reported in Spring 2022.

A new initiative, designed to raise awareness and provide additional opportunities for learning and development, was our first Diocesan Safeguarding Week which took place in November. A total of 465 people attended 24 separate events, all but one of them delivered via Zoom. The sessions were delivered with the support of a number of external partners including the Police and Survivor support charities and were so successful that plans are underway to make this an annual event.

A significant amount of resource continues to be committed to providing training to licensed and authorised ministers, church officers and church members. During the lockdowns all of the previously face to face training was delivered online.

Despite the challenges this presented to both trainers and attendees, in the course of 2021, 366 individuals attended the new mandatory two session Safeguarding Leadership training for licensed and authorised ministers (2020: 253), with a further 243 attending the specialist Domestic Abuse and Safer Recruiting training modules (2020: 131) and 88 accessing the new e-learning versions of these modules. The updated foundation and basic e-learning courses were completed by over 1375 individuals (2020: 675). Additional Leadership Pathway options for Parish Safeguarding Officers and PTO Clergy were introduced during the year. These courses will be fully rolled out in 2022 but 40 people have attended to date.

It is anticipated that workloads will continue to increase as we continue to raise awareness and more work is undertaken in responding to the voice of survivors over the coming year. Additionally, the Diocesan Safeguarding Adviser (DSA) and the Diocesan Secretary continue to contribute to the ongoing revision of a number of national policies and procedures.

The Diocesan Safeguarding Adviser is responsible for reporting any issues that meet statutory thresholds. She is in close contact with the relevant authorities and has ensured that any incidents relating to PCCs or the DBF that meet the threshold for reporting to the Charity Commission have been submitted.

Working with Children & Young People in Schools and Parishes

The Education and Children and Youth team has operated at full strength during 2021. Some staff were again placed on periods of furlough during the year due to the pandemic but a full service was provided at all times to churches and schools.

The Diocesan Boards of Education Measure (2021) became law in April 2021 and requires each Diocesan Synod to make a Scheme to designate the DBE for the Diocese. The Measure sets out various different permissible structures for a DBE, specifically an incorporated DBE, an unincorporated DBE or a DBE which is a statutory committee of the Diocesan Board of Finance (DBF). It has been proposed that a DBE that is a statutory committee of the DBF is the closest to the current position in the Diocese of York. Under this structure, the DBF is designated as the DBE but is required by the Measure to delegate its functions to the DBE statutory committee under the Scheme. The DBF is not able to exercise any of the functions delegated to the DBE statutory committee except in exceptional circumstances.

It is anticipated that the DBE will become a statutory committee of the DBF in June 2022. The preparation of the Scheme, Terms of Reference and general guidance have been prepared in 2021 and will progress through the DBE, DBF and Diocesan Synod in an agreed timetable during the Spring of 2022.

Much of our work with Children, Youth and Schools in 2021 focused on supporting homes, schools and churches aligned with the strategic vision of the Diocesan Board of Education (DBE). This is seen within the diocesan vision of Living Christ's Story and the national work set out within Growing Faith. Due to the ongoing pandemic, parish and schools work in 2021 continued to focus on resourcing schools and churches to provide support for the household as gathering in schools and churches were restricted at different periods and there was a reluctance to return to meeting as 'in person' groups. These included activities within the yearlong Children of Light Festival – a virtual introductory service, mini pilgrimages, Teddy Bears Picnic, Muddy Church, and Parenting for Faith. Family Calendars were again distributed across the diocese and the Journey through the Bible resources were created for both schools and churches to support families at home and linked to school Collective Worship based on the Lord's Prayer.

As for schools, 124 Church schools bought into the new two-year Service Level Agreement provided by the Education team. This promotes the strong working relationship with Church schools in developing their Christian vision as well as increased income into the diocese.

At the beginning of 2021 there were ten Multi Academy Trusts (MATs) across the diocese, all of which were mixed MATs with Church and community schools working in partnership together. Two MATs merged in 2021 and there was increasing interest from Governing Bodies in exploring conversion to academy status.

Small school viability continues to be a challenge for the DBE. The DBE engaged with MATs, Local Authorities and the Department for Education (DfE) on possible school closures throughout 2021. This will see the closure of one academy in 2022 and may impact on other schools in the near future.

The diocese continues to be held accountable to the DfE and other statutory bodies, such as Ofsted, for the progress and achievement in all curriculum areas in Church schools, not only with respect to religious education, collective worship and the Christian vision of Church schools. No Ofsted or SIAMS inspections were undertaken in the bulk of 2021 due to the pandemic. By the year-end, 107 (86%) of the diocese's schools and academies were rated 'Good' or 'Outstanding' by Ofsted and under the statutory system for denominational inspection (SIAMS), 123 (98%) of schools were rated 'Good' or 'Outstanding/Excellent'.

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Nurturing of lay and ordained discipleship, vocations and equipping for lay and ordained ministry

We continue to invest in nurturing vocations in the Diocese, with 31 ordinands in training (at 31 March 2022) of whom 15 commenced training in September 2021; a number of these are under 32 and there is a good gender-balance. Furthermore, 17 candidates attended Bishops' Advisory Panels (BAPs) in the 2021/22 selection year, and we continue to have a number of other candidates in the discernment pipeline.

This activity was against the backdrop of the long term absence of the Diocesan Director of Ordinands during 2021. We are indebted to the Revd Canon Nick Bird who stepped in as Acting DDO in addition to his parish duties. We continue to offer bespoke support for those exploring or engaged in diaconal ministry, including our conferences for deacons which attract delegates from across the country.

The diocese has continued to invest in training for both lay and ordained leaders. The York School of Ministry (YSOM), based at the Diocesan Office but with hubs in Middlesbrough and Beverley, provides higher education accredited training, validated by Durham University, for Readers, licensed and recognised lay ministers, ordinands and curates and those in discernment for a wide range of ministries, within and beyond the church. YSOM runs the Recognised Parish Assistant training programme in a number of locations around the diocese and, in addition, offers a number of introductory courses aimed at a wider audience, including, for example, Children's and Youth workers, Churchwardens and church administrators. It also works in partnership with St Hild's College to support ordination training by contributing to the Yorkshire Theological Education Partnership.

For most of the year YSOM operated all its learning and teaching via online platforms, with excellent feedback from the students and, despite the ongoing pressures of Covid, has c.125 students registered in the current academic year. Face to face teaching was reintroduced in the autumn term but, going forward, learning will be facilitated both on line and in person, as appropriate to the content. It is anticipated that, over time, this will both widen access and reduce our carbon footprint.

As noted earlier, a number of the Training team retired or moved in the course of 2021. As a result the programme of continuing ministerial education for Readers and clergy was scaled back pending a review of provision for lifelong learning. A number of online events and retreats were however still offered in the course of 2021.

Following the almost year-long closure in 2020, Wydale Hall, reopened to the extent permitted under government restrictions for residential conference venues. Bookings have continued to be affected by Covid, but the team at Wydale have adapted well and the visitor feedback has been very positive. A full programme is in place for 2022 and provision has been made to allow remote participation in events as we continue to adapt to living with Covid. We continue to be grateful for some generous donations to support the ongoing costs as well as the prayerful support of the extended community of volunteers who have met regularly online via Zoom and offered their practical skills as visitors have been able to be back on site.

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MULTIPLY - New Worshipping Communities for 20s-40s

At the time of the last report the launch of new worshipping communities were being frustrated by the national lockdowns and other restrictions necessitated.

Some of the embryonic groups used digital technology to meet and have seen growth in their virtual communities, but in other cases the team engaged more broadly in the parishes – seeking out opportunities to serve and to support the existing church community to adapt to new ways of sharing together – whilst waiting to gather in person with the fledgling new worshipping communities.

The relaxation of restrictions has seen the work begin again in earnest, with new services launched and growing numbers in all of the current Multiply locations. The Hull St Nicholas location will finally launch in 2022, the start date delayed due to the absence of the incumbent for a period of time, followed by the Multiply Minister's maternity leave. Two Multiply Ministers (Drypool and Brayton) have moved to new posts (one outside the diocese) and in both cases the decision has been not to reappoint to those locations, but to reinvest the stipends saved (with the consent of the Strategic Investment Board) to fund the remaining locations for an additional year to compensate for the impact of Covid and maximise the potential for achieving sustainability for the longer term.

Multiply is also seeking to support the engagement of locally employed lay people via its seedcorn Growth Fund. Despite the pandemic, a further 7 projects got underway during 2021 to add to the 2 that started in 2019 and 6 in 2020. The team are working with a number of other locations and have two further projects ready to start in the first half of 2022. A significant amount of work is being undertaken to support the emerging leaders and particularly to support them as they evaluate their future plans in the light of the challenges of the last 18 months.

MUSTARD SEED – Growing disciples in places where life is tough

The Trustees remain grateful to the Benefact Trust (formerly Allchurches Trust) who agreed that their block grants to York Diocese for 2019-21 could be designated to create a fund to meet the costs of the Mustard Seed Programme Lead and the development costs of the Stepping Up learning and development programmes.

As at March 2022, the first two Stepping Up cohorts have just completed their programmes and a further six cohorts are underway. This expansion of the work has been possible because of the Church of England Strategic Investment Board funding (granted in 2020 to be called down over a 6 year period) and the successful appointment of a full team which was completed in March 2021.

To date 41 people have started Stepping Up, supported by 27 volunteer mentors. 28 parishes have signed members up to take part and further cohorts are planned to start in 2022 to meet the demand.

All those who are part of Stepping Up have been working in their local communities, either pioneering new forms of mission or supporting existing work in the parishes. That work has borne fruit with 129 new people engaging with some form of worship in those places and 18 adults coming forward for Baptism. Those who have completed their initial training and want to continue in some form of lay leadership, are being commissioned as Multiply Community Ministers and will become part of a network for ongoing support and learning & development,

A new website has been created (www.mseed.org) to support the work, and particularly to raise awareness as the team begin to recruit Ambassadors, a key element of the next phase of the development of the work; people from across the Diocese who have a passion to support mission in our poorest communities and who come alongside and are able to build a supportive relationship with and commitment to a Mustard Seed church and its community.

Wider service and partnership in communities experiencing social need to deliver a positive contribution to the wellbeing of the most vulnerable in our society

Whilst the strategic goals are focussing on the spiritual wellbeing of individuals in our most deprived communities, churches across the diocese have continued their wider involvement in each of their communities, often joining with other denominations to resource Foodbanks and support charities working with the poorest in our society. We have continued to take an active role during 2021 in supporting a number of projects, for example by providing facilities to Westway Open Arms (Scarborough) which serves the Eastfield Estate in Scarborough, and St Margaret's Welcome Centre (Longhill Estate, Hull) and funding the provision of ministry to the CofE parishes affiliated to Together Middlesbrough & Cleveland, a joint venture between the diocese and the Church Urban Fund, enabling those parishes to share their facilities and other resources in the support of those most in need within those communities.

The Bishop of Hull holds the portfolio for our work in this area. The next bishop will be invited to continue to work with others to develop plans to ensure that the needs of the poorest in our communities are at the forefront of our thinking as a diocese and also to identify ways in which we can resource practical support for those who live and work in the areas of greatest social and economic deprivation in the diocese.

GENEROUS GIVING – supporting local financial sustainability

The team exists to support parish level financial sustainability (which in turn increases parish capacity to increase the level of contributions that they make to the Common Fund). Their primary area of work is around encouraging and developing personal generosity but they also seek to assist PCCs with other practical ways of increasing income and/or reducing expenditure.

As reported last year, it had been hoped that the team would be able to run giving programmes across the diocese but due to the limitation on meetings and public worship, most churches postponed or cancelled their plans. As a result a decision was taken to furlough some members of the team whilst continuing to offer some support online including a series of well attended webinars. The team also piloted the Parish Giving Scheme (www.parishgivingscheme.org.uk/) as part of our support for local treasurers and growing regular PCC income.

Two members of the team decided to leave for personal reasons earlier in 2021, leaving one member of staff who has continued to support clergy and treasurers through face to face engagement as well as provision of web-based resources and regular social media communications. Since the vacancies coincided with the exhaustion of the external grant that had supported the costs of the team, a decision was made to pause recruitment to review the objectives and team roles in the light of the restated strategic priorities and the creation of a national framework for Generous Giving. A successful application was made for national Stewardship funding which has enabled us to recruit a second advisor who will join the team at Easter 2022.

A key objective of the new member of staff will be to support the roll out of PGS. Even without this resource, during the first year of operation the number of parishes using the scheme increased from 11 parishes and 87 givers to 29 parishes with 537 givers, of whom 86% Gift Aid and 55% have signed up to the inflationary increase. PGS currently processes c.£65,000 per month of gifts with an average weekly gift (at March 2022) of £27.83 (excluding Gift Aid), which is more than double the diocesan average weekly gift across all forms of regular giving of £10.10.

Additionally, we have continued to provide membership of the Association of Church Accountants and Treasurers (ACAT) for all PCCs.

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FUTURE PLANS

Supporting parishes and communities as they recover from the impact of the Coronavirus Pandemic will continue to be a key priority for 2022, alongside progressing the mission & ministry planning with deaneries and parishes in the light of the restatement of diocesan priorities.

Living Christ's Story seeks to address the challenges of falling attendance, with a strong focus on numerical and spiritual growth, together with the need to restructure the resourcing of ministry at both parish and diocesan level to enable us to create a credible and robust financial plan to respond to the phased reduction in Church Commissioners' direct support for poorer dioceses that began in 2017. By 2026 the annual grant will be reduced by circa £1m per annum (at 2016 value) compared to the £2.2m received in 2016.

Financial modelling continues to underpin this major undertaking as we seek to increase the pool of volunteer ministers, encourage missionary discipleship and enable churches to grow within a broader mixed ecology which builds, for example, on the experience of on-line worship and the work of chaplaincies during the lockdown. The resulting plan assumes a modest reduction in the number of remunerated posts together with an increase in the donor base to offset the reduction in the Church Commissioners grant and halt the reduction in real terms in parochial contributions to the Common Fund.

It is anticipated that majority of the structural changes arising from the consultations will be implemented by the end of 2025, with resulting savings, increased investment income and the impact of growing congregations starting to come through in the following years such that by 2031 the recurring expenditure of the diocese can be met via regular and reliable sources of income.

In addition, we expect to make progress with our commitment to diversity and inclusion as work of the newly created Racial Justice Working Group gets underway as well as the national aspiration that the CofE will achieve carbon net-zero by the end of 2030. Whilst still at the information gathering stage, it is clear that this will have significant financial implications for both parishes the DBF and so will be fully integrated into the work of the Director for Strategic Transformation

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FINANCIAL REVIEW

Financial Performance

The Trustees are grateful to all the parishes which gave generously into the Common Fund of the Diocese during the year, and especially to those parishes that give by monthly instalments, which is essential in supporting the cash flow of the Diocese.

Free Will Offers, the money given by Parishes to the Diocese to fund its mission and ministry, are the main incoming resource for the Diocese. These was down on the previous year at **£6,816,000** (2020: £7,338,000 and 2019: £8,098,000). Whilst current year contributions reduced by a further **£522,000**, given the circumstances of the year this represented another huge commitment on the part of PCCs to meet their pledges by all possible means. Based on submissions from parishes, the expectation is that, during 2022, Free Will Offers will recover to 2020 levels as parish income begins to recover, but it will be at least a further year before they return to pre-pandemic levels, due in no small part to the reduction in regular attendance in many churches coupled with the impact of energy inflation (particularly the price hike in standing charges) on local budgets.

The overall net movement in funds in 2021 was **£7,918,000** (2020: £2,829,000). The significantly higher level in 2021 arising through gains on the sale of land and buildings and investment gains. Such exceptional items mask a larger underlying operational shortfall.

2021	General £000	Unrestricted Designated £000	Total £000	Restricted £000	Endowed £000	Total 2021 £000	Total 2020 £000
SOFA:							
Operational (shortfall)/gain	(2,068)	73	(1,995)	(283)	-	(2,278)	(1,299)
add back investment and property gains/transfers/exceptional items:							
Covid related grant awarded in the year	620	-	620	-	-	620	-
Impairment of assets	-	-	-	-	-	-	(625)
Gain on sale of properties/closed churches	579	-	579	-	4,339	4,918	566
Clergy pension scheme deficit reduction	317	-	317	-	-	317	503
	(552)	73	(479)	(283)	4,339	3,577	(855)
Investment gains/(losses)	1,341	-	1,341	127	2,873	4,341	3,684
Transfer between funds - other	500	-	500	(500)	-	-	-
Transfer between funds - property	(664)	-	(664)	5,856	(5,192)	-	-
Transfer between funds - pension	(317)	-	(317)	-	317	-	-
	308	73	381	5,200	2,337	7,918	2,829

Unrestricted fund:

The unrestricted general fund showed an excess of expenditure over income of **£479,000** before investment gains or transfers (2020: £537,000). However, if the gain on the sale of properties, a one-off grant for covid support and the year end clergy pension scheme movements are excluded, there was an operational shortfall of £1,995,000 (2020: £908,000) which can be split into a **£2,068,000 shortfall** on general funds and a £73,000 increase in designated funds (2020: £1,009,000 shortfall on general funds £101,000 increase on designated).

This shortfall was at anticipated levels, with Free Will Offer income £1,282,000 lower than in 2019. The DBF continued to seek efficiency savings and also took advantage of the National furlough scheme where appropriate receiving £94,000 of salary support payments (2020: £226,000). Whilst the budget anticipated reduced housing costs and reductions in travel and certain other activities, unanticipated additional vacancies, whilst operationally challenging, once again had a positive impact on the operating shortfall.

The national Archbishop's Council offered assistance to the dioceses most adversely affected by Covid and the DBF was successful in an application for a one-off Sustainability Fund grant to cover 50% of the Free Will Offer shortfall. A sum of £620,000 was received in December 2021.

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A draw down from unrestricted reserves of up to **£1.7 million** (being £2.0 million less anticipated investment gains) was approved for 2022 by Diocesan Synod at its meeting in November 2021. This allowed for a combination of further investment in the Growth Strategy and also a continuing transitional necessity resulting from the reduction in income from the Church Commissioners and the lead time necessary to reach a corresponding uplift in Free Will Offerings. The Trustees assessed that the Diocese had adequate reserves to fund this in year shortfall. Safeguarding the future finances of the Diocese is a key part of the on-going strategic consultations and achieving sustainable parish giving will continue to be a vital factor in the Diocese's financial security in the future.

Designated funds:

A further **£73,000** (2020: £110,000) of funds were designated as at the year end towards the Mustard Seed Project (balance of the Allchurches Trust grant not already spent on that project in the year).

Restricted funds:

Restricted funds showed an excess of expenditure over income of **£283,000** before investment gains or transfers (2020: £606,000 shortfall). Income in 2019 included a grant of £3,167,000 from the Church Commissioners towards the costs of the Multiply programme which is being drawn down from them as necessary to cover costs over the 5 years from 2019.

Endowed funds:

Endowed funds showed an excess of income over expenditure of **£4,339,000** before non property related investment gains or transfers (2020: £288,000 surplus). This related to gains arising following the sale of various properties.

The excess of income over expenditure across all funds amounted to **£3,577,000** compared with a £855,000 shortfall in 2020.

Fixed Asset investments are included on the balance sheet at year end valuation. The impact of net unrealised and realised investment gains for the year of £4,341,000 (2020: £3,684,000 gain) increased the net total income for the year to **£7,918,000** compared with an overall increase in funds of £2,829,000 in 2020. Out of this net income various transfers were made between funds, as detailed in note 13.

Significant Property Transactions

There were a number of property sales and purchases during 2021 as the Diocesan policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church

£1 million of land and buildings were purchased during the year compared to £nil in 2020 and offers were accepted to purchase a further 3 properties totalling £1.3million, however these did not exchange before the end of the year. During the year, the Diocese disposed of former clergy housing with a total book value of £1.3 million realising net sales proceeds of £6.3 million and a gain on sale of £4.9 million.

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Glebe land, which is included within investments, was disposed of for £200,000 (2020: £1.4 million), representing a loss on sale of £11,000 (2020: £1.3million gain). The large gain in 2020 principally resulted from the sale of a single small plot of grazing land with planning permission to a developer.

