



**The Blackburn Diocesan Board of Finance
Limited**

Annual report and financial statements

Company limited by guarantee (no 225457)

Registered charity (no 247647)

Date: 31 December 2021

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2021

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VISION STATEMENT

Vision 2026 is an agenda for growth and change to see 'Healthy Churches Transforming Communities' across the Diocese of Blackburn in our centenary year of 2026.

The Vision was launched in 2015 when the Diocese of Blackburn made a bold strategic decision to change and to grow through the priorities of: • Making Disciples for Jesus Christ • Being Witnesses for Jesus Christ • Growing Leaders for Jesus Christ • Prioritising Work Among Children, Young People and Schools.

Over the course of 2020 the Diocese engaged in a 'Vision Update' through which we sought to identify what is going well and where the challenges are as we seek to realise our Vision of seeing 'Healthy Churches Transforming Communities'

Our updated Vision 2026 building blocks are:-

Making disciples of Jesus Christ

- Knowing the Scriptures better and equipping confident Christian disciples
- Praying with greater depth and urgency for the Kingdom of God to come
- Offering worship in Spirit and truth through the ministry of word and sacrament
- Giving generously of our time, talents and money to the cause of Christ

Being witnesses to Jesus Christ

- Sharing the Gospel with confidence
- Enabling human flourishing through social action
- Planting or renewing 10 strategic church plants and 200 new congregations
- Caring for God's creation

Growing leaders for Jesus Christ

- Developing a diocesan-wide culture of vocational discernment so that all may hear God's call and use their gifts in the service of the Gospel
- Discerning and forming theologically literate lay and ordained leaders, rooted in prayer and with a deep love of the Lord Jesus
- Nurturing healthy partnerships between clergy and laity by fully implementing the Lay Majority Ministry Framework
- Generating a pipeline of highly motivated deacons and priests in order to enable the Diocese's clergy deployment strategy

Inspiring children and young people

- Nurturing children and young people in their faith and supporting them as disciples of Jesus Christ
- Holding regular worship that is accessible and appealing to children, young people and their families.
- Enabling growth in the numbers of leaders of children and young people
- Pursuing a step change in work with those aged 11-16
- Facilitating effective partnerships between churches and local schools

The Diocesan Vision Prayer

Heavenly Father, we embrace Your call for us to make disciples, to be witnesses, to grow leaders and to inspire children and young people. Give us eyes to see Your vision, ears to hear the prompting of Your Spirit and courage to follow in the footsteps of your Son, our Lord and Saviour Jesus Christ. Amen

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The Directors of the Blackburn Diocesan Board of Finance Limited (BDBF), who are the Trustees for the purpose of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

The directors and 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 requirement for:
Directors' Report of a charitable company
Strategic Report under the Companies Act 2006 and
Trustees Annual Report under the Charities Act 2011

LEGAL OBJECTS

The BDBF's principal objective is to promote, assist and advance the work of the Church of England, primarily but not exclusively in the Diocese of Blackburn, by acting as the financial executive of the Blackburn Diocesan Synod.

The BDBF has the following statutory functions:

- The BDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.
- It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.
- The BDBF is custodian trustee in relation to PCC property.

STRATEGIC REPORT

STRATEGIC AIMS AND OBJECTIVES FOR THE YEAR

The main role of the BDBF is to identify and manage the financial aspect of the provision of the ministry within the Diocese, so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

Vision 2026 is an agenda for growth and change to see 'Healthy Churches Transforming Communities' across the Diocese of Blackburn in our centenary year of 2026. The Vision was launched in 2015 and over the course of 2021 the Diocese engaged with a "Vision Update" to identify what is going well and the challenges we have in realising our Vision.

The next phase of the implementation plan is available from our website at:

<https://www.blackburn.anglican.org/vision-update>.

The Directors are aware of the Charity Commission's published guidance on the public benefit requirement in general and, more particularly, in 'The Advancement of Religion for the Public Benefit' and have had regard to it in their administration of the BDBF.

The Directors believe that, by carrying out these objectives and in promoting the work of the Church of England in the Diocese of Blackburn, the BDBF 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, for the benefit of individuals and society as a whole.

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ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Vision 2026 consists of the four major building blocks of the Vision and activities planned against each:

Making Disciples including:

- The forthcoming launch of a Rule of Life
- Creating a Centre for Christian Discipleship and Prayer at Whalley Abbey with a resident praying community
- Enabling spiritual direction to be available to all, lay and ordained, across the diocese
- Production of diocesan seasonal daily devotional resources

In relation to our main objectives of **Making Disciples** of Jesus Christ we:

- Have formed a new Making Disciples Team for the diocese
- Produced Lent and Advent Devotionals with the circulation of this high-quality resource has grown from 7,500 in Advent 2020 to 9,500 in Advent 2021.
- Have instigated contactless giving. We are the leading diocese in the northern province in the take-up of contactless giving, which has been a significant help to parishes in weathering the challenges of lockdown.
- Piloted the Parish Giving Scheme. Take-up by parishes during the pilot stage is continuing to be above expectations, and parishes are showing a definite increase in giving levels, where introduction is accompanied by teaching about Christian giving. The formal launch will take place in 2022
- Appointed a Warden of Spiritual Directors. This has led to a major restructuring of this ministry, which is now based at Whalley Abbey, and to the recruitment and training of a new team of spiritual directors.
- Created discipleship podcasts. The first podcast has been recorded and will be released when editing is complete in 2022

Being Witnesses including:

- Coaching, networking and training as we press ahead to our goal of seeing 200 New Local Congregations by 2026
- Internal and external investment to realise the vision of 10 Strategic Church Plants by 2026
- Encouraging the regular hosting of enquirers courses by providing training and networks of support.
- A suite of activities to enable human flourishing through social action
- Caring for God's creation with the aim to become an Eco-diocese by 2023

In relation to our main objectives of **Being Witnesses** to Jesus Christ we:

- Applied for £3.5m Stage 1 SDF funding from the national church for two strategic Church plants in Blackburn and Blackpool which was approved. The project is entitled "Lighting up New Generations: Blackburn, Blackpool and across Lancashire" and the funding secured in May 2021.
- Promoted the running of Christian Enquiry Courses. To date, at least 67 parishes run or have run a Christian Enquiry Course.
- Organised five Clergy Study Mornings and one Licensed Lay Ministers Study Morning on the topic of planting New Local Congregations (NLC). 97% of people attending rated the study mornings as good or better with 34% rating the sessions as excellent. 87 participants responded that they were interested in finding out more about planting a NLC.
- Organised four Beacon Courses which have, so far, been attended by 45 people – a mixture of lay and ordained people. The course aims to encourage the planting of New Local congregations.
- Organised three training sessions for curates as part of their IME training.

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- Set up an Online Resourcing Group. During the course of the pandemic supporting our digital presence as a diocese and churches by: organising an online *Looking out in Lent* course sharing online services across the diocese on Sundays; sharing a monthly Multilingual Service; creating *HopePod* podcasts.
- Organised the Bishop's Harvest appeal in 2020/21 in support of Tearfund and Friends of the Holy Land. Parishes and schools generously donated £22,420.47.
- Promoted *Lyrics and Lunch* with an online webinar

Growing Leaders including:

- Establishment of the Lay Majority Ministry Framework which includes new 'Authorised Lay Ministers' (ALM) and 'Licensed Lay Ministers' (LLM)
- Continued development of a diocesan-wide culture of vocational discernment so that all may hear God's call and use their gifts in the service of the Gospel
- Generating a pipeline of highly motivated deacons and priests in order to enable the Diocese's clergy deployment strategy

In relation to our main objectives of Growing Leaders for Jesus Christ we:

- Continued the implementation of Lay Majority Ministry strategy
 - Successfully developed a new Authorised Lay Ministry scheme culminating in 114 ALMs being commissioned by year end
 - Expanded the M:Power programme to offer training in 2021/22 to 28 people in three locations (Blackpool, Burnley and Lower Darwen)
 - Licensed one and relicensed 119 Licensed Lay Ministers (formerly Readers) who are refocused on teaching the faith, leading in church and society and enabling mission
 - Launched termly Continuing Ministerial Education days for LLMs
 - Embarked on a pilot partnership programme with Church Army to train locally deployable church army evangelists
- Began work to develop a new integrated 5-year start of ministry programme to support clergy from ordination through to the end of the second year of their first incumbency .
- Played a leading role in the regional restructuring of theological education for the six North West dioceses culminating in the launch of Emmanuel Theological College on 1st August 2021.

Inspiring Children and Young People including:

- Pursuing a step change in work with those aged 11-18 supported by a new Youth Resourcing Church and diocesan-wide new learning communities
- Facilitating effective partnerships between churches and local schools
- Nurturing children and young people in their faith and supporting them as disciples of Jesus Christ
- Supporting the creation of new or renewed toddler groups that share the gospel

In relation to our main objectives of Inspiring Children and Young people for Jesus Christ we:
Commissioned the Board of Education to enable development through:

- Creating a new Learning Community for Youth Provision building on the Launchpad sessions delivered through the SDF3 resourcing church at St Luke's, Blackburn
- Delivering training to children's and youth workers across the diocese linked to the Authorised Lay Ministry programme for growing leaders
- Creating high quality resources and training to equip churches to minister to the young
- Creating high quality school resources for Religious Education, ethos and worship
- Training and supporting schools and churches to live out Vision 2026 by transforming communities.

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Full details of the activities carried out are contained within Blackburn Diocesan Board of Education Trustee Report.

During 2021 the BDBF also

- Carefully monitored spending and income for the diocese to ensure sustainability.
- Engaged in regular Parish Share meetings to help parishes with difficulty in contributing share to agree a positive way forward.
- Continued to encourage parishes struggling to meet their Parish Share requests to meet BDBF Directors, Archdeacons and BDBF Officers to discuss their challenges, constraints on their ability to contribute the Parish Share requested, and initiatives for ministry in a constructive and collaborative atmosphere.
- Where satisfied that there was a clear commitment by the parishes to strengthen their discipleship, stewardship and vision planning, and to meet an adjusted share contribution request, Parish Share meetings were able to reduce Share requests for a number of parishes from the parish support fund.
- Secured £978,000 from the Church Commissioners to drive forward our missional and financial flourishing work, beginning to recruit the new team and take forward the exercise.
- Formally launched the next phase of Vision 2026 and the new Vision implementation plan (2021-2024) at Pentecost.
- Supported parishes in their mission aspirations with grant funding from the Parish Vision Grant and Loan Fund.
- Continued the roll out of the extensive safeguarding training programme for clergy and parish officers.
- Used a Missional and Financial Flourishing exercise to consult with deaneries on effective ways to develop ministry in each area.

The actions outlined above were enabled through a range of administrative and legal functions ensuring that the priorities identified within Vision 2026 were facilitated whilst maintaining good governance. The effect of Covid 19 impacted significantly on both parishes and the BDBF for a second year, however, there were signs of recovery and development in ministry in comparison to 2020. Churches operated with restrictions through the period and activities and income from donations were impacted as a result. Whalley Abbey experienced reduced bookings and cancellations at times of the year most affected by Covid restrictions.

The Covid Task Group continued to provide parishes with information in the pandemic. An 'Unlock' group was created to support parishes with information, advice and encouragement as they began to lift restrictions and return to their core work of **Making Disciples, Being Witnesses, Growing Leaders and Inspiring Children and Young people for Jesus Christ** in a challenging, unanticipated context.

The Standing Committee of the BDBF which met fortnightly to support the Board of Directors and Trustees with decisions that needed prompt action and planning has now been disbanded and normal governance measures are in place. The Resilience Group has now completed the purpose it was established for in 2020 and its future aim is under review.

Personnel

The Directors are thankful for everyone who contributes to the life of the Diocese and to the parishes for their continuing financial support. The directors would like to express particular thanks to all the staff serving the BDBF, to our clergy for their leadership during 2021 and to the PCCs for their ongoing

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commitment this last year. The Directors are thankful to God, for those parishes which continued to support ministry by contributing their parish share in 2021.

