

# THE ST ALBANS DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 248887

## Details

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Other names	THE ST ALBAN'S DIOCESAN BOARD OF FINANCE, ST ALBANS D B F
Status	Registered
Legal form	Charitable company
Company number	<a href="#">00145227</a>
Registered	1966-09-26
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Email	<a href="mailto:finance@stalbans.anglican.org">finance@stalbans.anglican.org</a>
Website	<a href="http://www.stalbansdiocese.org">www.stalbansdiocese.org</a>

## Activities

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**Objects:** TO PROMOTE, AID AND FURTHER THE OBJECTS AND WORK OF THE CHURCH OF ENGLAND, IN THE DIOCESE OF ST ALBANS AND FOR THAT PURPOSE TO DO AND CARRY OUT OR ASSIST IN DOING OR CARRYIN OUT ALL SUCH MATTERS AND THINGS AS ARE LIKELY TO PROMOTE OR HELP ANY OF THE SAID OBJECTS OR WORK.

**Activities:** To promote, aid and further the work of the Church of England in the St Albans Diocese. Under Living Gods Love, which was launched in January 2011, the St Albans DBF; deploys the clergy, pays stipends and provides housing for stipendiary clergy; recruits and trains the clergy and readers; offers advice on places of worship; promotes parochial stewardship; develops youth work; promotes RE.

## Classification

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- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Services, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Overseas Aid/famine Relief, Religious Activities, Environment/conservation/heritage
- **Who:** Children/young People, People Of A Particular Ethnic Or Racial Origin, Other Charities Or Voluntary Bodies, The General Public/mankind

## Geography

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- **Area of benefit:** DIOCESE OF ST ALBANS
- Barnet
- Bedford
- Central Bedfordshire
- Hertfordshire
- Luton

## Finances

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Period end	Income	Expenditure	Assets	Employees
2024-12-31	£22,856,000	£21,666,000	£214,603,000	49
2023-12-31	£22,746,000	£23,055,000	£205,899,000	49
2022-12-31	£23,852,000	£21,675,000	£203,039,000	48
2021-12-31	£25,312,000	£22,332,000	£202,634,000	34
2020-12-31	£25,738,000	£21,977,000	£191,358,000	31

## Trustees

Name	Role	Appointed
Andrew Charles Brown		2020-03-11
Archdeacon David John Middlebrook		2019-03-30
DR D W DALLINGER		
Dr Louis Cyril Spring		2025-01-01
Edward DAVID Roberts		2022-01-01
Emma Claire Sivyer		2025-01-01
James Watson Stewart		2025-01-01
Mary Eryl Butcher		2019-01-01
Nigel Kenneth Challis		2019-01-01
Philip Richard Lindley		2016-01-01
Rev Andrew John Thomas		2022-01-01
Rev CHARLES EDWARD CAMERON HUDSON		2022-01-01
Rev Christopher Richard Hargrave Kilgour		2025-01-01
Rev John Leonard Walter Hookway		2023-10-20
Rev Kaushal David		2022-01-01
Rev Tolulope Ademuyiwa George		2025-01-01
Revd Dr Sarah Louise Forrest		2026-01-20
THE VENERABLE J MACKENZIE, THE ARCHDEACON OF HERTFORD		2016-09-06
Thomas John Snell		2025-01-01
Thomas Richard Nettleton Otley		2025-01-01

## Linked charities

- F E A P PARKER (248887-1)
- THE REVEREND ERNEST ORME BEVERLEY (248887-2)
- THE ST ALBANS CONSOLIDATED FUND FOR STATUTORY EDUCATION (248887-3)

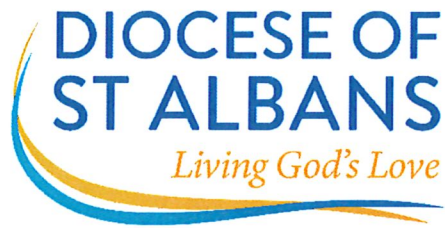
**THE ST ALBANS DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 248887

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# Accounts

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# Annual Report and Consolidated Financial Statements

For the 12-month period ended 31 December 2024

## The St Albans Diocesan Board of Finance

*The principal object of the Board is the promotion of the work of  
the Church of England in the Diocese of St Albans*



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*The aim of Living God's Love is to see flourishing Christ centred communities inspiring people of all ages and backgrounds to discover God, to grow in their relationship with him and to respond to his transforming love, through serving others so that God's Kingdom may grow in our world.*

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## Reference and administrative information

Board Members	Up to 31 December 2024	As of 1 January 2025
Chair	Dr T J Coulson	Dr T J Coulson
Vice Chair	A Brown OBE	A Brown OBE
Other Members	The Bishop of St Albans	The Bishop of
	The Archdeacon of Bedford	The Archdeacon of Bedford
	The Archdeacon of Hertford	The Archdeacon of Hertford
	The Archdeacon of St Albans	The Archdeacon of St Albans
	The Reverend Dr G R Cappleman	M E Butcher
	C Bell	N K Challis
	C G Bird	Dr D W Dallinger
	The Reverend C E Bunce	The Reverend K David
	M E Butcher	The Reverend A L Davis
	J W Butler	The Reverend T A George
	N K Challis	The Reverend J L W Hookway
	D C Clark	The Reverend C R H Kilgour
	B Crawford	R Lindley
	Dr D W Dallinger	T R N Otley
	The Reverend K David	E D Roberts
	P E Easterbrook	E Sivyer
	Dr M Eaton	T Snell
	K Ebbage	L C Spring
	T Fleming	J Stewart
	C B Gage	The Reverend A J Thomas
	M J Gates	
	The Reverend J Hookway	
	R Lindley	
	E D Roberts	
	K Smith	
	Dr R L V Southern	
	M P Taylor	
	The Reverend A J Thomas	
Secretary to the Board	D J White	D J White

**Registered office**

Holywell Lodge  
41 Holywell Hill  
St Albans  
Hertfordshire  
AL1 1HE

Telephone

01727 854532

**Company registration no.**

00145227 (England and Wales)

**Charity registration no.**

248887

The governance structure of the charity is more fully discussed on pages 11 to 12.