Balance sheet position

The Trustees consider that the balance sheet and notes demonstrate that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled **£111,167,000** (2020: £103,249,000) it must be noted that included in this total are properties, mostly in use for the ministry, whose net book value amounted to **£48,391,000** (2020: £48,723,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds or as endowments and cannot necessarily be expended for the general purposes of the YDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 4 months budgeted unrestricted expenditure. At 31 December 2021 the amount required under this policy totalled **£4.9m** (2020: £4.9m). Actual free reserves as at 31 December totalled **£9.4m** (2020: £9.0m), which is equivalent to just over 7.6 months of budgeted unrestricted operating expenditure.

Whilst this level of reserves is above the minimum prudent level set by the trustees, it is considered to be currently necessary to hold them in the light of changes to the Church Commissioners' funding for the Diocese, the budgeted operating shortfall for 2022 (which includes the fourth of six years' match funding for the 20s-40s strategic investment), the decline in Free Will Offering, an anticipated need to invest additional resources in relation to Mustard Seed when external funding is exhausted and also the Diocesan wide consultation as referred to under the future plans section. The trustees are monitoring the rate at which the reserves are reducing and have plans to support the strategic initiatives via a release of fixed assets. The option to utilise Total Return legislation to release funding for future projects is kept under review by the Trustees as is the ability of the Common Fund to support the currently agreed levels of stipendiary ministry.

Reserves held as fixed assets

The general fund comprises net assets amounting to £14,311,000 of which £4,903,000 are tangible fixed assets.

Restricted and endowment funds

As set out in notes 20 to 22, YDBF holds and administers a number of endowment and restricted funds. As at 31 December 2021 endowment funds totalled £80.1m (2020: £77.7m) and restricted funds totalled £16.4m (2020: £11.2m). The capital in the endowment funds is not available for the general purposes of the YDBF. The majority of the restricted funds relate to property or to national funding relating to the Multiply programme. The Pastoral Account, as set up under the Pastoral Measure, is technically restricted and shown as such in the annual accounts. However, once obligations under the Measure are met, its purposes do allow funds to be transferred to the Stipends Capital Endowment fund or to be used for other purposes at the discretion of the Board. Further details are given in note 22. The sustainability model for Living Christ's Story assumes that, over the next five years, some of the transfers to the Pastoral Account (from further planned asset disposals) will continue to be drawn down to help finance the period of transition to new patterns of ministry resourcing, with the remainder retained and invested for income to support stipends.

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For the year ended 31 December 2021

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence, the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

Even allowing for the anticipated continuing impact of the Coronavirus, the Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Grant making policy

The Memorandum of Association of the YDBF explicitly permits the YDBF to make grants in pursuance of its objects. The nature of grants made in 2021 is indicated in note 11.

Investment policy

The YDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the YDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The YDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The Trustees' investment policy is to spread the YDBF's investments between Smith & Williamson and CCLA. Smith & Williamson work on a discretionary basis and are mandated to achieve a total return of CPIH plus 5% over the medium term. Within the CCLA portfolio, the YDBF selects funds from the CBF range of funds for the Church of England, taking into account the objectives of each fund in the context of the YDBF's own objectives for income and long term capital growth. The long term total return objective of the CBF Investment Fund is CPI plus 5% p.a. The CBF Property Fund aims to deliver a high income yield with capital growth over time. Both managers are required to adhere to the policies of the Church of England's Ethical Investment Advisory Group. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2021 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	14,711	39.1%	2.93%	17.4%
CBF Property Fund	1,655	4.4%	5.03%	19.74%
CBF Deposit Fund	569	1.5%	0.05%	0.05%
Smith & Williamson Managed	20,710	55.0%	1.7%	15.4%
	<u>37,645</u>	100.0%		

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For the year ended 31 December 2021

The Investment Group meets with the Investment Managers twice each year and regularly reviews the performance of the funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification and management of risk. To achieve this, the Trustees have engaged with the management team to consider the principal risks to which the YDBF is exposed and to prioritise a mitigation strategy. The Risk Register is regularly reviewed by the appropriate sub-committees and officers (under the oversight of the Audit Committee), to ensure that all risks are proportionally addressed in line with the YDBF's risk management policy and that all mitigating controls are operating effectively.

The highest risk areas for the Company; those that could have a significant impact on the organisation's ability to achieve its strategic aims, have been identified as being in the following areas:

1. Safeguarding - the risk that there is an occurrence of abuse (or allegation of historic abuse) by someone working for or on behalf of the Diocese. The mitigating controls are as follows:
 - The YDBF retains appropriately trained safeguarding professionals who are following clear policies and protocols aligned to National Church guidelines;
 - Compulsory training is provided to all relevant staff;
 - An independently chaired safeguarding advisory panel governs the effectiveness of YDBF practices; and
 - All parishes are required to adhere to nationally agreed House of Bishops policies and practices with support provided by the safeguarding team.
2. Reliance on key management staff and clergy:
 - a) the risk that vacancies in key posts and under-resourcing of the Diocesan offices and key central functions could lead to a breakdown in the delivery of the Diocesan mission and stewardship of its assets. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - A process of collation of key documented processes is in progress to ensure that the YDBF is well placed to manage any significant incident; and
 - The Trustees will continue to review the staffing of central functions as part of the development of the strategic plans.
 - b) the risk that clergy and other key leaders will not have the capacity to deliver the strategic goals in relation to growth either due to individual capability or there being too many demands placed on limited parish resources. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - The Diocesan Leadership Team, supported principally by the Director for Strategic Transformation and the Director of Mission & Ministry, are responsible for ensuring that the demands being placed on parishes are being coordinated and accompanied by appropriate levels of support and training.
3. The risk that the YDBF is unable to meet its strategic aims due to financial constraints as a result of a decline in parish Free Will Offerings, the impact of COVID-19, adverse investment conditions or reduction in funding from the Church Commissioners. The mitigating controls are:

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- Strong engagement of the Diocesan Leadership Team, especially the Archdeacons, with parishes to ensure that commitments by parishes are honoured as far as is practically possible;
- Priority given to supporting clergy and lay leadership to grow local sustainability in terms of both attendance and giving;
- Strong budgetary control processes to identify adverse trends and consider the necessary medium and long term actions needed to address the underlying issues;
- Robust reserves policies to ensure that temporary shortfalls can be financed without the need for short term cuts; and
- Investment in strategic capacity to ensure that access to funding streams from the Church Commissioners is maximised.

In addition, the Trustees are keeping a number of potentially significant extraordinary expenditure under close review. They will be factored into the ten year forecasts and the annual budget continues to allow for a contingency sufficient to cover immediate unanticipated costs. The areas being monitored for additional extraordinary and/or significant costs that would place financial pressures such that a reduction in core activities may become necessary include:

- Wydale Hall - Additional costs arising from non-insurable unanticipated shutdowns. Inability to cover the cost of major roof repairs from normal operating surpluses, requiring additional capital funding from YDBF reserves.
- Pensions – Fund liabilities increasing beyond currently forecasted levels.
- Safeguarding – Uninsured compensation payments for historic cases. Additional resource costs for compliance with legislation or House of Bishops Regulations.
- Carbon Net-Zero – the costs of achieving net-zero for DBF assets, support for parishes in achieving net-zero (including grants and impact on Free Will Offer), ongoing offsetting levies.

In addition to the fiscal policies identified in (3) above, close contact is maintained with the National Church Institutions and other dioceses to facilitate collaborative approaches to influence legislative changes that may lead to increased cost and seeking additional national funding streams to mitigate the impact of significant additional mandatory expenditure.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese itself is divided into twenty one deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility

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for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from (and partner with) neighbouring Dioceses and the National Church Institutions.

Organisational structure

The York Diocesan Board of Finance (YDBF) is a company limited by guarantee (No. 225234) and a registered charity (No. 244976) governed by its Standing Orders and its Memorandum and Articles of Association which were approved on 16 July 2009. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of York. It was established in its present form in 1927 and is successor in title to the York Diocesan Trustees.

Its statutory governing body is the **Diocesan Synod**, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Archbishop, Suffragan Bishops and Archdeacons; clergy members elected by the houses of clergy in Deanery Synods; lay members elected by the houses of laity in Deanery Synods; up to five persons who may be co-opted by the house of clergy or the house of laity; and a maximum of 10 members nominated by the Archbishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Archbishop's Council and Standing Committee.

Archbishop's Council

The members of the Archbishop's Council and Standing Committee are also appointed to the Board of Directors, with the exception of the Bishop of Beverley and any member of the Council who is an employee of the Company. Archbishop's Council consists of 13 ex officio members, including the Archbishop, the four Suffragan Bishops and the three Archdeacons, four clergy elected by the house of clergy from among their number and eight lay persons elected by the members of the house of laity representing deaneries and a maximum of six Synod members nominated by the Archbishop.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of York, are set by the Diocesan Synod and the YDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the YDBF. The Trustees, meeting within the context of the Archbishop's Council & Standing Committee, hold up to five meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Acting as the Trustees of the YDBF
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion

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- Advising the Archbishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by three sub-committees:-

Finance Sub-Committee: the role of the Finance Sub-committee is to provide focussed support to the directors of the YDBF so that they might better enable the mission of the diocese through sound financial management and transparent, open reporting. The responsibilities of the Finance Sub-Committee include:

- Monitoring the financial performance of the Diocese against budget and forecast;
- Approving the Management Accounts;
- Ensuring that appropriate Financial Statements are drawn up;
- Making recommendations on and monitoring the operation of the Common Fund including the process of making Freewill Offers;
- Reviewing and giving first stage approval to the budget;
- Making recommendations for the Board's approval on levels of stipends, salaries and pension provision;
- Acting for the Board in its capacity as Custodian Trustee in relation to third party investments;
- Making recommendations to the Board on the appointment of professional advisers;
- Monitoring entries in the Risk Register that relate to finance;
- Monitoring and reflecting updates to financial regulation;
- Ensuring the appropriate provision of HR expertise and policies in order to meet the obligations of the DBF; and
- Undertaking such other work as may be referred to it by the YDBF.

Property Sub-Committee: the Property Sub-Committee undertakes the YDBF's responsibilities under the Church Property Measure 2018; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Ecclesiastical Offices (Terms of Service) Measure 2011.

Diocesan Pastoral & Mission Sub-Committee: as far as is permissible under Ecclesiastical Law the functions of the Pastoral and Mission Committee as set out in the Mission and Pastoral Measure 2011 have been delegated to the Pastoral and Mission Sub-Committee. The primary function of the Committee is pastoral reorganisation in the Diocese of York, taking account of available clergy numbers and making use of new patterns of ministry. It also oversees the work of diocesan staff in relation to the management of church buildings that have been closed for regular worship, pending their disposal.

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Trustee recruitment and induction

Trustees are members of the Archbishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to provide updated declarations for the registers of skills and interests on a tri-annual basis. Some employees hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

Governance Matters

During 2021, Diocesan Synod, the DBF and most Boards and Committees continued to meet using Video Conferencing. The elected Trustees concluded their three year term on 31 December 2021. Following elections to Diocesan Synod and Archbishop's Council, the new term of office for those elected to serve as Trustees of the DBF commenced on 1 January 2022. Newly elected members are due to receive Trustee Training, including reference to the 2017 Charity Governance Code (produced by the Good Governance Group), at its first residential meeting. The ongoing monitoring of governance and the periodic review of terms of reference of sub-committees is overseen by the Audit Committee and the Chairs of the Houses of Clergy and Laity of the Diocesan Synod.

Volunteers

YDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the YDBF greatly values and would want to acknowledge the considerable time given by all members of Boards, Committees and Working Groups – for each of them just a part of the practical outworking of what it means to be "Living Christ's Story".

Remuneration of key management personnel

Emoluments of key management personnel are determined through a process of job evaluation and with reference to market rates for equivalent jobs.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Chief Executive is given specific and general delegated authority to deliver the business of the YDBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The YDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the YDBF does not control them, and they are segregated

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from the YDBF's own assets by means of separate bank and investment accounts. The market value of funds held as custodian amounted to **£16,804,000** at 31 December 2021 (2020: £14,628,000). Custodian investments are summarised in note 29.

Funds held on behalf of schools

The Board of Education (as incorporated within the YDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2021 is **£116,000** (2020: £146,000).

OTHER RELATED PARTIES

The Diocese of York Educational Trust, which acts as a member of Academy Trusts and Multi-Academy trusts on behalf of the YDBF (the DBE being unincorporated) is a related party. A small grant is made by the DBE to support governance costs and the Trustees work closely with members of the DBE and the education team to support the Church of England Academies in the diocese.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in notes 27 and 28 to the financial statements.

Although the following are not related parties under accounting regulations, there are a number of bodies that the YDBF works closely with, these include:

- The Archbishops' Council to which the YDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The Archbishop's Council allocate funding to dioceses from the Church Commissioners under legislation and regulations established by the General Synod of the Church of England.
- The Church Commissioners from which the YDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The YDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the YDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- DBE Services, of which the YDBF is a member, provides services to Church Schools. Any profits are returned to the member dioceses via charitable donations and are designated by the trustees to support the work of the education team.
- Together Middlesbrough and Cleveland, a charitable company limited by guarantee, which exists to work in partnership with Christian based charities in the north of the diocese for the relief of hardship and the wellbeing of those in need. YDBF is a member, alongside the Church Urban Fund, but receives no benefit and does not make any financial contribution.

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TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the YDBF and of the surplus or deficit of the YDBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the YDBF 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 YDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the YDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Haysmacintyre LLP have expressed their willingness to continue in office as auditor for the next financial year and are deemed to be reappointed under Section 487 (2) of the Companies Act 2006 until otherwise resolved at a General Meeting of the Company.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2021. The following Trustees were in post at the date of this report (those who served for some of 2021 are shown in *italics*):

Ex-officio:

Chair–	Mr C R Barton
The Dean of York –	The Right Reverend Jonathan Frost (resigned 18 January 2022)
The Archbishop of York –	The Most Reverend & Right Honourable S Cottrell
The Bishop of Whitby –	The Right Reverend PJ Ferguson (Vice-Chairman)
The Bishop of Selby –	The Right Reverend Dr JB Thomson
The Bishop of Hull –	The Right Reverend AM White (resigned 28 February 2022)
The Archdeacon of Cleveland –	The Venerable A Bloor
The Archdeacon of the East Riding –	The Venerable AC Broom
The Archdeacon of York –	The Venerable SJ Rushton

The Chair of the House of Laity -	Dr N Land
The Chair of the House of Clergy -	The Reverend T Robinson (resigned 6 September 2021)
	The Reverend R Walker (appointed 21 October 2021)

Elected by:

Synod House of Clergy	The Reverend FR Mayer-Jones
	The Reverend NWR Bird (term ended 31 December 2021)
	The Reverend RC Carew (term ended 31 December 2021)
	The Reverend M J Proctor (term ended 31 December 2021)
	The Reverend E Hassall (appointed 1 January 2022)
	The Reverend R Lumley (appointed 1 January 2022)
	The Reverend Canon S Sherriff (appointed 1 January 2022)

Synod House of Laity	Miss KM Banks
	Dr NA Burgess
	Mrs CS Gilderdale (resigned 31 July 2021)
	Mr D Brookes (term ended 31 December 2021)
	Mr AM Hagon (term ended 31 December 2021)
	Canon R Liversedge (term ended 31 December 2021)
	Mr RH Nihill (term ended 31 December 2021)
	Mr MO Stallybrass (term ended 31 December 2021)
	Mr D Millican (appointed 1 January 2022)
	Canon RPA Brewer (appointed 10 February 2022)
	Dr G Boag-Munroe (appointed 10 February 2022)
	Dr D Craven (appointed 10 February 2022)
	Dr G Parr (appointed 10 February 2022)
	Dr T Scott (appointed 10 February 2022)

Co-opted by the Archbishop	Canon RPA Brewer (term ended 31 December 2021)
	Reverend MJ Porter (term ended 31 December 2021)
	Mr B Hudson (term ended 31 December 2021)

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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Senior staff and advisers

Diocesan Secretary & Chief Executive	Canon PJ Warry
Director of Finance	Mrs K Rose
Director of Education	Mr AK Smith
Director of Communications & Parish Resourcing	Mr M Sheppard
Director of Making & Nurturing Disciples	The Revd R White (resigned 14 June 2021)
Director of Training for Missional Ministry	The Revd Dr GT Wakefield (resigned 31 August 2021)
Director of Mission & Ministry	The Revd I McIntosh (appointed 31 August 2021)
Assistant Diocesan Secretary	Ms SA Davies

Registered Office: Diocese of York, Amy Johnson Way, Clifton Moor, York, YO30 4XT

Bankers Barclays Bank PLC, 1-3 Parliament Street, York, YO1 8SE

Auditors haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors Lupton Fawcett LLP, Stamford House, Piccadilly, York, YO1 9PP

Investment advisers CCLA Investment Management Ltd
80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
and
Smith & Williamson Investment Management LLP,
9 Colmore Row, Birmingham, B3 2BJ

Glebe Agents Savills, River House, 17 Museum Street, York, YO1 7DJ
and
Dee, Atkinson & Harrison,
The Exchange, Exchange Street, Drifffield. YO25 6LD

Insurers Ecclesiastical Insurance Office plc,
Benefact House, 2000 Pioneer Avenue, Gloucester Business Park,
Brockworth, Gloucester. GL3 4AW

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 18 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



Mr CR Barton
Chairman
14 May 2022



The Right Rev'd PJ Ferguson
Vice Chair
14 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE YORK DIOCESAN BOARD OF FINANCE LIMITED

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' 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 Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' 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 charitable company; or
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 23, 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.

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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;

- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

Use of our report

This report is made solely to the 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.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

08 June 2022

10 Queen Street Place
London
EC4R 1AG

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
For the year end 31 December 2021

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2021	Total funds 2020
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	2					
Parish contributions		6,816	-	-	6,816	7,338
Archbishops' Council		2,375	369	-	2,744	2,220
Other donations		238	494	-	732	441
Charitable activities	3	881	599	-	1,480	1,553
Other activities	4	247	-	-	247	222
Investments	5	1,273	2	-	1,275	1,173
Other	6	579	-	4,339	4,918	566
Total		12,409	1,464	4,339	18,212	13,513
Expenditure on						
Raising Funds	7	204	-	-	204	187
Charitable activities						
General charitable activities	8	12,671	1,747	-	14,418	14,152
Losses on clergy pension scheme	25	13	-	-	13	29
Total		12,888	1,747	-	14,635	14,368
Net (expenditure)/income before investment gains and losses		(479)	(283)	4,339	3,577	(855)
Net gains/(losses) on investments	20	1,341	127	2,873	4,341	3,684
Net income		862	(156)	7,212	7,918	2,829
Transfers between funds	13	(481)	5,356	(4,875)	-	-
Net movement in funds		381	5,200	2,337	7,918	2,829
Total funds brought forward		14,333	11,186	77,730	103,249	100,420
Total funds carried forward	20	14,714	16,386	80,067	111,167	103,249

All activities derive from continuing activities. The notes on pages 33 to 61 form part of the financial statements.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year end 31 December 2021

	Total 2021 £'000	Total 2020 £'000
Total income	13,873	12,945
Total expenditure	(14,635)	(14,088)
Operating deficit for the year	(762)	(1,143)
Net gains on investments	1,468	797
Net income/(expenditure) for the year	706	(346)
Other comprehensive income	-	-
Net assets transferred from/(to) endowments	4,875	652
Total comprehensive income	5,581	306

The Income and Expenditure Account is derived from the Statement of Financial Activities, with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

At 31 December 2021

Company number - 225234		2021		2020	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		48,391		48,723
Investments	15		55,196		48,689
			<u>103,587</u>		<u>97,412</u>
Current assets					
Debtors	17	3,021		3,587	
Cash on deposit		3,996		2,824	
Cash at bank and in hand		<u>2,458</u>		<u>1,860</u>	
		9,475		8,271	
Creditors: amounts falling due within one year	18	<u>(1,581)</u>		<u>(1,948)</u>	
NET CURRENT ASSETS			<u>7,894</u>		<u>6,323</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>111,481</u>		<u>103,735</u>
Creditors: amounts falling due after more than one year	19		(314)		(486)
NET ASSETS			<u><u>111,167</u></u>		<u><u>103,249</u></u>
FUNDS					
Endowment funds			80,067		77,730
(Including Investment Valuation Reserve of £22,967,000 (2020: £20,744,000))					
Restricted income funds			16,386		11,186
(Including Investment Valuation Reserve of £560,000 (2020: £413,000))					
Unrestricted income funds:					
(Including Investment Valuation Reserve of £4,975,000 (2020: £4,009,000))					
General - other			9,408		9,003
General - represented by tangible fixed assets			4,903		4,999
Designated			403		331
Total funds	22		<u><u>111,167</u></u>		<u><u>103,249</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 14 May 2022 and signed on behalf of the Board by:



Mr CR Barton
Chairman

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

For the year end 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(2,052)		(1,598)
Cash flows from investing activities				
Dividends and interest from investments	749		634	
Proceeds from sale of:				
Tangible fixed assets	6,270		1,265	
Fixed asset investments	2,155		3,749	
Closed Churches	-		15	
Purchase of:				
Tangible fixed assets for the use of the YDBF	(1,031)		(10)	
Fixed asset investments	(4,321)		(3,604)	
Net cash provided by investing activities		3,822		2,049
Change in cash and cash equivalents in the reporting period		1,770		451
Cash and equivalents at 1 January		4,684		4,233
Cash and equivalents at 31 December		6,454		4,684
Reconciliation of net income to net cash flow from operating activities				
Net income for the year ended 31 December		3,577		(855)
Adjusted for:				
Depreciation charges	11		14	
Write down of impaired asset	-		625	
Dividends and interest from investments	(749)		(634)	
Profit on sale of functional assets	(4,918)		(551)	
Profit on disposal of closed churches	-		(15)	
Decrease/(Increase) in debtors	566		147	
(Decrease) in creditors	(539)		(329)	
Net cash used in operating activities		(2,052)		(1,598)
Analysis of cash and cash equivalents				
Cash at bank and in hand	2,458		1,860	
Notice deposits (less than 3 months)	3,996		2,824	
	6,454		4,684	

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS102)) second edition effective 1 January 2019, the Companies Act 2006 and applicable accounting standards (FRS102).