Related parties

- General Synod, Church Commissioners, Archbishops' Council and Church of England Pensions Board

The BDBF must comply with Measures passed by the General Synod of the Church of England. It 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 BDBF receives a grant from funds managed by the Church Commissioners. The BDBF pays for clergy stipends through the Church Commissioners. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

The BDBF pays retirement contributions for stipendiary clergy and some employees to the Church of England Pensions Board.

- Parochial Church Councils (PCCs)

The BDBF is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs can influence decision-making within the BDBF and at Diocesan Synod level through representations to those bodies and through the input of Deanery Synods.

- Blackburn Cathedral who leased part of Church House to the BDBF in 2021.
- Blackburn Diocesan Board of Education is a registered charity, which has responsibility for 190 Church schools across the Diocese and is responsible for the largest number of voluntary aided schools in the country. It provides pastoral and professional support to all its schools and has particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The Board of Education also supports parishes on children's work and youth work and has responsibility for chaplains in universities in the diocese.
- Cidari Multi-Academy Trust is the Trust that has been established to act as a sponsor for underperforming church schools in the Diocese and to welcome and support converter schools wishing to join the Cidari family of academies.

FUTURE PLANS

We will continue to work on the implementation of Vision 2026 and seek to apply for further National Church funding to support the mission and ministry of the diocese. This will include monies to transform the diocese following the missional and financial flourishing process, monies to support curacies and other funds that might meet the missional goals of the BDBF.

We will continue to support each strand of Vision 2026.

Making Disciples of Jesus Christ

The Making Disciples team will help people to move on in their spiritual formation through:

- Knowing the Scriptures Better and Equipping Confident Christian Disciples
- Praying with greater Depth and Urgency for the Kingdom of God to come
- Offering Worship in Spirit and Truth through the Ministry of Word and Sacrament
- Giving Generously of our Time, Talents and Money to the Cause of Christ

The Making Disciples team will also be:

- Offering Discipleship Consultancy, Tools and Training

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- Enabling Spiritual Direction and Mentoring to be available to all, lay and ordained, across the diocese

Being Witnesses to Jesus

The Being Witnesses team will encourage authentic witnesses in the following ways:

- Sharing the Gospel of Salvation with Confidence
- Enabling Human Flourishing through Social Action
- Planting 10 Strategic Church Plants (SCPs) and 200 New Local Congregations (NLCs) by 2026
- Caring for God's Creation

Growing Leaders for Jesus Christ

The Diocese is committed to participating in the national 'Setting God's People Free' initiative which highlights the need for clergy and laypeople to be 'equal partners in mission.' The Growing Leaders Team is committed to facilitating the supply of an abundance of theologically literate lay and ordained leaders who, with a ministry rooted in prayer and a deep love of the Lord Jesus, can support the growth of healthy churches and transform communities. The team will do this by:

- Developing a diocesan-wide culture of vocational discernment so that all may hear God's call and use their gifts in the service of the Gospel
- Discerning and forming theologically literate lay and ordained leaders, rooted in prayer and with a deep love of the Lord Jesus
- Nurturing healthy partnerships between clergy and laity by fully implementing the Lay Majority Ministry Framework
- Generating a pipeline of highly motivated deacons and priests in order to enable the Diocese's clergy deployment strategy

Inspiring Children and Young people for Jesus Christ

We support the Diocesan commitment to **Inspiring Children and Young people for Jesus Christ** continuing in partnership with the Blackburn Diocesan Board of Education.

The DBE will enable and support parishes to inspire children and young people by:

- Nurturing Children and Young People in their Faith and Supporting them as Disciples of Jesus Christ
- Holding Regular Worship that is Accessible and Appealing to Children, Young People and their Families
- Enabling Growth in the Numbers of Leaders of Children and Young People
- Pursuing a Step Change in work with those aged 11-16
- Facilitating Effective Partnerships between Churches and Local Schools
- Full details of the future activities are contained within the Trustees report.

Enablers

In addition to our general support for parishes

- We will continue to ensure the central management of cases and training in relation to safeguarding at parish and diocesan level.
- We will continue to support parishes through Treasurer, Church Warden and Clergy training events during the year.
- We will continue to support parishes to contribute their parish share and support those in difficulty.

FINANCIAL REVIEW

Financial performance

The financial performance of the Charity in 2021 was considered satisfactory.

Parish share, the money given by Parishes to the BDBF to fund the mission and ministry of the Diocese, was again the principal source of funding in 2021. This increased by £0.31m to £7.47m (2020: £7.16m).

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The Directors thank parishes for their contributions during the year, and especially to those parishes able to meet their share request in full and those that make their parish share payments by monthly instalments.

The provision for outstanding parish share at the year end is £7.05m (2020: £7.56m).

Total income (including parish share) before revaluation adjustments totalled £13.47m (2020: £12.85m), an increase of £0.62m. Included in these figures are gains on the disposal of fixed assets of £1.07m (2020: £0.34m).

Expenditure amounted to £12.87m (2020: £11.62m), an increase of £1.25m. Included in these figures are losses on disposal and impairment of fixed assets of £193,000 (2020: £24,000).

The Statement of Financial Activities (SOFA) for the year shows net income of £0.60m (2020: £1.23m) before net gains and losses on the revaluation of investments. This is a decrease of £0.63m on the previous year.

After revaluation adjustments, the net movement in total funds amounted to a £3.93m increase (2020: £2.37m), which results in a total fund balance of £73.19m (2020: £69.26m). The net movement in unrestricted funds is £1.08m (2020: £1.29m), which results in a general fund balance of £9.58m (2020: £8.50m) and designated fund balance of £3.03m (2020: £2.63m).

Balance Sheet Position

While the net assets on the balance sheet total £73.19m (2020: £69.26m), included in this total are freehold land and buildings which are primarily used for ministry totalling £40.27m (2020: £40.41m). Much of the remainder is held in restricted or endowment funds. The defined benefit pension deficit of £0.38m (2020: £0.69m) is shown against general funds.

Significant Property Transactions

During the year we purchased one parsonage and six curate and associate vicar houses totalling £2.26m. Sale proceeds were received for ten curate houses of £3.23m. No parsonages were sold during the year.

Investment Performance

The Charity does not receive its donations evenly throughout the year. Some donations or funding grants received are held for a period prior to them being required for expenditure. The charity utilises NatWest reserve accounts and CCLA for cash investments.

The Board requests a member of CCLA to annually attend a meeting of the Investment Committee to update them on the Board's investment position. The Investment Committee meets at least four times a year to review policy and performance. The Board invests in the CCLA Deposit, Investment and Property Funds which again performed satisfactorily over the year.

The total value of investments and deposits (excluding cash and investment property) at 31 December 2021 was £28.69m (2020: £25.20m) and the return on investment was 2.6% (2020: 2.8%). (Income divided by average capital value).

The total value of investment property at 31 December 2021 was £1.86m (2020: £1.83m) and the return on investment was 1.7% (2020: 1.5%). (Net rental income divided by average capital value).

Sales proceeds received from the sale of glebe land amounted to £0.12m (2020: £1.02m). These funds are available for the planned deficit budgets and to support loans for parishes.

Investment Policies

The BDBF's investment policies are based on two key policies:

Ethical investment – the BDBF seeks to pursue an investment policy consistent with the values of the Christian faith. This is achieved by investing in CCLA who follow the policies of the Church of England's Ethical Investment Advisory Group which are kept under review by the Investment Committee.

Long-term responsibilities – the Directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for preservation of capital value and the possible need to realise investments to meet

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operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible towards clergy stipends on an ongoing basis. Unrestricted and restricted funds are invested to balance income, liquidity and the reimbursement of capital.

Reserves Policy

The Directors have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission. The BDBF has considerable responsibilities, including the remuneration and housing of, on average, 180 parochial stipendiary clergy and is reliant on the contributions from the parishes of the Diocese. The BDBF aims to maintain a level of free reserves for income risk of 4% of three years forecast budgeted parish share, DBF fees and rental income and at least three months' Parish Share budgeted expenditure as working capital. This will be held within the unrestricted funds (excluding fixed assets and clergy pension deficit). This is considered sufficient to cover short-term cash outflows, cushion non-receipt of Parish Share and any reduction of income from DBF Fees and rental income. The level of free reserves required for this policy is £4.80m.

This policy is reviewed annually considering the future plans and risks of the BDBF in its setting.

The level of free reserves at 31 December 2021 was £7.79m; this is in excess of the policy by £2.99m. This excess will be used to fund the budgeted deficits for 2022, 2023 and 2024. These deficits consider the financial impact of the Covid-19 pandemic on the DBF and especially on parishes, seeking to mitigate the annual increase in parish share request. In addition to this the charity is looking to bid for strategic transformation funding in 2022 which is expected to require some matched funding from the charity. The Directors are confident in the steps taken to ensure the future going concern of the organisation.

There are a number of designated funds totalling £3.03m and the material ones are listed in note 24 on pages 43 and 44. These funds are, in the main, held to fund future opportunities for the BDBF. They are reviewed regularly for appropriateness and levels.

The BDBF also administers a number of restricted and endowment funds that are held in specific trusts under charity law and are not available for general purposes. As at 31 December 2021 restricted funds totalled £10.99m and endowment funds totalled £49.89m. A description of each reserve, together with the intended use of the fund is set out in notes 25 and 26 of the financial statements on pages 44 to 46.

Grant making policy

Grants are made to the National Church to cover a proportion of its central costs and the cost of training for ministry (see note 10 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of the BDBF's objectives (see note 17 to the financial statements).

Fundraising

Most of the funds raised by the BDBF are from other charities. We provide support and advice to parishes with their fundraising and raise some funds for other charities as part of the Bishop's Harvest appeal or from the congregation at Visitations. At Ordination services funds raised for the BDBF are restricted to support those undergoing ordination training. We encourage online giving by the use of give.net. There is minimal fundraising from the public by the BDBF and this is normally at church services, not by direct marketing or using external fundraisers. We have not received any complaints from the public in relation to our fundraising activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of the charitable company have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- an annual budget approved by the directors
- regular consideration of financial results and cash flows
- regular review of internal controls
- delegation of authority and segregation of duties
- regular review and update of risk assessments
- scheme of delegation

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The Directors will continue to develop the risk management process to assess and document business risks and implement risk management strategies. This involves assessing the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. This process draws on ongoing consideration of business risk, which already forms a significant aspect of the Directors' duties, scrutiny by the Audit, Risk and Governance Committee (ARG) and of the annual management review by the Auditors, to discuss financial and internal control issues. There is no internal audit function as it is not considered an efficient use of the resources of the charity. The risk register is in the process of a full restructure to ensure better monitoring of risk and cascaded responsibility for risk management by department. After this work is done the risk register will continue to be reviewed on a six-monthly basis by the ARG and material changes notified to the directors.

Key Risks

The key risks, which may impact on the charitable company, include:

1. A decline in the payment of Parish Share – the risk is that the BDBF is unable to meet its objectives due to financial constraints.
Existing Controls
 - regular monitoring and meetings with those parishes who need help to meeting their assessment
 - provision for the shortfall built into the budget
 - pastoral reorganisation to ensure affordability
 - focus on stewardship
 - free reserves policy
2. A continuing reduction in regular weekly attendance – the risk is that parishes will become increasingly unable to pay parish share due to a reduced number of parishioners contributing to their finances; the BDBF is therefore unable to meet its objectives due to financial constraints. A key aim of Vision 2026 is to grow the number of people regularly attending their parish church.
3. An increase in disclosures following the past cases review and publication of the national response to the IICSA inquiry. Safeguarding team are prepared and existing systems should meet the need. The risk is also mitigated by a detailed past cases review having exposed any historic claims that required further investigation. Ongoing work with survivors helps to shape our future work and prepare to meet any future disclosures well.
4. Use of housing allocated to parish share budget deficit by sale being brought back into charitable use. Governance procedures are in place to reduce the potential for decisions on ministry to impact negative budget presumptions.
5. Risk of a pandemic significantly interrupting both the parishes and the BDBF charitable activities leading to a significant reduction in income.