<b>Auditor</b>	Saffery LLP 71 Queen Victoria Street London EC4V 4BE
<b>Bankers</b>	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
<b>Diocesan Registrar and Solicitors</b>	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
<b>Legal Advisors</b>	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW
<b>Investment managers - listed investments</b>	CCLA Investment Management Limited 1 Angel Lane London EC4R 3AB  Baillie Gifford & Co Calton Square 1 Greenside Row Edinburgh EH1 3AN  Sarasin & Partners Juxon House 100 St Paul's Churchyard London EC4M 8BU

# Chair's Statement

This is my first full year report as Chair. As I get further into my term as Chair, I am ever more aware of the commitment of all involved in parishes, schools and chaplaincies who have continued to support and deliver ministry in 2024, supported by Diocesan staff. The Diocese exists primarily in local ministries across Hertfordshire, Bedfordshire, Luton and parts of Barnet and is possible because of generous giving by individuals in our parishes.

Our world continues to be an uncertain place, and those uncertainties continue to be felt at a parish level particularly against a difficult economic background. There are also issues specific and common to parishes, which include declining congregations, economic uncertainty over rising prices (particularly in energy costs) and general unease over leadership within the national church. The impact of all this can be seen in the fact that the parish share recovery rate was 91.25% against 91.5% in 2023 and 92.5% in 2022. The decline each year is slow but noticeable yet still reflects the commitment of so many.

Our full accounts are inevitably complex because of the range of funds that are managed. It is more helpful to focus on our management accounts which show a surplus of £284k. This surplus arises from the reduced contribution rate to clergy pensions and parish vacancies continuing to run above their historic level. This surplus represents 1.7% of our total income for the year and needs to be read against the medium-term position. In 2023, we made a surplus of £250k but COVID19 and lockdown related losses in the three prior years prior totalled £1.2m.

The total return investment strategy adopted in 2022 has provided stability in, and an increase to, our investment income which has permitted the DBF to designate other funds for grants to support parishes in missional activity and Net Zero Carbon projects.

This, along with a strong balance sheet means that we have been able to shield parish share increases from the worst effects of general inflation. Having said that, we need to continue to monitor the underlying trends in church attendance and parish share capacity and take appropriate action as necessary.

We acknowledge with thanks the support of our major external funders including the Church Commissioners who are providing funding to build capacity to develop a major programme of local activity to support the objective of Growing Younger and More Diverse.

I would like to take this opportunity to thank on your behalf our Diocesan staff at Holywell Lodge and elsewhere for their vital contribution to the life of the Diocese, with a consistent focus on supporting operations in our parishes.

Dr Tim Coulson  
Chair of the Board of Trustees  
Date: 19 May 2025

# Member's Report

## Introduction

The members, as trustees for the purposes of charity legislation, submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF" or the "Charity") for the year ended 31 December 2024. The report has been prepared in accordance with the requirements of the Charities Act 2011 and constitutes a directors' report including strategic report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 35 to 40 of the attached financial statements and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

## Objectives, Activities and Policies

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans. The members of the Board are aware of the Charity Commission's guidance on public benefit and have had regard to it in their management of the Board.

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Board continues to support engagement with other Christian churches and other faiths throughout the Diocese.

Together with the Bishop's Council the Board seeks to develop comprehensive, sustainable strategies for the use of resources – people, finance and properties – to provide ministry and mission throughout the Diocese and to continue to provide practical support and tools for parishes, schools and chaplaincies.

The Diocesan initiative 'Living God's Love', was launched in St Albans Abbey in January 2011. Living God's Love has three themes: Going Deeper into God, Transforming Communities and Making New Disciples. Living God's Love is rooted in the parishes, and the effective deployment of Stipendiary

Clergy is vital to that work. The Board aims to support and resource parochial mission and ministry through the payment of stipends and the provision of housing and training.

The number of ordained ministers as at 31 December<sup>1</sup> were:

	2024	2023	2022	2021
Bishops and Archdeacons	6	6	5	6
Cathedral Clergy	6	7	7	5
Parochial clergy – Incumbent status	190	200	190	204
Curates	48	56	54	44
Non-parochial clergy	24	26	28	31
<b>Total</b>	<b>274</b>	<b>295</b>	<b>284</b>	<b>290</b>

As at 31 December, there were:

	2024	2023	2022	2021
Self-supporting ministers	42	47	47	47
Licensed readers	223	229	235	245

The Diocese continues to:

- Follow the national stipend benchmark adjusted for regional factors in determining the level of stipend for clergy of incumbent status; and
- Contribute to the Church of England defined benefit pension scheme for clergy.

Funding of stipendiary clergy and the provision of housing accounts for the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by:

- (i) **The collection of contributions from parishes via the Parish Share Scheme in place since 1995.** The Board seeks to ensure it operates effectively by receiving regular reports on receipts, following up where contributions have not been received and reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making grants to offset the contribution due. These grants fall into two categories: multi-year Mission Aided Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and one-year Pastoral Aid Support Grants to assist with transitory financial challenges.
- (ii) **The management of financial investments under specific powers of investment set out in various measures and acts.** The Board holds investments as authorised by the Trustee Act 2000. The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. In 2022, the Board adopted a total return policy with the intention of securing a consistent return on investments. Distribution is set at a rate of 3.5% to achieve this, whilst also seeking capital growth in real terms, over the much longer term. This is to be achieved through a balanced and diversified portfolio of equities, bonds, property, alternative assets and cash. The Board follows the guidelines established by the Ethical Investment Advisory Group of the Church of England. In addition, the Board is committed to Fossil Fuel divestment following a Diocesan Synod resolution in

<sup>1</sup> Statistics report for St Albans Diocese as at the end of December 2024 produced by the Church Commissioners.

October 2022. The Board continues regularly to review its investments. This includes systems for monitoring and reporting on ethical issues, online reporting and close networking with members of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG). The portfolio of listed investments at 31 December 2024 had a market value of £61.0m (2023 £59.5m).

