



**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 2022

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2022

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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 2022.

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 2020 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.

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:

- Developing Whalley Abbey as a centre for Christian Discipleship and Prayer 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
- Further rolling out of the national Parish Giving Scheme and providing advice and training on the effective use of contactless giving and online giving.

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

- Have added to the Making Disciples Team for the diocese, including a new Stewardship Resourcing Officer funded by the National Church and a Making Disciples Coordinator.
- Produced Lent and Advent Devotionals with a 10, 000 circulation of this high-quality resource.
- Hosted regular retreats & courses at Whalley Abbey including individual and guided retreats, walking, healing and quiet retreats as well as festival celebrations and supper clubs.
- Built on the progress already made with contactless giving and providing training & advice on digital giving.
- Take up by parishes of the Parish Giving Scheme continues to be encouraging with progress being made towards the target of 50% of parishes signed up by 2024. The introduction of one-off giving at the end of the year is proving to be particularly successful and an attractive tool for parishes.
- Spiritual direction proves to be an attractive avenue of discipleship, with 28 spiritual directors within the diocese and a training programme is in place to further develop these numbers.
- Relunched the "Roots of Faith" diocesan discipleship programme, taught in person and online, covering topics such as 'Doctrine, Church History, Old Testament, New Testament.

Being Witnesses including:

- Internal and external investment to realise the vision of 10 Strategic Church Plants by 2026
- Coaching, networking and training as we press ahead to our goal of seeing 200 New Local Congregations by 2026
- Providing training and networks of support so that people are enabled to share their faith with confidence
- A suite of activities to enable human flourishing through social action
- Caring for God's creation with the aspiration to become an Eco-diocese in 2023

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

- To realise our vision of 10 Strategic Church Plants, eight plants are now in place and are fruitfully building the Kingdom in their local areas; the most recent plant is situated in Leyland Deanery.
- To fulfil our goal of 200 New Local Congregations, coaching, networking and training events including the Beacon Course have resulted in more New Local Congregations starting. At the end of 2022, 102 congregations were in place.
- To enable people to share their faith with confidence, encouragement to pray for the building of the Kingdom together with training and network support has resulted in more nurture courses taking place across the diocese (76 noted). Opportunities to learn from Saints in the past have strengthened prayer individually and corporately. Training for mission and ministry through sport was offered in collaboration with the National Estates Churches Network, St Andrew's

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Leyland, Ambassadors Football, Kick and Scripture Union. Church leaders are demonstrating creative ways to reach out using different media, eg. one church transformed their church building into Narnia and invited their local community to walk through the story and experience the good news in an interactive way.

- To enable human flourishing, healthy churches are living Kingdom values and providing rich treasures in numerous areas, across all age ranges, including: dementia support; debt counselling; addressing isolation; justice for those affected by human slavery; health, hospitality and wellbeing; healing; deliverance; job skills; housing; food banks; support for people on the margins; addictions, additional needs etc. Partnerships with others are growing. For example, the diocese collaborated with the Mothers' Union on a project that enables women to develop business skills in Burundi. £16,500 has been raised, to date, with funds still coming in.
- To promote caring for creation, Blackburn Diocese is registered as an Eco-diocese. A baseline for carbon emissions in our diocese has been established with support and encouragement provided to parishes to complete the Energy Footprint Tool as well as becoming Eco-Churches. A net zero carbon working group has been convened. Dr Ruth Valerio, Global Advocacy and Influencing Director at Tearfund, spoke at our Diocesan Conference. Training on Climate Resilience was provided for our diocese by the Church Buildings Council.

Growing Leaders including:

- Continued pursuit of the Lay Majority Ministry Framework
- 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
- Expanded the Authorised Lay Ministry (ALM) portfolio to ten ministry areas
- As of year end, 156 Authorised Lay Ministers have been commissioned in the first two years
- Expanded the M:Power programme to offer training in 2022/23 to 30 people in four locations (Accrington, Blackpool, Preston and Lower Darwen)
- Delivered four continuing ministerial education days for Authorised Lay Ministers and Licensed Lay Ministers
- Developed and launched 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
- Successfully obtained national funding for five additional curacies and four additional posts of first responsibility

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:

- Sustaining a new Learning Community for Youth Provision building on the Launchpad sessions delivered through the SDF3 resourcing church at St Luke's, Blackburn

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- Delivering training to children's and youth workers across the diocese linked to the ALM 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.
- Investing in addressing structural injustice through the Equity, Diversity and Justice programme

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

During 2022 the BDBF also:

- Carefully monitored spending and income for the diocese to ensure sustainability.
- 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.
- Engaged in regular Parish Share meetings to help parishes with difficulty in contributing share to agree a positive way forward.
- 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 funding from the church commissioners in order to build capacity to support work on transforming the diocese.
- Consulted with deaneries through the Missional and Financial Flourishing programme of meetings designed to ensure that this a good understanding of what will transform mission and ministry in each area
- 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.
- Administered a hardship support fund for clergy and church workers suffering financial hardship as a result of the cost of living crisis.

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.

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 2022 and to the PCCs for their ongoing commitment this last year. The Directors are thankful to God, for those parishes that continued to contribute their parish share in 2022 despite difficult economic conditions.

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

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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 at Diocesan Synod level through representations to those bodies and through the input of Deanery Synods.

- **Blackburn Cathedral.**

The Cathedral is a separate entity to the BDBF but is engaged in many shared missional aims and activities. The Cathedral is the seat of the Diocesan Bishop

- **Blackburn Diocesan Board of Education**

The Board of Education is a registered charity, which has responsibility for 195 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.

- **Church based Multi-Academy Trusts**

There are three trusts that serve the diocesan church schools. These are Cidari (the diocesan trust), Learning Together Trust and The Bay Learning Trust. Each trust has members taken from corporate offices of the Church of England within the Diocese of Blackburn.

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

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

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- 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 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-continuing to support church schools and academies in the diocese

Full details of the future activities are contained within the BDBE Trustees report.

Enablers

There is additional work completed by the central team on missional and financial flourishing. This focusses on work with deaneries to look for opportunities for growth and direct work with parishes through the Parish Renewal programme.