Covid 19 Impact on risk and risk management

The key risks above are the possibility of a reduction in parish share income and reduction in regular weekly attenders in parishes. Whilst parishes have managed to maintain contribution of share during the pandemic many face challenging budgets and may not be able to contribute in the years ahead. Ongoing work continues to identify parishes in need early and support through parish share meetings. The diocese has seen a positive return to church with churches opening up quickly once restrictions were lifted. This put the Diocese in a positive position in relation to other dioceses; Blackburn Diocese having some of the highest return rates of child and adult worshipers in the post pandemic 2020 statistics for mission. Using the mission statistics comparing 2019 to 2020, 27% of parishes are showing an increase in numbers of worshipping community following the pandemic. However, Blackburn Diocese is still seeing an overall reduction of 17% in the number of people in worshipping community's post-pandemic. [All calculated statistics based on 2019 compared to 2021 with 176 responses in both years of 238 parishes]

STRUCTURE, GOVERNANCE AND MANAGEMENT

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is the established church with HM The Queen as the Supreme Governor.

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It is organised into two provinces each led by an archbishop (Canterbury for the Southern Province and York for the Northern) 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.

A diocese is divided into archdeaconries, deaneries, benefices and parishes. Benefices may comprise single or multiple parishes and are overseen by a parish priest (usually called a vicar, rector or priest-in-charge). The parish priests are responsible for the 'cure of souls' in their parish.

The Church of England is governed nationally by General Synod as its legislative and deliberative body. It comprises 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. Blackburn Diocese currently has 5 elected clergy members and 6 elected lay members of General Synod. They were elected in 2021 for a period of five years.

In addition to the General Synod, the Archbishops' Council has a coordinating role for the work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and some lay workers.

Within each diocese, overall leadership lies with the Diocesan Bishop, who exercises that leadership as Bishop in the Diocesan Synod which is the statutory governing body of the Diocese.

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

The Diocese of Blackburn was created in 1926. It has an area of 988 square miles and encompasses Lancashire with a few parishes in Wigan Metropolitan Borough. The overall population is approximately 1.3 million within urban and rural areas.

The Diocese of Blackburn has two archdeaconries (Blackburn and Lancaster), each the responsibility of an archdeacon. Each archdeaconry has seven deaneries with a number of benefices/parishes grouped geographically. An area dean has oversight of the deanery and each deanery has its own synod. Within each parish there is a body called the parochial church council which is made up of parish priest as chair, the churchwardens, curate and Readers if applicable, and a number of elected members. Each parochial church council is a separate charity.

The Cathedral is the mother church of the Diocese, an ecclesiastical corporation until it is certified by the Church Commissioners under the Cathedrals Measure 2021 as a charity. The Cathedral is separate from the BDBF. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, Cathedral Close, Blackburn BB1 5AA.

ORGANISATIONAL STRUCTURE

The BDBF was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 29 October 1927 as a charitable company limited by membership guarantees (No 225457) and its governing documents are the Memorandum and Articles of Association. The BDBF is registered with the Charity Commission (No 247647). The Charity is a limited company and statutory accounts are filed annually with Companies House.

The members of the company comprise the Diocesan Bishop, each member for the time being of the Blackburn Diocesan Synod, including sufficient co-opted lay members in order to ensure that there is a majority by one of lay membership. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council and standing committee.

The members of Bishop's Council are the Board of Trustees for the charity and in company law the Directors.

The Directors comprise six ex-officio members: the Diocesan Bishop, the Suffragan Bishops, the two Archdeacons, the Dean of Blackburn Cathedral. Four ex-officio elected positions: the Chairs and Vice Chairs of the Houses of Clergy and Laity of Diocesan Synod. Three ex-officio appointed positions: the Chair and Vice Chair of the Board of Finance and the Chair of the Property Committee. The elected members are 4 clergy, 2 from each archdeaconry, elected by the House of Clergy and 8 lay members, 4 from each archdeaconry, elected by the House of Laity. Two members may be co-opted with the approval of the directors. Elections took place in 2018 with directors, both elected and co-opted, taking

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up post on 1 January 2019 for a term of three years. Elections also took place in 2021 for the triennium starting 1 January 2022

Governance and policy of the BDBF is the responsibility of the directors.

Corporate priorities and the overall financial strategy for the BDBF, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Blackburn, are agreed by the Directors and confirmed by Diocesan Synod.

The responsibility for ensuring that these priorities and strategies are delivered are delegated to the Vision Area Leaders.

The members of the company meet once a year in the general meeting to receive the annual report and financial statements. The Diocesan Synod each year receives and agrees the parish share budget, prepared and approved by the Directors. The Directors meet during the year to formulate and coordinate policies on mission, ministry and finance.

Some role names in the company incorporate the title 'Director' but, for the purposes of company law, are not directors of the company.

Diocesan Synod has delegated the following functions to the Directors of the BDBF:

- transacting the business of the Diocesan Synod when not in session
- management of the funds and property of the Diocese
- preparation of the annual Parish Share Budget
- advising on action needed to raise the income necessary to finance expenditure
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it; and
- carrying out any other functions delegated by Diocesan Synod.

Statutory ecclesiastical boards and committees:

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry. It is also responsible for finding appropriate alternative uses for churches which are closed for public worship.

The Diocesan Advisory Committee advises on matters affecting parishes including churches and places of worship on matters such as architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

The Parsonages Board: the BDBF is designated as the Parsonages Board for the Diocese for the purpose of exercising the Parsonages Board's functions under the Repair of Benefice Buildings Measure 1972.

The Blackburn Diocesan Board of Patronage, constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole or joint patron of a number of benefices.

Non-statutory committees:

The Strategic Programme Board is responsible for the oversight of each of the Strategic Development Fund project boards. These project boards are accountable for the spend of church commissioner grant funding and diocesan funds on project activities and the impact of these projects in line with the aims and objectives. The programme board scrutinises the work of the project boards in line with the overall objectives of the diocese and diocesan vision.

The Finance Committee is responsible for the transaction of some of the business of the BDBF. Within delegated limits it can approve grants and other support and makes recommendations to the Directors in other cases. The membership of the Committee consists of the Chair and Vice Chair of the Board of Finance, the Diocesan Bishop the two Archdeacons and the Chair of the Property Committee. The BDBF

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Directors can co-opt up to six members on the basis of their expertise, of whom a minimum of 3 must be members of Bishop's Council and Directors of the BDBF.

The Property Committee is responsible for making major decisions concerning the management of parsonage and other houses owned by the BDBF, including setting the policy for their purchase, sale, repair and maintenance. The committee has delegated authority to authorise repairs within an agreed budget and to buy and sell property and land vested in the Board of Finance for diocesan purposes. It is also responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Blackburn Diocesan Stipends Fund.

The Investment Committee meets on a regular basis to consider diocesan investments, to adjust the portfolio within parameters agreed by the Directors and to make recommendations to the Directors.

The Audit, Governance and Risk Committee is responsible for assisting the Directors in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

The HR Committee deals with sensitive and other matters in relation to employed staff which cannot be considered by the full Board, partly because of their confidential nature and partly because of time pressures and includes two members co-opted for their HR expertise.

The Budget Scrutiny Committee assists the Bishop's Budget team in drawing up the annual draft budgets for approval by the Directors prior to submission to Diocesan Synod.

The Financial Assistance Group considers all applications for financial assistance from the Diocesan Vision Grant and Loan Funds. It makes recommendations for support to the Finance Committee for applications in excess of this amount.

Directors' Induction

Directors are given an induction file when first appointed. Explanations are given in Directors' meetings to provide continuing training and Directors are encouraged to ask questions in order to develop their understanding of the charity. If additional information is required, it is brought to the attention of directors and the directors' induction file updated accordingly. Directors undertake training at the start of each triennium.

Remuneration of key management personnel

The salary scale of the Diocesan Secretary is determined by the Chair of the BDBF, but any annual award is in line with the other employed staff salary increase.

The salary levels of other key management personnel and all further posts are set by a job evaluation system. Annual pay increases are determined by the HR Committee within a maximum set by the budgeting process. The members of the HR Committee are the Archdeacon of Lancaster, a clergy director, a lay director and two members co-opted for their HR expertise.

Funds held as custodian trustee

The BDBF 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 BDBF does not control them and these assets are held separately to those of the BDBF.

PCC trust investment assets held by the BDBF had a market value of £17.30m at 31 December 2021 (2020: £16.35m). Detailed certificates of holdings were sent to parishes (c. 1,500 accounts) and other managing trustees of the respective charities as requested at that date. Details of these investments are summarised in note 29.

DIRECTORS' RESPONSIBILITIES

The Directors, who are also the Trustees, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the BDBF and of the surplus or deficit of the BDBF for that period. In preparing these financial statements the Directors are required to:

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

The Directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the BDBF and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the BDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Directors 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 Directors 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 AUDITOR

The re-appointment of Haysmacintyre LLP as auditors to the BDBF will be proposed at the Annual General Meeting.

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ADMINISTRATIVE DETAILS

Registered Address Diocesan Offices, Clayton House, Walker Office Park, Blackburn BB1 2QE

Trustees/Directors

Ex-Officio Rt Revd J T Henderson
Rt Revd P J North
Rt Revd J L C Duff
Very Revd P Howell-Jones
Ven M C Ireland
Ven D Picken

Ex-Officio elected position Mr R J Collins
Mr T D Cox
Revd Canon A McHaffie (resigned 31 December 2021)
Revd M Wolverson (resigned 31 December 2021)

Ex-Officio appointed Mr D Barlow
Mr N P Aves
Revd Canon A G Sage

Co-opted Mr D J Wilkinson

Elected Clergy Revd Canon A Holliday
Revd P A Lillcrap
Revd J Nash (resigned 31 December 2021)

Elected Lay Persons Mr G D Burrows (resigned 31 December 2021)
Dr A Carter
Professor R Carter
Canon M L Chew (resigned 31 December 2021)
Mr M Gardner
Ms J M Stamper

Appointed after end of year but prior to signing of the financial statements Revd Dr R B Aechtner (appointed 01 January 2022)
Mrs Alison Wynne (appointed 01 January 2022)
Revd Canon S Cox (appointed 01 January 2022)
Revd Canon A S Horsfall (appointed 01 January 2022)
Revd Munawar Din (appointed 01 January 2022)
Mr P J Ronson (appointed 01 January 2022)

Key management personnel and advisers

Diocesan Secretary, Company Secretary Canon G Pollard (resigned 31 December 2021)

Head of Finance, Deputy Diocesan Secretary Mrs R McGaughey

Solicitors Napthens LLP, Darwen House, Walker Office Park, Blackburn BB1 2QE

Insurers Ecclesiastical Insurance Office, Beaufort House, Brunswick Road, Gloucester GL1 1JZ

Bankers National Westminster Bank, 35 King William St, Blackburn BB1 7DJ

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Investment Managers	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria St, London EC4V 4ET
Registered Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Glebe and Land Agent	Lea Hough & Co LLP, Phoenix Park, Blackburn BB1 5RW
Whalley Abbey Architect	Mr I Wilson, Ivan Wilson Architects Ltd, Waterloo Mill, Waterloo Rd, Clitheroe, Lancashire BB7 1LR