## POLICIES

### Grant making policy

The following grants are administered by the Parish Grants Committee:

- Church Repair Grant
- City Church Fund Grant
- Mission Aided Grant
- Mission Initiative Grant
- Net Zero Carbon Project Grant

The following welfare funds are administered by the Parish Grants Committee:

- Alder Trust
- Christine Canti Fund
- Diocese of St Albans Moral Welfare Fund
- Patrick Trust

### Reserves policy

The Board reviews the level of working capital to ensure that it covers core costs and there is sufficient cash flow to conduct the activities of the charity on a day-to-day basis. The majority of the Board's budget is expended on the monthly payment of stipends and salaries. Any action to deal with cash flow problems arising from parish share shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than sixteen weeks' expenditure. At the end of 2024, the free and realisable unrestricted reserves totalled £5.2 million representing 15.7 weeks of expenditure (2023 - £4.7 million representing 14.5 weeks of expenditure).

Costs remain under tight control. However, parish giving remains fragile given the buffeting of economic conditions over the last few years, combined with continuing reductions in church attendance. Last year yielded a surplus on the Common Fund before investment gains and losses and taking into account total return. The underlying concerns over parish giving means the Board will continue to monitor and manage the ongoing consequences carefully.

It is the Board's policy to set aside, in a Property Ring-Fenced Fund, capital receipts from the sale of former parsonage houses that become surplus to needs after pastoral reorganisation. The purpose of this fund is to invest in income generating assets in order to fund improvements to its remaining housing stock. The value of the investments at the end of the year in the fund amounted to £6.3 million (2023 £6.0 million).

### **Fundraising Activities**

The Charities (Social Protection and Social Investment Act) 2016 requires large charities to include a statement within their financial statements with respect to fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." While the Board of Finance does not routinely undertake fundraising from individuals (including any potentially vulnerable groups), it may periodically apply for grant funding from grant-awarding bodies.

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial councils, donors and supporters. It applies best practice to protect their data and never sells data, never swaps data and ensures that communication preferences can be changed at any time.

The Board of Finance undertakes all such activities internally and does not engage with professional fundraisers or third parties. The day-to-day management of income generation is delegated to management who are accountable to the trustees.

Owing to the low level of fundraising activity, the Board of Finance are not registered with the Fundraising Regulator and are not bound by any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising.

The charity did not receive any complaints in relation to fundraising activities during the year ending 31 December 2024.

## KEY ACTIVITY INDICATORS

As part of the Vision of Living God's Love, statistics published during the year in respect of 2024, illustrate some of the work of mission and ministry being undertaken in parishes<sup>1</sup>.

	2024	2023	2022	2021
Infant and Child Baptisms	873	1,443	1,889	1,468
Adult Baptisms	303	307	222	126
<b>Total Baptisms</b>	<b>1,176</b>	<b>1,750</b>	<b>2,111</b>	<b>1,594</b>
Infant Thanksgivings	13	26	29	26
Child Thanksgivings	19	29	38	23
<b>Total Thanksgivings</b>	<b>32</b>	<b>55</b>	<b>67</b>	<b>49</b>
Marriages	506	563	763	711
Blessings	41	43	62	45
<b>Total</b>	<b>547</b>	<b>606</b>	<b>825</b>	<b>756</b>
Funerals in church	1,618	1,625	1,843	1,754
Funerals at crematorium	1,100	943	1,053	2,489
<b>Total Funerals</b>	<b>2,718</b>	<b>2,568</b>	<b>2,896</b>	<b>4,243</b>
Easter Day Communicants	21,211	21,563	21,325	12,155
Easter All Age Attendance	28,437	29,233	28,048	15,965
Christmas Day Communicants	20,802	21,665	20,039	14,320
Christmas All Age Attendance	69,402	73,665	66,433	35,290
Usual Sunday Attendance	17,331	15,228	14,815	n/a
Electoral Roll	26,325	25,927	26,586	25,034

<sup>1</sup> Statistics report for St Albans Diocese as at the end of December 2024 from Mission Stats, adjusted to ensure consistency in analysis of parish returns.

## GOVERNANCE STRUCTURE

The **Bishop's Council** is a statutory body established under the Synodical Government Measure 1969. It acts as the Standing Committee of the Diocesan Synod and carries on the work of the Synod between sessions. It advises the Diocesan Bishop and has, since its inception in 1970, gradually assumed an important role in the formulation of diocesan policy. The Bishop's Council has the following Boards and Committees:

- The **Agenda Committee** plans the business of Synod and prepares the agenda for its sessions, subject to approval by the Bishop's Council.
- The **Diocesan Environment Group** was created to provide advice and support on Environment matters, including the commitment to work towards Net Zero Carbon Emissions, and to raise the profile of Environment issues.
- Since 1 January 2019 the Bishop's Council assumed the role of Diocesan Mission and Pastoral Committee. The **Diocesan Mission and Pastoral Executive Committee** is responsible for carrying out the detailed casework which is then ratified by the Bishop's Council. The statutory responsibilities are undertaken by the Bishop's Council.

The **Diocesan Board of Finance** has the following Committees:

- The **Assets Committee** recommends to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese, and the responsibilities of the Board as Charity Trustees to current and future beneficiaries.
- The **Audit Committee** provides a formal link between the Board of Finance and the company's external auditor, reviewing the scope and any recommendations arising from the external audit.
- The **Common Fund Budget Committee** works with management to develop an annual Common Fund budget for approval by the Board of Finance and Diocesan Synod. In addition, they monitor performance against budget within a financial year and consider the rolling five-year forecasts prepared by management.
- The **Glebe Committee** maintains and aims to increase total returns from the diocesan glebe by actively managing the glebe portfolio.
- The **Parish Grants Committee** allocates funding under a number of diocesan grants, including Church Repair Grants, Capital Support Grants and City Church Fund Grants.
- The **Parish Shares and Support Committee** dealt with all aspects of the Parish Shares Scheme.
- The **Property Committee** oversees the management of Parsonage houses and the Board's own properties.