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook and that there is no material uncertainty relating to going concern.

The Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The principal accounting policies and estimation techniques are as follows.

a) **Income**

All income is included in the Statement of Financial Activities (SOFA) when the YDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Freewill Offering** is recognised as income of the year in respect of which it is received.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

Grant income in respect of the Coronavirus Job Retention Scheme is included in other income and is recognised in the same period as the staff costs to which it relates

- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the YDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Permanent endowment funds (Stipends Capital Fund)**. This account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
- ix) **Permanent endowment funds (Ordination Candidates Council Fund, First Lord Grimthorpe's Trust and Local Trusts' Stipend Fund)**. The income is fully expended within the year of receipt and the terms of the funds,

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the YDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The YDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the YDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which YDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The YDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Trustees review the YDBF's assets for indications of impairment each year. Where indicators of impairment are identified the affected assets are written down to the recoverable amount, which is the higher of the asset's fair value and its value in use. The impairment losses are recognised in expenditure.

Where expenditure on refurbishing a property exceeds £15,000 it is capitalised if it adds value to the property.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

1. ACCOUNTING POLICIES (continued)

c) **Tangible fixed assets and depreciation (continued)**

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The YDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The YDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historical cost.

Valuation of fixed assets

Parsonages, team vicarages and general fund owned houses are carried at historical cost. A number of properties were first recognised at the relevant 1994 council tax band value, which is now treated as historical cost.

d) **Other tangible fixed assets**

All capital expenditure over £2,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computer Equipment	25% per annum	straight line basis
Furniture and equipment	25% per annum	straight line basis

e) **Other accounting policies**

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The YDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

f) **Fund balances**

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the YDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the YDBF. There are two types of unrestricted funds:
 - **General funds** which the YDBF intends to use for the general purposes of the YDBF and
 - **Designated funds** set aside out of unrestricted funds by the YDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

1. ACCOUNTING POLICIES (continued)

- **Endowment** funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the YDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches. Trusts where the YDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Assessment of residual value of freehold property when determining whether or not depreciation is required – see above;
- Calculation of depreciation – see details set out at 1c) above; and
- Accounting for pensions – the key assumptions underpinning the pension creditor reflected in these accounts are set by the Church of England Pensions Board and then reviewed and accepted or challenged by the Trustees.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2021

2. DONATIONS

2a. Parish Contributions

The majority of donations are collected from parishes through the Freewill Offering system.

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Parish contributions to the Common Fund				
Current year contributions	6,756	-	-	6,756
Receipts for previous years	60	-	-	60
Total income	6,816	-	-	6,816

2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Parish contributions to the Common Fund				
Current year contributions	7,265	-	-	7,265
Receipts for previous years	73	-	-	73
Total income	7,338	-	-	7,338

2b. Archbishops' Council
2021

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Resourcing Education Ministry	-	369	-	369
Grant for low income dioceses	1,755	-	-	1,755
Sustainability Funding Grant	620	-	-	620
Total income	2,375	369	-	2,744

2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Resourcing Education Ministry	-	395	-	395
Grant for low income dioceses	1,825	-	-	1,825
	1,825	395	-	2,220

Resourcing Ministerial Education is a funding stream to support the costs of ordinand training which was introduced for the 2017/18 academic year and replaces a previous model whereby the training was funded directly by the Church Commissioners.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2021

2. DONATIONS (continued)

2c. Other donations

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
All Churches Trust Grant	177	-	-	177
Other grants and donations	61	494	-	555
	238	494	-	732

Donations in 2019 included £3,167,000 from the Church Commissioners towards the costs of the multiply and restructuring programmes. This is being spent over 6 years from 2019.

2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
All Churches Trust Grant	185	-	-	185
Other grants and donations	81	175	-	256
	266	175	-	441

3. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Statutory fees	602	-	-	602
Church Commissioners Guaranteed Annuities	1	-	-	1
Chaplaincy and other	278	63	-	341
Diocesan Board of Education	-	187	-	187
Wydale Hall	-	349	-	349
	881	599	-	1,480

2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Statutory fees	601	-	-	601
Church Commissioners Guaranteed Annuities	2	-	-	2
Chaplaincy and other	338	30	-	368
Diocesan Board of Education	-	170	-	170
Wydale Hall	-	412	-	412
	941	612	-	1,553

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2021

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Housing income	247	-	-	247
2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Housing income	222	-	-	222

5. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Dividends receivable	745	-	-	745
Interest receivable	2	2	-	4
Rental receivable	526	-	-	526
	1,273	2	-	1,275
2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Dividends receivable	617	-	-	617
Interest receivable	10	7	-	17
Rental receivable	539	-	-	539
	1,166	7	-	1,173

6. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Gain on sale of properties	579	-	4,339	4,918
Disposal of closed churches	-	-	-	-
	579	-	4,339	4,918
2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
(Loss)/gain on sale of properties	(17)	-	568	551
Disposal of closed churches	-	15	-	15
	(17)	15	568	566

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2021

7. FUNDRAISING COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Investment Manager's Fees	29	-	-	29
Property agent's fees	115	-	-	115
Other rented property costs	60	-	-	60
	<u>204</u>	<u>-</u>	<u>-</u>	<u>204</u>

2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Investment Manager's Fees	26	-	-	26
Property agent's fees	117	-	-	117
Other rented property costs	44	-	-	44
	<u>187</u>	<u>-</u>	<u>-</u>	<u>187</u>

8. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	245	-	-	245
Grants & provisions	30	-	-	30
Mission agency pension costs	16	-	-	16
Retired clergy housing costs	129	-	-	129
Ordinand maintenance grants - pooling adjustment	70	-	-	70
	<u>841</u>	<u>-</u>	<u>-</u>	<u>841</u>
Resourcing Ministry and Mission				
Parish ministry				
Stipends, national insurance and pensions	6,274	-	-	6,274
Housing costs	2,301	-	-	2,301
Removal, resettlement and grants	230	-	-	230
Specialist ministry				
Stipends, national insurance and pensions	601	603	-	1,204
Resourcing Ministerial Education	<u>-</u>	<u>304</u>	<u>-</u>	<u>304</u>
	<u>9,406</u>	<u>907</u>	<u>-</u>	<u>10,313</u>
Support for parish ministry	<u>2,061</u>	<u>197</u>	<u>-</u>	<u>2,258</u>
Wydale Hall	<u>-</u>	<u>425</u>	<u>-</u>	<u>425</u>
	<u>11,467</u>	<u>1,529</u>	<u>-</u>	<u>12,996</u>
Expenditure on Education				
Support for church schools and parishes	363	218	-	581
	<u>12,671</u>	<u>1,747</u>	<u>-</u>	<u>14,418</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

8. CHARITABLE ACTIVITIES (continued)

2020 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	265	-	-	265
Grants & provisions	29	-	-	29
Mission agency pension costs	13	-	-	13
Retired clergy housing costs	126	-	-	126
Ordinand maintenance grants - pooling adjustment	118	-	-	118
	<u>902</u>	<u>-</u>	<u>-</u>	<u>902</u>
Resourcing Ministry and Mission				
Parish ministry				
Stipends, national insurance and pensions	5,801	-	-	5,801
Housing costs	1,821	-	-	1,821
Removal, resettlement and grants	157	-	-	157
Specialist ministry				
Stipends, national insurance and pensions	642	458	-	1,100
Resourcing Ministerial Education	<u>-</u>	<u>341</u>	<u>-</u>	<u>341</u>
	8,421	799	-	9,220
Support for parish ministry	2,203	317	-	2,520
Impairment of houses	115	230	280	625
Wydale Hall	1	327	-	328
	<u>10,740</u>	<u>1,673</u>	<u>280</u>	<u>12,693</u>
Expenditure on Education				
Support for church schools and parishes	420	137	-	557
	<u>12,062</u>	<u>1,810</u>	<u>280</u>	<u>14,152</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2021

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities	Grant	Support	Total
	Undertaken Directly £'000	Funding of Activities £'000	Costs £'000	Costs 2021 £'000
Raising Funds	204	-	-	204
Charitable Activities:				
Contributions to Archbishops' Council	-	841	-	841
Resourcing parish ministry	9,621	397	2,553	12,571
Education	496	-	85	581
Retreat Centre	326	-	99	425
Losses on clergy pension scheme	13	-	-	13
	10,660	1,238	2,737	14,635
2020 comparatives	Activities	Grant	Support	Total
	Undertaken	Funding of	Costs	Costs
	Directly	Activities		2020
	£'000	£'000	£'000	£'000
Raising Funds	187	-	-	187
Charitable Activities:				
Contributions to Archbishops' Council	-	902	-	902
Resourcing parish ministry	9,521	351	2,493	12,365
Education	481	-	76	557
Retreat Centre	242	-	86	328
Losses on clergy pension scheme	29	-	-	29
	10,460	1,253	2,655	14,368

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2021

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Central Administration	2,393	-	-	2,393
Pension deficit church workers scheme				
Support for Schools	85	-	-	85
Retreat Centre	-	99	-	99
Governance:				
External Audit	26	-	-	26
Registrar & Chancellor	126	-	-	126
Synodical costs	8	-	-	8
	2,638	99	-	2,737

2020 comparative

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Central Administration	2,338	-	-	2,338
Pension deficit church workers scheme				
Support for Schools	76	-	-	76
Retreat Centre	-	86	-	86
Governance:				
External Audit	29	-	-	29
Registrar & Chancellor	122	-	-	122
Synodical costs	4	-	-	4
	2,569	86	-	2,655

11. ANALYSIS OF GRANTS MADE

				2021
	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	840	840
From unrestricted funds				
PCCs for church inspection fees	2	-	-	-
PCC for faculty fees	161	-	34	34
PCCs for Repairs to Church Buildings	19	-	11	11
Ordinands in training	17	99	-	99
Clergy for training	24	9	-	9
Resettlement Grants	49	231	-	231
Diocese of York Educational Trust	-	-	-	-
From restricted funds				
PCCs for Repairs to Church Buildings	5	-	13	13
	277	339	58	397
Total	289	339	898	1,237

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

11. ANALYSIS OF GRANTS MADE (continued)

				2020
2020 comparative	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	902	902
From unrestricted funds				
PCCs for church inspection fees	33	-	17	17
PCC for faculty fees	190	-	42	42
PCCs for Repairs to Church Buildings	10	-	19	19
Ordinands in training	17	92	-	92
Clergy for training	25	5	-	5
Resettlement Grants	43	157	-	157
Diocese of York Educational Trust	1	-	2	2
Archbishop's Mission Fund	9	-	5	5
From restricted funds				
PCCs for Repairs to Church Buildings	3	-	12	12
	331	254	97	351
Total	343	254	999	1,253

12. STAFF COSTS

	2021 £'000	2020 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,257	2,351
National insurance contributions	221	229
Pension Costs - Current Year	249	263
	2,727	2,843
Pension Costs - Deficit	81	12
	2,808	2,855

The average number of persons employed during the year :

	Number	Number
Parochial Posts	2.8	3.0
Archdeaconry based roles	4.3	4.2
Reach, Grow, Sustain posts	9.2	9.1
Safeguarding and Pastoral Care	4.3	3.9
Training, Vocations and School of Ministry	8.0	8.2
Education	10.0	10.0
Other Diocesan Office based posts	22.2	22.8
Longhill	2.2	3.0
Wydale Hall	9.9	10.8
Externally funded posts	3.9	4.3
	76.8	79.3

The average number of persons employed during the year based on full-time equivalents:

	Number	Number
Parochial Posts	2.8	2.9
Archdeaconry based roles	2.9	3.1
Reach, Grow, Sustain posts	8.4	9.1
Safeguarding and Pastoral Care	3.7	3.4
Training, Vocations and School of Ministry	6.7	6.7
Education	9.3	9.4
Other Diocesan Office based posts	19.9	20.7
Longhill	0.8	1.3
Wydale Hall	6.6	6.7
Externally funded posts	2.7	2.8
	63.9	66.1

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

12. STAFF COSTS (continued)

The number of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:

	2021	2020
£60,000 - £70,000	2	2
£70,000 - £80,000	1	1

Pension payments of **£31,189** (2020: £31,035) were made to these employees

Payments on termination of employment of £nil (2020: £nil) have been made during the year

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2021 they were:

Diocesan Chief Executive	Canon PJ Warry
Assistant Diocesan Secretary	Ms SA Davies
Director of Finance	Mrs K Rose
Diocesan Director of Education	Mr AK Smith
Director of Communications and Parish Resourcing	Mr M Sheppard
Director of Making and Nurturing Disciples (resigned June 2021)	The Reverend R White
Director of Training for Missional Ministry (resigned August 2021)	The Reverend Doctor GT Wakefield
Director of Mission & Ministry (appointed September 2021)	The Reverend I McIntosh

Remuneration, pensions and benefits for these employees amounted to £476,205 (2020: £502,104).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 12 (2020: 14) of the Trustees received travelling and out of pocket expenses, totalling **£14,438** (2020 - £10,702) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the YDBF during the year:

	Stipend	Housing
The Most Reverend & Right Honourable S Cottrell	No	No
The Right Reverend J Frost (resigned 18 January 2022)	No	No
The Right Reverend PJ Ferguson	No	Yes
The Right Reverend JB Thomson	No	Yes
The Right Reverend AM White (resigned 28 February 2022)	No	Yes
The Venerable AC Broom	Yes	Yes
The Venerable SJ Rushton	Yes	Yes
The Venerable A Bloor	Yes	Yes
The Reverend R Walker (appointed 21 October 2021)	Yes	Yes
The Reverend T Robinson (resigned 6 September 2021)	Yes	Yes
The Reverend FR Mayer-Jones	Yes	Yes
The Reverend NWR Bird (term ended 31 December 2021)	Yes	Yes
The Reverend RC Carew (term ended 31 December 2021)	Yes	Yes
The Reverend MJ Proctor (term ended 31 December 2021)	Yes	Yes
The Reverend MJ Porter (term ended 31 December 2021)	Yes	Yes

The YDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The YDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the Archbishop and cathedral staff.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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12. STAFF COSTS (continued)

The YDBF paid an average of 185 (2020 – 184) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	4,770	4,757
National insurance contributions	404	395
Pension costs - current year	1,533	1,298
Pension costs - deficit reduction	331	542
	<u>7,038</u>	<u>6,992</u>

The stipends of the five Bishops were paid and funded by the Church Commissioners.

The stipends of the Archbishop and Suffragan Bishops are funded by the Church Commissioners and are in the range **£37,670 - £72,900** (2020 range £37,670 - £72,900). The annual rate of stipend, funded by the YDBF, paid to Archdeacons in 2021 **£36,830** (2020 range £36,110- £36,830) and other clergy who were Trustees were paid in the range **£26,265- £26,892** (2020 range £23,920 - £26,895). Stipend levels are set on the basis that housing is provided, and that costs relating to the provided housing (including rent, Council Tax, water charges, maintenance, and building insurance) are paid on behalf of clergy.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Pastoral Account to the Parsonages Houses Fund	-	-	2,870	(2,870)
Parsonages Houses Fund to the Benefice Building Fund	-	-	2,127	(2,127)
General Fund to the Pastoral Account - property related	(860)	-	860	-
General Fund to the Pastoral Account- other	501	-	(501)	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(260)	-
Diocesan Parsonages Board to Pastoral Account	-	-	260	-
Parsonages Houses Fund to General fund	195	-	-	(195)
From the General Fund to the Stipends Capital Fund for the reduction of the clergy pension deficit	(317)	-	-	317
General fund to designated funds	(76)	76	-	-
	<u>(557)</u>	<u>76</u>	<u>5,356</u>	<u>(4,875)</u>

All of the transfers made between funds during 2021 relate to property transactions with the exception of the transfer relating to the clergy pension deficit, those to designated funds and £501,000 transferred from the Pastoral to the General Fund, being a contribution agreed by the Board towards the impact of Covid and also the investment gains in excess of inflation on the Pastoral Account.

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
2020 comparative				
Pastoral Account to the Parsonages Houses Fund	-	-	601	(601)
Parsonages Houses Fund to the Benefice Building Fund	-	-	311	(311)
General Fund to the Pastoral Account	(353)	-	353	-
Parsonages Houses Fund to the Diocesan Parsonages Board	-	-	243	(243)
From the General Fund to the Stipends Capital Fund for the reduction of the clergy pension deficit	(503)	-	-	503
General fund to designated funds	(110)	110	-	-
	<u>(966)</u>	<u>110</u>	<u>1,508</u>	<u>(652)</u>

All of the transfers made between funds during 2020 relate to property transactions with the exception of the transfer relating to the clergy pension deficit, those to designated funds.

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14. TANGIBLE FIXED ASSETS - Land & Buildings

	Wydale Hall £000	Education Properties £000	Freehold Properties £000	Diocesan Office £000	Office Equipment £000	Total £000
Cost						
At 1 January 2021	1,950	81	46,335	963	154	49,483
Additions	-	-	1,031	-	-	1,031
Disposals	-	-	(1,352)	-	-	(1,352)
At 31 December 2021	<u>1,950</u>	<u>81</u>	<u>46,014</u>	<u>963</u>	<u>154</u>	<u>49,162</u>
Depreciation						
At 1 January 2021	-	-	625	-	135	760
Charge for the year	-	-	-	-	11	11
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2021	<u>-</u>	<u>-</u>	<u>625</u>	<u>-</u>	<u>146</u>	<u>771</u>
Net book value						
At 31 December 2021	<u>1,950</u>	<u>81</u>	<u>45,389</u>	<u>963</u>	<u>8</u>	<u>48,391</u>
At 31 December 2020	<u>1,950</u>	<u>81</u>	<u>45,710</u>	<u>963</u>	<u>19</u>	<u>48,723</u>

All of the properties in the balance sheet are freehold and are vested in the YDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to **£148,000** (2020: £148,000).

15. FIXED ASSET INVESTMENTS

	At 1 January 2021 £000	Additions £000	Disposals £000	Change in Market Value £000	At 31 December 2021 £000
Investment Property	17,743	-	(192)	-	17,551
Listed Investments	17,739	1,833	(1,931)	2,442	20,083
Unlisted Investments	13,207	2,491	-	1,864	17,562
	<u>48,689</u>	<u>4,324</u>	<u>(2,123)</u>	<u>4,306</u>	<u>55,196</u>

16. FINANCIAL INSTRUMENTS

	2021 £000	2020 £000
Financial assets measured at fair value	<u>36,667</u>	<u>30,170</u>

Financial assets measured at fair value comprise listed and unlisted investments and value linked loans to parishes. Financial assets measured at amortised cost comprise cash and debtors. Financial liabilities measured at amortised cost comprise loans and other creditors.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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17. DEBTORS

	2021 £'000	2020 £'000
Due within one year		
Capital Work in Progress	68	355
Other debtors and prepayments	2,735	2,956
	<u>2,803</u>	<u>3,311</u>
Due after more than one year		
Loans to parishes	218	276
	<u>218</u>	<u>276</u>
Total debtors	<u>3,021</u>	<u>3,587</u>

Other debtors includes £2,008,000 (2020: £2,395,000) of grant awarded by the Church Commissioners towards the cost of the Multiply project. The grant is paid over as the costs are incurred and claims for reimbursement are expected over 6 years from 2019.