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.

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FINANCIAL REVIEW

Financial performance

The financial performance of the Charity in 2022 was considered satisfactory.

The operational deficit on the unrestricted funds was £0.061m and was met from free reserves.

	General	Designated	Total Unrestricted
	£'000	£'000	£'000
Total Income	8,677	149	8,826
Total Direct Expenditure	(3,440)	(78)	(3,518)
Net Income/ (Expenditure before investments)	5,237	71	5,308
Expenditure in / transfers to other funds from unrestricted fund	(5,305)	(64)	(5,369)
Operational Surplus/ (Deficit)	(68)	7	(61)

The operational deficit excludes the movement on restricted funds £2,203,000, endowment funds (£2,152,000), net loss on unrestricted investments (£924,000) and other unrestricted recognised gains £179,000 included in the net movement in funds (£755,000).

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 2022. This increased by £0.16m to £7.63m (2021: £7.47m). The Directors thank parishes for their contributions during the year, and especially 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 £7.42m (2021: £7.05m).

Total income (including parish share) before revaluation adjustments totalled £16.99m (2021: £13.47m), an increase of £3.52m. Included in the total income figure are gains on the disposal of fixed assets of £2.17m (2021: £1.07m).

Expenditure amounted to £15.06m (2021: £12.87m), an increase of £2.19m. Included in these figures are losses on disposal and impairment of fixed assets of £4,000 (2021: £193,000).

The Statement of Financial Activities (SOFA) for the year shows net income of £1.94m (2021: £0.60m) before net gains and losses on the revaluation of investments. This is an increase of £1.34m on the previous year.

After revaluation adjustments, the net movement in total funds amounted to a reduction of £0.76m (2021: increase of £2.37m), which results in a total fund balance of £72.43m (2021: £73.19m).

The net movement in unrestricted funds is a reduction of £0.81m (2021: an increase of £1.12m), which results in a general fund balance of £8.52m (2021: £9.28m) and designated fund balance of £2.98m (2021: £3.03m). The net movement in unrestricted funds £0.81m is made up of the operational deficit £0.06m, the net loss on unrestricted investments £0.92m and other unrestricted recognised gains £0.18m.

Balance Sheet Position

While the net assets on the balance sheet total £72.43m (2021: £73.19m), included in this total are freehold land and buildings which are primarily used for ministry totalling £40.23m (2021: £40.27m). Much of the remainder is held in restricted or endowment funds. In 2022 the defined benefit pension deficit is zero (2021: £0.38m is shown against general funds).

Significant Property Transactions

During the year we purchased one future parsonage and three curate and associate vicar houses totalling £1.43m. Two of the houses were purchased from the restricted pastoral fund for £0.47m and two from endowment funds for £0.96m. Sale proceeds were received for four vicarages of £1.83m, five

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curate houses of £1.55m and one worship centre £0.13m. The profit from the sales added £1.91m into restricted funds and £0.26m into endowment funds.

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 in the context of comparator benchmarks for the sector. Nevertheless 2022 was a difficult year in which the capital value of our investments fell by around 20%. This eliminated a significant part of the gains that had accrued in 2021. The Board also manages glebe on behalf of the BDBF.

The total value of investments and deposits (excluding cash and investment property) at 31 December 2022 was £25.53m (2021: £28.35m) and the return on investment was 2.9% (2021: 2.6%). (Income divided by average capital value).

The total value of investment property at 31 December 2022 was £1.80m (2021: £1.86m) and the return on investment was 1.8% (2021: 1.7%). (Net rental income divided by average capital value).

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. For the past few years, the Diocesan investment partner has operated a policy of not investing in industries that are directly or indirectly drawing revenue from fossil fuel activity. This policy is already in place and will continue to be going forward as we seek to meet a 2030 target.

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 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, 183 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 £4.87m.

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

The level of free reserves at 31 December 2022 was £6.84m; this is in excess of the policy by £1.97m. This excess will be used to fund the budgeted deficits for 2023 and 2024. In addition to this the charity is looking to bid for strategic mission and ministry investment funding from National Church in early 2024. The Directors are confident in the steps taken to ensure the future going concern of the organisation.

There are several designated funds totalling £2.98m 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.

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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 2022 restricted funds totalled £13.19m and endowment funds totalled £47.74m. 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 16 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

The Directors have a programme of risk management 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 meeting with 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 has been fully restructured to ensure better monitoring of risk and cascaded responsibility for risk management by department. The risk register continues 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. This may be exacerbated by the ongoing debates around Living in Love and Faith and the threat of parishes withholding parish share in consequence.

Existing pressures are:

- energy costs for parishes
- inflationary costs causing rises to share that are not affordable
- cost of meeting the carbon net zero aspiration

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

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- 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. Insufficient care for those who are survivors of abuse or those under investigation leading to self-harm.
 4. Challenges over recruitment to multiple roles and potential over work of existing employees could lead to more vacancies and operational failures as well as workforce sickness absence.

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 King as the Supreme Governor.

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 Licensed Lay Ministers 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

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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 by guarantee company and statutory accounts are filed annually with Companies House and Charity Commission.

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 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 is 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.

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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.

Diocesan Safeguarding Advisory Panel has a Chair independent of the Directors and is an advisory body offering external oversight and scrutiny to the diocese with regard to safeguarding.

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 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 has a Chair independent of the Directors and 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 directors (one lay and one clergy) and four members co-opted for their HR expertise. It has delegated authority to approve most HR policies.

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.

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 and the Diocesan Bishop following advice from the HR Committee. 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 considered and approved as part of the budgeting process. They are considered by the HR Committee prior to implementation. An adjustment, if required would be recommended to the Board of Finance.

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.

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PCC trust investment assets held by the BDBF had a market value of £15.42m at 31 December 2022 (2021: £17.30m). 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). 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.