ATTENDANCE OF DIRECTORS AT MEETINGS IN 2021

		Total	
Ex officio	Mr N P Aves	5/5	
	Mr D Barlow	5/5	
	Mr R J Collins	5/5	
	Mr T D Cox	3/5	
	Rt Revd J L C Duff	5/5	
	Rt Revd J T Henderson	5/5	
	Very Revd P Howell-Jones	4/5	
	Ven M C Ireland	4/5	
	Rt Revd P J North	4/5	
	Ven D Picken	5/5	
	Revd Canon A G Sage	5/5	
	Revd Canon A McHaffie	3/3	(resigned 31 December 2021)
	Revd M Wolverson	4/4	(resigned 31 December 2021)
Co-opted	Mr D J Wilkinson	5/5	
Elected Clergy	Revd Canon A Holliday	4/5	
	Revd P A Lillicrap	5/5	
	Revd James Nash	3/5	(resigned 31 December 2021)
Elected Lay Persons	Mr G D Burrows	5/5	
	Dr A Carter	4/5	
	Professor R Carter	4/5	
	Canon M L Chew	0/5	(resigned 31 December 2021)
	Mr Melvyn Gardner	5/5	
	Ms J M Stamper	5/5	

By order of the Board approving both the Directors' Report and Strategic Report



Mr D Barlow
Chair of the Board of Finance



Mr N P Aves
Vice-chair of the Board of Finance

11 June 2022

The Blackburn Diocesan Board of Finance Limited

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

Opinion

We have audited the financial statements of The Blackburn Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and concluded that the risk was low. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;

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- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 11 June 2022

10 Queen Street Place
London EC4R 1AG

The Blackburn Diocesan Board of Finance Limited

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STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2021

		Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	Note	General	Designated			2021	2020
		£000	£000	£000	£000	£000	£000
Income and endowments from:							
Donations and legacies							
Parish contributions		7,469	-	-	-	7,469	7,160
Archbishops' Council and Church commissioners	2	63	-	2,688	-	2,751	3,235
Other	3	110	79	116	12	317	453
Charitable activities; statutory fees, chaplaincy and other income	4	126	-	602	-	728	508
Other trading activities	5	161	-	108	108	377	424
Investments	6	226	13	463	30	732	722
Other	7	330	-	709	65	1,094	350
Total Income and endowments		8,485	92	4,686	205	13,468	12,852
Expenditure on:							
Raising funds	8	229	-	10	25	264	185
Charitable activities	9	2,901	38	8,262	1,219	12,410	11,338
Other		-	-	46	148	193	95
Total Expenditure	10	3,130	38	8,307	1,392	12,867	11,618
Net income/(expenditure) before investments		5,355	54	(3,621)	(1,187)	601	1,234
Net (loss)/gains on investments	18	927	61	37	2,072	3,097	1,044
Net income/(expenditure) before transfers		6,282	115	(3,584)	885	3,698	2,278
Transfers between funds	12	(5,680)	292	3,502	1,786	-	-
Net income/(expenditure) before other recognised gains and losses		702	407	(82)	2,671	3,698	2,278
Other recognised gains/(losses)							
Gain/(loss) on revaluation of fixed assets	18	99	-	-	164	253	134
Gain/(loss) on defined benefit pension schemes		(22)	-	-	-	(22)	(38)
Net movement in funds		779	407	(82)	2,825	3,929	2,374
Reconciliation of funds							
Total funds at 1 January 2021		8,496	2,626	11,069	47,089	69,260	66,886
Total funds at 31 December 2021	24	9,275	3,033	10,987	49,894	73,189	69,260

All activities derive from continuing activities. The notes on pages 25 to 52 form part of the financial statements.

Details of comparative figures (2020) for the Statement of Financial Activities by fund are disclosed in note 30.

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INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2021

	2021 £000	2020 £000
Total income	13,263	12,495
Total expenditure	(11,475)	(10,819)
	<hr/>	<hr/>
Operating surplus/(deficit) for the year	1,788	1,676
Net gains on investments	1,025	322
	<hr/>	<hr/>
Net income for the year	2,813	1,998
Other comprehensive income:		
Net assets transferred to/(from) endowments	1,027	(987)
Actuarial (losses)/gains on defined benefit pension schemes	(22)	(38)
	<hr/>	<hr/>
Total comprehensive (expenditure)/income	3,818	973
	<hr/>	<hr/>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

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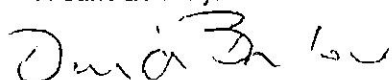
BALANCE SHEET

at 31 December 2021

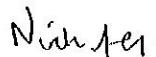
	Note	2021 £000	2020 £000
Fixed Assets			
Tangible Assets	17	40,271	40,407
Investments	18	24,694	21,584
Investment Property	18	1,861	1,837
		<u>66,826</u>	<u>63,828</u>
Current assets			
Stocks		1	5
Debtors (amounts receivable after more than one year: £508,000 (2020: £840,000))	19	2,018	1,247
Deposits and Cash at bank and in hand		6,202	6,277
		<u>8,221</u>	<u>7,529</u>
Creditors: amounts falling due within one year	20	(900)	(701)
Net current assets		<u>7,321</u>	<u>6,828</u>
Creditors: amounts falling due after more than one year	20	(575)	(707)
Provisions for liabilities: Pensions and similar obligations	20	(383)	(689)
		<u>(958)</u>	<u>(1,396)</u>
Net Assets	23	<u>73,189</u>	<u>69,260</u>
Capital and Reserves			
Endowment funds	26	49,894	47,069
(Including investment revaluation reserve of £9,262,000 (2020: £7,196,000))			
Restricted funds	25	10,987	11,069
(Including investment revaluation reserve of £52,000 (2020: £9,000))			
Unrestricted funds	24	9,275	8,496
(Including investment revaluation reserve of £4,359,000 (2020: £3,432,000))			
Designated funds	24	3,033	2,626
(Including investment revaluation reserve of £274,000 (2020: £213,000))			
		<u>73,189</u>	<u>69,260</u>

The notes on pages 25 to 55 form part of the financial statements.

These financial statements were approved by the Directors and were signed on their behalf on
11 June 2022 by:



Mr D Barlow
Chair of the Board of Finance



Mr N P Aves
Vice-chair of the Board of Finance

The Blackburn Diocesan Board of Finance Ltd is a company limited by guarantee registered in England and Wales (no. 225457)

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
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CASH FLOW STATEMENT

for the year ended 31 December 2021

	2021 £000	2021 £000	2020 £000	2020 £000
<i>Net income before other recognised gains and losses</i>	601		1,234	
(Gains)/Losses on disposal of fixed assets	(957)		(309)	
(Gains)/Losses on disposal of investments	(19)		95	
Depreciation	159		89	
Decrease/(increase) in stock	4		(1)	
(Increase)/decrease in debtors	(752)		(79)	
(Decrease)/increase in creditors current liabilities	199		132	
Movement in pension commitment	(329)		(397)	
<i>Cash (outflow)/ inflow from operating activities</i>		(1,094)		764
<i>Net income from investing activities</i>				
Purchase of tangible fixed assets	(2,301)		(1,792)	
Proceeds of sale of fixed assets	3,334		1,059	
Purchase of investments	(12)		(12)	
Proceeds of sale of investments	149		1,000	
<i>Net cash inflow/(outflow) from investing activities</i>		1,170		255
<i>Net cash inflow/(outflow) from financing activities</i>				
Repayments of borrowing	(132)		-	
Loan repayments received	62		56	
New loans made	(81)		(323)	
<i>Net cash inflow/(outflow) from financing activities</i>		(151)		(267)
<i>(Decrease)/increase in cash in the year</i>		(75)		752
<i>Cash and cash equivalents at the beginning of the year</i>		6,277		5,525
<i>Cash and cash equivalents at the end of the year</i>		6,202		6,277
<i>Analysis of cash and cash equivalents</i>				
	2021 £000		2020 £000	
Cash in hand and at bank	2,542		2,666	
Short term deposits	3,660		3,611	
	6,202		6,277	

The notes on pages 25 to 55 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charitable company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities SORP (2015) and applicable accounting standards FRS102, and under the historical cost convention adjusted for the revaluation of certain fixed assets.

The Directors are satisfied that there are no material uncertainties about the charitable company's ability to continue in operational existence for the foreseeable future. The Trustees have taken into account the effect of the Covid 19 pandemic on its operations. The Trustees believe they have sufficient reserves to allow time to adjust the operations of the charitable company to meet the changed circumstances. Accordingly, they continue to adopt the going concern basis in preparing the Trustees' annual report and financial statements.

The Directors believe that the charitable company is a public benefit entity.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and the assumptions used in determining the value of the pension scheme deficit.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fixed assets and depreciation

Assets with a value in excess of £500 are capitalised. Depreciation is provided for on the jointly owned Diocesan Offices and Whalley Abbey Retreat and Conference House. No other depreciation is provided on the charitable company's freehold buildings including parsonage houses (explanation regarding parsonage houses is included in note 18) as the depreciation charge is immaterial. Freehold land is not depreciated.

As it is the charitable company's policy to maintain houses to a high standard, in accordance with a planned approach to repair and maintenance, such properties maintain residual disposal values in aggregate at least equal to their book values.

The charitable company will perform annual impairment testing of assets on which depreciation is not provided to determine whether residual values of housing properties in aggregate continue to exceed carrying value.

The Company holds all Heritage assets at an accurate valuation wherever possible. Where not possible they are held at depreciated value.

The Blackburn Diocesan Board of Finance Limited

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Depreciation is provided to write off the cost less the estimated residual value of other tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold property	30 years or, if shorter, the remainder of the lease term
Diocesan Offices	50 years on property 20 years on remodelling
Whalley Abbey Retreat and Conference House	15 years to a residual value of £500,000
Fixtures, fittings and office equipment	4-10 years
Heritage asset	15 years

Fixed asset investments

Fixed asset investments are stated at market value at the balance sheet date. Movements in market value arising during the year are shown as unrealised gains or losses on fixed asset investments in the Statement of Financial Activities.

Investment properties

Investment properties are included at their fair value.

Glebe land is recognised as held for investment purposes when it is held to rent out or there is a signed developers agreement.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Income

Parish contributions

Income includes amounts received from Parochial Church Councils in respect of parish share for general, stipends fund and parsonage house fund assessments. Parish share is recognised in the accounts when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Income from Archbishops' Council and Church Commissioners

Money from National Church Institutions is recognised when entitlement is probable.

Other donations, grants, legacies and similar income

Grants and donations receivable towards the cost of additions or improvements to freehold buildings are credited to income in the period to which they relate. Other grants are recorded as income when entitlement is probable. Other donations are recorded as income when received.

Other trading activities

The income from these sources is recognised on an accruals basis

Investment income

Investment income is recognised on an accruals basis.

Expenditure

Expenditure has been charged to the Statement of Financial Activities on an accruals basis. Expenditure relating directly to the objectives of the charity is shown as direct charitable expenditure.

Grants payable

Grants payable are debited to expenditure when the charitable company has a constructive obligation to pay.

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Ministry in Parishes

Ministry in Parishes includes the stipends, NI, pensions, housing costs and any direct expenses paid by the charitable company for ministers located in parishes.

Ministry Support

Ministry Support includes the costs of the charitable company that provide either a direct service to the parishes or to the community of the parish. It also includes the National Training costs paid to National Church for the training of Ordinands and the costs of Whalley Abbey the retreat house of the Diocese.

Support and Governance Costs

Governance costs includes audit fee, trustee meeting expenses, Diocesan Synod expenses, Bishop's Council expenses and an allocation of costs based on estimated time spent preparing statutory information and for governance/ strategic issues, by the Finance Team, Diocesan Secretary and Support Services Team.

Support includes the costs of the finance team and general management not included under Governance costs. Support costs have been allocated based on an estimate of time spent in each area.

Taxation

The Blackburn Diocesan Board of Finance Limited (by guarantee) is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in independently administered funds. The amount charged in the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

The charitable company also participates in the Church Workers Pension Fund and the Church of England Funded Pension Scheme (see note 16). The assets of the defined benefit pension schemes are held separately from the charitable company in independently administered funds. The pension costs charged as expenditure represent the BDBF's contributions paid in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which the BDBF participates is accrued at current value.