18. CREDITORS: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	173	158
Other taxation and social security	56	48
Other creditors and accruals	531	477
Amounts held for other bodies	397	643
Pension Scheme Liabilities		
Church Workers' Pension Fund	80	80
Clergy Pension Scheme	344	542
	<u>1,581</u>	<u>1,948</u>
Total creditors amounts falling due within one year	<u>1,581</u>	<u>1,948</u>

19. CREDITORS: amounts after more than one year

	2021 £'000	2020 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	53	53
Pension scheme liabilities		
Church Workers' Pension Fund	261	259
Clergy Pension Scheme	-	119
Other creditors	-	55
	<u>314</u>	<u>486</u>
Total creditors: amounts falling due after more than one year	<u>314</u>	<u>486</u>
The maturity of the above loans may be analysed as follows:		
In five years and more	53	53
	<u>53</u>	<u>53</u>

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2021 the Board had no intention of disposing of any of those properties funded via VLLs.

During 2011 and 2012 a significant programme of mechanical and engineering work was carried out at Wydale Hall. The work was financed by a value-linked loan of £375,000 from the general reserves of the Diocese which is secured on the Hall. During 2015 the loan was increased by a further £47,000 to facilitate the refurbishment of the General Manager's living accommodation. There is no fixed term for repayment of the loan.

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20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2021 £'000
UNRESTRICTED FUNDS						
General	14,002	12,409	(12,884)	1,341	(557)	14,311
Designated						
Roof Alarm Grants Fund	28	-	(4)	-	(24)	-
Mustard Seed Fund	303	-	-	-	100	403
	<u>14,333</u>	<u>12,409</u>	<u>(12,888)</u>	<u>1,341</u>	<u>(481)</u>	<u>14,714</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,593	-	-	-	260	3,853
Pastoral Account	1,937	-	(11)	127	3,262	5,315
Resourcing Ministerial Education	96	368	(304)	-	-	160
Benefice Building Fund	1,618	2	-	-	1,834	3,454
Faith in Education Fund	1	-	-	-	-	1
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	11	2	-	-	-	13
Ministry Fund	2	63	(67)	-	-	(2)
Wydale Hall	1,424	349	(425)	-	-	1,348
Board of Education	147	182	(213)	-	-	116
Learning to Lead Religious Education	-	5	(5)	-	-	-
Multiply (20s-40s)	2,254	-	(406)	-	-	1,848
Restructuring	-	370	(184)	-	-	186
Mustard Seed Fund	-	115	(115)	-	-	-
Longhill	17	8	(1)	-	-	24
Kingswood	3	-	(3)	-	-	-
Roof Alarm & Building Grants Funds	39	-	(13)	-	-	26
	<u>11,186</u>	<u>1,464</u>	<u>(1,747)</u>	<u>127</u>	<u>5,356</u>	<u>16,386</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	33,182	4,339	-	-	(5,192)	32,329
Board of Education	2,086	-	-	214	-	2,300
Permanent						
Stipends Capital Fund	41,606	-	-	2,552	317	44,475
Ordination Candidates Council	232	-	-	30	-	262
First Lord Grimthorpe's Trust	48	-	-	6	-	54
Local Trusts' Stipend Fund	576	-	-	71	-	647
	<u>77,730</u>	<u>4,339</u>	<u>-</u>	<u>2,873</u>	<u>(4,875)</u>	<u>80,067</u>
Total funds	<u>103,249</u>	<u>18,212</u>	<u>(14,635)</u>	<u>4,341</u>	<u>-</u>	<u>111,167</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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20. SUMMARY OF FUND MOVEMENTS (continued)

2020 comparative	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2020 £'000
UNRESTRICTED FUNDS						
General	14,699	11,741	(12,269)	797	(966)	14,002
Designated						
Roof Alarm Grants Fund	37	-	(9)	-	-	28
Mustard Seed Fund	193	-	-	-	110	303
	<u>14,929</u>	<u>11,741</u>	<u>(12,278)</u>	<u>797</u>	<u>(856)</u>	<u>14,333</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,580	-	(230)	-	243	3,593
Pastoral Account	642	15	-	-	1,280	1,937
Resourcing Ministerial Education	42	394	(340)	-	-	96
Benefice Building Fund	1,626	7	-	-	(15)	1,618
Faith in Education Fund	1	-	-	-	-	1
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	20	3	(12)	-	-	11
Ministry Fund	10	30	(38)	-	-	2
Wydale Hall	1,339	412	(327)	-	-	1,424
Board of Education	114	166	(133)	-	-	147
Learning to Lead Religious Education	-	4	(4)	-	-	-
Multiply (20s-40s)	2,653	-	(399)	-	-	2,254
Restructuring	176	120	(296)	-	-	-
Mustard Seed Fund	-	7	(7)	-	-	-
Longhill	16	4	(3)	-	-	17
Kingswood	3	-	-	-	-	3
Roof Alarm & Building Grants Funds	18	42	(21)	-	-	39
	<u>10,284</u>	<u>1,204</u>	<u>(1,810)</u>	<u>-</u>	<u>1,508</u>	<u>11,186</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	33,845	568	(190)	-	(1,041)	33,182
Board of Education	2,000	-	-	86	-	2,086
Permanent						
Stipends Capital Fund	38,527	-	(90)	2,780	389	41,606
Ordination Candidates Council	235	-	-	(3)	-	232
First Lord Grimthorpe's Trust	49	-	-	(1)	-	48
Local Trusts' Stipend Fund	551	-	-	25	-	576
	<u>75,207</u>	<u>568</u>	<u>(280)</u>	<u>2,887</u>	<u>(652)</u>	<u>77,730</u>
Total funds	<u>100,420</u>	<u>13,513</u>	<u>(14,368)</u>	<u>3,684</u>	<u>-</u>	<u>103,249</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2021

21. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,903	9,431	691	(714)	14,311
Designated					-
Roof Alarm Grants Fund	-	-	-	-	-
Mustard Seed Fund	-	-	403	-	403
	<u>4,903</u>	<u>9,431</u>	<u>1,094</u>	<u>(714)</u>	<u>14,714</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,853	-	-	-	3,853
Pastoral Account	-	3,777	1,538	-	5,315
Resourcing Ministerial Education	-	-	160	-	160
Benefice Building Fund	-	-	3,454	-	3,454
Faith in Education Fund	-	-	1	-	1
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	12	1	13
Ministry Fund	-	-	(2)	-	(2)
Wydale Hall	1,950	-	(75)	(527)	1,348
Board of Education	-	-	116	-	116
Learning to Lead Religious Education	-	-	3	(3)	-
Multiply (20s-40s)	-	-	1,848	-	1,848
Restructuring	-	-	186	-	186
Mustard Seed	-	-	-	-	-
Longhill	-	-	24	-	24
Kingswood	-	-	-	-	-
Roof Alarm & Building Grants Funds	-	-	26	-	26
	<u>5,803</u>	<u>3,777</u>	<u>7,335</u>	<u>(529)</u>	<u>16,386</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	32,329	-	-	-	32,329
Board of Education	81	2,007	518	(306)	2,300
Permanent					
Stipends Capital Fund	5,275	39,018	528	(346)	44,475
Ordination Candidates Council	-	262	-	-	262
First Lord Grimthorpe's Trust	-	54	-	-	54
Local Trusts' Stipend Fund	-	647	-	-	647
	<u>37,685</u>	<u>41,988</u>	<u>1,046</u>	<u>(652)</u>	<u>80,067</u>
Total funds	<u>48,391</u>	<u>55,196</u>	<u>9,475</u>	<u>(1,895)</u>	<u>111,167</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

21. SUMMARY OF ASSETS BY FUND (continued)

2020 Comparatives	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,999	9,421	507	(925)	14,002
Designated					-
Roof Alarm Grants Fund	-	-	28	-	28
Mustard Seed Fund	-	-	303	-	303
	<u>4,999</u>	<u>9,421</u>	<u>838</u>	<u>(925)</u>	<u>14,333</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,593	-	-	-	3,593
Pastoral Account	-	-	1,937	-	1,937
Resourcing Ministerial Education	-	-	96	-	96
Benefice Building Fund	-	-	1,618	-	1,618
Faith in Education Fund	-	-	1	-	1
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	23	(12)	11
Ministry Fund	-	-	2	-	2
Wydale Hall	1,950	-	(23)	(503)	1,424
Board of Education	-	-	147	-	147
Learning to Lead Religious Education	-	-	7	(7)	-
Multiply (20s-40s)	-	-	2,254	-	2,254
Restructuring	-	-	-	-	-
Mustard Seed	-	-	-	-	-
Longhill	-	-	17	-	17
Kingswood	-	-	3	-	3
Roof Alarm & Building Grants Funds	-	-	39	-	39
	<u>5,543</u>	<u>-</u>	<u>6,165</u>	<u>(522)</u>	<u>11,186</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	33,182	-	-	-	33,182
Board of Education	81	1,744	586	(325)	2,086
Permanent					
Stipends Capital Fund	4,918	36,668	682	(662)	41,606
Ordination Candidates Council	-	232	-	-	232
First Lord Grimthorpe's Trust	-	48	-	-	48
Local Trusts' Stipend Fund	-	576	-	-	576
	<u>38,181</u>	<u>39,268</u>	<u>1,268</u>	<u>(987)</u>	<u>77,730</u>
Total funds	<u>48,723</u>	<u>48,689</u>	<u>8,271</u>	<u>(2,434)</u>	<u>103,249</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

22. DESCRIPTION OF FUNDS

General fund	The general fund is the YDBF's unrestricted undesignated fund available for any of the YDBF's purposes without restriction.
Roof alarm & building grants	The roof alarm and building grants funds represents funds received from third parties and those designated by the York Diocesan Board of Finance, to support Churches within the Diocese to obtain roof alarms and with building works.
Mustard seed fund	The mustard seed fund represents funds designated by the Trustees to be used towards the mustard seed project.
Pastoral account	The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese • other purposes of the diocese or any benefice or parish in the diocese • to make grants or loans to any other diocese • to transfer funds to the diocesan stipends fund income or capital accounts.
Stipends capital fund	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds are invested as part of the YDBF's portfolio and managed by CCLA or Smith &Williamson.
Parsonages houses fund	This fund represents the carrying value of all the benefice houses (parsonages) in the Diocese. These are expendable endowments in that the Board has the power to convert certain sale proceeds to income with various consents obtained locally and from the Church Commissioners by being transferred to the Diocesan Pastoral Account and then converted to an income account at a later date.
Ordination candidates' council	The ordination candidates' council fund relates to invested bequests, the income from which is to provide assistance to candidates training for the Anglican priesthood.
First Lord Grimthorpe's Trust	The First Lord Grimthorpe's Trust provides income for repairs to churches of the evangelical tradition within the Diocese of York.
Local Trusts' Stipend Fund	The Local Trusts' Stipend Fund relate to specific investments, the income from which is to augment stipends.
Diocesan Parsonage Board	The Diocesan Parsonages Board holds houses which are used to accommodate certain office holders who do not have incumbent status.
Benefice Building Fund	The Benefice Building Fund holds proceeds from parsonage sales pending replacement of the property. Any surplus remaining after purchase of a new benefice house or following Pastoral Reorganisation is transferred to the Pastoral Account subject to the consents set out in the Church Property Measure.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

22. DESCRIPTION OF FUNDS (continued)

Faith in Education Fund	The Faith in Education Fund aims to pioneer links between churches and schools in Hull by contributing creatively toward addressing problems particularly at secondary level of poor attainment, low aspirations and falling rolls.
Mission Support Fund	The Mission Support Fund relates to donations for projects in Hull and Middlesbrough.
Bishops' IT	Bishop's IT is a central allocation by the Church Commissioners for Bishops' information technology needs.
Ministry Fund	The Ministry Fund represents donations from private individuals and grant awarding trusts to support specific ministry posts in the diocese.
Wydale Hall	Wydale Hall is a special restricted fund and operates as a conference and retreat house primarily for the benefit of the Church of England. In event of a sale of the property the proceeds would have to be applied either in the purchase of another property to be used for the same purposes or invested and the resultant income applied for the promotion and holding of retreats and of religion. Its sole trustee is the York Diocesan Board of Finance Limited.
Diocesan Board of Education	DBE funds are restricted in accordance with the Uniform Statutory Trust legislation. The funds are proceeds from site disposals, donations and income from educational services and can be used to support Church Schools. The income can be used by the DBE to fund the provision of services to schools. Capital and income can also be used to assist with school building projects.
Learning to Lead Religious Education	This represents donations from specific organisations to cover direct costs of supporting the development of religious education.
Resourcing Ministerial Education	Funding from Ministry Division specifically for ordinand training.
Strategic Capacity Funding	Funding from Archbishops Council for specific activities relating to the renewal and reform agenda.
Multiply (20s-40s)	Strategic Development Funding from the Church of England Strategic Investment Board awarded for the establishment of new worshipping communities for the 20 to 40 age range.
Restructuring	Funding from the Church of England Strategic Investment Board to be drawn down for use on projects that will support increased financial sustainability and resilience.
Longhill	Grants and donations restricted for use within the Longhill BMO.
Kingswood	Grants and donations restricted for use within the Kingswood BMO.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

23. CAPITAL COMMITMENTS

At 31 December 2019 the YDBF had capital expenditure commitments authorised but not contracted for of £nil (2020 - £nil), and contracted for but not yet due of £61,760 (2020 - £nil).

24. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

25. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

York DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

25. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	<u>11.9%</u>	<u>7.1%</u>

The deficit recovery contributions under the recovery plan in force as at 31 December 2020 and 31 December 2021 were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the

	2021 £'000	2020 £'000
Balance sheet liability as at 1 January	661	1,164
Deficit contribution paid	(331)	(542)
Interest cost (recognised in SOFA)	1	10
Remaining change to the balance sheet liability* (recognised in SOFA)	13	29
Balance sheet liability as at 31 December	<u>344</u>	<u>661</u>

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

Rates at 31 December:	2021	2020	2019
Discount rate	0.0%pa	0.2%pa	1.1%pa
Price inflation	n/a	3.1%pa	2.8%pa
Increase to total pensionable payroll	-1.5%pa	1.6%pa	1.3%pa

The legal structure of the scheme is such that if another Responsible Body fails, York DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

25. PENSIONS (continued)

Church Workers Pension Fund

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The YDBF and Wydale Hall participate in both the Defined Benefits Scheme section and the Pension Builder Scheme section of the CWPf for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

The Church Workers Pension Fund Defined Benefit Scheme has been closed to future accrual with effect from 31 March 2018. Members of that scheme who remain in employment by the Diocese of York have joined the Pension Builder Classic scheme. The decision to close the scheme and the determination of future pension arrangements followed a consultation with members.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of the DBS charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (**2021 DBF £nil and Wydale £nil**; 2020: DBF £nil and Wydale £nil), plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

25. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

A valuation of the DBS is carried out once every three years, the most recent was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,000 per year in respect of YDBF and £2,000 per year in respect of Wydale Hall. In addition deficit payments of £66,365 per year for YDBF and £13,001 per year for Wydale hall have been agreed for 5.08 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	YDBF		Wydale		Total	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Balance sheet liability as at 1 January	283	340	56	67	339	407
Deficit contribution paid	(66)	(66)	(13)	(13)	(79)	(79)
Interest cost (recognised in SOFA)	1	3	-	1	1	4
Remaining change to the balance sheet liability* (recognised in SOFA)	63	6	17	1	80	7
Balance sheet liability as at 31 December	<u>281</u>	<u>283</u>	<u>60</u>	<u>56</u>	<u>341</u>	<u>339</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

The liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	2021	2020	2019
Discount rate at 31 December	1.4%pa	0.4%pa	1.3%pa

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

25. PENSIONS (continued)

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The York Diocesan Board of Finance only offers Pension Builder Classic to its employees.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (**2021: DBF £237,578 and Wydale £11,356**; 2020: DBF £235,536 and Wydale £11,516).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at December 2019. The next valuation is due at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3%, following improvements in the funding position over 2021. **There is no requirement for deficit payments at the current time.**

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year end 31 December 2021

26. PRIOR YEAR COMPARATIVE SOFA

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	2					
Parish contributions		7,338	-	-	7,338	8,098
Archbishops' Council		1,825	395	-	2,220	2,244
Other donations		266	175	-	441	3,483
Charitable activities	3	941	612	-	1,553	1,673
Other activities	4	222	-	-	222	207
Investments	5	1,166	7	-	1,173	1,192
Other	6	(17)	15	568	566	2,652
Total		11,741	1,204	568	13,513	19,549
Expenditure on						
Raising Funds	7	187	-	-	187	220
Charitable activities						
General charitable activities	8	12,062	1,810	280	14,152	13,865
(Gains) on clergy pension scheme	25	29	-	-	29	(2,163)
Total		12,278	1,810	280	14,368	11,922
Net (expenditure)/income before investment gains and losses		(537)	(606)	288	(855)	7,627
Net gains on investments	20	797	-	2,887	3,684	3,015
Net income		260	(606)	3,175	2,829	10,642
Transfers between funds	13	(856)	1,508	(652)	-	-
Net movement in funds		(596)	902	2,523	2,829	10,642
Total funds brought forward		14,929	10,284	75,207	100,420	89,778
Total funds carried forward	20	14,333	11,186	77,730	103,249	100,420

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2021

27. RELATED PARTY TRANSACTIONS

Having made enquiries, the directors are not aware of any related party transactions in 2021 (2020: £nil) other than the grant paid to The Diocese of York Educational Trust detailed in note 28.

28. SUBSIDIARY

The Diocese of York Educational Trust (DYET) was incorporated in February 2012. The Trust has seven Trustees; three appointed by the Diocesan Board of Education, three appointed by the Archbishop and the Diocesan Director of Education on an ex officio basis. The Trust is therefore deemed to be controlled by the York Diocesan Board of Finance Limited. The financial results for the Trust have not been consolidated into these accounts on the grounds of materiality. The Objects of DYET are to advance for the public benefit education in the Diocese of York or elsewhere, in particular but not exclusively, by:

- promoting the efficiency and effectiveness of Educational Institutions and the efficient and effective application of resources for such purposes including by promoting and disseminating models of good practice and by the delivery of support services generally to such institutions;
- advancing the education of people who work or volunteer in or govern Educational Institutions in order to assist those persons to deliver a high quality education to the pupils and to communities served by those institutions;
- establishing, sponsoring and maintaining Academies (primarily but not exclusively Church of England Academies) under the direction of the Diocesan Board of Education.

The YDBF made a grant of £nil to DYET during 2021 (2020: £1,500).

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The YDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the YDBF does not control them. The

	2021 £'000	2020 £'000
CBF Church of England Investment Fund	4,450	3,916
CBF Church of England Fixed Interest Fund	226	232
CBF Church of England Property Fund shares	36	31
COIF income and accumulation shares	363	338
Other common investment fund holdings	9,464	8,246
CBF Church of England Deposit Fund	1,661	1,633
Cash at bank	604	232
Total assets held as custodian trustee	16,804	14,628

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 244976

Accounts

**The York Diocesan
Board of Finance Limited**

**Annual Report & Financial Statements
for the year ended 31 December 2020**



Company Registration Number: 225234
Charity Registration Number: 244976

ANNUAL REPORT

For the year ended 31 December 2020

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ANNUAL REPORT

For the year ended 31 December 2020

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees Annual Report under the Charities Act 2011

LEGAL OBJECTS

The Diocese of York covers an area of 2,261 square miles, from the Humber to the Tees and from the A1 to the East Coast.

The principal object of the York Diocesan Board of Finance Limited ("YDBF") is to promote, assist and advance the work of the Church of England in the Diocese of York by acting as the financial executive of the York Diocesan Synod.

The YDBF has the following statutory responsibilities:-

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Archbishop of York (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

ANNUAL REPORT

For the year ended 31 December 2020

STRATEGIC AIMS

The core purpose of the YDBF is to manage the assets of the Diocese so as to provide appropriate personnel, operational and financial resources to assist the Diocesan Synod, Archbishop's Council, deaneries and parishes to further their missional and strategic priorities.

Between November 2011 and the end of 2020, the shared mission of the Diocese was been defined as, "Mutually Resourcing to build up the Body of Christ, to grow into Christ-likeness, Commitment, Partnership, Influence and Numbers."