The Blackburn Diocesan Board of Finance Limited

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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 (resigned 31 August 2022)
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 P A Lillicrap
Revd Munawar Din (appointed 01 January 2022)

Ex-Officio appointed Mr D Barlow
Mr N P Aves
Revd Canon A G Sage (resigned 14 December 2022)

Elected Clergy Revd Dr R B Aechnr (appointed 01 January 2022)
Revd Canon S Cox (appointed 01 January 2022)
Revd Canon A Holliday
Revd Canon A S Horsfall (appointed 01 January 2022)

Elected Lay Persons Dr A Carter
Professor R Carter
Mr M Gardner
Mr P J Ronson (appointed 01 January 2022)
Ms J M Stamper
Mr D J Wilkinson
Mrs Alison Wynne (appointed 01 January 2022)

Key management personnel and advisers

Diocesan Secretary Canon S Whittaker (Interim from 10 January 2022; appointed to position on 10 March 2023)

Deputy Diocesan Secretary and Head of Finance, Company Secretary Mrs R McGaughey

Solicitors Anthony Collins, 134 Edmund Street, Birmingham. B3 2ES

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

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

Investment Asset 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 Ingham & Yorke, Huntroyde Estate Office, Padiham, BB12 7QX

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ATTENDANCE OF DIRECTORS AT MEETINGS IN 2022

		Total
Ex-Officio	Rt Revd J T Henderson	3/5
	Rt Revd P J North	6/7
	Rt Revd J L C Duff	5/7
	Very Revd P Howell-Jones	1/7
	Ven M C Ireland	3/7
	Ven D Picken	7/7
Ex-Officio elected position	Mr R J Collins	7/7
	Mr T D Cox	6/7
	Revd P A Lillicrap	5/7
	Revd Munawar Din	5/7
Ex-Officio appointed	Mr D Barlow	7/7
	Mr N P Aves	7/7
	Revd Canon A G Sage	4/7
Elected Clergy	Revd Dr R B Aechnier	5/7
	Revd Canon S Cox	5/7
	Revd Canon A Holliday	7/7
	Revd Canon A S Horsfall	7/7
Elected Lay Persons	Dr A Carter	6/7
	Professor R Carter	6/7
	Mr M Gardner	4/7
	Mr P J Ronson	7/7
	Ms J M Stamper	5/7
	Mr D J Wilkinson	7/7
	Mrs Alison Wynne	5/7

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

09 September 2023

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 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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:

The Blackburn Diocesan Board of Finance Limited

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- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; 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: 21 September 2023

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 2022

		Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	Note	General £000	Designated £000	£000	£000	2022 £000	2021 £000
Income and endowments from:							
Donations and legacies							
Parish contributions		7,626	-	-	-	7,626	7,469
Archbishops' Council and Church commissioners	2	255	-	4,624	-	4,879	2,751
Other	3	115	136	107	-	358	317
Charitable activities: statutory fees, chaplaincy and other income	4	190	-	534	-	724	728
Other trading activities	5	216	-	221	-	437	377
Investments	6	275	13	515	-	803	732
Other	7	-	-	1,908	257	2,165	1,094
Total Income and endowments		8,677	149	7,909	257	16,992	13,468
Expenditure on:							
Raising funds	8	301	-	18	-	319	264
Charitable activities	9	3,139	78	11,516	-	14,733	12,410
Other		-	-	-	4	4	193
Total Expenditure	10	3,440	78	11,534	4	15,056	12,867
Net income/(expenditure) before investments		5,237	71	(3,625)	253	1,936	601
Net (loss)/gains on investments	18	(866)	(58)	(37)	(1,909)	(2,870)	3,097
Net income/(expenditure) before transfers		4,371	13	(3,662)	(1,656)	(934)	3,698
Transfers between funds	12	(5,305)	(64)	5,865	(496)	-	-
Net income/(expenditure) before other recognised gains and losses		(934)	(51)	2,203	(2,152)	(934)	3,698
Other recognised gains/(losses)							
Gain/(loss) on revaluation of fixed assets	18	-	-	-	-	-	253
Gain/(loss) on defined benefit pension schemes		179	-	-	-	179	(22)
Net movement in funds		(755)	(51)	2,203	(2,152)	(755)	3,929
Reconciliation of funds							
Total funds at 1 January 2022		9,275	3,033	10,987	49,894	73,189	69,260
Total funds at 31 December 2022		8,520	2,982	13,190	47,742	72,434	73,189

All activities derive from continuing activities. The notes on pages 25 to 55 form part of the financial statements.

Details of comparative figures (2021) 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 2022

	2022 £000	2021 £000
Total income	16,735	13,263
Total expenditure	(15,052)	(11,475)
Operating surplus/(deficit) for the year	1,683	1,788
Net (losses)/gains on investments	(961)	1,025
Net income for the year	722	2,813
Other comprehensive income:		
Net assets transferred from endowments	496	1,027
Actuarial gains/(losses) on defined benefit pension schemes	179	(22)
Total comprehensive income	1,397	3,818

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 2022

	Note	2022 £000	2021 £000
Fixed Assets			
Tangible Assets	17	40,225	40,271
Investments	18	21,814	24,694
Investment Property	18	1,799	1,861
		<u>63,838</u>	<u>66,826</u>
Current assets			
Stocks		1	1
Debtors (amounts receivable after more than one year: £14,000 (2021: £ 508,000))	19	2,225	2,018
Deposits and Cash at bank and in hand		8,055	6,202
		<u>10,281</u>	<u>8,221</u>
Creditors: amounts falling due within one year	20	(1,528)	(900)
Net current assets		<u>8,753</u>	<u>7,321</u>
Creditors: amounts falling due after more than one year	20	(157)	(575)
Provisions for liabilities: Pensions and similar obligations	20	-	(383)
		<u>(157)</u>	<u>(958)</u>
Net Assets	23	<u>72,434</u>	<u>73,189</u>
Capital and Reserves			
Endowment funds	26	47,742	49,894
(Including investment revaluation reserve of £7,329,000 (2021: £9,262,000))			
Restricted funds	25	13,190	10,987
(Including investment revaluation reserve of £15,000 (2021: £52,000))			
Unrestricted funds - General	24	8,520	9,275
(Including investment revaluation reserve of £3,494,000 (2021: £4,359,000))			
Unrestricted funds - Designated	24	2,982	3,033
(Including investment revaluation reserve of £216,000 (2021: £274,000))			
		<u>72,434</u>	<u>73,189</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 09 September 2023 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