There are **other** statutory and operational Boards and Committees:

- The purpose of the **Board for Mission and Ministry** is to develop strategies and plans to enable people in every place in the diocese to glimpse the good news of Jesus and be empowered in their discipleship and calling.
- The **Diocesan Advisory Committee** is a statutory body whose functions are set out in ecclesiastical legislation. Its role is to advise the Chancellor and parishes on proposals for works to church buildings, churchyards and church furnishings, and to advise more generally on the care and development of churches.
- The **Diocesan Board of Education** is a statutory body established under the Diocesan Boards of Education Measure 2021.

## OPERATIONAL ACTIVITIES

### BISHOP'S COUNCIL

**Diocesan Finances:** The Council made the following allocations from 2024 designated funds arising from additional investment income available and used for stipends: £400k for Mission Initiative Grants, £50k for the payment of costs of EPCs for parsonage houses and £50k to Local Church Income Generation Support.

**Safeguarding:** During the year, the Council received regular reports and noted that for several months, the safeguarding team had achieved compliance for clergy mandatory training or 95-100%. On 11 December, the Diocese published its action plan in response to the Independent Review into Soul Survivor by Fiona Scolding KC, which outlined changes to be implemented within the Diocese and recommendations for the wider Church of England.

**Governance:** The Council considered amendments to governance arrangements during the year and noted the creation of a Nominations Committee by Diocesan Synod.

**Risk:** The Council reviewed and noted current and emerging risks on a six-monthly basis.

The Council received reports and updates from:

- (i) the **Racial Justice Action Group** and noted that the Racial Justice Action Plan continued to be implemented.
- (ii) the **Diocesan Environment Group** including progress on implementation of the Diocesan Net Zero Carbon Action Plan.
- (iii) the **Agenda Group**, who had met on five occasions to consider future business of Diocesan Synod and Bishop's Council.
- (iv) the **Development Plans Monitoring Group**.
- (v) the **Diocesan Mission and Pastoral Committee Executive Committee** and considered draft proposals for pastoral reorganisation to promote appropriate models of ministry to support mission in Hemel Hempstead.

## DIOCESAN ADVISORY COMMITTEE

The DAC focused on making church buildings more versatile for both worship and community use. Ongoing **project development and management advice** was provided on major schemes of re-ordering and extension at Tewin and Wheathampstead and at least fifteen other parishes were encouraged to proceed with sensitive and well-planned schemes.

The enlarged DAC staff team, funded by Historic England and the Church of England:

- Net Zero Carbon Officer provided advice on heating options.
- Historic Church Buildings Support Officer provided advice on the funding of projects large and small via site visits, workshops and webinars.
- Church Buildings Maintenance Officer provided advice on the routine maintenance of church buildings via site visits, workshops and webinars.

Several parishes looked at improving **access for all**. The completed projects at Willian (internal redevelopment), St Albans St Peter (new nave floor and seating) and Renhold (replacement floor) combined repair needs with the desire to make the church building fit for worship, hospitality and outreach.

Work on progressing towards **Net Zero Carbon** continued with 56 site visits being completed, along with undertaking a variety of research to support and inform parishes as they chose their future heating system. Experimental installations were proposed in three churches using the known technology of thin electric underfloor heating in a church context. New Net Zero Carbon funding streams became available from the National Church and were used alongside diocesan grant funds, to help parishes identify and implement low carbon opportunities.

The DAC underlined the importance of **Quinquennial Inspections** to enable each PCC to understand the condition of the church building and to plan for maintenance and repairs. The Archdeacons and members of the DAC staff team reviewed all QI reports when received, allowing them to offer individual support where a parish faced particular challenges. In cases such as the Grade II listed 20<sup>th</sup> century church of St Andrew & St George, Stevenage, an up-to-date condition survey was the starting point for deciding how to repair the leaking roofs and getting external grants alongside local fundraising to make the work possible. A concrete structure was discovered when the north aisle roof at Letchworth St Paul was taken off for replacement, that required a quick re-assessment and some additional expense to complete the job. The replacement of a masonry feature thought to be of Anglo-Saxon origin at Stevington, was eventually resolved through the Chancellor granting a confirmatory faculty for the work, subject to conditions including safeguards against similar cases arising in the future.

## DIOCESAN BOARD OF EDUCATION

The DBE worked with its 136 schools (137 in 2023), the DfE, the Church of England Education Office, local authorities and other stakeholders, to ensure that all its schools were thriving Christian educational communities. The Board sought to provide stability, pastoral support, expertise and guidance through the work of its Schools Team and its Service Level Agreement (SLA). In September 2024, 134 out of 136 schools joined the SLA. 57 training and development events were facilitated (54 in 2023): 121 schools engaged with at least one of these over the course of the year (120 in 2023).

2024 saw the arrival of 11 new **headteachers**. The DBE, through its SLA, provided a year's coaching for each of them. School Leaders attended the DBE's Annual Headteacher Conference themed 'Journeys of Hope and Stewardship' in September.

**Financial challenges:** a number of schools saw a reduction in pupil numbers. With the capacity and demand for school places not always in alignment, the Board worked with LA partners to ensure that any changes took into account denominational proportionality. Our schools' commitment to inclusion placed extra financial pressure.

September 2024 saw eight diocesan schools moving from three to two-tier provision within Central Bedfordshire's educational **re-organisation** programme. The planned re-organisation that has already commenced in some areas in Central Bedfordshire, will lead to the creation of three new CofE secondary schools in our Diocese and will ultimately provide CofE schooling from the age of four to 16 in three geographical areas. The **Diocese of St Albans Multi-Academy Trust** welcomed Great Barford Primary Academy in September, bringing the total number of schools in DSAMAT to 14. The new CEO Anna Rogers' strong vision for DSAMAT moving forward has strengthened the working relationship between DSAMAT and the Schools Team.

**Recognition of work:** St Paul's school was highlighted for its work on developing its prayer life and an understanding of spirituality. The DBE plans to work with the headteacher and staff to enable curated visits to the school from fellow diocesan school leaders. The **Heart for the Earth** resources, created by members of the Schools Team, were 'highly commended' in the Training and Education category at the prestigious 2024 Church Times Green Church Awards.