In seeking to be Generous Churches Making and Nurturing Disciples, the key objective has been to support individual congregations to grow both numerically and spiritually which, in turn, will secure their on-going mission and ministry for generations to come. The key areas of focus between 2016 and 2020 adopted by the Diocesan Synod have been:

- To reach those we currently don't;
- To move to growth; and
- To achieve financial sustainability.

The strategic priorities were reviewed following the arrival of a new Archbishop of York in July 2020. The key objective was reaffirmed and the key areas of focus refreshed in the following terms:

- Becoming more like Christ
- Reaching people we currently don't
- Growing churches of missionary disciples
- Transforming our finances and structures

Alongside the strategic goals, there has continued to be a significant focus on other key areas of activity which either support them or relate to our ongoing mission as a Church of England diocese:

- Maintaining an effective Christian presence in every parish;
- Embedding Safeguarding into the DNA of our life as a diocese;
- The equipping and liberating of leadership: lay and ordained;
- A deepening of discipleship and the nurturing of lay and ordained vocations;
- Promoting and support the work of our Church schools as well as providing support to clergy and others who are working in Community schools;
- Engaging in local debate and ensuring that Christian voices are heard in all areas of public life;
- Responding to areas of social need within our communities, working with other organisations to deliver a positive contribution to the wellbeing of the most vulnerable in our society.

The directors of the YDBF are aware of the Charity Commission's guidance on public benefit and have had regard to it in their administration of the Board. The YDBF believes that, by promoting the work of the Church of England in the Diocese of York, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Two events had significant impact on the diocese of York during 2020 – the appointment and arrival of the Rt Revd Stephen Cottrell as 98th Archbishop of York, following the retirement of the Rt Revd Dr John Sentamu in June, and the Coronavirus Pandemic.

New Archbishop

The Diocese welcomed the new Archbishop in July. Due to the national restrictions the legal ceremonies were carried out via Video Conferencing (which was a historic first). New instruments of delegation were issued to the suffragan bishops, giving each of them wider authority within a specific archdeaconry and the Diocesan Leadership Team (YDLT) was restructured. The YDLT has worked with the new Archbishop on “Living Christ’s Story” a refreshed vision for the diocese, which was adopted by the Diocesan Synod in February 2021.

Coronavirus Pandemic

This has had a very significant effect on every aspect of diocesan life. The life of the diocese is primarily expressed through the ministry undertaken in the parishes and this has been hugely impacted by the restrictions placed on services such as weddings and funerals, the need to reduce capacity for in-person services and the closure of Church buildings for public worship (both mandatory closures and, latterly, the closure based on public health advice).

Alongside a move to home based working for DBF Staff, support has been provided to all the parishes throughout the year. In the light of initial predictions of mortality, contingency plans were drawn up to be able to support very high demand for funerals. These have not been necessary, but many congregations have been at the heart of the local support provided in their communities including, for example, providing practical assistance for those unable to leave their homes and running foodbanks.

The DBF received support from the Government’s Coronavirus Job Retention Scheme (CJRS) and up to 50% of staff were furloughed during the “first wave”. A core staff continued to support clergy, PCCs and schools throughout the lockdowns. The Trustees are grateful for the flexibility shown by those employed by the DBF throughout the year.

Financially, the impact of the pandemic has been mitigated through access to the CJRS, reduced expenditure resulting from a curtailing of activities (particularly property repairs and maintenance) and continued parochial contributions to the Common Fund via Free Will Offers, often through use of PCC reserves to honour pledges made. Looking forward, some of the in-year savings will result in deferred expenditure and engagement with PCCs indicates that many will need to reduce their level of Free Will Offer for 2021. It will be against this backdrop that the Leadership Team will consult with the deaneries and parishes about the future resourcing of ministry to support the diocesan vision.

Resourcing Parochial Ministry

As well as engaging in a wide variety of community and church projects, our licensed ministers usually carry out approximately 1,100 weddings, 3,700 funerals and 3,300 baptisms each year (2019 figures). During the pandemic the number of weddings and baptisms were reduced in 2020 (final numbers not yet submitted) but funeral ministry continued throughout the lockdowns even when church buildings were closed. While the YDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops’ Council, a charity which the YDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the stipendiary parish based clergy (181 at 31 March 2021 with 33 vacancies) is a priority of the YDBF and represents by far its largest financial commitment. Although the YDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. In addition to the

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stipendiary clergy, there are about 80 self-supporting licenced clergy and a further 300, the majority of whom are retired, who hold the Archbishop's Permission to officiate and enable us to offer both Sunday worship and occasional offices across over 580 churches.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The YDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

Over the year the average vacancy rate was approximately 19%. During all interregnums the Area Deans worked closely with the churchwardens of the relevant parishes and ensured that scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the retired and self-supporting ministers in the diocese together with the Readers and huge numbers of lay volunteers.

Embedding Safeguarding into the DNA of our life as a diocese.

The work in this area continues to be overseen by the Strategic Safeguarding Group (SSG), independently chaired by Professor Sue Proctor, and including representatives of local authorities, North Yorkshire Police, and the Roman Catholic Diocese of Middlesbrough. The SSG is supported by an Operational Group that brings together key staff within the diocese and York Minster who are involved in Safeguarding, working with young people and vulnerable adults and the training of our clergy and lay leaders.

During 2020 the team has continued to expand with the appointment of a part-time Safeguarding Trainer, to meet the demand for training and support the roll out of the Church of England Safeguarding Learning & Development Framework, together with additional part-time administrative support. The Safeguarding Advisors continued to experience high levels of activity, with further external scrutiny of the handling of Safeguarding issues in the Church of England and the implementation of further changes in the House of Bishops Safeguarding guidelines, post IICSA, to which all dioceses must legally have due regard.

As reported last year, York was one of a sample of four dioceses selected by the Independent Inquiry into Child Sexual Abuse (IICSA) in 2019 to examine current Safeguarding practice as part of their review of the Church of England. An expert reviewer examined a number of case files, a number of witness statements were submitted in relation to selected case studies, and the Diocesan Safeguarding Adviser and the Archbishop of York were asked to appear to answer questions from the inquiry panel. The report published in October 2020 contained a number of recommendations for the whole Church of England. The Strategic Safeguarding Group and DSA have considered the report and used it to shape priorities for the team, including greater involvement from survivors. Whilst there is learning for this and every diocese, a number of positive references to the current practice in York were made in the published report.

One of the commitments made by the Church of England to IICSA was to review the files of all licenced ministers and parish officers to ensure that there are no outstanding Safeguarding issues relating to work with children young people or vulnerable adults that were not picked up by the 2010 review (which had a narrower remit). This review (PCR2) of over 1800 files has required significant resourcing, both in terms of staff time and the funding of a team of external reviewers. It is currently scheduled to be completed by mid-2021 and is being overseen by a panel chaired by a representative of one of our statutory partners.

In addition to supporting national work streams and core groups, providing advice and support to parishes, and managing a casework load, a significant amount of resource was committed to providing training to licensed and authorised ministers, church officers and members. During the lockdowns all

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of the face to face training had to be reworked to enable it to be delivered online but, despite the challenges this presented to both trainers and attendees, in the course of 2020, 253 individuals attended the new mandatory two session Safeguarding Leadership training for licensed and authorised ministers, with a further 131 attending the specialist Domestic Abuse and Safer Recruiting training modules. The national frameworks changed in the course of the year in an attempt to embed learning rather than simply delivering taught sessions – one consequence of moving to what is felt to be a more effective learning approach has been a reduction in cohort sizes making it more resource intensive.

The new foundation and basic e-learning courses were completed by over 675 individuals.

It is anticipated that workloads will continue to increase as more work is undertaken in responding to the voice of survivors over the coming year. Additionally, the Diocesan Safeguarding Adviser (DSA) and the Diocesan Secretary have been invited to contribute to the ongoing revision of a number of national policies and procedures during 2021.

Working with Children & Young People in Schools and Parishes

The Education and Children and Youth team has operated at full strength during 2020. Some staff were placed on periods of furlough during the year due to the pandemic but a full service was provided at all times to churches and schools.

Much of our work with Children, Youth and Schools focused on making tangible links between homes, schools and churches aligned with the strategic vision of the Diocesan Board of Education and with national work set out within Growing Faith and Everyday Faith. Due to the pandemic, parish and schools work in 2020 focused primarily on resourcing schools and churches to provide support for the household as gathering in schools and churches was not possible - examples included Easter@Home, Pentecost@Home, Holiday Club@Home, Advent@Home and a Church trail to explore Christmas. Over 2000 Family Calendars were distributed across the diocese and the Journey through the Bible resources were created for both schools and churches to support families at home and linked to school Collective Worship.

As for schools, all 125 Church schools bought into the Service Level Agreement provided by the education team that has brought an even closer working relationship with schools to help them develop their Christian vision as well as increased income into the diocese. The pastoral support given to school leaders during the pandemic was a major part of our work during 2020 in addition to wider Church school development priorities.

At the beginning of 2020 there were ten Multi Academy Trusts (MATs) across the diocese, all of which were mixed MATs with Church and community schools working in partnership together. Two primary schools converted to academy status in 2020 but it would appear that there is limited interest from Governing Bodies in conversion at the current time. There are plans in place for two Church primary schools that received an inadequate Ofsted judgement to be sponsored by one of the existing MATs over the course of 2021.

The diocese continues to be held accountable to the Department for Education and other statutory bodies, such as Ofsted, for the progress and achievement in all curriculum areas in Church schools, not only with respect to religious education, collective worship and the Christian vision of Church schools. Therefore, it is pleasing that Church schools and academies across the diocese continued to perform well over 2020 although no Ofsted or SIAMs inspections were undertaken in the March – December period due to the pandemic. By the year end, 109 (87%) of the diocese's schools and academies were rated 'Good' or 'Outstanding' by Ofsted and under the statutory system for denominational inspection (SIAMS), 98% of our schools were rated 'Good' or 'Outstanding/ Excellent'.

Nurturing of lay and ordained discipleship, vocations and equipping and liberating leadership.

We continue to invest in nurturing vocations in the Diocese, with 9 new ordinands entering training in September 2020; a number of these are under 32 and there is a good gender-balance. Furthermore, 3 candidates attended Bishops' Advisory Panels (BAPs) in the 2020/21 selection year, with another 14 due to go to BAPs in the coming months, and we continue to have a number of other candidates in the discernment pipeline. In support of those engaged in diaconal ministry we hosted a successful online day conference for deacons attracting delegates from across the country.

The diocese has continued to invest in training for both lay and ordained leaders. The York School of Ministry (YSOM), based at the Diocesan Office but with hubs in Middlesbrough and Beverley, provides higher education accredited training, validated by Durham University, for Readers, licensed and recognised lay ministers, ordinands and curates and those in discernment for a wide range of ministries, within and beyond the church. It also works in partnership with St Hild's College to support ordination training by contributing to the Yorkshire Theological Education Partnership. In addition it offers a number of introductory courses aimed at a wider audience, including, for example, Children's and Youth workers, Churchwardens and church administrators and regularly runs the Recognised Parish Assistant training programme in a number of locations around the diocese.

During the last year YSOM has successfully migrated all its learning and teaching onto online platforms, with excellent feedback from the students and were able to welcome 140 students during 2020-2021.

The programme of continuing ministerial education for Readers and clergy was limited by the Covid restrictions but, where possible, online events have been offered and plans are in place to resume in person events during 2021.

Our Retreat House, Wydale Hall, was closed for much of the year due to government restrictions affecting hospitality venues. We were grateful to receive some very generous donations to support the ongoing costs as well as the prayerful support of the extended community of volunteers who have met regularly online via Zoom and offered their practical skills when it has been possible to have visitors on site.

"Becoming, Reaching, Growing, Transforming" – The Strategic Plan for Growth;

Further work to develop supporting areas of activity (e.g. Parish Support; Training & Vocations; Safeguarding; Children, Youth & Education) have continued and have been referred to elsewhere in this report. Our aim is that the activities of the Board enable the Trustees to support the parishes in realising a shared purpose of *Living Christ's Story*.

Coordinated by the Transformation and Strategy Programme Manager, and reporting to the Archbishop's Staff, Council and the YDBF, work continued on delivery of the areas of activity within the previous strategic 5-10 year plan. Key areas of activity within the strategic projects activity during the last year, reflecting the previous "reach grow, sustain" focus, have included:

MULTIPLY - New Worshipping Communities for 20s-40s

The final appointments to Bridlington and Hull were made during 2020. At the time of the last report the trustees were anticipating that those appointed in the latter months of 2019 would be moving from the planning phase to the launch of new worshipping communities. Unfortunately, and particularly for those who were due to launch at around the time of the first lockdown, the national restrictions necessitated significant change in expectations and plans.

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Some of the embryonic groups have used digital technology to meet and have seen growth in their virtual communities, but in other cases the team have engaged more broadly in the parishes – seeking out opportunities to serve and to support the existing church community to adapt to new ways of sharing together.

Five of the core locations are in places of social and economic deprivation, including Brambles Farm in Middlesbrough where, in partnership with the Church Army, the Multiply Leader has been building on work undertaken in recent years by Middlesbrough Deanery and has re-established a regular church service on the estate for the first time since the demolition of the St Thomas building in 2007.

Multiply is also seeking to support the engagement of locally employed lay people via its seedcorn Growth Fund. Despite lockdown, 3 further grants were awarded during the year, and the initial 5 projects are underway.

MUSTARD SEED – Growing disciples in places where life is tough

Following the appointment of Heather Black as Programme Leader in February 2020, the first two Stepping Up programmes – helping lay people grow as disciples of Jesus and in their confidence and ability to share their faith within their local community – began (within the Covid Secure guidance) in Hull and Middlesbrough in the second half of the year. The third programme in Middlesbrough was delayed due to the Coronavirus restrictions.

The initial appointment and some development costs are being funded through the designation of the annual All Churches Trust (ATL) grants for 2019, 2020 and 2021. Following the successful bid to the Church of England Strategic Investment Board for funding for the Multiply programme, a further award of £1.35m was granted in June 2020 to fund the additional capacity to roll the Mustard Seed programme out to further urban areas of high economic deprivation to enable local parishes to be more effective in their Christian witness and service as they seek to meet the often complex needs of their local communities. This will also enable delivery of the second phase which will provide additional focused support for those within each Stepping Up cohort who have the necessary gifts and calling to establish new worshipping communities in their home locations.

Two half time associate programme leader appointments, based in the East Riding, were made in the autumn and the final associate programme leader, based in Middlesbrough, started in March 2021.

Serving areas of social need within our communities and working with other organisations to deliver a positive contribution to the wellbeing of the most vulnerable in our society.

Whilst the strategic goals are focussing on the spiritual wellbeing of individuals in our most deprived communities, churches across the diocese have continued their wider involvement in each of their communities, often joining with other denominations to resource Foodbanks and support charities working with the poorest in our society. We have continued to take an active role during 2020 in supporting a number of projects including Together Middlesbrough & Cleveland, a joint venture between the diocese and the Church Urban Fund, Westway Open Arms (Scarborough) which serves the Eastfield Estate in Scarborough, and St Margaret's Welcome Centre (Longhill Estate, Hull).

The Bishop of Hull's Working Group will continue to develop plans to ensure that the needs of the poorest in our communities are at the forefront of our thinking as a diocese and will continue to look for ways of providing practical support for those who live and work in the areas of greatest social and economic deprivation in the diocese.

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GENEROUS GIVING – supporting local financial sustainability

The Generous Giving Team, funded through the Church Commissioners' Restructuring Grant, had its second full year of operation during 2020.

The remit for the Advisors is to support parish level financial sustainability which is seen as a priority for the diocese in order to create the capacity needed to enable parishes to increase the level of contributions that they make to the Common Fund (www.paritygivingscheme.org.uk/).

FUTURE PLANS

The key areas of immediate focus in 2021 will be supporting parishes and communities as they recover from the impact of the Coronavirus Pandemic and the consultation with deaneries and parishes in the light of the restatement of diocesan priorities. This follows the review of the vision and strategy carried out by the Archbishop and YDLT during the second half of 2020.

In addition to addressing the challenges of falling attendance, via the targeted interventions noted above, the strategic priorities include restructuring the resourcing of ministry at both parish and diocesan level to enable us to create a credible and robust financial plan to respond to the reduction in Church Commissioners' direct support for poorer dioceses from 2017 onwards. By 2026 the annual grant will be reduced by circa £1m per annum (at 2016 value) compared to the £2.2m received in 2016.

Financial modelling has been undertaken to support this major consultation on how to resource mission and ministry so as to increase the pool of volunteer ministers, encourage missionary discipleship and enable churches to grow within a broader mixed ecology which builds, for example, on the experience of on-line worship and the work of chaplaincies during the lockdown. The resulting plan will also need to achieve a reduction in the number of remunerated posts and/or, through an increase in the donor base, provide additional income in order to offset the reduction in the Church Commissioners grant and the reduction in real terms in parochial contributions to the Common Fund.

The consultations, which will include the creation of new Deanery Resourcing plans, are scheduled to continue throughout 2021. It is anticipated that changes arising from the consultations would be implemented over the following 2-3 years and that the expenditure will need to be supported by the use of reserves (including the realisation of surplus property) until the transition to a new resourcing structure is complete.

OTHER RELATED PARTIES

Although not all are related parties under accounting regulations, there are a number of bodies that the YDBF works closely with, these include:

- The Archbishops' Council to which the YDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The Archbishop's Council allocate funding to dioceses from the Church Commissioners under legislation and regulations established by the General Synod of the Church of England.
- The Church Commissioners from which the YDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The YDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the YDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Diocese of York Educational Trust, which acts as a member of Academy Trusts and Multi-

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Academy trusts on behalf of the YDBF (the DBE being unincorporated). A small grant is made by the DBE to support governance costs and the Trustees work closely with members of the DBE and the education team to support the Church of England Academies in the diocese.

- DBE Services, of which the YDBF is a member, provides services to Church Schools. Any profits are returned to the member dioceses via charitable donations and are designated by the trustees to support the work of the education team.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in notes 27 and 28 to the financial statements.

Volunteers

YDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the YDBF greatly values and would want to acknowledge the considerable time given by all the committee members across the diocese – for each of them a demonstrable outworking of some of what it means to be "Living Christ's Story".

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FINANCIAL REVIEW

Financial Performance

The Trustees are grateful to all the parishes which gave generously into the Common Fund of the Diocese during the year, and especially to those parishes that give by monthly instalments, which is essential in supporting the cash flow of the Diocese.

Free Will Offers, the money given by Parishes to the Diocese to fund its mission and ministry, are the main incoming resource for the Diocese. These was down on the previous year at **£7,338,000** (2019: £8,098,000). Whilst current year contributions reduced by **£770,000**, this was 93% of the total offers pledged, which given the circumstances of the year represented a huge commitment on the part of PCCs to meet their pledges by all possible means. Our expectation is that Free Will Offers will further reduce in 2021 as parish income continues to be impacted by the effects of the pandemic and remaining reserves are held in anticipation of local spending rather than used to underwrite contributions to the Common Fund.

The overall net movement in funds in 2020 was **£2,829,000** (2019: £10,642,000). The significantly higher amount in 2019 primarily related to the higher clergy pension scheme actuarial movements, and the Church Commissioners grant towards the 5 year Multiply project being accounted for in 2019 in full. Both 2020 and 2019 saw a high level of gains on the sale of land and buildings and investment gains. Such exceptional items masking a larger underlying operational shortfall.

2020	General £000	Unrestricted Designated £000	Total £000	Restricted £000	Endowed £000	2020 Total £000	2019 Total £000
SOFA:							
Operational (shortfall)/gain	(1,009)	101	(908)	(391)	-	(1,299)	(839)
add back investment and property gains/transfers/exceptional items:							
SDF grant awarded in the year	-	-	-	-	-	-	3,167
Impairment of assets	(115)	-	(115)	(230)	(280)	(625)	-
Gain on sale of properties/closed churches	(17)	-	(17)	15	568	566	2,652
Clergy pension scheme deficit reduction	503	-	503	-	-	503	2,647
	(638)	101	(537)	(606)	288	(855)	7,627
Investment gains/(losses)	797	-	797	-	2,887	3,684	3,015
Transfer between funds - property	(353)	-	(353)	1,508	(1,155)	-	-
Transfer between funds - pension	(503)	-	(503)	-	503	-	-
	(697)	101	(596)	902	2,523	2,829	10,642

Unrestricted fund:

The unrestricted general fund showed an excess of expenditure over income of **-£537,000** before investment gains or transfers (2019: £3,154,000 surplus). However, if the gain on the sale of properties, an impairment adjustment and the year end clergy pension scheme movements are excluded, there was an operational shortfall of £908,000 (2019: £217,000) which can be split into a **£1,009,000 shortfall** on general funds and a £101,000 increase in designated funds (2019: £447,000 shortfall on general funds £230,000 increase on designated).