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CASH FLOW STATEMENT

for the year ended 31 December 2022

	2022 £000	2022 £000	2021 £000	2021 £000
<i>Net income before other recognised gains and losses</i>	1,936		601	
(Gains)/Losses on disposal of fixed assets	(2,165)		(957)	
(Gains)/Losses on disposal of investments	3		(19)	
Depreciation	57		159	
Decrease/(increase) in stock	-		4	
(Increase)/decrease in debtors	(636)		(752)	
(Decrease)/increase in creditors current liabilities	210		199	
Movement in pension commitment	(204)		(329)	
<i>Cash (outflow)/ inflow from operating activities</i>		(799)		(1,094)
<i>Net income from investing activities</i>				
Purchase of tangible fixed assets	(1,504)		(2,301)	
Proceeds of sale of fixed assets	3,660		3,334	
Purchase of investments	(15)		(12)	
Proceeds of sale of investments	82		149	
<i>Net cash inflow/(outflow) from investing activities</i>		2,223		1,170
<i>Net cash inflow/(outflow) from financing activities</i>				
Repayments of borrowing	-		(132)	
Loan repayments received	430		62	
New loans made	(1)		(81)	
<i>Net cash inflow/(outflow) from financing activities</i>		429		(151)
<i>(Decrease)/increase in cash in the year</i>		1,853		(75)
<i>Cash and cash equivalents at the beginning of the year</i>		6,202		6,277
<i>Cash and cash equivalents at the end of the year</i>		8,055		6,202
<i>Analysis of cash and cash equivalents</i>				
	2022 £000		2021 £000	
Cash in hand and at bank	4,337		2,542	
Short term deposits	3,718		3,660	
	8,055		6,202	

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 (Second Edition, effective 1 January 2019) 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 believe they have sufficient reserves to allow time to adjust the operations of the charitable company to meet changed circumstances relating to inflation and energy costs. 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.

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

Unrestricted 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.

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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	2022	2021
					£000	£000
Lowest Income Communities Funding	-	-	1,402	-	1,402	1,355
Energy Costs Grant	-	-	431	-	431	-
Resourcing Ministerial Education Block Grant	-	-	221	-	221	212
Strategic Ministry Fund	-	-	379	-	379	213
Strategic Capacity Funding	255	-	16	-	271	88
Strategic Development Funding	-	-	2,103	-	2,103	853
Clergy hardship grant	-	-	72	-	72	-
Past Cases Review 2 Funding	-	-	-	-	-	30
	<u>255</u>	<u>-</u>	<u>4,624</u>	<u>-</u>	<u>4,879</u>	<u>2,751</u>

3. Other donations

	Unrestricted Funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£000	£000	£000	£000	2022	2021
					£000	£000
Benefact Trust	45	120	-	-	165	156
Donations	21	16	28	-	65	69
Other Grants	39	-	79	-	118	92
Legacies	10	-	-	-	10	-
	<u>115</u>	<u>136</u>	<u>107</u>	<u>-</u>	<u>358</u>	<u>317</u>

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4. Charitable activities

	Unrestricted Funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£000	£000	£000	£000	£000	£000
Statutory fees; chaplaincy income	-	-	494	-	494	506
Church Commissioners -						
Guaranteed annuities	-	-	1	-	1	1
Recharge of staff costs	-	-	39	-	39	68
Whalley Abbey Conference House	141	-	-	-	141	57
Income for training courses	5	-	-	-	5	36
Other fees/sales	44	-	-	-	44	60
	<u>190</u>	<u>-</u>	<u>534</u>	<u>-</u>	<u>724</u>	<u>728</u>

5. Other trading activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£000	£000	£000	£000	£000	£000
Rental Income	63	-	221	-	284	284
Whalley Abbey Conference House	133	-	-	-	133	38
Accounting and Legal services	19	-	-	-	19	18
Consultancy services	-	-	-	-	-	36
Other fees/sales	1	-	-	-	1	1
	<u>216</u>	<u>-</u>	<u>221</u>	<u>-</u>	<u>437</u>	<u>377</u>

6. Investment income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£000	£000	£000	£000	£000	£000
Dividends receivable	231	13	470	-	714	699
Interest receivable	44	-	12	-	56	2
Rents receivable	-	-	33	-	33	31
	<u>275</u>	<u>13</u>	<u>515</u>	<u>-</u>	<u>803</u>	<u>732</u>

7. Other income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£000	£000	£000	£000	£000	£000
Gains on disposal of fixed assets	-	-	1,908	257	2,165	1,050
Gains on disposal of investments	-	-	-	-	-	19
Loan interest	-	-	-	-	-	25
	<u>-</u>	<u>-</u>	<u>1,908</u>	<u>257</u>	<u>2,165</u>	<u>1,094</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	2022	2021
					£000	£000
Project Management	59	-	-	-	59	12
Parish share						
Secretariat	17	-	-	-	17	12
Archdeacons	-	-	4	-	4	6
Investment Management Costs	20	-	-	-	20	4
Whalley Abbey Rents	6	-	-	-	6	41
Rents	-	-	14	-	14	34
Fundraising Trading Whalley Abbey	180	-	-	-	180	102
Fundraising Trading other	19	-	-	-	19	53
	<u>301</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>319</u>	<u>264</u>