Fund accounting

Funds held by the charitable company are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Endowment funds - this is capital, held in perpetuity to create income for specified purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

The Blackburn Diocesan Board of Finance Limited

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Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the income relating to the purchase of capital items is transferred to unrestricted funds in the Statement of Financial Activities.

2. Archbishops' Council and Church Commissioners

	Unrestricted fund		Restricted	Endowment	Total	Total
	General	Designated	funds	Funds	funds	funds
	£000	£000	£000	£000	2021	2020
					£000	£000
Lowest Income Communities Funding	-	-	1,355	-	1,355	1,310
Sustainability Funding	-	-	-	-	-	1,100
Resourcing Ministerial Education Block Grant	-	-	212	-	212	220
Pooling of Ordinands costs	-	-	-	-	-	25
Strategic Ministry Fund	-	-	213	-	213	48
Strategic Capacity Funding	33	-	55	-	88	87
Strategic Development Funding	-	-	853	-	853	445
Past Cases Review 2 Funding	30	-	-	-	30	-
	<u>63</u>	<u>-</u>	<u>2,608</u>	<u>-</u>	<u>2,751</u>	<u>3,235</u>

3. Other donations

	Unrestricted Funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£000	£000	£000	£000	2021	2020
					£000	£000
Allchurches Trust	78	78	-	-	156	147
Donations	18	1	48	3	69	66
Other Grants	14	-	68	9	92	240
	<u>110</u>	<u>79</u>	<u>116</u>	<u>12</u>	<u>317</u>	<u>453</u>

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4. Charitable activities

	Unrestricted Funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£000	£000	£000	£000	£000	£000
Statutory fees; chaplaincy income	-	-	506	-	506	357
Church Commissioners - Guaranteed annuities	-	-	1	-	1	2
Recharge of staff costs	-	-	68	-	68	53
Whalley Abbey Conference House	57	-	-	-	57	21
Sale of publications	-	-	-	-	-	5
Income for training courses	36	-	-	-	36	24
Other fees/sales	33	-	27	-	60	46
	<u>126</u>	<u>-</u>	<u>602</u>	<u>-</u>	<u>726</u>	<u>508</u>

5. Other trading activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£000	£000	£000	£000	£000	£000
Rental income	69	-	108	107	284	377
Whalley Abbey Conference House	38	-	-	-	38	7
Accounting and Legal services	18	-	-	-	18	18
Consultancy services	36	-	-	-	36	22
Other fees/sales	-	-	-	1	1	-
	<u>161</u>	<u>-</u>	<u>108</u>	<u>108</u>	<u>377</u>	<u>424</u>

6. Investment income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£000	£000	£000	£000	£000	£000
Dividends receivable	225	13	431	30	699	672
Interest receivable	1	-	1	-	2	16
Rents receivable	-	-	31	-	31	34
	<u>226</u>	<u>13</u>	<u>463</u>	<u>30</u>	<u>732</u>	<u>722</u>

7. Other income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£000	£000	£000	£000	£000	£000
Gains on disposal of fixed assets	325	-	689	36	1,050	335
Gains on disposal of investments	-	-	-	19	19	-
Loan interest	6	-	20	-	25	15
	<u>330</u>	<u>-</u>	<u>709</u>	<u>55</u>	<u>1,094</u>	<u>350</u>

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8. Cost of raising funds

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£000	£000	£000	£000	2021	2020
	£000	£000	£000	£000	£000	£000
Project Management	12	-	-	-	12	12
Parish share						
Secretariat	12	-	-	-	12	8
Archdeacons	-	-	6	-	6	6
Bishop's Harvest Appeal	-	-	-	-	-	1
Investment Management Costs	3	-	1	-	4	5
Whalley Abbey Rents	41	-	-	-	41	-
Rents	6	-	3	25	34	43
Fundraising Trading Whalley Abbey	102	-	-	-	102	70
Fundraising Trading other	53	-	-	-	53	40
	<u>229</u>	<u>-</u>	<u>10</u>	<u>26</u>	<u>264</u>	<u>185</u>

The Blackburn Diocesan Board of Finance Limited

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9. Expenditure on charitable activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£000	£000	£000	£000	£000	£000
Contributions to Archbishops' Council						
Training for ministry	302	-	-	-	302	302
National Church responsibilities	211	-	-	-	211	227
Grants and provisions	26	-	-	-	26	25
Mission Agency pension contributions	13	-	-	-	13	11
Retired clergy housing costs (CHARM)	111	-	-	-	111	109
Pooling of ordinand candidates costs	37	-	-	-	37	-
General Synod expenses	10	-	-	-	10	6
	<u>710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710</u>	<u>680</u>
Parish ministry						
Stipends & National Insurance	-	-	4,665	-	4,665	4,854
Pension contributions	1	-	1,346	-	1,347	1,161
Housing costs	44	1	291	1,219	1,555	936
Removal, resettlement and other grants	-	-	232	-	232	138
Other expenses	-	-	75	-	75	24
	<u>45</u>	<u>1</u>	<u>6,609</u>	<u>1,219</u>	<u>7,874</u>	<u>7,113</u>
Support for parish ministry						
Whalley Abbey Conference House	1,407	-	165	-	1,652	1,710
Whalley Abbey House Renovation	192	-	-	-	192	252
Redundant churches	-	-	73	-	73	35
Strategic Development Funding Projects	-	3	717	-	720	56
St Philip's Centre Project	-	-	36	-	36	318
Grants to Parishes, Individuals and Other Charities	-	7	662	-	788	32
Sale of Publications	129	7	662	-	788	758
Miscellaneous Expenses	-	-	-	-	-	8
	<u>1</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>5</u>
	<u>1,809</u>	<u>37</u>	<u>1,643</u>	<u>-</u>	<u>3,489</u>	<u>3,174</u>
Expenditure on education						
Grants for the work of the Board	337	-	-	-	337	371
	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>	<u>371</u>
Charitable activities	<u>2,901</u>	<u>38</u>	<u>8,252</u>	<u>1,219</u>	<u>12,410</u>	<u>11,338</u>

The Blackburn Diocesan Board of Finance Limited

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10. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £000	Grant funding of Activities £000	Manage- ment Admin Support £000	Total 2021 £000	Total 2020 £000
Fundraising Trading Whalley Abbey	102	-	-	102	70
Cost of raising funds	132	-	30	162	115
Contributions to Archbishops' Council	-	710	-	710	680
Resourcing ministry and mission	9,600	708	967	11,363	10,287
Education	-	337	-	337	371
Other	193	-	-	193	95
	<u>10,035</u>	<u>1,835</u>	<u>997</u>	<u>12,867</u>	<u>11,618</u>

11. Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021 £000	Total funds 2020 £000
	General £000	Designated £000	£000	£000	£000	£000
Raising Funds	24	-	6	-	30	26
Central Administration	769	-	-	-	769	688
Governance costs						
Secretariat	71	-	-	-	71	48
Accounting and Finance Office	38	-	-	-	38	37
Audit & accountancy fees	23	-	-	-	23	19
Diocesan Synod costs	7	-	-	-	7	9
DBF Executive and Bishop's Council Meetings	12	-	-	-	12	20
Chancellor and Registrar Fees	57	-	-	-	57	98
	<u>991</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>997</u>	<u>945</u>

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12. Analysis of transfers between funds

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2021
	General	Designated			
	£000	£000	£000	£000	£000
From general fund to stipends income fund (restricted) and parsonages fund (expendable endowment), to cover the deficits on net expenditure of those funds	(5,315)		4,237	1,078	-
From Pastoral Fund to Parsonages Fund – transfer costs of parsonages bought			(714)	714	-
From Parsonages Fund to Pastoral Fund – book value of parsonages transferred to the BDBF for disposal by pastoral schemes					-
From Stipends Income Fund to general fund for HR support cost relating to time spent on clergy HR matters	43		(43)		-
From Church Commissioners Grant (restricted) and Vision 2026 fund (designated) to general fund for the Vision Coordinator post	19	(19)			-
From general fund to designated training fund for expenditure on Diocesan conference in 2022	(60)	60			-
From Diocesan Vision 2026 Strategic Development fund to general fund and Parsonages fund to cover loss of income from houses used for projects	33	(49)		15	-
From general fund to Parish Vision Grant and Loan Fund for future parish awards	(300)	300			-
From released endowment fund to restricted funds for parish Vision projects			22	(22)	-
	<u>(5,500)</u>	<u>292</u>	<u>3,502</u>	<u>1,786</u>	<u>-</u>

The funds that have been transferred have been used in line with any applicable restrictions and have been transferred to make the presentation of the expenditure more transparent. The spending of the funds has extinguished any restrictions.

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13. Net income for the year

	2021 £000	2020 £000
<i>These are stated after charging:</i>		
Fees payable to the auditor for audit services	20	19
Fees payable to the auditor for non audit services	2	1
Whalley Abbey Conference House Trading Deficit	164	146
	<u> </u>	<u> </u>

14. Staff numbers and costs

The average number of people employed during the year was 42.5 (2020: 42.0).

The full-time equivalent employees during the year, including sessional workers, has been analysed by teams.

	2021	2020
Enablers and Obligations	17.8	18.9
Whalley Abbey Conference House	3.8	5.6
Vision 2026 Coordinator	1.7	1.6
Growing Leaders	4.3	3.6
Making Disciples	1.1	2.4
Being Witnesses	1.4	1.3
Urban Evangelists	4.3	2.4
	<u> </u>	<u> </u>
	34.4	35.8
	<u> </u>	<u> </u>

Certain of the costs with reference to the staff numbers analysis by teams above, are recovered from DBE Services Ltd (0.4), Blackburn Diocesan Board of Education (1.3) and Strategic Development Funding (4.3).

The aggregate payroll costs of all employees were as follows:

	2021 £000	2020 £000
Wages and salaries	1,136	1,238
Redundancy and settlement payments	94	93
Social security costs	108	118
Other pension costs	102	186
	<u> </u>	<u> </u>
	1,520	1,635
	<u> </u>	<u> </u>

There was one employee whose salary was in excess of £60,000 in the band £110,000 to £120,000 (2020: one employee in the band £70,000 to £80,000). Pension contributions in respect of this employee were £80,382 (2020: £30,743). In the year, the employee chose to salary sacrifice £50,000 as an additional pension contribution.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

Diocesan Secretary and Company Secretary:	Canon Graeme Pollard
Head of Finance and Deputy Diocesan Secretary	Mrs Ruth McGaughey

Remuneration, pensions and expenses for these 2 employees amounted to £282,903 (2020: £196,992 for 2 employees).

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In addition to the foregoing numbers of persons employed by the charitable company in 2021 there were 165.8 (2020: 169.5) full time equivalent stipendiary clergy in post in the Diocese. These may be analysed as follows:

	2021	2020
Archdeacons	2.0	1.9
Incumbents	133.6	139.2
Assistant Curates	29.2	25.4
Lay Workers	1.0	3.0
	<u>166.8</u>	<u>169.5</u>

The average number of stipendiary clergy in post during 2021 was 180 (2020: 176).

Although not employed by the charitable company the payroll costs of the above persons are met by the charitable company and are included in the financial statements. The aggregate payroll costs of the above persons are as follows:

	2021 £000	2020 £000
Stipend	4,403	4,442
Redundancy and settlement payments	9	30
Social security costs	349	357
Apprenticeship Levy	20	21
Pension costs - current year	1,381	1,171
- interest costs	1	9
	<u>6,163</u>	<u>6,030</u>

Trustees' emoluments

	Average number of directors	
	2021	2020
Directors	<u>23</u>	<u>23.6</u>

No trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £9,922 (2020 - £7,185) in respect of General Synod duties, duties as archdeacon or area dean, and other duties as Trustees.