Despite the impact of the pandemic during the year, this shortfall was lower than had been budgeted, with the reduction in Freewill Offering being more than offset by lower costs. 2020 saw a higher than budgeted level of clergy vacancies together with lower housing and other costs as the Diocese was impacted by the closure of the office, lockdowns, lower travel costs and an emphasis on cost reduction. The Diocese also took advantage of the National furlough scheme where possible receiving £226,000 of salary support payments.

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A draw down from unrestricted reserves of up to **£1.1 million** (being £1.4 million less anticipated investment gains) was approved for 2021 by Diocesan Synod at its meeting in November 2020. This allowed for a combination of further investment in the Growth Strategy and also a continuing transitional necessity resulting from the reduction in income from the Church Commissioners and the lead time necessary to reach a corresponding uplift in Free Will Offerings. The Trustees assessed that the Diocese had adequate reserves to fund this in year shortfall. Safeguarding the future finances of the Diocese is a key part of the on-going strategic consultations and achieving sustainable parish giving will continue to be a vital factor in the Diocese's financial security in the future.

Designated funds:

A further £110,000 (2019:£230,000) of funds were designated as at the year end towards the Mustard Seed Project (balance of the Allchurches Trust grant not already spent on that project in the year).

Restricted funds:

Restricted funds showed an excess of expenditure over income of **-£606,000** before investment gains or transfers (2019: £3,303,000 surplus). Income in 2019 included a grant of £3,167,000 from the Church Commissioners towards the costs of the Multiply programme which is being drawn down from them as necessary to cover costs over the 5 years from 2019.

Endowed funds:

Endowed funds showed an excess of income over expenditure of **£288,000** before non property related investment gains or transfers (2019: £1,170,000 surplus). This related to gains arising following the sale of various properties.

The excess of expenditure over income across all funds amounted to **-£855,000** compared with £7,627,000 surplus in 2019.

Fixed Asset investments are included on the balance sheet at year end valuation. The impact of net unrealised and realised investment gains for the year of £3,684,000 (2019: £3,015,000 gain) increased the net total income for the year to **£2,829,000** compared with an overall increase in funds of £10,642,000 in 2019. Out of this net income various transfers were made between funds, as detailed in note 13.

Significant Property Transactions

No land and buildings were purchased during the year compared to £2,103,000 in 2019; this related to the purchase of a new parsonage house and a further 7 houses for the Multiply (20s-40s) ministers as part of the strategy for growth.

During the year the Diocese disposed of former clergy housing with a total book value of £824,000 realising net sales proceeds of £1,453,000 and a gain on sale of £629,000.

Glebe land, which is included within investments, was disposed of for £1.4 million, representing a gain on sale of £1.3million. This gain principally resulted from the sale of a single small plot of grazing land with planning permission to a developer.

Diocesan policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church

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Balance sheet position

The Trustees consider that the balance sheet and notes demonstrate that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled **£103,249,000** (2019: £100,420,000) it must be noted that included in this total are properties, mostly in use for the ministry, whose value amounted to **£48,723,000** (2019: £50,043,000). Much of the remainder of the assets shown in the balance sheet is held in restricted funds or as endowments, and cannot necessarily be expended for the general purposes of the YDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 4 months budgeted unrestricted expenditure. At 31 December 2020 the amount required under this policy totalled **£4.9m** (2019: £5.0m). Actual free reserves as at 31 December totalled **£9.0m** (2019: £9.2m), which is equivalent to just over 7 months of budgeted unrestricted operating expenditure.

Whilst this level of reserves is above the minimum prudent level set by the trustees, it is considered to be currently necessary to hold them in the light of changes to the Church Commissioners' funding for the Diocese, the budgeted operating shortfall for 2021 (which includes the third of six years' match funding for the 20s-40s strategic investment), the decline in Free Will Offering, an anticipated need to invest additional resources in relation to Mustard Seed when external funding is exhausted and also the Diocesan wide consultation as referred to under the future plans section. The trustees are monitoring the rate at which the reserves are reducing and have plans to support the strategic initiatives via a release of fixed assets. The option to utilise Total Return legislation to release funding for future projects is kept under review by the Trustees as is the ability of the Common Fund to support the currently agreed levels of stipendiary ministry.

Reserves held as fixed assets

The general fund comprises net assets amounting to £14,002,000 of which £4,999,000 are tangible fixed assets.

Restricted and endowment funds

As set out in notes 20 to 22, YDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled **£11.2m** (2019: £10.3m) and endowment funds totalled **£77.7m** (2019: £75.2m). Neither is available for the general purposes of the YDBF.

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

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Even allowing for the anticipated impact of the Coronavirus, the Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Grant making policy

The Memorandum of Association of the YDBF explicitly permits the YDBF to make grants in pursuance of its objects. The nature of grants made in 2020 is indicated in note 11.

Investment policy

The YDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the YDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The YDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The Trustees' investment policy is to spread the YDBF's investments between Smith & Williamson and CCLA. Smith & Williamson work on a discretionary basis and are mandated to achieve a total return of RPI plus 5% over the medium term. Within the CCLA portfolio the YDBF selects funds from the CBF range of funds for the Church of England, taking into account the objectives of each fund in the context of the YDBF's own objectives for income and long term capital growth. The long term total return objective of the CBF Investment Fund is CPI plus 5% p.a. The CBF Property Fund aims to deliver a high income yield with capital growth over time. Both managers are required to adhere to the policies of the Church of England's Ethical Investment Advisory Group. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2020 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	10,705	34.6%	3.0%	10.2%
CBF Property Fund	1,449	4.7%	4.4%	(0.48)%
CBF Deposit Fund	568	1.8%	0.42%	0.42%
Smith & Williamson Managed	18,224	58.9%	1.6%	10.2%
	<u>30,946</u>	100.0%		

The Investment Group meets with the Investment Managers twice each year and regularly reviews the performance of the funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification and management of risk. To achieve this, the Trustees have engaged with the management team to consider the principal risks to which the YDBF is exposed and to prioritise a mitigation strategy. The Risk Register is regularly reviewed by the appropriate sub-committees and officers (under the oversight of the Audit Committee), to ensure that all risks are proportionally addressed in line with the YDBF's risk management policy and that all mitigating controls are operating effectively.

The highest risk areas, those that could have a significant impact on the organisation's ability to achieve its strategic aims, have been identified as being in the following areas:

1. Safeguarding - the risk that there is an occurrence of abuse (or allegation of historic abuse) by someone working for or on behalf of the Diocese. The mitigating controls are as follows:
 - The YDBF retains appropriately trained safeguarding professionals who are following clear policies and protocols aligned to National Church guidelines;
 - Compulsory training is provided to all relevant staff;
 - An independently chaired safeguarding advisory panel governs the effectiveness of YDBF practices; and
 - All parishes are required to adhere to nationally agreed House of Bishops policies and practices with support provided by the safeguarding team.
2. Reliance on key management staff and clergy
 - (a) - the risk that vacancies in key posts and under-resourcing of the Diocesan offices and key central functions could lead to a breakdown in the delivery of the Diocesan mission and stewardship of its assets. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - A process of collation of key documented processes is in progress to ensure that the YDBF is well placed to manage any significant incident; and
 - The Trustees will continue to review the staffing of central functions as part of the development of the strategic plans.
 - (b) - the risk that clergy and other key leaders will not have the capacity to deliver the strategic goals in relation to growth either due to individual capability or there being too many demands placed on limited parish resources. The mitigating controls are:
 - The Diocese fosters a culture of sharing and support ensuring that there is awareness and management of potential issues before they can escalate;
 - The Diocesan Leadership Team, supported by the Transformation & Strategy Programme Manager, are responsible for ensuring that the demands being placed on parishes are being coordinated and accompanied by appropriate levels of support and training.
3. The risk that the YDBF is unable to meet its strategic aims due to financial constraints as a result of a decline in parish Free Will Offerings, the impact of COVID-19, or reduction in funding from the Church Commissioners. The mitigating controls are:
 - Strong engagement of the Diocesan Leadership Team, especially the Archdeacons, with parishes to ensure that commitments by parishes are honoured as far as is practically possible;
 - Priority given to supporting clergy and lay leadership to grow local sustainability in terms of both attendance and giving;
 - Strong budgetary control processes to identify adverse trends and consider the necessary medium and long term actions needed to address the underlying issues;

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- Robust reserves policy to ensure that temporary shortfalls can be financed without the need for short term cuts; and
 - Investment in strategic capacity to ensure that access to funding streams from the Church Commissioners is maximised.
4. Wydale Hall - The risk that the YDBF faces significant additional costs arising from a failure in Health & Safety procedures that leads to the operation being temporarily or permanently curtailed. The mitigating controls are:
- Appropriate training provided for Wydale staff;
 - Robust hygiene policies, record keeping and verification schedules are in place and
 - Programme of focussed interventions to significantly reduce levels of risk in this area including the recruitment of appropriately qualified staff when vacancies arise.
5. The risk that the YDBF faces significant additional costs in relation to Pension Fund liabilities or Safeguarding compliance that would place financial pressures such that a reduction in core activities becomes necessary. The mitigating controls are:
- Strong budgetary control processes to identify adverse trends and consider the necessary medium and long term actions needed to address the underlying issues;
 - Robust reserves policy to ensure that temporary shortfalls can be financed without the need for short term cuts; and
 - Close contact with the National Church Institutions and other dioceses to facilitate collaborative approaches to mitigating the impact.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese itself is divided into twenty one deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

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Organisational structure

The York Diocesan Board of Finance (YDBF) is a company limited by guarantee (No. 225234) and a registered charity (No. 244976) governed by its Standing Orders and its Memorandum and Articles of Association which were approved on 16 July 2009. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of York. It was established in its present form in 1927 and is successor in title to the York Diocesan Trustees.

Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Archbishop, Suffragan Bishops and Archdeacons; clergy members elected by the houses of clergy in Deanery Synods; lay members elected by the houses of laity in Deanery Synods; up to five persons who may be co-opted by the house of clergy or the house of laity; and a maximum of 10 members nominated by the Archbishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Archbishop's Council and Standing Committee.

Archbishop's Council

The members of the Archbishop's Council and Standing Committee are also appointed to the Board of Directors, with the exception of the Bishop of Beverley and any member of the Council who is an employee of the Company. Archbishop's Council consists of 13 ex officio members, including the Archbishop, the four Suffragan Bishops and the three Archdeacons, four clergy elected by the house of clergy from among their number and eight lay persons elected by the members of the house of laity representing deaneries and a maximum of six Synod members nominated by the Archbishop.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of York are set by the Diocesan Synod, and the YDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the YDBF. The Trustees, meeting within the context of the Archbishop's Council & Standing Committee, hold up to five meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Acting as the Trustees of the YDBF
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Archbishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

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For the year ended 31 December 2020

The Trustees are assisted in their work by three sub-committees:-

Finance Sub-Committee: the role of the Finance Sub-committee is to provide focussed support to the directors of the YDBF so that they might better enable the mission of the diocese through sound financial management and transparent, open reporting. The responsibilities of the Finance Sub-Committee include:

- Approving the Management Accounts;
- Monitoring the financial performance of the Diocese against budget and forecast;
- Reviewing and giving first stage approval to the budget;
- Ensuring that appropriate Financial Statements are drawn up;
- Making recommendations on and monitoring the operation of the Common Fund including the process of making Freewill Offers;
- Making recommendations for the Board's approval on levels of stipends, salaries and pension provision;
- Acting for the Board in its capacity as Custodian Trustee in relation to third party investments;
- Making recommendations to the Board on the appointment of professional advisers;
- Monitoring entries in the Risk Register that relate to finance;
- Monitoring and reflecting updates to financial regulation;
- Ensuring the appropriate provision of HR expertise and policies in order to meet the obligations of the DBF; and
- Undertaking such other work as may be referred to it by the YDBF.

Property Sub-Committee: the Property Sub-Committee undertakes the YDBF's responsibilities under the Church Property Measure 2018; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Ecclesiastical Offices (Terms of service) Measure 2011.

Diocesan Pastoral & Mission Sub-Committee: as far as is permissible under Ecclesiastical Law the functions of the Pastoral and Mission Committee as set out in the Mission and Pastoral Measure 2011 have been delegated to the Pastoral and Mission Sub-Committee. The primary function of the Committee is pastoral reorganisation in the Diocese of York, taking account of available clergy numbers and making use of new patterns of ministry.

Trustee recruitment and induction.

Trustees are members of the Archbishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to provide updated declarations for the registers of skills and interests on a tri-annual basis. Some employees hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

Governance developments.

The elected Trustees began their new 3 year term in January 2019 when the whole Board received Trustee Training, including reference to the 2017 Charity Governance Code (produced by the Good Governance Group). Those appointed since that date have been offered similar training. The ongoing monitoring of governance and the periodic review of terms of reference of sub-committees is overseen by the Audit Committee and the Chairs of the Houses of Clergy and Laity of the Diocesan Synod.

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Remuneration of key management personnel

Emoluments of key management personnel are determined through a process of job evaluation and with reference to market rates for equivalent jobs.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Chief Executive is given specific and general delegated authority to deliver the business of the YDBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The YDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the YDBF does not control them, and they are segregated from the YDBF's own assets by means of separate bank accounts and accounting system. The market value of funds held as custodian amounted to **£14,628,000** at 31 December 2020 (2019: £14,111,000). Custodian investments are summarised in note 29.

Funds held on behalf of schools

The Board of Education (as incorporated within the YDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2020 is **£146,000** (2019: £120,000).

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the YDBF and of the surplus or deficit of the YDBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the YDBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets

ANNUAL REPORT

For the year ended 31 December 2020

of the YDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the YDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Haysmacintyre LLP have expressed their willingness to continue in office as auditor for the next financial year and are deemed to be reappointed under Section 487 (2) of the Companies Act 2006 until otherwise resolved at a General Meeting of the Company.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2020. The following Trustees were in post at the date of this report (those who served for some or all of 2020 are shown in *italics*):

Ex-officio:

Chair–	Mr C R Barton
The Dean of York –	The Right Reverend Jonathan Frost
The Archbishop of York	<i>The Most Reverend & Right Honourable S Cottrell (from 9 July 2020)</i>
The Archbishop of York	<i>The Most Reverend & Right Honourable Dr JTM Sentamu (to 7 June 2020)</i>
The Bishop of Whitby –	The Right Reverend PJ Ferguson (Vice-Chairman)
The Bishop of Selby –	The Right Reverend Dr JB Thomson
The Bishop of Hull –	The Right Reverend AM White
The Archdeacon of Cleveland –	<i>The Venerable A Bloor (appointed 16.06.2020)</i>
The Archdeacon of the East Riding –	The Venerable AC Broom
The Archdeacon of York –	The Venerable SJ Rushton
The Chair of the House of Laity -	Dr N Land
The Chair of the House of Clergy -	The Reverend T Robinson

Elected by:

Synod House of Clergy	The Reverend NWR Bird
	The Reverend RC Carew
	The Revd M J Proctor
	The Reverend FR Mayer-Jones

Synod House of Laity	Miss KM Banks
	Mr D Brookes
	Dr NA Burgess
	Mr AM Hagon
	Canon R Liversedge
	Mr MO Stallybrass
	Mrs CS Gilderdale
	Mr RH Nihill

Co-opted by the Archbishop	Mrs RPA Brewer
	Mr B Hudson
	Reverend MJ Porter

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For the year ended 31 December 2020

Senior staff and advisers

Diocesan Chief Executive	Canon PJ Warry
Assistant Diocesan Secretary	Ms SA Davies
Director of Finance	Mrs K Rose
Director of Education	Mr AK Smith
Director of Communications & Parish Resourcing	Mr M Sheppard
Director of Making & Nurturing Disciples	The Reverend Richard White
Director of Training for Missional Ministry	The Reverend Dr GT Wakefield

Registered Office: Diocese of York, Amy Johnson Way, Clifton Moor, York, YO30 4XT

Bankers Barclays Bank PLC, 1-3 Parliament Street, York, YO1 8SE

Auditors haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors Lupton Fawcett LLP, Stamford House, Piccadilly, York, YO1 9PP

Investment advisers CCLA Investment Management Ltd
80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
and
Smith & Williamson Investment Management LLP, 9 Colmore Row,
Birmingham, B3 2BJ

Glebe Agents Savills, River House, 17 Museum Street, York, YO1 7DJ
and
Dee, Atkinson & Harrison, The Exchange, Exchange Street, Driffield
YO25 6LD

Insurers Ecclesiastical, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 16 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



Mr CR Barton
Chairman
25 May 2021



The Right Rev'd PJ Ferguson
Vice Chair
25 May 2021

Opinion

We have audited the financial statements of the York Diocesan Board of Finance Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' 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 Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' 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 charitable company; or
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 20 and 21, 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.

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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and

- Cut-off testing in respect of revenue.

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

Use of our report

This report is made solely to the 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.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

18 June 2021

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
For the year end 31 December 2020

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	2					
Parish contributions		7,338	-	-	7,338	8,098
Archbishops' Council		1,825	395	-	2,220	2,244
Other donations		266	175	-	441	3,483
Charitable activities	3	941	612	-	1,553	1,673
Other activities	4	222	-	-	222	207
Investments	5	1,166	7	-	1,173	1,192
Other	6	(17)	15	568	566	2,652
Total		11,741	1,204	568	13,513	19,549
Expenditure on						
Raising Funds	7	187	-	-	187	220
Charitable activities						
General charitable activities	8	12,062	1,810	280	14,152	13,865
Losses/(gains) on clergy pension scheme	25	29	-	-	29	(2,163)
Total		12,278	1,810	280	14,368	11,922
Net income before investment gains and losses		(537)	(606)	288	(855)	7,627
Net gains/(losses) on investments	20	797	-	2,887	3,684	3,015
Net income		260	(606)	3,175	2,829	10,642
Transfers between funds	13	(856)	1,508	(652)	-	-
Net movement in funds		(596)	902	2,523	2,829	10,642
Total funds brought forward		14,929	10,284	75,207	100,420	89,778
Total funds carried forward	20	14,333	11,186	77,730	103,249	100,420

All activities derive from continuing activities. The notes on pages 31 to 59 form part of the financial statements.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year end 31 December 2020

	Total 2020	Total 2019
	£'000	£'000
Total income	12,945	18,379
Total expenditure	(14,088)	(11,922)
Operating surplus for the year	(1,143)	6,457
Net gains/(losses) on investments	797	1,451
Net (expenditure)/income for the year	(346)	7,908
Other comprehensive expenditure/income	-	-
Net assets transferred from/(to) endowments	652	(3,063)
Total comprehensive income	306	4,845

The Income and Expenditure Account is derived from the Statement of Financial Activities, with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

At 31 December 2020

Company number - 225234		2020		2019	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		48,723		50,066
Investments	15		48,689		45,150
			<u>97,412</u>		<u>95,216</u>
Current assets					
Debtors	17	3,587		3,734	
Cash on deposit		2,824		1,425	
Cash at bank and in hand		<u>1,860</u>		<u>2,808</u>	
		8,271		7,967	
Creditors: amounts falling due within one year	18	<u>(1,948)</u>		(1,703)	
NET CURRENT ASSETS			<u>6,323</u>		<u>6,264</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			103,735		101,480
Creditors: amounts falling due after more than one year	19		(486)		(1,060)
NET ASSETS			<u>103,249</u>		<u>100,420</u>
FUNDS					
Endowment funds			77,730		75,207
(Including Investment Valuation Reserve of £20,744,000 (2019: £20,581,000))					
Restricted income funds			11,186		10,284
(Including Investment Valuation Reserve of £413,000 (2019: £396,000))					
Unrestricted income funds:					
(Including Investment Valuation Reserve of £4,009,000 (2019: £3,424,000))					
General -other			9,003		9,211
General - represented by tangible fixed assets			4,999		5,488
Designated			331		230
Total funds	22		<u>103,249</u>		<u>100,420</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25 May 2021 and signed on behalf of the Board by:



Mr CR Barton
Chairman

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

For the year end 31 December 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(1,598)		(827)
Cash flows from investing activities				
Dividends and interest from investments	634		704	
Proceeds from sale of:				
Tangible fixed assets	1,265		3,612	
Fixed asset investments	3,749		1,512	
Closed Churches	15		116	
Purchase of:				
Tangible fixed assets for the use of the YDBF	(10)		(2,137)	
Fixed asset investments	(3,604)		(1,472)	
Net cash provided by investing activities		2,049		2,335
Change in cash and cash equivalents in the reporting period		451		1,508
Cash and equivalents at 1 January		4,233		2,725
Cash and equivalents at 31 December		4,684		4,233
Reconciliation of net income to net cash flow from operating activities				
Net income for the year ended 31 December		(855)		7,627
Adjusted for:				
Depreciation charges		14		29
Write down of impaired asset		625		-
Dividends and interest from investments		(634)		(704)
Profit on sale of functional assets		(551)		(2,536)
Profit on disposal of closed churches		(15)		(116)
(Increase) in debtors		147		(2,447)
(Decrease) in creditors		(329)		(2,680)
Net cash used in operating activities		(1,598)		(827)
Analysis of cash and cash equivalents				
Cash at bank and in hand		1,860		2,808
Notice deposits (less than 3 months)		2,824		1,425
		4,684		4,233

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS102)) second edition effective 1 January 2019, the Companies Act 2006 and applicable accounting standards (FRS102).