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9. Expenditure on charitable activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£000	£000	£000	£000	£000	£000
Contributions to Archbishops' Council						
Training for ministry	302	-	-	-	302	302
National Church responsibilities	185	-	-	-	185	211
Grants and provisions	25	-	-	-	25	26
Mission Agency pension contributions	13	-	-	-	13	13
Retired clergy housing costs (CHARM)	114	-	-	-	114	111
Pooling of ordinand candidates costs	7	-	-	-	7	37
General Synod expenses	11	-	-	-	11	10
	<u>657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657</u>	<u>710</u>
Parish ministry						
Stipends & National Insurance	-	-	5,031	-	5,031	4,665
Pension contributions	-	-	1,435	-	1,435	1,347
Housing costs	45	-	1,543	-	1,588	1,555
Removal, resettlement and other grants	-	-	223	-	223	232
Other expenses	-	4	62	-	66	75
	<u>45</u>	<u>4</u>	<u>8,294</u>	<u>-</u>	<u>8,343</u>	<u>7,874</u>
Support for parish ministry						
Support for parish ministry	1,839	32	-	-	1,871	1,652
Whalley Abbey Conference House	239	-	-	-	239	192
Redundant churches	-	-	78	-	78	73
Strategic Development Funding Projects	-	-	2,083	-	2,083	720
St Philip's Centre Project	-	-	51	-	51	36
Grants to Parishes, Individuals and Other Charities	-	42	1,010	-	1,052	788
Miscellaneous Expenses	-	-	-	-	-	28
	<u>2,078</u>	<u>74</u>	<u>3,222</u>	<u>-</u>	<u>5,374</u>	<u>3,489</u>
Expenditure on education						
Grants for the work of the Board	359	-	-	-	359	337
	<u>359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359</u>	<u>337</u>
Charitable activities	<u>3,139</u>	<u>78</u>	<u>11,516</u>	<u>-</u>	<u>14,733</u>	<u>12,410</u>

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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 2022 £000	Total 2021 £000
Cost of raising funds	282	-	37	319	264
Contributions to Archbishops' Council	11	646	-	657	710
Parish Ministry	8,120	223	-	8,343	11,363
Support for Parish Ministry	3,397	1,225	752	5,374	-
Education	-	359	-	359	337
Other	4	-	-	4	193
	<u>11,814</u>	<u>2,453</u>	<u>789</u>	<u>15,056</u>	<u>12,867</u>

11. Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2022 £000	Total funds 2021 £000
	General £000	Designated £000	£000	£000	£000	£000
Raising Funds	33	-	4	-	37	30
Central Administration	577	-	-	-	577	759
Governance costs						
Secretariat	29	-	-	-	29	71
Accounting and Finance Office	42	-	-	-	42	38
Audit & accountancy fees	28	-	-	-	28	23
Diocesan Synod costs	7	-	-	-	7	7
DBF Directors and Bishop's Council Meetings	6	-	-	-	6	12
Chancellor and Registrar Fees	67	-	-	-	67	57
	<u>789</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>793</u>	<u>997</u>

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12. Analysis of transfers between funds

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022
	General	Designated			
	£000	£000	£000	£000	£000
From general fund to stipends income fund (restricted) and housing fund (restricted), to cover the deficits on net expenditure of those funds	(5,327)	-	5,327	-	-
From Pastoral Fund to Parsonages Fund – transfer costs of parsonages bought	-	-	(5)	5	-
From Parsonages Fund to Pastoral Fund – book value of parsonages transferred to the BDBF for disposal by pastoral schemes	-	-	501	(501)	-
From Vision 2026 fund (designated) to general fund for the Vision Director post	23	(23)	-	-	-
From Diocesan Vision 2026 Strategic Development fund to general fund and Housing fund to cover loss of income from houses used for projects	18	(38)	20	-	-
From general fund to designated for Whalley Abbey	(19)	19	-	-	-
From released endowment fund to restricted funds for parish Vision projects	-	(22)	22	-	-
	<u>(5,305)</u>	<u>(64)</u>	<u>5,865</u>	<u>(496)</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

	2022 £000	2021 £000
<i>These are stated after charging:</i>		
Fees payable to the auditor for audit services	25	20
Fees payable to the auditor for non audit services	-	2
Whalley Abbey Conference House Trading Deficit	78	164
	<u> </u>	<u> </u>

14. Staff numbers and costs

The average number of people employed during the year was 56.7 (2021: 42.5).

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

	2022	2021
Enablers and Obligations	25.8	19.5
Growing Leaders	6.7	4.3
Making Disciples	1.5	1.1
Being Witnesses	1.0	1.0
Being Witnesses – parish workers	6.8	4.7
Area Deans Admin	0.9	-
Whalley Abbey Conference House	6.8	3.8
	<u> </u>	<u> </u>
	49.5	34.4
	<u> </u>	<u> </u>

The aggregate payroll costs of all employees were as follows:

	2022 £000	2021 £000
Wages and salaries	1,387	1,136
Redundancy and settlement payments	-	94
Social security costs	126	108
Other pension costs	195	182
Other benefits	7	-
	<u> </u>	<u> </u>
	1,715	1,520
	<u> </u>	<u> </u>

There was no employee whose salary was in excess of £60,000 in the band £60,000 to £70,000 (2021: one employee in the band £110,000 to £120,000).

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were:

Diocesan Secretary:	Canon Stephen Whittaker
Deputy Diocesan Secretary and Company Secretary	Mrs Ruth McGaughey

Remuneration, pensions and expenses for these 2 employees amounted to £157,286 (2021: £282,903 for 2 employees). The Diocesan Secretary remuneration was split between the Board of Finance and the Board of Education. Only the Board of Finance element 05/22 to 12/22 is shown here.

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In addition to the foregoing numbers of persons employed by the charitable company in 2022 there were 172.6 (2021: 165.8) full time equivalent stipendiary clergy in post in the Diocese. These may be analysed as follows:

	2022	2021
Archdeacons	2.0	2.0
Incumbents	135.3	133.6
Assistant Curates	34.3	29.2
Lay Workers	1.0	1.0
	<u>172.6</u>	<u>165.8</u>

The average number of stipendiary clergy in post during 2022 was 183.5 (2021: 180).

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:

	2022 £000	2021 £000
Stipend	4,648	4,403
Redundancy and settlement payments	108	9
Social security costs	380	349
Apprenticeship Levy	21	20
Pension costs - current year	1,435	1,381
- interest costs	-	1
	<u>6,592</u>	<u>6,163</u>

Trustees' emoluments

	Average number of directors	
	2022	2021
Directors	<u>23</u>	<u>23</u>

No trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £17,218 (2021 - £9,922) 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 as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	2021 £'000
Balance sheet liability at 1 January	318	596
Deficit contribution paid	(187)	(301)
Interest cost (recognised in SoFA)	-	1
Remaining change to the balance sheet liability* (recognised in SoFA)	(131)	22
Balance sheet liability at 31 December	-	318

* 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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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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.