Trustees who are also licensed stipendiary clergy and archdeacons in the Diocese were in receipt of a stipend and housing provided by the BDBF during the year. The BDBF is also responsible for the provision of housing for the Suffragan Bishops but excluding the Diocesan Bishop and cathedral staff.

15. Pension schemes

Church of England Funded Pension Scheme

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This 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.

Each participating employer 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 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 towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvement in mortality rates in line with the CMI2018 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% p.a.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contribution (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	596	1,048
Deficit contribution paid	(301)	(499)
Interest cost (recognised in SoFA)	1	9
Remaining change to the balance sheet liability* (recognised in SoFA)	22	38
Balance sheet liability at 31 December	318	596

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments. In general, these are set by reference to the duration of the deficit recovery payments but as 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% pa

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

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Group Personal Pension Plan

The BDBF participates in a defined contribution pension scheme. The assets of the pension scheme are held separately from those of the BDBF in an independently administered fund. The pension cost charge for the year represents contributions payable by the BDBF to the fund.

Church Workers Pension Fund

The BDBF (DBS) participates in the Defined Benefits 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.

The Church Workers Pension Fund has two sections:

1. The defined Benefits Fund
2. The Pension Builder Scheme, which has two subsections;
 - (a) A deferred annuity section known as Pension Builder Classic, and,
 - (b) A cash balance known as Pension Builder 2014.

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS 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 2021: £57,057 (2020: £60,088).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 45.2% of pensionable salary and expenses of £3,200 per year.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The joint movement in the provision is set out below:

Joint Movement	2021 £'000	2020 £'000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

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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:

	December 2021	December 2020	December 2019
Discount rate	0.00%	0.00%	0.00%

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

Parsonages Board Retirement Benefit Schemes

The Parsonages Board Retirement Benefit Schemes contains one scheme with one member. It is a defined benefit scheme with the Ecclesiastical Insurance Group.

The scheme is not considered material within the assets of the Blackburn Diocesan Board of Finance and due to the cost to the charity of obtaining information on the scheme the Blackburn Diocesan Board of Finance have not complied in full with the requirements of FRS102.

The deficit was recognised at 1 January 2014 based on the triannual valuation (2013) of £94,200. The SOFA has been charged with the future service contribution rate with the past service deficit reducing the balance sheet liability in the intervening years. The balance sheet deficit has been adjusted on receipt of the latest triannual valuation report (June 2019). The deficit recognised at 31 December 2021 is £64,700.

16. Analysis of grants made

	Nbr	Grants to Individuals £000	Grants to Institutions £000	2021 Total £000	2020 Total £000
From Unrestricted Funds for national Church responsibilities					
Contributions to Archbishops Council	5	-	399	399	372
Training	1	-	302	302	302
General Synod Expenses	12	10	-	10	6
From Unrestricted Funds to					
Grants to Ordinands	14	123	-	123	127
Grant to Board of Education	1	-	337	337	369
Churches Together in Lancashire	1	-	6	6	6
Together Lancashire	-	-	-	-	10
From Designated Funds to					
Parishes from Allchurches fund	4	1	5	6	14
From Restricted Funds to					
Parishes from Parish Vision Grant fund	25	-	99	99	128
Inter Diocesan Counselling Service	1	-	6	6	5
Parishes from Allchurches Trust	-	-	-	-	5
Ordinands from RME fund	25	18	-	18	20
Retired Clergy and Clergy Widows	183	50	-	50	44
Charities nominated at Bishops Harvest Appeal	2	-	22	22	24
Parishes from Lower Income Communities Funding	14	-	204	204	198
Other Grants to Parishes	4	-	227	227	177
Other Grants to Clergy and Ordinands	-	-	-	-	1
Total Grants Payable	294	202	1,607	1,809	1,808

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17. Tangible fixed assets

	<i>Parsonages</i> £000	<i>Non Parsonages/ Land</i> £000	<i>Total Freehold land and buildings</i> £000	<i>Long leasehold buildings</i> £000	<i>Fixtures, fittings and office equipment</i> £000	<i>Total</i> £000
<i>Cost or valuation</i>						
At beginning of year	26,688	14,518	41,206	316	238	41,760
Additions	714	1,548	2,262	-	39	2,301
Disposals	-	(2,377)	(2,377)	-	(13)	(2,390)
Revaluation	-	-	-	99	-	99
Impairment	-	(100)	(100)	-	-	(100)
At end of year	27,402	13,589	40,991	415	264	41,670
<i>Depreciation</i>						
At beginning of year	-	946	946	275	132	1,363
Charge for year	-	16	16	10	33	69
Disposals	-	-	-	-	(13)	(13)
At end of year	-	962	962	285	152	1,399
<i>Net book value</i>						
At 31 December 2021	27,402	12,627	40,029	130	112	40,271
At 31 December 2020	26,688	13,572	40,260	41	106	40,407

Parsonage houses are legally vested in the incumbent (an "ecclesiastical corporation sole") as freeholder during his incumbency. Three features of the incumbent's freehold have significantly influenced the accounting treatment adopted in these financial statements. Firstly, the freeholder is not free to dispose of the house for personal benefit and is not responsible for maintaining the house. Secondly, proceeds of any sale, following a pastoral reorganisation which makes the house surplus, normally revert to the Diocesan Pastoral Account or Diocesan Stipends Fund. Thirdly, the Diocese is responsible for repair and maintenance, a responsibility which is currently carried out by the Diocesan Property Committee. The Diocese therefore carries both the benefits and obligations of ownership, and accordingly the financial statements include the parsonage houses together with other Diocesan land and buildings.

Parsonage houses and other Diocesan residential houses have been included in tangible fixed assets at cost, or valuation where cost was not available for houses purchased prior to 1998. The valuation attributed to each house was the mid-point (low point for the top two bands) of the council tax valuation banding applied to the house. The aggregate value of the houses valued in this way amounted to £20,319,000 (2020: £20,724,000).

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Heritage Asset

Whalley Abbey was bought from the Diocese of Manchester in 1926. It comprises substantial remains of a Cistercian Abbey founded in 1296 and dissolved in 1537.

The Abbey of St Mary the Virgin, also known as Locus Benedictus de Whalley was founded by Henry de Lacy, third Earl of Lincoln on the 4th April 1296. The Abbey had moved from the unfavourable site of Stanlaw into the Parsonage and other temporary buildings at Whalley in 1283, when there were 20 monks.

Excavation has uncovered the outlines of the church, surviving as foundations, as does the eastern claustral range and the polygonal Chapter House.

The standing Abbey buildings and Conference House

The following notes are extracted from the Conservation Plan prepared in 2002.

The Conservation Plan was compiled under the direction of John Prichard (Lloyd Evans Prichard), architect accredited in building conservation, with architectural history advice from James Anderson and Clare Hartwell (Architectural History Practice), and archaeological advice from Jason Wood (Heritage Consultancy Services).

North-East Gatehouse

The North-East Gatehouse dates to circa 1480, and was constructed to provide an impressive entrance to the Abbot's Lodging and *Clausum*, the sacred precinct. It echoes the earlier North-West Gatehouse with its two entrance ways, but is embellished with diagonal buttresses, crenelation, and a statue niche.

Courtyard North Range

The Courtyard North Range may include some medieval content, but the present structures are principally seventeenth century, with nineteenth-century additions, and substantial late twentieth-century alterations to create the tea room, kitchen, and exhibition room. It is excluded from the scheduling.

The Conference House

The Conference House is excluded from the scheduling, but it deserves its Grade I status and is of national significance. The individual components are considered below, and elements of significance discussed.

The central block includes original medieval fabric, such as the arch adjacent to the chapel, as well as medieval stonework which has probably been re-used from demolished structures, such as the window between the Dining Room and the kitchen. The nineteenth century interiors are a very good example of Gothic Revival/Arts and Crafts work; particularly noteworthy is the roof and fireplace in the Great Hall and the staircase decorated windows.

The East Wing

The East Wing extends south from the chapel and comprises inter alia the Paslew Suite and the Peter of Chester room on the ground floor, and seven bedrooms on the first floor. The Paslew Suite and Peter of Chester room may incorporate medieval material, but they, and the bedrooms immediately above, were substantially rebuilt in the late sixteenth century, as evidenced by the mullioned windows in the east wall, the date stone (not always a true indicator and the dating of Forrest Historic by English Heritage during the 21stC refurbishment works. An extension was added in the mid-nineteenth century, with bedrooms above.

The West Wing

The West Range was added in the 1860s, and was well designed externally to blend with the late seventeenth-century gabled north extension, and the remains of the Abbot's Kitchen and Long Gallery Range on the west.

The BDBF recognises its responsibility to preserve the heritage asset and is currently looking to raise funds to be able to undertake work on the ruins. It does not intend to acquire other heritage assets. Whalley Abbey grounds are open to the public to view the ruins but access is restricted to the buildings on the site.

The current asset value for Whalley Abbey is £0.9m after a major refurbishment of the house in 2004. The asset is being depreciated over 15 years to £0.6m. The depreciated value represents the value in the accounts of the whole site and is based on an indication made by a local surveyor. It is difficult to obtain an accurate valuation for the site as the ruins represent a continued liability for their maintenance and upkeep which considerably reduces the value of the asset if sold in its entirety.

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18. Investments and investment property

	Investment Property	Unlisted CBF Investments	Others investments	Total investments
	£000	£000	£000	£000
<i>At valuation</i>				
At beginning of year	1,837	21,569	15	23,421
Additions	-	12	-	12
Disposals	(130)	-	-	(130)
Increase (decrease) in market value	154	3,096	-	3,250
At end of year	1,861	24,677	15	26,553
<i>At historic cost</i>	540	10,730	15	11,285

Investment property is Diocesan glebe land vested in the DBF under the Endowments and Glebe Measure 1976 that is held for the purposes of producing income for clergy stipends. The glebe land is measured at fair value at the year end by an independent RICS registered valuer. The valuation has been undertaken in accordance with International and RICS Valuation Standards and has been based upon the valuer's experience in the valuation of agricultural, institutional and amenity land within the Lancashire and wider north-west region.

Unlisted investments are made up of Central Board of Finance investments in Church of England Investment Fund shares, Property Fund shares and Fixed Interest Securities.

19. Debtors

	2021 £000	2020 £000
<i>Amounts receivable within one year</i>		
Prepayments and accrued income	442	339
Other debtors	677	39
Amount owed by related parties (Cidari Education)	6	6
Loans to related parties (Emmanuel Theological College)	10	-
Loans to parishes	375	21
Loans to individuals	-	2
	1,510	407
<i>Amounts receivable after more than one year</i>		
Loans to parishes	497	819
Loans to related parties (Emmanuel Theological College)	-	10
Amount owed by related parties (Cidari Education)	11	11
	508	840

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20. Creditors

	2021 £000	2020 £000
<i>Amounts falling due within one year</i>		
Trade creditors	314	189
Other creditors (taxation and social security)	51	35
Other creditors	79	260
Accruals	278	103
Amounts owed to related parties (BDBE)	170	114
	<u>900</u>	<u>701</u>
	2021 £000	2020 £000
<i>Amounts falling due after more than one year</i>		
CCLA loans	418	550
Due to Churches Conservation Trust	157	157
Provisions for liabilities: Pension deficit	383	689
	<u>958</u>	<u>1,396</u>

The long term loans from CCLA are flexible loan facilities subject to a maximum repayment term of 10 years. There are no current plans to make any payments in the next 12 months.

The amount owed to Churches Conservation Trust is due on disposal of five redundant church buildings.

21. Commitments

Commitments at 31 December 2021, for which no provision has been made in these accounts, were as follows:

	2021 £000	2020 £000
Authorised, but not contracted:		
Parish Vision Grant Fund	98	148
Allchurches Grant Fund	55	10
Clergy Housing Fund	187	306
	<u>340</u>	<u>464</u>

22. Called up share capital

The charitable company is limited by guarantee, registered in England and does not have an authorised or allotted share capital.