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the YDBF, its net income for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the YDBF and the strength of its reserves. As a consequence the Trustees believe that the YDBF is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook and that there is no material uncertainty relating to going concern.

The Trustees have a reasonable expectation that the YDBF has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the YDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Freewill Offering** is recognised as income of the year in respect of which it is received.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

Grant income in respect of the Coronavirus Job Retention Scheme is included in other income and is recognised in the same period as the staff costs to which it relates.

- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the YDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Permanent endowment funds (Stipends Capital Fund)**. This account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
- ix) **Permanent endowment funds (Ordination Candidates Council Fund, First Lord Grimthorpe's Trust and Local Trusts' Stipend Fund)**. The income is fully expended within the year of receipt and the terms of the funds, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the YDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The YDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the YDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which YDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The YDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Trustees review the YDBF's assets for indications of impairment each year. Where indicators of impairment are identified the affected assets are written down to the recoverable amount, which is the higher of the asset's fair value and its value in use. The impairment losses are recognised in expenditure.

Where expenditure on refurbishing a property exceeds £15,000 it is capitalised if it adds value to the property.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

1. ACCOUNTING POLICIES (continued)

c) **Tangible fixed assets and depreciation (continued)**

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The YDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The YDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historical cost.

Valuation of fixed assets

Parsonages, team vicarages and general fund owned houses are carried at historical cost. A number of properties were first recognised at the relevant 1994 council tax band value, which is now treated as historical cost.

d) **Other tangible fixed assets**

All capital expenditure over £2,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computer Equipment	25% per annum	straight line basis
Furniture and equipment	25% per annum	straight line basis

e) **Other accounting policies**

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The YDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

f) **Fund balances**

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the YDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the YDBF. There are two types of unrestricted funds:
 - **General funds** which the YDBF intends to use for the general purposes of the YDBF and
 - **Designated funds** set aside out of unrestricted funds by the YDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2019

1. ACCOUNTING POLICIES (continued)

- **Endowment** funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the YDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches. Trusts where the YDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Assessment of residual value of freehold property when determining whether or not depreciation is required – see above;
- Calculation of depreciation – see details set out at 1c) above; and
- Accounting for pensions – the key assumptions underpinning the pension creditor reflected in these accounts are set by the Church of England Pensions Board and then reviewed and accepted or challenged by the Trustees.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

2. DONATIONS

2a. Parish Contributions

The majority of donations are collected from parishes through the Freewill Offering system.

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Parish contributions to the Common Fund				
Current year contributions	7,265	-	-	7,265
Receipts for previous years	73	-	-	73
Total income	7,338	-	-	7,338
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Parish contributions to the Common Fund				
Current year contributions	8,044	-	-	8,044
Receipts for previous years	54	-	-	54
Total income	8,098	-	-	8,098

2b. Archbishops' Council

2020	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Resourcing Education Ministry	-	395	-	395
Grant for low income dioceses	1,825	-	-	1,825
Strategic Capacity Funding Grant	-	-	-	-
Total income	1,825	395	-	2,220
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Resourcing Education Ministry	-	339	-	339
Grant for low income dioceses	1,905	-	-	1,905
	1,905	339	-	2,244

Resourcing Ministerial Education is a funding stream to support the costs of ordinand training which was introduced for the 2017/18 academic year and replaces a previous model whereby the training was funded directly by the Church Commissioners.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

2. DONATIONS (continued)

2c. Other donations

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
All Churches Trust Grant	185	-	-	185
Other grants and donations	81	175	-	256
	266	175	-	441
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
All Churches Trust Grant	194	-	-	194
Other grants and donations	66	3,223	-	3,289
	260	3,223	-	3,483

Of the £3,223,000k restricted donations in 2019, £3,167,000 was from the Church Commissioners towards the costs of the multiply and restructuring programmes. To be spent over 5 years from 2019.

3. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Statutory fees	601	-	-	601
Church Commissioners Guaranteed Annuities	2	-	-	2
Chaplaincy and other	338	30	-	368
Diocesan Board of Education	-	170	-	170
Wydale Hall	-	412	-	412
	941	612	-	1,553
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Statutory fees	722	-	-	722
Church Commissioners Guaranteed Annuities	2	-	-	2
Chaplaincy and other	234	25	-	259
Diocesan Board of Education	-	217	-	217
Wydale Hall	-	473	-	473
	958	715	-	1,673

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Housing income	<u>222</u>	<u>-</u>	<u>-</u>	<u>222</u>
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Housing income	<u>207</u>	<u>-</u>	<u>-</u>	<u>207</u>

5. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Dividends receivable	617	-	-	617
Interest receivable	10	7	-	17
Rental receivable	<u>539</u>	<u>-</u>	<u>-</u>	<u>539</u>
	<u>1,166</u>	<u>7</u>	<u>-</u>	<u>1,173</u>
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Dividends receivable	686	-	-	686
Interest receivable	16	2	-	18
Rental receivable	<u>488</u>	<u>-</u>	<u>-</u>	<u>488</u>
	<u>1,190</u>	<u>2</u>	<u>-</u>	<u>1,192</u>

6. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Gain on sale of properties	(17)	-	568	551
Disposal of closed churches	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
	<u>(17)</u>	<u>15</u>	<u>568</u>	<u>566</u>
2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Gain on sale of properties	724	642	1,170	2,536
Disposal of closed churches	<u>-</u>	<u>116</u>	<u>-</u>	<u>116</u>
	<u>724</u>	<u>758</u>	<u>1,170</u>	<u>2,652</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

7. FUNDRAISING COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Investment Manager's Fees	26	-	-	26
Property agent's fees	117	-	-	117
Other rented property costs	44	-	-	44
	<u>187</u>	<u>-</u>	<u>-</u>	<u>187</u>

2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Investment Manager's Fees	29	-	-	29
Property agent's fees	110	-	-	110
Other rented property costs	81	-	-	81
	<u>220</u>	<u>-</u>	<u>-</u>	<u>220</u>

8. CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	265	-	-	265
Grants & provisions	29	-	-	29
Mission agency pension costs	13	-	-	13
Retired clergy housing costs	126	-	-	126
Ordinand maintenance grants - pooling adjustment	118	-	-	118
	<u>902</u>	<u>-</u>	<u>-</u>	<u>902</u>
Resourcing Ministry and Mission				
Parish ministry				
Stipends, national insurance and pensions	5,801	-	-	5,801
Housing costs	1,821	-	-	1,821
Removal, resettlement and grants	157	-	-	157
Specialist ministry				
Stipends, national insurance and pensions	642	458	-	1,100
Resourcing Ministerial Education	-	341	-	341
	<u>8,421</u>	<u>799</u>	<u>-</u>	<u>9,220</u>
Support for parish ministry	2,203	317	-	2,520
Impairment of houses	115	230	280	625
Wydale Hall	1	327	-	328
	<u>10,740</u>	<u>1,673</u>	<u>280</u>	<u>12,693</u>
Expenditure on Education				
Support for church schools and parishes	420	137	-	557
	<u>12,062</u>	<u>1,810</u>	<u>280</u>	<u>14,152</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

8. CHARITABLE ACTIVITIES (continued)

2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Contributions to Archbishops' Council				
Training for ministry	351	-	-	351
National Church responsibilities	279	-	-	279
Grants & provisions	30	-	-	30
Mission agency pension costs	4	-	-	4
Retired clergy housing costs	120	-	-	120
Ordinand maintenance grants - pooling adjustment	86	-	-	86
	<u>870</u>	<u>-</u>	<u>-</u>	<u>870</u>
Resourcing Ministry and Mission				
Parish ministry				
Stipends, national insurance and pensions	6,274	-	-	6,274
Housing costs	1,637	-	-	1,637
Removal, resettlement and grants	195	-	-	195
Specialist ministry				
Stipends, national insurance and pensions	652	481	-	1,133
Resourcing Ministerial Education	-	318	-	318
Strategic capacity project spend	-	-	-	-
	<u>8,758</u>	<u>799</u>	<u>-</u>	<u>9,557</u>
Support for parish ministry	2,133	202	-	2,335
Wydale Hall	5	458	-	463
	<u>10,896</u>	<u>1,459</u>	<u>-</u>	<u>12,355</u>
Expenditure on Education				
Support for church schools and parishes	365	275	-	640
	<u>12,131</u>	<u>1,734</u>	<u>-</u>	<u>13,865</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities	Grant	Support	Total
	Undertaken Directly £'000	Funding of Activities £'000	Costs £'000	Costs 2020 £'000
Raising Funds	187	-	-	187
Charitable Activities:				
Contributions to Archbishops' Council	-	902	-	902
Resourcing parish ministry	9,521	351	2,493	12,365
Education	481	-	76	557
Retreat Centre	242	-	86	328
Losses on clergy pension scheme	29	-	-	29
	10,460	1,253	2,655	14,368
2019 comparatives	Activities	Grant	Support	Total
	Undertaken	Funding of	Costs	Costs
	Directly	Activities		2019
	£'000	£'000	£'000	£'000
Raising Funds	220	-	-	220
Charitable Activities:				
Contributions to Archbishops' Council	-	870	-	870
Resourcing parish ministry	8,961	547	2,384	11,892
Education	534	-	106	640
Retreat Centre	358	-	105	463
(Gains) on clergy pension scheme	(2,163)	-	-	(2,163)
	7,910	1,417	2,595	11,922

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Central Administration	2,338	-	-	2,338
Pension deficit church workers scheme				
Support for Schools	76	-	-	76
Retreat Centre	-	86	-	86
Governance:				
External Audit	29	-	-	29
Registrar & Chancellor	122	-	-	122
Synodical costs	4	-	-	4
	2,569	86	-	2,655

2019 comparative	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Central Administration	2,224	-	-	2,224
Pension deficit church workers scheme				
Support for Schools	106	-	-	106
Retreat Centre	-	105	-	105
Governance:				
External Audit	25	-	-	25
Registrar & Chancellor	116	-	-	116
Synodical costs	19	-	-	19
	2,490	105	-	2,595

11. ANALYSIS OF GRANTS MADE

				2020 Total £'000
	Number	Individuals £'000	Institutions £'000	
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	902	902
From unrestricted funds				
PCCs for church inspection fees	33	-	17	17
PCC for faculty fees	190	-	42	42
PCCs for Repairs to Church Buildings	10	-	19	19
Ordinands in training	17	92	-	92
Clergy for training	25	5	-	5
Resettlement Grants	43	157	-	157
Diocese of York Educational Trust	1	-	2	2
Archbishop's Mission Fund	9	-	5	5
Multiply (20's-40's) grant to Church Army	-	-	-	-
From restricted funds				
PCCs for Repairs to Church Buildings	3	-	12	12
	331	254	97	351
Total	343	254	999	1,253

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

11. ANALYSIS OF GRANTS MADE (continued)

				2019
2019 comparative	Number	Individuals £'000	Institutions £'000	Total £'000
From unrestricted funds for national church responsibilities				
Contributions to Archbishops' Council	12	-	870	870
From unrestricted funds				
PCCs for church inspection fees	38	-	19	19
PCC for faculty fees	266	-	59	59
PCCs for Repairs to Church Buildings	9	-	20	20
Ordinands in training	21	95	-	95
Clergy for training	77	17	-	17
Resettlement Grants	52	193	-	193
Diocese of York Educational Trust	2	-	4	4
Archbishop's Mission Fund	7	-	8	8
Multiply (20's-40's) grant to Church Army	1	-	132	132
	473	305	242	547
Total	485	305	1,112	1,417

12. STAFF COSTS

Employee costs during the year were as follows:

	2020 £'000	2019 £'000
Wages and salaries	2,351	2,205
National insurance contributions	229	213
Pension Costs - Current Year	263	220
Pension Costs - Deficit	12	20
	2,855	2,658

The average number of persons employed during the year :

	Number	Number
Parochial Posts	3.0	1.6
Archdeaconry based roles	4.2	4.0
Reach, Grow, Sustain posts	9.1	7.1
Safeguarding and Pastoral Care	3.9	2.9
Training, Vocations and School of Ministry	8.2	9.8
Education	10.0	10.8
Other Diocesan Office based posts	22.8	21.6
Longhill	3.0	3.0
Wydale Hall	10.8	14.7
Externally funded posts	4.3	5.7
	79.3	81.1

The average number of persons employed during the year based on full-time equivalents:

	Number	Number
Parochial Posts	2.9	1.6
Archdeaconry based roles	3.1	2.5
Reach, Grow, Sustain posts	9.1	7.1
Safeguarding and Pastoral Care	3.4	2.9
Training, Vocations and School of Ministry	6.7	8.6
Education	9.4	9.5
Other Diocesan Office based posts	20.7	20.2
Longhill	1.3	1.3
Wydale Hall	6.7	7.7
Externally funded posts	2.8	3.5
	66.1	64.9

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year end 31 December 2020

12. STAFF COSTS (continued)

The number of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:

	2020	2019
£60,000 - £70,000	2	1
£70,000 - £80,000	1	1

Pension payments of **£31,035** (2019: £21,650) were made to these employees
Payments on termination of employment of £nil (2019: £ni) have been made during the year

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were:

Diocesan Chief Executive	Canon PJ Warry
Assistant Diocesan Secretary	Ms SA Davies
Director of Finance	Mrs K Rose
Diocesan Director of Education	Mr AK Smith
Director of Communications and Parish Resourcing	Mr M Sheppard
Director of Making and Nurturing Disciples	The Reverend R White
Director of Training for Missional Ministry	The Reverend Doctor GT Wakefield

Remuneration, pensions and benefits for these employees amounted to £502,054 (2019: £465,104).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 12 (2019:14) of the Trustees received travelling and out of pocket expenses, totalling **£10,702** (2019 - £25,990) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the YDBF during the year:

	Stipend	Housing
The Most Reverend & Right Honourable S Cottrell	No	No
The Most Reverend & Right Honourable Dr JTM Sentamu	No	No
The Right Reverend J Frost	No	No
The Right Reverend PJ Ferguson	No	Yes
The Right Reverend JB Thomson	No	Yes
The Right Reverend AM White	No	Yes
The Venerable AC Broom	Yes	Yes
The Venerable SJ Rushton	Yes	Yes
The Venerable A Bloor	Yes	Yes
The Reverend T Robinson	Yes	Yes
The Reverend NWR Bird	Yes	Yes
The Reverend RC Carew	Yes	Yes
The Reverend MJ Proctor	Yes	Yes
The Reverend FR Mayer-Jones	Yes	Yes
The Reverend MJ Porter	Yes	Yes

The YDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The YDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the Archbishop and cathedral staff.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

12. STAFF COSTS (continued)

The YDBF paid an average of 184 (2019 – 194) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipends	4,757	4,827
National insurance contributions	395	401
Pension costs - current year	1,298	1,320
Pension costs - deficit reduction	542	565
	<u>6,992</u>	<u>7,113</u>

The stipends of the five Bishops were paid and funded by the Church Commissioners.

The stipends of the Archbishop and Suffragan Bishops are funded by the Church Commissioners and are in the range **£37,670 - £72,900** (2019 range £36,930 - £71,470). The annual rate of stipend, funded by the YDBF, paid to Archdeacons in 2019 was in the range **£36,110 - £36,820** (2019 range £35,400- £36,096) and other clergy who were Trustees were paid in the range **£23,920 - £26,895** (2019 range £23,453 - £26,365). Stipend levels are set on the basis that housing is provided, and that costs relating to the provided housing (including rent, Council Tax, water charges, maintenance, and building insurance) are paid on behalf of clergy.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Pastoral Account to the Parsonages Houses Fund	-	-	601	(601)
Parsonages Houses Fund to the Benefice Building Fund	-	-	311	(311)
General Fund to the Pastoral Account	(353)	-	353	-
Pastoral Account to the Diocesan Parsonages Board	-	-	-	-
Diocesan Parsonages Board to Pastoral Account	-	-	-	-
Parsonages Houses Fund to General fund	-	-	-	-
Parsonages Houses Fund to the Diocesan Parsonages Board	-	-	243	(243)
From the General Fund to the Stipends Capital Fund for the reduction of the clergy pension deficit	(503)	-	-	503
General fund to designated funds	(110)	110	-	-
	<u>(966)</u>	<u>110</u>	<u>1,508</u>	<u>(652)</u>

All of the transfers made between funds during 2020 relate to property transactions with the exception of the transfer relating to the clergy pension deficit and those to designated funds.

2019 comparative	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Pastoral Account to the Parsonages Houses Fund	-	-	(212)	212
Parsonages Houses Fund to the Benefice Building Fund	-	-	1,428	(1,428)
General Fund to the Pastoral Account	(319)	-	319	-
Pastoral Account to the Diocesan Parsonages Board	-	-	(1,131)	-
Diocesan Parsonages Board to Pastoral Account	-	-	1,131	-
Parsonages Houses Fund to General fund	148	-	-	(148)
Parsonages Houses Fund to the Diocesan Parsonages Board	-	-	227	(227)
From the General Fund to the Stipends Capital Fund for the reduction of the clergy pension deficit	(2,654)	-	-	2,654
General fund to designated funds	(241)	241	-	-
Restricted to expendable endowment funds	-	-	(2,000)	2,000
	<u>(3,066)</u>	<u>241</u>	<u>(238)</u>	<u>3,063</u>

All of the transfers made between funds during 2019 relate to property transactions with the exception of the transfers relating to the clergy pension deficit, those to designated funds and the reclassification of the Uniform Statutory Trust part of the Education funds to expendable endowment. This was following a resolution in 2019 to consolidate various educational foundations, funds and endowments into the Uniform Statutory Trust.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

14. TANGIBLE FIXED ASSETS - Land & Buildings

	Wydale Hall £000	Education Properties £000	Freehold Properties £000	Diocesan Office £000	Office Equipment £000	Total £000
Cost						
At 1 January 2020	1,950	81	47,049	963	167	50,210
Additions	-	-	-	-	10	10
Disposals	-	-	(714)	-	(23)	(737)
At 31 December 2020	1,950	81	46,335	963	154	49,483
Depreciation						
At 1 January 2020	-	-	-	-	144	144
Charge for the year	-	-	-	-	14	14
Impairment	-	-	625	-	-	625
Disposals	-	-	-	-	(23)	(23)
At 31 December 2020	-	-	625	-	135	760
Net book value						
At 31 December 2020	1,950	81	45,710	963	19	48,723
At 31 December 2019	1,950	81	47,049	963	23	50,066

All of the properties in the balance sheet are freehold and are vested in the YDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to **£148,000** (2019: £148,000).

15. FIXED ASSET INVESTMENTS

	At 1 January 2020 £000	Additions £000	Disposals £000	Change in Market Value £000	At 31 December 2020 £000
Investment Property	17,466	-	(233)	510	17,743
Listed Investments	16,689	1,864	(2,123)	1,309	17,739
Unlisted Investments	10,995	1,740	-	472	13,207
	45,150	3,604	(2,356)	2,291	48,689

16. FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Financial assets measured at fair value	30,170	26,507

Financial assets measured at fair value comprise listed and unlisted investments and value linked loans to parishes.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

17. DEBTORS

	2020 £'000	2019 £'000
Due within one year		
Capital Work in Progress	355	84
Other debtors and prepayments	2,956	3,515
	<u>3,311</u>	<u>3,599</u>
Due after more than one year		
Loans to parishes	276	135
	<u>276</u>	<u>135</u>
Total debtors	<u>3,587</u>	<u>3,734</u>

Other debtors includes £2,395,894 (2019: £2,783,000) of grant awarded by the Church Commissioners towards the cost of the Multiply Project. The grant is paid over as the costs are incurred and claims for reimbursement are expected over 5 years from 2019.