In July, the Board adopted a new three-year **Strategic Development Plan**, with three key themes to underpin its work: 'Increasing regional capacity to support growth', 'Planning for change' and 'Championing Courageous Advocacy, Racial Equity, Disability Justice, and Inclusion'.

The Board's biennial **Harvest services** took place in October. The three services, led by Bishop Alan, were attended by 1449 children and staff from 44 schools.

Clifton All Saints Academy, Cockernhoe Endowed C of E Primary School and St Helen's C of E Primary School, Wheathampstead, joined Renhold VC Primary School and Oughton Primary School, Hitchin (non-church school) in welcoming a new **Year Six Alban Way cohort**.

## DIOCESAN BOARD OF MISSION AND MINISTRY

### MISSION AND MINISTRY TEAM:

- The **Vocations Advisors** team continued to grow; hosting online 'God Calling' events; several have now gone on to meet with Vocations Advisors.
- **Ordination:** Seven new Deacons were ordained (six Stipendiary and one Self Supporting), plus five new Ordinands entered training at Theological College.
- **Lay Ministry:** 69 people completed Lay Leader of Worship training; 17 people completed the Foundations and 12 people undertook Reader training.
- **IME2** role: Curacies in difficulty were dealt with, and positive relationships were established with curates and Readers.
- Reviewers were consulted on how the diocese would implement the Scolding report's recommendations regarding **MMDRs**.
- **CMD:** The First Incumbency Leadership Pathway was launched in November with twenty incumbents; Transforming Conversations ran for two cohorts.
- 250 clergy attended the **Bishop's Clergy Residential Conference**.
- 30 clergy attended the annual Symposium on the **Mixed Ecology of Church** and discussed their church's contribution to the mixed ecology in the diocese, with many engaging in follow up coaching and support.

### FLOURISHING CHURCHES TEAM:

- 198 churches received support from both Giving and Church Growth Officers.
- 92 people attended the **Hope for Rural Churches** conference in March.
- 56 contactless devices were distributed to parishes through the **Digital Rollout project**, exceeding the National Giving Team's income targets by 109%.
- 53 people took part in the **Leading your Church into Growth** residential weekend.
- **Giving Campaign:** Participating parishes saw a 12.5% average increase in regular giving.

### GROWING YOUNGER AND MORE DIVERSE TEAM:

- **Growth in Under-18 Engagement:** increased by 3.4% (4,258 in 2022 to 4,402 in 2023).
- The **Alban Way** grew from 10 to 20 young adults and from four to seven leaders, exceeded diversity targets and developed a new, more accessible pilgrimage. Six new schools joined the Alban Way Schools Cohort.
- **Training and Leadership Development:** Over 250+ volunteers trained through Youthscape Essentials, CYM (Institute for Children, Youth and Mission) Children's Leaders Training, and Launchpad youth ministry courses to date.
- Launched **Open Space Support Events** and initiated a retreat for Youth Leaders.
- Secured £500k in capacity funding from the Strategic Mission and Ministry Investment Board to support expansion efforts.

# STRATEGIC REPORT

## FINANCIAL REPORT FOR THE YEAR

### Overview

The results for the year are good, showing the strength of our assets and the generally good income collection. Nevertheless, whilst the medium-to-long-term position is not critical, it remains challenging. Parish Share recovery rates, having shown an initial encouraging recovery since lockdown, are now showing three years of reductions and have not recovered to the levels prior to 2020. The recovery rate and engagement from parishes is high but we need to view them in the context of the ministry we are able to support across the Diocese. The stresses on Church Leadership do not directly impact our day-to-day work but add an unwelcome uncertainty. Any reduction in our parish share puts pressure on our cost base, which is significantly made up of our direct support of clergy ministry.

We have been able to contain costs mainly due to reductions in pension contributions in both the clergy and church workers pension schemes. The impact of employer National Insurance increases from 2025 will negate that. Meanwhile resources required to support our parsonages houses are under severe pressure given the amount of work that is required as a result of quinquennial inspections and routine maintenance.

Income remains under pressure. It is dominated by parish share and whilst all other income sources are of value and help us identify costs and to provide grants to parishes, they cannot sustain us if parish share does decline and the current fragility suggests that this is likely at least over the medium period.

### Results for the year

Total income amounted to £22.9m compared to £22.7m in 2023, a small increase of £200k. In spite of the income between years being so close, there were some variations between type. Investment income increased by £450k from 2023 and sales of housing contributed a further £1.7m in the year (none in 2023). These increases were effectively mitigated by lower sales in St Albans Diocesan Property Company - £400k against £2.1m in 2023.

During 2024, Parish Share contributions amounted to £13.3m (2023 - £13.1m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £146k (2023 - £46k). The collection rate for Parish Share for 2024 (amount received/amount requested) was 91.25% (2023 - 91.5%).

Expenditure totalled £21.7m in the year compared to £23.1m in 2023, the decrease of £1.4m being mainly due to two reasons. A payment holiday on the Church Workers' Pension Fund (CWPF) - the total surplus of £403k is recognised as a reduction in expenditure in 2024. The second reason is a result of lower sales in the property company, producing a corresponding decrease of £1.7m in cost of sales.

Net income before revaluations and investment asset disposals amounted to £1.2m (2023 - £300k net expenditure). The net realised and unrealised gains on investment properties and listed investments totalled £7.4m (2023 - £3.1m gain). The net increase in funds for the year was £8.7m (2023 - £2.9m) with the Common Fund showing an increase of £284k (2023 - £1.7m), which includes a total return transfer that provided an extra £895k of income (2023 - £907k).

The Common Fund shows an operational surplus of £564k (see note 25). Our management accounts showed a surplus that was £280k lower. The difference is due to a timing difference on the treatment of the payment holiday on the CWPF discussed above. This essentially represents an over-payment of pension contributions. In the management accounts we account for this reduction in the year in which the reduction occurs. This means we can assess parish share more fairly year on year. In the financial accounts we have to recognise that overpayment in total in 2024. The payment holiday is for 29 months, of which we have used 8 months. The remaining 21 will be taken over the next two years, so the timing difference will unwind over the next two years.