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 participates in the Defined Benefits Scheme (DBS) section of the Church Workers Pension Fund (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.

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 2022: £24,422 (2021: £57,057).

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 2019 valuation, the Employer 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.

The joint movement in the provision is set out below:

Joint Movement	2022 £'000	2021 £'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.

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 2022	December 2021	December 2020
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.

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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 obtain 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 2022). The deficit recognised at 31 December 2022 is £0.

16. Analysis of grants made

Included Within	Grants to Individuals £000	Grants to Institutions £000	2022 Total £000	2021 Total £000
Contributions to Archbishops' Council	-	646	646	701
Parish Ministry				
First appointment and resettlement grants	223	-	223	231
Support for parish ministry				
Ordinands	173	-	173	141
Harvest appeal charities	-	16	16	22
Parishes	-	872	872	536
Area Deans (parish)	-	6	6	-
Continuing ministerial education	3	-	3	-
Churches Together in Lancashire	-	6	6	6
Caring for creation	-	1	1	-
Retired clergy and clergy widows	88	-	88	50
Clergy hardship grants	53	-	53	-
Inter Diocesan Counselling services	-	7	7	6
Education	-	359	359	337
 Total Grants Payable	 540	 1,913	 2,453	 2,030

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17. Tangible fixed assets

	Parsonages £000	Non Parsonages/ Land £000	Total Freehold land and buildings £000	Long leasehold buildings £000	Fixtures, fittings and office equipment £000	Total £000
<i>Cost or valuation</i>						
At beginning of year	27,402	13,589	40,991	415	264	41,670
Additions	6	1,443	1,449	-	55	1,504
Disposals	(501)	(862)	(1,363)	(415)	(4)	(1,782)
At end of year	26,907	14,170	41,077	-	315	41,392
<i>Depreciation</i>						
At beginning of year	-	962	962	285	152	1,399
Charge for year	-	17	17	-	40	57
Disposals	-	-	-	(285)	(4)	(289)
At end of year	-	979	979	-	188	1,167
<i>Net book value</i>						
At 31 December 2022	26,907	13,191	40,098	-	127	40,225
At 31 December 2021	27,402	12,627	40,029	130	112	40,271

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 £19,413,000 (2021: £20,319,000).

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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 £0.5m. 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	1,861	24,677	15	26,553
Additions	-	15	-	15
Disposals	(85)	-	-	(85)
Increase (decrease) in market value	23	(2,893)	-	(2,870)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,799	21,799	15	23,613
	<hr/>	<hr/>	<hr/>	<hr/>
<i>At historic cost</i>	530	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

	2022 £000	2021 £000
<i>Amounts receivable within one year</i>		
Prepayments and accrued income	683	442
Other debtors	1,072	677
Amount owed by related parties (Cidari Education)	6	6
Loans to related parties (Emmanuel Theological College)	10	10
Loans to parishes	440	375
	<hr/>	<hr/>
	2,211	1,510
	<hr/>	<hr/>
<i>Amounts receivable after more than one year</i>	£000	£000
Loans to parishes	14	497
Loans to related parties (Emmanuel Theological College)	-	-
Amount owed by related parties (Cidari Education)	-	11
	<hr/>	<hr/>
	14	508
	<hr/>	<hr/>

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20. Creditors

	2022 £000	2021 £000
<i>Amounts falling due within one year</i>		
Trade creditors	548	314
Other creditors (taxation and social security)	53	51
Other creditors	88	79
Accruals	186	278
Amounts owed to related parties (BDBE)	235	178
CCLA loan	418	-
	<u>1,528</u>	<u>900</u>
	2022 £000	2021 £000
<i>Amounts falling due after more than one year</i>		
CCLA loan	-	418
Due to Churches Conservation Trust	157	157
Provisions for liabilities: Pension deficit	-	383
	<u>157</u>	<u>958</u>

The long term loan from CCLA is a flexible loan facilities subject to a maximum repayment term of 10 years. The loan has been repaid in 2023.

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

21. Commitments

Commitments at 31 December 2022, for which no provision has been made in these accounts, were as follows:

	2022 £000	2021 £000
Authorised, but not contracted:		
Parish Vision Fund	128	98
Benefact Grant Fund	6	55
Clergy Housing Fund	544	187
	<u>678</u>	<u>340</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	1,677	6,526	317	-	8,520
Designated Funds	-	446	2,536	-	2,982
Total Unrestricted Funds	1,677	6,972	2,853	-	11,502
Pastoral Account	7,656	-	4,387	(157)	11,886
Other Restricted Funds	-	281	1,023	-	1,304
Total Restricted Funds	7,656	281	5,410	(157)	13,190
Parsonage Houses Fund	26,906	1,047	-	-	27,953
Stipends Capital / Housing Fund	3,986	10,821	485	-	15,292
Other Endowment Funds	-	4,492	5	-	4,497
Total Endowment Funds	30,892	16,360	490	-	47,742
Total	40,225	23,613	8,753	(157)	72,434

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 2022 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2022 £000
General Fund	9,275	8,677	(3,440)	(687)	(5,305)	8,520
Designated Funds						
Office Assets Fund	484	13	-	(58)	-	439
Parsonages Fund	323	-	-	-	-	323
Parish Vision 2026 Grant and Loan Fund	822	56	(15)	-	-	863
Diocesan Vision Strategic Development Fund	578	-	(25)	-	-	553
Diocesan Vision 2026 Fund	478	80	(11)	-	(83)	464
Allchurches Trust Grant Fund	265	-	(27)	-	-	238
Other Designated Funds	83	-	-	-	19	102
	3,033	149	(78)	(58)	(64)	2,982