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23. Net assets analysed by fund

	Tangible Fixed Assets	Fixed Asset Investment	Net Current Assets	Long term Creditor	Net assets as at 31 December 2021
	£000	£000	£000	£000	£000
General Fund	1,798	7,392	986	(801)	9,275
Designated Funds	-	492	2,541	-	3,033
Total Unrestricted Funds	1,798	7,884	3,427	(801)	12,308
Pastoral Account	7,267	-	2,320	(157)	9,430
Other Restricted Funds	-	318	1,239	-	1,557
Total Restricted Funds	7,267	318	3,559	(157)	10,987
Parsonage Houses Fund	27,402	1,187	-	-	28,589
Stipends Capital / Housing Fund	3,804	12,079	330	-	16,213
Other Endowment Funds	-	5,087	5	-	5,092
Total Endowment Funds	31,208	18,353	335	-	49,894
Total	40,271	26,555	7,321	(958)	73,189

24. Unrestricted funds

Unrestricted funds comprise those funds which are available for application for the general purposes of the charity as set out in its governing document. Movements on this fund are as follows:

	At 1 January 2021 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2021 £000
General Fund	8,496	8,485	(3,130)	1,004	(5,580)	9,275
	At 1 January 2021 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2021 £000
Designated Funds						
Office Assets Fund	411	12	-	61	-	484
Parsonages Fund	324	-	(1)	-	-	323
Parish Vision 2026 Grant and Loan Fund	421	1	-	-	400	822
Diocesan Vision Strategic Development Fund	629	-	(2)	-	(49)	578
Diocesan Vision 2026 Fund	420	79	(2)	-	(19)	478
Allchurches Trust Grant Fund	298	-	(33)	-	-	265
Other Designated Funds	123	-	-	-	(40)	83
	2,626	92	(38)	61	292	3,033

General Fund

The general reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing. The Board's policy is to maintain sufficient levels of cash and liquid assets to cover short term fluctuations in incoming resources. The Board were satisfied that the general reserves at the year end were within acceptable levels compared to this policy.

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Designated Funds

Fund	Application/purpose
Income for specific purposes	Designated to provide income to specific purposes in the parish share budget
Office Assets Fund	Designated for repairs, renovation or for buying a new building in the future.
Parsonages Fund	For repairs and disability adaptation on parsonages in excess of parish share budget
Parish Vision 2026 Loan Fund	Designated to provide some of the loans to parishes to continue their mission projects
Diocesan Vision Strategic Development Fund	Designated to provide match funding necessary for Strategic Development Funding applications
Diocesan Vision 2026 Fund	Designated to contingencies for the development of the diocesan vision
Allchurches Trust Grant Fund	The fund assists with funding the cost of diocesan projects, building administration costs, education, parish mission projects and major building works.

25. Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations, grants and investment income held on trust to be applied for specific purposes:

	At 1 January 2021 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2021 £000
Diocesan Pastoral Account	9,552	711	(119)	-	(714)	9,430
Diocesan Stipends Fund						
Income Account	-	1,317	(6,624)	-	5,307	-
Social Responsibility Projects	134	28	(36)	-	-	126
Parish Vision 2026 Grant						
Fund	148	26	(99)		23	98
Bishops Clergy Widows Fund	813	76	(50)	37	-	676
Bishops Ordination Fund	154	3	(5)	-	-	152
Resourcing Ministerial						
Education (RME) Fund	89	212	(178)	-	-	123
Bishop's Harvest Appeal	20	23	(24)		-	16
Bishop's Clergy In Need Fund	35	-	-	-	-	36
SDF Funded Projects	6	912	(944)	-	-	(26)
Lower Income Communities						
Funding	-	1,355	(204)	-	(1,115)	38
Parish Pastoral Fund	166	-	-	-	-	166
Other Restricted Funds	152	28	(26)	-	-	154
	<u>11,069</u>	<u>3,686</u>	<u>(8,307)</u>	<u>37</u>	<u>3,502</u>	<u>10,987</u>

The specific purposes for which the funds are to be applied are as follows:

Fund	Application/purpose
Diocesan Pastoral Account	<p>Purposes are laid down in Section 78 of the Pastoral Measure 1983, the main purposes being:</p> <ul style="list-style-type: none"> Costs incurred for the purposes of the Measure or any scheme or order made by the measure except for salaries of regular diocesan employees Costs of disposing of or maintaining houses or churches vested in the DBF or Commissioners For the benefit of another diocese Transfer to the DSF Capital or Income Funds
Diocesan Stipends Fund Income Account	<p>Subject to any charges imposed by the scheme or order the fund shall be applied to:</p> <ul style="list-style-type: none"> Provide or augment stipends of incumbents, assistant curates and others engaged in the cure of souls in the Diocese Meet expenses incurred in repairing and maintaining parsonage houses

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	<ul style="list-style-type: none"> • Paying secondary Class 1 contributions in respect of ministers not employed under a contract of service • Defray sequestrators' expenses
Social Responsibility Projects	The Social Responsibility section received funding for specific projects and for its general costs relating to those projects. Project funding was restricted to the project it had been requested for and approved expenditure is applied against the funding in accordance with the funders rules.
Parish Vision 2026 Grant Fund	The Grant Fund exists to enable parishes to fulfil mission opportunities, normally through the appointment of lay workers.
Bishops Clergy Widows Fund	The Bishop's Clergy Widows Fund is used to help clergy widows and retired clergy in cases of financial hardship, particularly with housing costs. It funds the cost of social events and the cost of the Diocesan Officer and Bishop's visitors.
Bishops Ordination Fund	The Ordination Fund is used to assist with meeting the costs of Ordinands in training.
Bishop's Harvest Appeal	Each year the Bishop selects a charity to benefit from his Harvest Appeal. Parishes, Schools and individuals within the Diocese collect money in support of this charity and the monies are distributed by the Diocese in accordance with the appeal.
Bishop's Clergy Fund	The fund was established by transfer of some of the Extra Mission and Ministry funds received from the Archbishops' Council 2008 – 2010. Grants from the fund are awarded at the discretion of the Bishop, to serving clergy in the Diocese.
Resourcing Ministerial Education (RME) Fund	Specific funding for Ordinands in training from National Church.
Strategic Development Fund, Funded Projects	Specific funding for the Outer Estates project and Preston Resourcing parish from National Church
Lower Income Communities Fund	Funding to promote the growth of churches in Lower Income Communities
Parish Pastoral Fund	This fund reflects monies ring fenced from the sale of a vicarage in a parish where no scheme for pastoral re-organisation is currently in place. The monies must be held until either a vicarage is purchased, or a scheme is put in place.

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26. Endowment funds

The endowment funds are held on trust to be retained for the benefit of the Charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

	At 1 January 2021 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2021 £000
Expendable endowment						
Diocesan Stipends Fund Capital Account	14,869	55	(148)	1,437	-	16,213
Parsonage Houses Fund	27,725	150	(1,244)	149	1,809	28,689
	<u>42,594</u>	<u>205</u>	<u>(1,392)</u>	<u>1,586</u>	<u>1,809</u>	<u>44,802</u>
Permanent endowment						
Bishops Clergy Widows Fund	2,241	-	-	321	-	2,562
Maintenance of the Ministry	311	-	-	45	-	356
General purposes	387	-	-	55	-	443
Whalley Abbey	170	-	-	24	-	194
Other endowments	102	-	-	15	(23)	94
Stipends	1,264	-	-	180	-	1,443
	<u>4,475</u>	<u>-</u>	<u>-</u>	<u>640</u>	<u>(23)</u>	<u>5,092</u>
	<u>47,069</u>	<u>205</u>	<u>(1,499)</u>	<u>2,226</u>	<u>1,786</u>	<u>49,894</u>

Expendable endowments

The Diocesan Stipends Fund Capital Account

This fund represents the value of glebe property and investments at the balance sheet date.

The account is governed by the Diocesan Stipends Fund Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure 1992.

Income arises from the sale of glebe assets, the transfer of parsonage sale money, transfers from the DSF Income account, as well as gifts, bequests and donations.

The main function of the fund is to produce income for the stipends, but it may also be used for other purposes including: acquiring glebe property, investing in a subsidiary, developing and protecting glebe amenities, investment, discharging loans and levies on glebe, improving parsonage houses and discharging any loans made by the Church Commissioners under the Endowments and Glebe Measure 1976.

Parsonages Houses fund

This fund represents the value of benefice houses at the balance sheet date, together with the Parsonages Building Fund held by the Church Commissioners and investments held by the Parsonages Board. The houses are used to provide accommodation for the parochial clergy.

The Diocese is not free to dispose of the houses except in accordance with the appropriate measure. There is provision for the net proceeds of sale to be applied to either the Diocesan Pastoral Account or Diocesan Stipends Fund Capital once a disposal has been effected.

Permanent endowments

The permanent endowments are established under a variety of trust deeds and documents which require the funds to be held in perpetuity. The income of the funds is to be applied to the Bishops Clergy Widows fund, Maintenance of the Ministry fund, General purposes fund, Diocesan Stipends Income fund, Whalley Abbey fund and other smaller endowment funds.

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27. Related parties' transactions

During the year the company shared office space with the Blackburn Diocesan Board of Education, Cidari Education Ltd and Blackburn Cathedral. In addition, consultancy and HR support was provided to Emmanuel Theological College. Shared and staff time expenditure has been recharged at cost.

	2021 Recharges (excl. VAT)	2021 Grants made to related parties	2020 Recharges (excl. VAT)	2020 Grants made to related parties
	£	£	£	£
Blackburn Diocesan Board of Education	15,953	336,914	15,474	371,045
Cidari Education Ltd	9,887	-	9,836	-
Blackburn Cathedral	24,570	-	14,464	-
Emmanuel Theological College (formally the All Saints Centre for Mission and Ministry)	28,292	-	43,334	-

During the year £128,798 has been paid to Emmanuel Theological College (formally the All Saints Centre for Mission and Ministry) for training of readers and ordinands (2020: £93,268).

At the year end the balances due from related parties were as follows:

	Outstanding Trade Balances at 31/12/2021	Outstanding Loan Balances at 31/12/2021	Outstanding Trade Balances at 31/12/2020	Outstanding Loan Balances at 31/12/2020
	£	£	£	£
Cidari Education Ltd	17,048	-	16,865	-
Blackburn Cathedral	17,857	745,791	9,854	725,854
Emmanuel Theological College (formally All Saints Centre)	70	10,000	-	10,000

At 31 December 2021 there was a balance due to the Blackburn Diocesan Board of Education of £178,185 (2020: ££113,688) and balance due to Emmanuel Theological College of £9,681 (2020: £nil).

During the year donations received from trustees amounted to £4,102 (2020: £4,124). No donations have been received from key management personnel (2020: £nil).

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28. Financial instruments

	2021	2020
	£000	£000
Financial assets measured at fair value	26,553	23,421
Financial assets measured at amortised cost	8,220	7,524
Financial liabilities measured at amortised cost	1,701	1,940
Financial liabilities measured at fair value	157	157

Financial assets measured at fair value comprise investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and parish loans.

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.

29. Funds held as custodian trustee

The BDBF 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. PCC trust investment assets held by the BDBF have been summarised below at market value:

	2021	2020
	£000	£000
CBF Church of England Deposit fund	4,811	5,120
CBF Church of England Investment fund	12,034	10,739
CBF Church of England Fixed Interest fund	338	384
CBF Church of England Property fund	70	61
Other	44	44
Cash at bank	2	6
Total assets held as custodian trustee	17,297	16,353

The BDBF also acts as custodian trustee in relation to Parochial Church Council (PCC) property. These assets are held separately to those of the BDBF.