### **Funding position**

The consolidated balance sheet showed total funds of £214.6m (2023 - £205.9). This figure included endowment funds of £168.8m (2023 - £161.5m), the principal part of this being the parsonage houses fund amounting to £78.39m (2023 - £76.9m).

Also included in total funds were restricted funds totalling £16.1m (2023 - £15.1m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 24 to the financial statements together with an analysis of movements in the year.

Funds totalling £20.4m (2023 - £20.3m) had been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 25 to the financial statements.

## **FUTURE PLANS**

The key feature of Diocesan life in recent years has been maintaining both vision and operations, in the context of the long-term trend of decline in Church of England attendance and the specific shock of lockdown and church closures resulting from the COVID 19 pandemic. Recent years have been characterised by settled leadership with a strong commitment to enabling all in the diocese to walk together despite issues that divide the national church.

In January 2025 Bishop Alan announced his retirement, effective from 31 May 2025. The Diocese has therefore entered a period of vacancy in the See of St Albans. The formal process of appointment of a new Diocesan Bishop has begun and will lead to a meeting of the Crown Nomination Commission in January 2026. It is hoped that a new Bishop will be installed in the Diocese in the second half of 2026.

There are robust operational plans in place for leadership during the vacancy, with delegated responsibilities to both suffragan bishops and the Bishop of Bedford serving as acting Bishop of St Albans. Diocesan governance and management bodies will continue to function as usual.

It can reasonably be expected that the next Bishop of St Albans will want a reset of strategic vision for the diocese, although a radical change is not anticipated. Under Bishop Alan the vision of Living God's Love was promoted, to encourage churches to engage more missionally and similar focus is anticipated under the next Diocesan Bishop. Boards and Committees will continue working to support that vision by resourcing parochial mission and ministry and offering help and guidance to parishes. The national church strategic vision of 'Growing Younger and More Diverse' will continue to be an important part of future work within the Diocese.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board continues to review the risks faced by the charity using the risk register adopted in November 2023 and a review by both the Board and the Bishop's Council takes place every six months.

The most significant risks are specifically identified for review together with new and emerging risks. The top 11 risks identified are:

- Conflicts over governance, strategic and operational matters
- Lack of legal mechanisms to deal with unsatisfactory parish clergy performance
- Parishes not undertaking their own risk assessments
- Decline in attendance
- Disagreement over significant ecclesiological differences
- Departure of congregations through ecclesiological differences
- Failure to ensure high levels of safeguarding training compliance
- High profile safeguarding cases
- Failure to collect parish share because some parishes cannot contribute
- Failure to collect parish share because some parishes will not contribute
- Failure to provide and maintain appropriate housing for clergy

For each of the risks identified action to mitigate risk, the monitoring process to be adopted and the bodies and individuals responsible for the risk are identified. The Board recognises that whilst mitigation of risk is a key responsibility, there are some individual risks where only limited mitigation is available.

## CUSTODIAN FUNDS

As at 31 December 2024, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £42.3m (2023 - £38.5m) as Custodian Trustee.

These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Constitution

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 00145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

### Liability of the members of the company

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

### Organisation

The members of the Board are empowered by the Articles of Association of the company to act as the company directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its committees.

### Related bodies

The Board's staff provide administrative and financial services to the Board of Education and the Board for Mission and Ministry. These bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day-to-day business to its standing committee, the Bishop's Council.

### Members

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. No expenses were incurred in the performance of their duties as Board members were reimbursed during the year.

### **Member – selection and appointment**

17 members are elected by the Diocesan Synod (of whom five should be clerks in Holy Orders and 12 shall be laypersons) and up to five are nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2024 to appoint members for the triennium 1 January 2025 to 31 December 2027.

### **Member induction and training**

On agreeing to become a member of the charity, the members are thoroughly briefed on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up to date on any changes in legislation.

### **Remuneration of key management personnel**

Key management personnel comprise all the members of the Board, together with the senior executives which includes the Diocesan Secretary, the Director of Finance, the Director of Education, the Property Director, the Diocesan Pastoral and Advisory Secretary, the Director and Deputy Director of Mission and Ministry and Communications Director. The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adopted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, approved by the Diocesan Synod.

Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow national stipends benchmarks as agreed annually by the National Church Central Stipends Authority adjusted for local economic factors.

### **Member's responsibilities statement**

The members of the St Albans Diocesan Board of Finance are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in operation.

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The members are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Trading subsidiaries**

The charity has two wholly owned trading subsidiaries. The principal activity of both companies is property development.

The St Albans Diocesan Property Company Limited (Company No. 08899302) is a company incorporated in England with a share capital of £7,700,000 (2023 – £7,700,000). During the year the company made a net profit of £289k (2023 – £460k) and made a charitable donation of £342k (2023 – £1,048k) to the charity. This donation ensured that there was no tax liability for 2023.

In 2018, the charity loaned the subsidiary £7m for two years to aid working capital. £1m of this was repaid in 2019. The remaining £6m loan was exchanged for equity in the company in 2022.

The St Albans Diocesan Property Company (Chesham) Limited (Company No. 15584524) is a company incorporated in England on 22 March 2024 with a share capital of £1,000. During the period from its incorporation to 31 December 2024, the company made a loss of £117k.

The members' report, including the strategic report, was approved by the members and signed on their behalf by:

A handwritten signature in black ink that reads "T. J. Coulson". The signature is written in a cursive style with a horizontal line underlining the first part of the name.

Tim Coulson  
Chair of the Board of Trustees

David White  
Diocesan Secretary

Approved on: 19 May 2025

# Independent auditor's Report to the members of the St Albans Board of Finance Year to December 2024

## Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group and the parent charitable company as at 31 December 2024 and of the group's incoming resources and application of resources, including its 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 group and parent 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 group or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report, and the Strategic Report has 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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**

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 20-21, the trustees (who are also the directors of the parent 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 the 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 group and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Identifying and assessing risks related to irregularities:

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

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

Audit response to risks identified:

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

and procedures for compliance with laws and regulations with members of management responsible for compliance.

