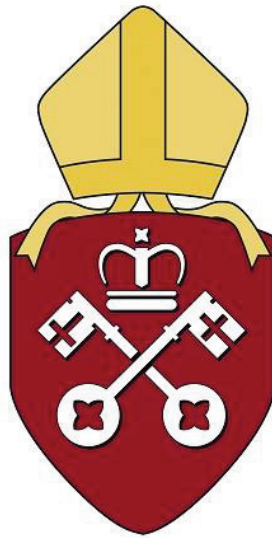


**The York Diocesan
Board of Finance Limited**

**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 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.

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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 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

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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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THE YORK DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT
For the year ended 31 December 2023


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:

F45B3DCCAA2D485...

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.

The image shows a handwritten signature in black ink that reads "Saffery LLP". The signature is written in a cursive, flowing style.

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>107,371</u>		<u>105,476</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>107,371</u>		<u>105,476</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	<u>(3,538)</u>		<u>(1,885)</u>	
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		<u>4,117</u>		<u>5,221</u>
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		<u>(2,759)</u>		<u>(1,704)</u>
Analysis of cash and cash equivalents				
Cash at bank and in hand		1,694		1,217
Notice deposits (less than 3 months)		<u>2,423</u>		<u>4,004</u>
		<u>4,117</u>		<u>5,221</u>

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

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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
	<u>768</u>	<u>232</u>	<u>-</u>	<u>1,000</u>

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
	<u>733</u>	<u>138</u>	<u>-</u>	<u>871</u>

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 £'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	-	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 £'000	2022 £'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

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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		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 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	<p>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:</p> <ul style="list-style-type: none"> • 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