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30. Prior year comparative Statement of Financial Activities

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General £000	Designated £000	£000	£000	2020 £000
Income and endowments from:					
Donations and legacies					
Parish contributions	7,160	-	-	-	7,160
Archbishops' Council and Church commissioners	1,155	-	2,080	-	3,235
Other	105	152	169	27	453
Charitable activities: statutory fees, chaplaincy and other income	75	-	433	-	508
Other trading activities	143	-	141	140	424
Investments	226	12	455	29	722
Other	6	1	182	161	350
Total Income and endowments	8,870	165	3,460	357	12,852
Expenditure on:					
Raising funds	145	-	12	28	185
Charitable activities	3,039	65	7,558	676	11,338
Other	-	-	-	95	95
Total Expenditure	3,184	65	7,570	799	11,618
Net income/(expenditure) before investments	5,686	100	(4,110)	(442)	1,234
Net (loss)/gains on investments	309	27	(14)	722	1,044
Net income/(expenditure) before transfers	5,995	127	(4,124)	280	2,278
Transfers between funds	(4,670)	(45)	3,727	988	-
Net income/(expenditure) before other recognised gains and losses	1,325	82	(397)	1,268	2,278
Other recognised gains/(losses)					
Gain/(loss) on revaluation of fixed assets		-	-	134	134
Gain/(loss) on defined benefit pension schemes	(38)	-	-	-	(38)
Net movement in funds	1,287	82	(397)	1,402	2,374
Reconciliation of funds					
Total funds at 1 January 2020	7,209	2,544	11,466	45,667	66,886
Total funds at 31 December 2020	8,496	2,626	11,069	47,069	69,260

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31. Prior year comparative Archbishops' Council and Church Commissioners

	General £000	Unrestricted fund Designated £000	Restricted funds £000	Endowment Funds £000	Total funds 2020 £000
Lowest Income Communities Funding	-	-	1,310	-	1,310
Sustainability Funding	1,100	-	-	-	1,100
Resourcing Ministerial Education Block Grant	-	-	220	-	220
Pooling of Ordinands costs	25	-	-	-	25
Strategic Ministry Fund	-	-	48	-	48
Strategic Capacity Funding	30	-	57	-	87
Strategic Development Funding	-	-	445	-	445
	<u>1,155</u>	<u>-</u>	<u>2,080</u>	<u>-</u>	<u>3,235</u>

32. Prior year comparative Other donations

	General £000	Unrestricted Funds Designated £000	Restricted Funds £000	Endowment Funds £000	Total funds 2020 £000
Allchurches Trust	-	147	-	-	147
Donations	5	5	56	-	66
Other Grants	100	-	113	27	240
	<u>105</u>	<u>152</u>	<u>169</u>	<u>27</u>	<u>453</u>

33. Prior year comparative Charitable activities

	General £000	Unrestricted Funds Designated £000	Restricted Funds £000	Endowment Funds £000	Total funds 2020 £000
Statutory fees; chaplaincy income	-	-	357	-	357
Church Commissioners -Guaranteed annuities	-	-	2	-	2
Recharge of staff costs	-	-	53	-	53
Whalley Abbey Conference House	21	-	-	-	21
Sale of publications	5	-	-	-	5
Income for training courses	21	-	3	-	24
Other fees/sales	28	-	18	-	46
	<u>75</u>	<u>-</u>	<u>433</u>	<u>-</u>	<u>508</u>

34. Prior year comparative Other trading activities

	General £000	Unrestricted funds Designated £000	Restricted Funds £000	Endowment Funds £000	Total funds 2020 £000
Rental income	96	-	141	140	377
Whalley Abbey Conference House	7	-	-	-	7
Accounting and Legal services	18	-	-	-	18
Consultancy services	22	-	-	-	22
	<u>143</u>	<u>-</u>	<u>141</u>	<u>140</u>	<u>424</u>

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35. Prior year comparative Investment Income

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£000	£000	£000	£000	£000
Dividends receivable	217	12	414	29	672
Interest receivable	9	-	7	-	16
Rents receivable	-	-	34	-	34
	<u>226</u>	<u>12</u>	<u>455</u>	<u>29</u>	<u>722</u>

36. Prior year comparative Other income

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£000	£000	£000	£000	£000
Gains on disposal of fixed assets	-	-	174	161	335
Gains on disposal of investments	-	-	-	-	-
Loan interest	6	1	8	-	15
	<u>6</u>	<u>1</u>	<u>182</u>	<u>161</u>	<u>350</u>

37. Prior year comparative Cost of raising funds

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£000	£000	£000	£000	£000
Project Management	12	-	-	-	12
Parish share					
Secretariat	8	-	-	-	8
Archdeacons	-	-	6	-	6
Bishop's Harvest Appeal	-	-	1	-	1
Investment Management Costs	4	-	1	-	5
Rents	11	-	4	28	43
Fundraising Trading Whalley Abbey	70	-	-	-	70
Fundraising Trading other	40	-	-	-	40
	<u>145</u>	<u>-</u>	<u>12</u>	<u>28</u>	<u>185</u>

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38. Prior year comparative Expenditure on charitable activities

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£000	£000	£000	£000	£000
Contributions to Archbishops' Council					
Training for ministry	302	-	-	-	302
National Church responsibilities	227	-	-	-	227
Grants and provisions	25	-	-	-	25
Mission Agency pension contributions	11	-	-	-	11
Retired clergy housing costs (CHARM)	109	-	-	-	109
Pooling of ordinand candidates costs	-	-	-	-	-
General Synod expenses	6	-	-	-	6
	<u>680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680</u>
Parish ministry					
Stipends & National Insurance	-	-	4,854	-	4,854
Pension contributions	9	-	1,152	-	1,161
Housing costs	59	3	198	676	936
Removal, resettlement and other grants	-	-	138	-	138
Other expenses	-	-	24	-	24
	<u>68</u>	<u>3</u>	<u>6,366</u>	<u>676</u>	<u>7,113</u>
Support for ministry					
Support for parish ministry	1,519	2	189	-	1,710
Whalley Abbey Conference House	252	-	-	-	252
Whalley Abbey House Renovation	-	-	35	-	35
Redundant churches	-	-	56	-	56
Strategic Development Fund Projects	-	45	273	-	318
St Philip's Centre Project	-	-	32	-	32
Grants to Parishes, individuals and other charities	143	15	600	-	758
Sale of Publications	8	-	-	-	8
Miscellaneous Expenses	-	-	6	-	5
	<u>1,922</u>	<u>62</u>	<u>1,190</u>	<u>-</u>	<u>3,174</u>
Expenditure on education					
Grants for the work of the Board	369	-	2	-	371
	<u>369</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>371</u>
Charitable activities	<u>3,039</u>	<u>65</u>	<u>7,558</u>	<u>676</u>	<u>11,338</u>

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39. Prior year comparative Analysis of expenditure including allocation of support costs

	Activities undertaken directly £000	Grant funding of Activities £000	Manage- ment Admin Support £000	Total 2020 £000
Fundraising Trading Whalley Abbey	70	-	-	70
Cost of raising funds	89	-	26	115
Contributions to Archbishops' Council	-	680	-	680
Resourcing ministry and mission	8,611	757	919	10,287
Education	-	371	-	371
Other	95	-	-	95
	<u>8,865</u>	<u>1,808</u>	<u>945</u>	<u>11,618</u>

40. Prior year comparative Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020 £000
	General £000	Designated £000	£000	£000	£000
Raising Funds	20	-	6	-	26
Central Administration	490	-	-	198	688
Governance costs					
Secretariat	48	-	-	-	48
Accounting and Finance Office	37	-	-	-	37
Audit & accountancy fees	19	-	-	-	19
Diocesan Synod costs	9	-	-	-	9
DBF Executive and Bishop's Council Meetings	20	-	-	-	20
Chancellor and Registrar Fees	98	-	-	-	98
	<u>741</u>	<u>-</u>	<u>6</u>	<u>198</u>	<u>945</u>

41. Prior year comparative Net assets analysed by fund

	Tangible Fixed Assets £000	Fixed Asset Investment £000	Net Current Assets £000	Long term Creditor £000	Net assets as at 31 December 2020 £000
General Fund	2,350	6,365	888	(1,107)	8,496
Designated Funds	-	518	2,108	-	2,626
Total Unrestricted Funds	<u>2,350</u>	<u>6,883</u>	<u>2,996</u>	<u>(1,107)</u>	<u>11,122</u>
Pastoral Account	8,748	-	1,093	(289)	9,552
Other Restricted Funds	-	258	1,259	-	1,517
Total Restricted Funds	<u>8,748</u>	<u>258</u>	<u>2,352</u>	<u>(289)</u>	<u>11,069</u>
Parsonage Houses Fund	26,688	1,037	-	-	27,725
Stipends Capital / Housing Fund	2,621	10,773	1,475	-	14,869
Other Endowment Funds	-	4,470	5	-	4,475
Total Endowment Funds	<u>29,309</u>	<u>16,280</u>	<u>1,480</u>	<u>-</u>	<u>47,069</u>
Total	<u>40,407</u>	<u>23,421</u>	<u>6,828</u>	<u>(1,396)</u>	<u>69,260</u>

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42. Prior year comparative Unrestricted funds

	At 1 January 2020 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2020 £000
General Fund	7,209	8,870	(3,184)	271	(4,670)	8,496
	At 1 January 2020 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2020 £000
Designated Funds						
Office Assets Fund	367	12	-	27	5	411
Parsonages Fund	327	-	(3)	-	-	324
Parish Vision 2026 Fund	420	1	-	-	-	421
Diocesan Vision Strategic Development Fund	690	-	-	-	(61)	629
Diocesan Vision 2026 Fund	396	79	(48)	-	(9)	420
Allchurches Trust Grant Fund	241	73	(16)	-	-	298
Other Designated Funds	103	-	-	-	20	123
	2,544	165	(65)	27	(45)	2,626

43. Prior year comparative Restricted funds

	At 1 January 2020 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2020 £000
Diocesan Pastoral Account	9,812	187	(112)	-	(335)	9,552
Diocesan Stipends Fund	-	989	(6,362)	-	5,373	-
Income Account	146	20	(32)	-	-	134
Social Responsibility Projects	250	26	(128)	-	-	148
Parish Vision 2026 Grant Fund	599	73	(45)	(14)	-	613
Bishops Clergy Widows Fund	150	5	(1)	-	-	154
Bishops Ordination Fund	41	220	(172)	-	-	89
Resourcing Ministerial Education (RME) Fund	21	23	(24)	-	-	20
Bishop's Harvest Appeal	35	-	-	-	-	35
Bishop's Clergy in Need Fund	(66)	545	(444)	-	(29)	6
SDF Funded Projects	-	1,310	(198)	-	(1,112)	-
Lower Income Communities Funding	316	-	-	-	(150)	166
Parish Pastoral Fund	162	62	(52)	-	(20)	152
Other Restricted Funds						
	11,466	3,460	(7,570)	(14)	3,727	11,089

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44. Prior year comparative Endowment funds

	At 1 January 2020	Income	Expenditure	Gains and losses	Transfers	At 31 December 2020
	£000	£000	£000	£000	£000	£000
<i>Expendable endowment</i>						
Diocesan Stipends Fund Capital						
Account	14,493	161	(100)	522	(207)	14,869
Parsonage Houses Fund	26,966	196	(699)	67	1,195	27,725
	<u>41,459</u>	<u>357</u>	<u>(799)</u>	<u>589</u>	<u>988</u>	<u>42,594</u>
<i>Permanent endowment</i>						
Bishops Clergy Widows Fund	2,097	-	-	144	-	2,241
Maintenance of the Ministry	291	-	-	20	-	311
General purposes	362	-	-	25	-	387
Whalley Abbey	159	-	-	11	-	170
Other endowments	95	-	-	7	-	102
Stipends	1,204	-	-	60	-	1,264
	<u>4,208</u>	<u>-</u>	<u>-</u>	<u>267</u>	<u>-</u>	<u>4,475</u>
	<u>45,667</u>	<u>357</u>	<u>(799)</u>	<u>856</u>	<u>988</u>	<u>47,069</u>