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

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Helen Wilkie (Senior Statutory Auditor)  
for and on behalf of Saffery LLP

Statutory Auditors

71 Queen Victoria Street  
London  
EC4V 4BE

Date: 30 May 2025

## Consolidated statement of financial activities Year to 31 December 2024

Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2024 £'000	Total 2023 £'000	
<b>Income and endowments from:</b>							
Donations and legacies	1	-	3	13,344	-	13,347	13,114
Investments	2	1,803	459	1,247	58	3,567	3,117
Trading activities	27	-	-	-	393	393	2,109
Charitable activities	3	-	3,064	807	-	3,871	4,383
Other sources	4	1,406	5	267	-	1,678	2
<b>Total income</b>		<b>3,209</b>	<b>3,531</b>	<b>15,665</b>	<b>451</b>	<b>22,856</b>	<b>22,725</b>
<b>Expenditure on:</b>							
Raising funds	5	255	139	23	418	835	2,696
Charitable activities							
Promotion of the work of the Church of England in the Diocese of St Albans	6	-	3,597	17,234	-	20,831	20,359
<b>Total expenditure</b>		<b>255</b>	<b>3,736</b>	<b>17,257</b>	<b>418</b>	<b>21,666</b>	<b>23,055</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>2,954</b>	<b>(205)</b>	<b>(1,592)</b>	<b>33</b>	<b>1,190</b>	<b>(330)</b>
Realised gains on disposal of investment property and listed investments	14	858	250	240	-	1,348	1,248
Unrealised gains on investment property and listed investments	14	5,737	217	73	-	6,027	1,824
<b>Net income (expenditure) before transfers and taxation</b>		<b>9,549</b>	<b>262</b>	<b>(1,279)</b>	<b>33</b>	<b>8,565</b>	<b>2,742</b>
Total Return transfer	15	(2,624)	-	2,624	-	-	-
<b>Net income for the year after Total Return transfer</b>		<b>6,925</b>	<b>262</b>	<b>1,345</b>	<b>33</b>	<b>8,565</b>	<b>2,742</b>
Other transfers between funds	22	342	664	(664)	(342)	-	-
Corporation tax credit (charge)	12	-	-	-	139	139	118
<b>Net income (expenditure) and net movement in funds for the year</b>		<b>7,267</b>	<b>926</b>	<b>681</b>	<b>(170)</b>	<b>8,704</b>	<b>2,860</b>
<b>Other recognised gains and losses:</b>							
Actuarial gains	32	-	-	-	-	-	-
<b>Net movement in funds</b>		<b>7,267</b>	<b>926</b>	<b>681</b>	<b>(170)</b>	<b>8,704</b>	<b>2,860</b>
<b>Fund balances brought forward at 1 January 2024</b>		<b>161,530</b>	<b>15,125</b>	<b>24,817</b>	<b>4,427</b>	<b>205,899</b>	<b>203,039</b>
<b>Fund balances carried forward at 31 December 2024</b>	21	<b>168,797</b>	<b>16,051</b>	<b>25,498</b>	<b>4,257</b>	<b>214,603</b>	<b>205,899</b>

## Comparative consolidated statement of financial activities Year to 31 December 2023

All of the group's activities derived from continuing operations during the above financial period.

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2023 £'000
<b>Income and endowments from:</b>						
Donations and legacies	1	-	7	13,107	-	13,114
Investments	2	1,547	417	1,132	21	3,117
Trading activities	27	-	-	-	2,109	2,109
Charitable activities	3	-	3,431	952	-	4,383
Other sources	4	-	-	2	-	2
<b>Total income</b>		<b>1,547</b>	<b>3,855</b>	<b>15,193</b>	<b>2,130</b>	<b>22,725</b>
<b>Expenditure on:</b>						
Raising funds	5	343	131	26	2,196	2,696
Charitable activities						
Promotion of the work of the Church of England in the Diocese of St Albans	6	-	3,284	17,075	-	20,359
<b>Total expenditure</b>		<b>343</b>	<b>3,415</b>	<b>17,101</b>	<b>2,196</b>	<b>23,055</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>1,204</b>	<b>440</b>	<b>(1,908)</b>	<b>(66)</b>	<b>(330)</b>
Realised gains on disposal of investment property and listed investments	14	958	141	149	-	1,248
Unrealised gains on investment property and listed investments	14	1,192	557	75	-	1,824
<b>Net income (expenditure) before transfers and taxation</b>		<b>3,354</b>	<b>1,138</b>	<b>(1,684)</b>	<b>(66)</b>	<b>2,742</b>
Total Return transfer	15	(2,452)	-	2,452	-	-
<b>Net income for the year after Total Return transfer</b>		<b>902</b>	<b>1,138</b>	<b>768</b>	<b>(66)</b>	<b>2,742</b>
Other transfers between funds	22	1,048	(87)	87	(1,048)	-
Corporation tax credit (charge)	12	-	-	-	118	118
<b>Net income (expenditure) and net movement in funds for the year</b>		<b>1,950</b>	<b>1,051</b>	<b>855</b>	<b>(996)</b>	<b>2,860</b>
<b>Other recognised gains and losses:</b>						
Actuarial gains	32	-	-	-	-	-
<b>Net movement in funds</b>		<b>1,950</b>	<b>1,051</b>	<b>855</b>	<b>(996)</b>	<b>2,860</b>
Fund balances brought forward at 1 January 2023		159,580	14,074	23,962	5,423	203,039
Fund balances carried forward at 31 December 2023	21	161,530	15,125	24,817	4,427	205,899