18. CREDITORS: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	158	107
Other taxation and social security	48	55
Other creditors and accruals	477	543
Amounts held for other bodies	643	354
Pension Scheme Liabilities		
Church Workers' Pension Fund	80	79
Clergy Pension Scheme	542	565
	<u>1,948</u>	<u>1,703</u>
Total creditors amounts falling due within one year	<u>1,948</u>	<u>1,703</u>

19. CREDITORS: amounts after more than one year

	2020 £'000	2019 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	53	53
Pension scheme liabilities		
Church Workers' Pension Fund	259	328
Clergy Pension Scheme	119	599
Other creditors	55	80
	<u>486</u>	<u>1,060</u>
Total creditors: amounts falling due after more than one year	<u>486</u>	<u>1,060</u>

The maturity of the above loans may be analysed as follows:

In five years and more	53	53
	<u>53</u>	<u>53</u>

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2020 the Board had no intention of disposing of any of those properties funded via VLLs.

During 2011 and 2012 a significant programme of mechanical and engineering work was carried out at Wydale Hall. The work was financed by a value-linked loan of £375,000 from the general reserves of the Diocese which is secured on the Hall. During 2015 the loan was increased by a further £47,000 to facilitate the refurbishment of the General Manager's living accommodation. There is no fixed term for repayment of the loan.

Other creditors due after more than one year relates to a 3 year grant awarded in 2019 as part of the multiply project.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

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For the year end 31 December 2020

20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2020 £'000
UNRESTRICTED FUNDS						
General	14,699	11,741	(12,269)	797	(966)	14,002
Designated						
Roof Alarm Grants Fund	37	-	(9)	-	-	28
Mustard Seed Fund	193	-	-	-	110	303
	<u>14,929</u>	<u>11,741</u>	<u>(12,278)</u>	<u>797</u>	<u>(856)</u>	<u>14,333</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	3,580	-	(230)	-	243	3,593
Pastoral Account	642	15	-	-	1,280	1,937
Resourcing Ministerial Education	42	394	(340)	-	-	96
Benefice Building Fund	1,626	7	-	-	(15)	1,618
Faith in Education Fund	1	-	-	-	-	1
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	20	3	(12)	-	-	11
Ministry Fund	10	30	(38)	-	-	2
Wydale Hall	1,339	412	(327)	-	-	1,424
Board of Education	114	166	(133)	-	-	147
Learning to Lead Religious Education	-	4	(4)	-	-	-
Multiply (20s-40s)	2,653	-	(399)	-	-	2,254
Restructuring	176	120	(296)	-	-	-
Mustard Seed Fund	-	7	(7)	-	-	-
Longhill	16	4	(3)	-	-	17
Kingswood	3	-	-	-	-	3
Roof Alarm & Building Grants Funds	18	42	(21)	-	-	39
	<u>10,284</u>	<u>1,204</u>	<u>(1,810)</u>	<u>-</u>	<u>1,508</u>	<u>11,186</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	33,845	568	(190)	-	(1,041)	33,182
Board of Education	2,000	-	-	86	-	2,086
Permanent						
Stipends Capital Fund	38,527	-	(90)	2,780	389	41,606
Ordination Candidates Council	235	-	-	(3)	-	232
First Lord Grimthorpe's Trust	49	-	-	(1)	-	48
Local Trusts' Stipend Fund	551	-	-	25	-	576
	<u>75,207</u>	<u>568</u>	<u>(280)</u>	<u>2,887</u>	<u>(652)</u>	<u>77,730</u>
Total funds	<u><u>100,420</u></u>	<u><u>13,513</u></u>	<u><u>(14,368)</u></u>	<u><u>3,684</u></u>	<u><u>-</u></u>	<u><u>103,249</u></u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

20. SUMMARY OF FUND MOVEMENTS (continued)

2019 comparative	Balances at 1 January 2019 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balances at 31 December 2019 £'000
UNRESTRICTED FUNDS						
General	13,377	13,342	(10,177)	1,223	(3,066)	14,699
Designated						
Roof Alarm Grants Fund	-	-	(11)	-	48	37
Mustard Seed Fund	-	-	-	-	193	193
	<u>13,377</u>	<u>13,342</u>	<u>(10,188)</u>	<u>1,223</u>	<u>(2,825)</u>	<u>14,929</u>
RESTRICTED FUNDS						
Diocesan Parsonages Board	1,894	328	-	-	1,358	3,580
Pastoral Account	1,550	116	-	-	(1,024)	642
Resourcing Ministerial Education	21	339	(318)	-	-	42
Benefice Building Fund	197	1	-	-	1,428	1,626
Faith in Education Fund	-	1	-	-	-	1
Mission Support Fund	33	-	-	-	-	33
Bishops' IT	11	-	-	-	-	11
First Lord Grimthorpe's Trust	19	1	-	-	-	20
Ministry Fund	21	25	(36)	-	-	10
Wydale Hall	1,324	473	(458)	-	-	1,339
Board of Education	1,629	521	(264)	228	(2,000)	114
Learning to Lead Religious Education	-	11	(11)	-	-	-
Multiply (20s-40s)	-	3,065	(412)	-	-	2,653
Restructuring	276	102	(202)	-	-	176
Mustard Seed Fund	-	-	-	-	-	-
Longhill	12	13	(9)	-	-	16
Kingswood	4	1	(2)	-	-	3
Roof Alarm & Building Grants Funds	-	40	(22)	-	-	18
	<u>6,991</u>	<u>5,037</u>	<u>(1,734)</u>	<u>228</u>	<u>(238)</u>	<u>10,284</u>
ENDOWMENT FUNDS						
Expendable						
Parsonages Houses Fund	34,492	944	-	-	(1,591)	33,845
Board of Education	-	-	-	-	2,000	2,000
Permanent						
Stipends Capital Fund	34,195	226	-	1,452	2,654	38,527
Ordination Candidates Council	209	-	-	26	-	235
First Lord Grimthorpe's Trust	42	-	-	7	-	49
Local Trusts' Stipend Fund	472	-	-	79	-	551
	<u>69,410</u>	<u>1,170</u>	<u>-</u>	<u>1,564</u>	<u>3,063</u>	<u>75,207</u>
Total funds	<u>89,778</u>	<u>19,549</u>	<u>(11,922)</u>	<u>3,015</u>	<u>-</u>	<u>100,420</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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21. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	4,999	9,421	507	(925)	14,002
Designated					-
Roof Alarm Grants Fund	-	-	28	-	28
Mustard Seed Fund	-	-	303	-	303
	<u>4,999</u>	<u>9,421</u>	<u>838</u>	<u>(925)</u>	<u>14,333</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,593	-	-	-	3,593
Pastoral Account	-	-	1,937	-	1,937
Resourcing Ministerial Education	-	-	96	-	96
Benefice Building Fund	-	-	1,618	-	1,618
Faith in Education Fund	-	-	1	-	1
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	23	(12)	11
Ministry Fund	-	-	2	-	2
Wydale Hall	1,950	-	(23)	(503)	1,424
Board of Education	-	-	147	-	147
Learning to Lead Religious Education	-	-	7	(7)	-
Multiply (20s-40s)	-	-	2,254	-	2,254
Restructuring	-	-	-	-	-
Mustard Seed	-	-	-	-	-
Longhill	-	-	17	-	17
Kingswood	-	-	3	-	3
Roof Alarm & Building Grants Funds	-	-	39	-	39
	<u>5,543</u>	<u>-</u>	<u>6,165</u>	<u>(522)</u>	<u>11,186</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	33,182	-	-	-	33,182
Board of Education	81	1,744	586	(325)	2,086
Permanent					
Stipends Capital Fund	4,918	36,668	682	(662)	41,606
Ordination Candidates Council	-	232	-	-	232
First Lord Grimthorpe's Trust	-	48	-	-	48
Local Trusts' Stipend Fund	-	576	-	-	576
	<u>38,181</u>	<u>39,268</u>	<u>1,268</u>	<u>(987)</u>	<u>77,730</u>
Total funds	<u>48,723</u>	<u>48,689</u>	<u>8,271</u>	<u>(2,434)</u>	<u>103,249</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

21. SUMMARY OF ASSETS BY FUND (continued)

2019 Comparatives	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	5,488	8,651	1,386	(826)	14,699
Designated					-
Roof Alarm Grants Fund	-	-	37	-	37
Mustard Seed Fund	-	-	193	-	193
	<u>5,488</u>	<u>8,651</u>	<u>1,616</u>	<u>(826)</u>	<u>14,929</u>
RESTRICTED FUNDS					
Diocesan Parsonages Board	3,580	-	-	-	3,580
Pastoral Account	-	-	642	-	642
Resourcing Ministerial Education	-	-	42	-	42
Benefice Building Fund	-	-	1,626	-	1,626
Faith in Education Fund	-	-	1	-	1
Mission Support Fund	-	-	33	-	33
Bishops' IT	-	-	11	-	11
First Lord Grimthorpe's Trust	-	-	20	-	20
Ministry Fund	-	-	10	-	10
Wydale Hall	1,950	-	(84)	(527)	1,339
Board of Education	-	-	114	-	114
Learning to Lead Religious Education	-	-	11	(11)	-
Multiply (20s-40s)	-	-	2,653	-	2,653
Restructuring	-	-	176	-	176
Mustard Seed	-	-	-	-	-
Longhill	-	-	16	-	16
Kingswood	-	-	3	-	3
Roof Alarm & Building Grants Funds	-	-	18	-	18
	<u>5,530</u>	<u>-</u>	<u>5,292</u>	<u>(538)</u>	<u>10,284</u>
ENDOWMENT FUNDS					
Expendable					
Parsonages Houses Fund	33,845	-	-	-	33,845
Board of Education	81	1,665	489	(235)	2,000
Permanent					
Stipends Capital Fund	5,122	33,999	570	(1,164)	38,527
Ordination Candidates Council	-	235	-	-	235
First Lord Grimthorpe's Trust	-	49	-	-	49
Local Trusts' Stipend Fund	-	551	-	-	551
	<u>39,048</u>	<u>36,499</u>	<u>1,059</u>	<u>(1,399)</u>	<u>75,207</u>
Total funds	<u>50,066</u>	<u>45,150</u>	<u>7,967</u>	<u>(2,763)</u>	<u>100,420</u>

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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22. DESCRIPTION OF FUNDS

General fund	The general fund is the YDBF's unrestricted undesignated fund available for any of the YDBF's purposes without restriction.
Roof alarm & building grants	The roof alarm and building grants funds represents funds received from third parties and those designated by the York Diocesan Board of Finance, to support Churches within the Diocese to obtain roof alarms and with building works.
Mustard seed fund	The mustard seed fund represents funds designated by the Trustees to be used towards the mustard seed project.
Pastoral account	The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese • other purposes of the diocese or any benefice or parish in the diocese • to make grants or loans to any other diocese • to transfer funds to the diocesan stipends fund income or capital accounts.
Stipends capital fund	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds are invested as part of the YDBF's portfolio and managed by CCLA or Smith & Williamson.
Parsonages houses fund	This fund represents the carrying value of all the benefice houses (parsonages) in the Diocese. These are expendable endowments in that the Board has the power to convert certain sale proceeds to income with various consents obtained locally and from the Church Commissioners by being transferred to the Diocesan Pastoral Account and then converted to an income account at a later date.
Ordination candidates' council	The ordination candidates' council fund relates to invested bequests, the income from which is to provide assistance to candidates training for the Anglican priesthood.
First Lord Grimthorpe's Trust	The First Lord Grimthorpe's Trust provides income for repairs to churches of the evangelical tradition within the Diocese of York.
Local Trusts' Stipend Fund	The Local Trusts' Stipend Fund relate to specific investments, the income from which is to augment stipends.
Diocesan Parsonage Board	The Diocesan Parsonages Board holds houses which are used to accommodate certain office holders who do not have incumbent status.
Benefice Building Fund	The Benefice Building Fund holds proceeds from parsonage sales pending replacement of the property. Any surplus remaining after purchase of a new benefice house or following Pastoral Reorganisation is transferred to the Pastoral Account subject to the consents set out in the Church Property Measure.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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22. DESCRIPTION OF FUNDS (continued)

Faith in Education Fund	The Faith in Education Fund aims to pioneer links between churches and schools in Hull by contributing creatively toward addressing problems particularly at secondary level of poor attainment, low aspirations and falling rolls.
Mission Support Fund	The Mission Support Fund relates to donations for projects in Hull and Middlesbrough.
Bishops' IT	Bishop's IT is a central allocation by the Church Commissioners for Bishops' information technology needs.
Ministry Fund	The Ministry Fund represents donations from private individuals and grant awarding trusts to support specific ministry posts in the diocese.
Wydale Hall	Wydale Hall is a special restricted fund and operates as a conference and retreat house primarily for the benefit of the Church of England. In event of a sale of the property the proceeds would have to be applied either in the purchase of another property to be used for the same purposes or invested and the resultant income applied for the promotion and holding of retreats and of religion. Its sole trustee is the York Diocesan Board of Finance Limited.
Diocesan Board of Education	DBE funds are restricted in accordance with the Uniform Statutory Trust legislation. The funds are proceeds from site disposals, donations and income from educational services and can be used to support Church Schools. The income can be used by the DBE to fund the provision of services to schools. Capital and income can also be used to assist with school building projects.
Learning to Lead Religious Education	This represents donations from specific organisations to cover direct costs of supporting the development of religious education.
Resourcing Ministerial Education	Funding from Ministry Division specifically for ordinand training.
Strategic Capacity Funding	Funding from Archbishops Council for specific activities relating to the renewal and reform agenda.
Multiply (20s-40s)	Strategic Development Funding from the Church of England Strategic Investment Board awarded for the establishment of new worshipping communities for the 20 to 40 age range.
Restructuring	Funding from the Church of England Strategic Investment Board to be drawn down for use on projects that will support increased financial sustainability and resilience.
Longhill	Grants and donations restricted for use within the Longhill BMO.
Kingswood	Grants and donations restricted for use within the Kingswood BMO.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

23. CAPITAL COMMITMENTS

At 31 December 2020 the YDBF had capital expenditure commitments authorised but not contracted for of £nil (2019 - £nil), and contracted for but not yet due of £nil (2019 - £nil).

24. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

25. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

York DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.42% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

25. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	<u>11.9%</u>	<u>7.1%</u>

The deficit recovery contributions under the recovery plan in force as at 31 December 2018, 31 December 2019 and 31 December 2020 were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	1,164	3,818
Deficit contribution paid	(542)	(565)
Interest cost (recognised in SOFA)	10	74
Remaining change to the balance sheet liability* (recognised in SOFA)	29	(2,163)
Balance sheet liability as at 31 December	<u>661</u>	<u>1,164</u>

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

Rates at 31 December:	2020	2019	2018
Discount rate	0.2%pa	1.1%pa	2.1%pa
Price inflation	3.1%pa	2.8%pa	3.1%pa
Increase to total pensionable payroll	1.6%pa	1.3%pa	1.6%pa

The legal structure of the scheme is such that if another Responsible Body fails, York DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

25. PENSIONS (continued)

Church Workers Pension Fund

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The YDBF and Wydale Hall participate in both the Defined Benefits Scheme section and the Pension Builder Scheme section of the CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

The Church Workers Pension Fund Defined Benefit Scheme has been closed to future accrual with effect from 31 March 2018. Members of that scheme who remain in employment by the Diocese of York have joined the Pension Builder Classic scheme. The decision to close the scheme and the determination of future pension arrangements followed a consultation with members.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of the DBS charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (**2020: DBF £nil and Wydale £nil**; 2019: DBF £nil and Wydale £nil), plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

25. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

A valuation of the DBS is carried out once every three years, the most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,200 per year in respect of YDBF and £2,000 per year in respect of Wydale Hall. In addition deficit payments of £66,365 per year for YDBF and £13,001 per year for Wydale hall have been agreed for 7 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

	YDBF		Wydale		Total	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Balance sheet liability as at 1 January	340	390	67	76	407	466
Deficit contribution paid	(66)	(66)	(13)	(13)	(79)	(79)
Interest cost (recognised in SOFA)	3	7	1	1	4	8
Remaining change to the balance sheet liability* (recognised in SOFA)	6	9	1	3	7	12
Balance sheet liability as at 31 December	<u>283</u>	<u>340</u>	<u>56</u>	<u>67</u>	<u>339</u>	<u>407</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

The liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	2020	2019	2018
Discount rate at 31 December	0.4%pa	1.3%pa	2.1%pa

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities.

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2020

25. PENSIONS (continued)

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The York Diocesan Board of Finance only offers Pension Builder Classic to its employees.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable **(2020: DBF £235,536 and Wydale £11,516; 2019: DBF 208,791 and Wydale £11,277)**.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding **position**. **There is no requirement for deficit payments at the current time.**

The legal structure of the scheme is such that if another employer fails, York DBF could become responsible for paying a share of that employer's pension liabilities

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year end 31 December 2020

26. PRIOR YEAR COMPARATIVE SOFA

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2019	Total funds 2018
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	2					
Parish contributions		8,098	-	-	8,098	8,236
Archbishops' Council		1,905	339	-	2,244	2,148
Other donations		260	3,223	-	3,483	664
Charitable activities	3	958	715	-	1,673	1,648
Other activities	4	207	-	-	207	205
Investments	5	1,190	2	-	1,192	1,099
Other	6	724	758	1,170	2,652	947
Total		13,342	5,037	1,170	19,549	14,947
Expenditure on						
Raising Funds	7	220	-	-	220	173
Charitable activities						
General charitable activities	8	12,131	1,734	-	13,865	13,381
(Gains) on clergy pension scheme	25	(2,163)	-	-	(2,163)	(72)
Total		10,188	1,734	-	11,922	13,482
Net income/(expenditure) before investment gains and losses		3,154	3,303	1,170	7,627	1,465
Net gains/(losses) on investments	20	1,223	228	1,564	3,015	(770)
Net income		4,377	3,531	2,734	10,642	695
Transfers between funds	13	(2,825)	(238)	3,063	-	-
Net movement in funds		1,552	3,293	5,797	10,642	695
Total funds brought forward		13,377	6,991	69,410	89,778	89,083
Total funds carried forward	20	14,929	10,284	75,207	100,420	89,778

THE YORK DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2019

27. RELATED PARTY TRANSACTIONS

Having made enquiries, the directors are not aware of any related party transactions in 2020 (2019 : £nil) other than the grant paid to The Diocese of York Educational Trust detailed in note 28.

28. SUBSIDIARY

The Diocese of York Educational Trust (DYET) was incorporated in February 2012. The Trust has seven Trustees; three appointed by the Diocesan Board of Education, three appointed by the Archbishop and the Diocesan Director of Education on an ex officio basis. The Trust is therefore deemed to be controlled by the York Diocesan Board of Finance Limited. The financial results for the Trust have not been consolidated into these accounts on the grounds of materiality. The Objects of DYET are to advance for the public benefit education in the Diocese of York or elsewhere, in particular but not exclusively, by:

- promoting the efficiency and effectiveness of Educational Institutions and the efficient and effective application of resources for such purposes including by promoting and disseminating models of good practice and by the delivery of support services generally to such institutions;
- advancing the education of people who work or volunteer in or govern Educational Institutions in order to assist those persons to deliver a high quality education to the pupils and to communities served by those institutions;
- establishing, sponsoring and maintaining Academies (primarily but not exclusively Church of England Academies) under the direction of the Diocesan Board of Education.

The YDBF made a grant of £1,500 to DYET during 2020 (2019: £4,500).

29. FUNDS HELD AS CUSTODIAN TRUSTEE

The YDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the YDBF does not control them. The financial assets held in this way may be summarised as follows:

	2020 £'000	2019 £'000
CBF Church of England Investment Fund	3,916	3,784
CBF Church of England Fixed Interest Fund	232	223
CBF Church of England Property Fund shares	31	33
COIF income and accumulation shares	338	323
Other common investment fund holdings	8,246	8,033
CBF Church of England Deposit Fund	1,633	1,627
Cash at bank	232	88
Total assets held as custodian trustee	14,628	14,111