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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 2022 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2022 £000
Diocesan Pastoral Account	9,430	1,923	(148)	-	496	11,701
Diocesan Stipends Fund	-	1,579	(8,063)	-	6,484	-
Income Account	101	19	(51)	-	-	69
Social Responsibility Projects	97	6	(62)	(3)	-	38
Parish Vision 2026 Grant Fund	676	78	(90)	(35)	-	629
Bishops Clergy Widows Fund	152	4	(4)	-	-	152
Bishops Ordination Fund	123	221	(183)	-	-	161
Resourcing Ministerial Education (RME) Fund	16	20	(16)	-	-	20
Bishop's Harvest Appeal	37	-	-	-	-	37
Bishop's Clergy in Need Fund	(24)	2,101	(2,082)	-	42	37
SDF Funded Projects	38	1,402	(301)	-	(1,139)	-
Lower Income Communities Funding	190	-	(6)	-	-	184
Parish Pastoral Fund	151	556	(528)	1	(18)	162
Other Restricted Funds						
	<u>10,987</u>	<u>7,909</u>	<u>(11,534)</u>	<u>(37)</u>	<u>5,865</u>	<u>13,190</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 2022	Income	Expenditure	Gains and losses	Transfers	At 31 December 2022
	£000	£000	£000	£000	£000	£000
Diocesan Stipends Fund Capital Account	16,213	257	(4)	(1,174)	-	15,292
Parsonage Houses Fund	28,589	-	-	(140)	(496)	27,953
<i>Other Permanent endowment</i>						
Bishops Clergy Widows Fund	2,562	-	-	(299)	-	2,263
Maintenance of the Ministry	356	-	-	(42)	-	314
General purposes	443	-	-	(52)	-	391
Whalley Abbey	194	-	-	(23)	-	171
Other endowments	94	-	-	(10)	-	84
Stipends	1,443	-	-	(169)	-	1,274
	<u>49,894</u>	<u>257</u>	<u>(4)</u>	<u>(1,909)</u>	<u>(496)</u>	<u>47,742</u>

The Diocesan Stipends Fund Capital Account

This fund represents the value of glebe property and investments at the balance sheet date and is a permanent endowment fund.

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.

The Parsonage Houses fund is an expendable endowment.

Other 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 and Cidari Education Ltd. Shared and staff time expenditure has been recharged at cost.

	2022 Recharges (excl. VAT)	2022 Grants made to related parties	2021 Recharges (excl. VAT)	2021 Grants made to related parties
	£	£	£	£
Blackburn Diocesan Board of Education	24,314	359,360	15,953	336,914
Cidari Education Ltd	10,492	-	9,887	-
Blackburn Cathedral	8,038	999	24,570	-
Emmanuel Theological College (formerly the All Saints Centre for Mission and Ministry)	9,700	-	28,292	-

During the year £164,462 has been paid to Emmanuel Theological College (formerly the All Saints Centre for Mission and Ministry) for training of readers and ordinands (2021: £128,798).

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

	Outstanding Trade Balances at 31/12/2022	Outstanding Loan Balances at 31/12/2022	Outstanding Trade Balances at 31/12/2021	Outstanding Loan Balances at 31/12/2021
	£	£	£	£
Cidari Education Ltd	11,126	-	17,048	-
Blackburn Cathedral	5,110	425,340	17,857	745,791
Emmanuel Theological College (formerly All Saints Centre)	-	10,000	70	10,000

At 31 December 2022 there was a balance due to the Blackburn Diocesan Board of Education of £169,926 (2021: £178,185) and there was no balance due to Emmanuel Theological College (2021: £9,681).

During the year donations received from trustees amounted to £4,494 (2021: £4,102). No donations have been received from key management personnel (2021: £nil).

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28. Financial instruments

	2022	2021
	£000	£000
Financial assets measured at fair value	23,612	26,553
Financial assets measured at amortised cost	10,281	8,220
Financial liabilities measured at amortised cost	1,528	1,701
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:

	2022	2021
	£000	£000
CBF Church of England Deposit fund	4,586	4,811
CBF Church of England Investment fund	10,459	12,034
CBF Church of England Fixed Interest fund	257	336
CBF Church of England Property fund	61	70
Other	44	44
Cash at bank	11	2
Total assets held as custodian trustee	15,418	17,297

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	Designated	funds	funds	2021
	£000	£000	£000	£000	£000
Income and endowments from:					
Donations and legacies					
Parish contributions	7,469	-	-	-	7,469
Archbishops' Council and Church commissioners	63	-	2,688	-	2,751
Other	110	79	116	12	317
Charitable activities: statutory fees, chaplaincy and other income	126	-	602	-	728
Other trading activities	161	-	108	108	377
Investments	226	13	463	30	732
Other	330	-	709	55	1,094
Total Income and endowments	8,485	92	4,686	205	13,468
Expenditure on:					
Raising funds	229	-	10	25	264
Charitable activities	2,901	38	8,252	1,219	12,410
Other	-	-	45	148	193
Total Expenditure	3,130	38	8,307	1,392	12,867
Net income/(expenditure) before investments	5,355	54	(3,621)	(1,187)	601
Net (loss)/gains on investments	927	61	37	2,072	3,097
Net income/(expenditure) before transfers	6,282	115	(3,584)	885	3,698
Transfers between funds	(5,580)	292	3,502	1,786	-
Net income/(expenditure) before other recognised gains and losses	702	407	(82)	2,671	3,698
Other recognised gains/(losses)					
Gain/(loss) on revaluation of fixed assets	99	-	-	154	253
Gain/(loss) on defined benefit pension schemes	(22)	-	-	-	(22)
Net movement in funds	779	407	(82)	2,825	3,929
Reconciliation of funds					
Total funds at 1 January 2021	8,496	2,626	11,069	47,069	69,260
Total funds at 31 December 2021	9,275	3,033	10,987	49,894	73,189

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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 2021 £000
Lowest Income Communities Funding	-	-	1,355	-	1,355
Resourcing Ministerial Education Block	-	-	212	-	212
Grant	-	-	213	-	213
Strategic Ministry Fund	33	-	55	-	88
Strategic Capacity Funding	-	-	853	-	853
Strategic Development Funding	30	-	-	-	30
Past Cases Review 2 Funding					
	63	-	2,688	-	2,751

32. Prior year comparative Other donations

	General £000	Unrestricted Funds Designated £000	Restricted Funds £000	Endowment Funds £000	Total funds 2021 £000
Allchurches Trust	78	78	-	-	156
Donations	18	1	48	3	69
Other Grants	14	-	68	9	92
	110	79	116	12	317

33. Prior year comparative Charitable activities

	General £000	Unrestricted Funds Designated £000	Restricted Funds £000	Endowment Funds £000	Total funds 2021 £000
Statutory fees; chaplaincy income	-	-	506	-	506
Church Commissioners -Guaranteed annuities	-	-	1	-	1
Recharge of staff costs	-	-	68	-	68
Whalley Abbey Conference House	57	-	-	-	57
Income for training courses	36	-	-	-	36
Other fees/sales	33	-	27	-	60
	126	-	602	-	728

34. Prior year comparative Other trading activities

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

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35. Prior year comparative Investment Income

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

36. Prior year comparative Other income

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£000	£000	£000	£000	£000
Gains on disposal of fixed assets	325	-	689	36	1,050
Gains on disposal of investments	-	-	-	19	19
Loan interest	5	-	20	-	25
	<u>330</u>	<u>-</u>	<u>709</u>	<u>55</u>	<u>1,094</u>

37. Prior year comparative Cost of raising funds

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£000	£000	£000	£000	£000
Project Management	12	-	-	-	12
Parish share					
Secretariat	12	-	-	-	12
Archdeacons	-	-	6	-	6
Investment Management Costs	3	-	1	-	4
Whalley Abbey Rents	41	-	-	-	41
Rents	6	-	3	25	34
Fundraising Trading Whalley Abbey	102	-	-	-	102
Fundraising Trading other	53	-	-	-	53
	<u>229</u>	<u>-</u>	<u>10</u>	<u>25</u>	<u>264</u>

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38. Prior year comparative Expenditure on charitable activities

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£000	£000	£000	£000	£000
Contributions to Archbishops' Council					
Training for ministry	302	-	-	-	302
National Church responsibilities	211	-	-	-	211
Grants and provisions	26	-	-	-	26
Mission Agency pension contributions	13	-	-	-	13
Retired clergy housing costs (CHARM)	111	-	-	-	111
Pooling of ordinand candidates costs	37	-	-	-	37
General Synod expenses	10	-	-	-	10
	<u>710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710</u>
Parish ministry					
Stipends & National Insurance	-	-	4,665	-	4,665
Pension contributions	1	-	1,346	-	1,347
Housing costs	44	1	291	1,219	1,555
Removal, resettlement and other grants	-	-	232	-	232
Other expenses	-	-	75	-	75
	<u>45</u>	<u>1</u>	<u>6,609</u>	<u>1,219</u>	<u>7,874</u>
Support for parish ministry	1,487	-	165	-	1,652
Whalley Abbey Conference House	192	-	-	-	192
Redundant churches	-	-	73	-	73
Strategic Development Funding Projects	-	3	717	-	720
St Philip's Centre Project	-	-	36	-	36
Grants to Parishes, Individuals and Other Charities	129	7	652	-	788
Miscellaneous Expenses	1	27	-	-	28
	<u>1,809</u>	<u>37</u>	<u>1,643</u>	<u>-</u>	<u>3,489</u>
Expenditure on education					
Grants for the work of the Board	337	-	-	-	337
	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>
Charitable activities	<u>2,901</u>	<u>38</u>	<u>8,252</u>	<u>1,219</u>	<u>12,410</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 2021 £000
Fundraising Trading Whalley Abbey	102	-	-	102
Cost of raising funds	132	-	30	162
Contributions to Archbishops' Council	-	710	-	710
Resourcing ministry and mission	9,413	983	967	11,363
Education	-	337	-	337
Other	193	-	-	193
	<u>9,840</u>	<u>2,030</u>	<u>997</u>	<u>12,867</u>

40. Prior year comparative Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021 £000
	General £000	Designated £000	£000	£000	£000
Raising Funds	24	-	6	-	30
Central Administration	759	-	-	-	759
Governance costs					
Secretariat	71	-	-	-	71
Accounting and Finance Office	38	-	-	-	38
Audit & accountancy fees	23	-	-	-	23
Diocesan Synod costs	7	-	-	-	7
DBF Executive and Bishop's Council Meetings	12	-	-	-	12
Chancellor and Registrar Fees	57	-	-	-	57
	<u>991</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>997</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 2021 £000
General Fund	1,798	7,392	886	(801)	9,275
Designated Funds	-	492	2,541	-	3,033
Total Unrestricted Funds	<u>1,798</u>	<u>7,884</u>	<u>3,427</u>	<u>(801)</u>	<u>12,308</u>
Pastoral Account	7,267	-	2,320	(157)	9,430
Other Restricted Funds	-	318	1,239	-	1,557
Total Restricted Funds	<u>7,267</u>	<u>318</u>	<u>3,559</u>	<u>(157)</u>	<u>10,987</u>
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	<u>31,206</u>	<u>18,353</u>	<u>335</u>	<u>-</u>	<u>49,894</u>
Total	<u>40,271</u>	<u>26,555</u>	<u>7,321</u>	<u>(958)</u>	<u>73,189</u>

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42. Prior year comparative Unrestricted funds

	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 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

43. Prior year comparative Restricted funds

	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	-	1,317	(6,624)	-	5,307	-
Income Account	134	28	(36)	-	-	126
Social Responsibility Projects						
Parish Vision 2026 Grant Fund	148	26	(99)	-	23	98
Bishops Clergy Widows Fund	613	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)	36
Parish Pastoral Fund	166	-	-	-	-	166
Other Restricted Funds	152	28	(26)	-	-	154
	11,069	3,686	(8,307)	37	3,502	10,987

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44. Prior year comparative Endowment funds

	At 1 January 2021 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2021 £000
<i>Expendable endowment</i>						
Diocesan Stipends Fund Capital Account	14,869	55	(148)	1,437	-	16,213
Parsonage Houses Fund	27,725	150	(1,244)	149	1,809	28,589
	42,594	205	(1,392)	1,586	1,809	44,802
<i>Permanent endowment</i>						
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
	4,475	-	-	640	(23)	5,092
	47,069	205	(1,392)	2,226	1,786	49,894