## Consolidated balance sheet 31 December 2024

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2024 £'000	Total 2023 £'000
<b>Fixed assets</b>							
Tangible assets	13	77,179	-	13,002	-	90,181	90,664
Investments	14	77,907	12,706	7,775	2,401	100,789	89,189
		<b>155,086</b>	<b>12,706</b>	<b>20,777</b>	<b>2,401</b>	<b>190,970</b>	<b>179,853</b>
<b>Current assets</b>							
Stock: land under development	16	-	-	-	13,692	13,692	11,831
Debtors - due within one year	17	83	588	891	355	1,917	1,403
Debtors - after one year	17	-	49	374	699	1,122	1,006
Short term deposits		3,221	1,809	2,500	1,799	9,329	10,939
Cash at bank and in hand		-	19	1,091	2	1,112	3,434
		<b>3,304</b>	<b>2,465</b>	<b>4,856</b>	<b>16,547</b>	<b>27,172</b>	<b>28,613</b>
<b>Creditors: amounts falling due within one year</b>	18	<b>(485)</b>	<b>(107)</b>	<b>(124)</b>	<b>(213)</b>	<b>(929)</b>	<b>(1,388)</b>
<b>Net current assets</b>		<b>2,819</b>	<b>2,358</b>	<b>4,732</b>	<b>16,334</b>	<b>26,243</b>	<b>27,225</b>
Total assets less current liabilities before eliminating inter-fund balances		157,905	15,064	25,509	18,735	217,213	207,078
Inter-fund balances		10,892	987	265	(12,144)	-	-
<b>Total assets less current liabilities</b>		<b>168,797</b>	<b>16,051</b>	<b>25,774</b>	<b>6,591</b>	<b>217,213</b>	<b>207,078</b>
<b>Creditors: amounts falling due after one year</b>	19	<b>-</b>	<b>-</b>	<b>(276)</b>	<b>(2,334)</b>	<b>(2,610)</b>	<b>(1,179)</b>
<b>Provisions for liabilities</b>	20	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>		<b>168,797</b>	<b>16,051</b>	<b>25,498</b>	<b>4,257</b>	<b>214,603</b>	<b>205,899</b>
<b>Represented by:</b>							
<b>The funds of the group</b>							
Endowment funds	23	168,797	-	-	-	168,797	161,530
Restricted funds	24	-	16,051	-	-	16,051	15,125
Unrestricted funds	25	-	-	25,498	-	25,498	24,817
Non-charitable trading funds	25	-	-	-	4,257	4,257	4,427
		<b>168,797</b>	<b>16,051</b>	<b>25,498</b>	<b>4,257</b>	<b>214,603</b>	<b>205,899</b>

Approved by the members of the Board and signed on their behalf by:

*T. J. Coulson*

Tim Coulson

Chair

Approved on: 19 May 2025

The St Albans Diocesan Board of Finance

Company Registration Number 00145227 (England and Wales)

## Comparative consolidated balance sheet 31 December 2023

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2023 £'000
<b>Fixed assets</b>						
Tangible assets	13	78,174	-	12,490	-	90,664
Investments	14	70,150	12,660	6,379	-	89,189
		<b>148,324</b>	<b>12,660</b>	<b>18,869</b>	<b>-</b>	<b>179,853</b>
<b>Current assets</b>						
Stock: land under development	16	-	-	-	11,831	11,831
Debtors – due within one year	17	199	198	651	355	1,403
Debtors – after one year	17	-	-	307	699	1,006
Short term deposits		4,296	1,161	5,078	404	10,939
Cash at bank and in hand		-	11	2,438	985	3,434
		<b>4,495</b>	<b>1,370</b>	<b>8,474</b>	<b>14,274</b>	<b>28,613</b>
<b>Creditors: amounts falling due within one year</b>	18	<b>(1)</b>	<b>(636)</b>	<b>(636)</b>	<b>(115)</b>	<b>(1,388)</b>
<b>Net current assets</b>		<b>4,494</b>	<b>734</b>	<b>7,838</b>	<b>14,159</b>	<b>27,225</b>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		<b>152,818</b>	<b>13,394</b>	<b>26,707</b>	<b>14,159</b>	<b>207,078</b>
Inter-fund balances		8,712	1,731	(1,477)	(8,966)	-
<b>Total assets less current liabilities</b>		<b>161,530</b>	<b>15,125</b>	<b>25,230</b>	<b>5,193</b>	<b>207,078</b>
<b>Creditors: amounts falling due after one year</b>	19	<b>-</b>	<b>-</b>	<b>(413)</b>	<b>(766)</b>	<b>(1,179)</b>
<b>Provisions for liabilities</b>	20	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>		<b>161,530</b>	<b>15,125</b>	<b>24,817</b>	<b>4,427</b>	<b>205,899</b>
<b>Represented by:</b>						
<b>The funds of the group</b>						
Endowment funds	23	161,530	-	-	-	161,530
Restricted funds	24	-	15,125	-	-	15,125
Unrestricted funds	25	-	-	24,817	-	24,817
Non-charitable trading funds	25	-	-	-	4,427	4,427
		<b>161,530</b>	<b>15,125</b>	<b>24,817</b>	<b>4,427</b>	<b>205,899</b>

## Charity balance sheet 31 December 2024

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2024 £'000	Total 2023 £'000
<b>Fixed assets</b>						
Tangible assets	13	77,179	-	13,002	90,181	90,664
Investments	14	85,608	12,706	7,775	106,089	96,889
		<b>162,787</b>	<b>12,706</b>	<b>20,777</b>	<b>196,270</b>	<b>187,553</b>
<b>Current assets</b>						
Debtors – due within one year	17	4,680	588	891	6,159	2,470
Debtors – due after one year	17	-	49	374	423	307
Short term deposits		3,221	1,809	2,500	7,530	10,535
Cash at bank and in hand		-	19	1,091	1,110	2,449
		<b>7,901</b>	<b>2,465</b>	<b>4,856</b>	<b>15,222</b>	<b>15,761</b>
<b>Creditors: amounts falling due within one year</b>	18	<b>(485)</b>	<b>(107)</b>	<b>(124)</b>	<b>(716)</b>	<b>(1,273)</b>
<b>Net current assets</b>		<b>7,416</b>	<b>2,358</b>	<b>4,732</b>	<b>14,506</b>	<b>14,488</b>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		<b>170,203</b>	<b>15,064</b>	<b>25,509</b>	<b>210,776</b>	<b>202,041</b>
Inter-fund balances		<b>(1,406)</b>	<b>987</b>	<b>419</b>	<b>-</b>	<b>-</b>
<b>Total assets less current liabilities</b>		<b>168,797</b>	<b>16,051</b>	<b>25,928</b>	<b>210,776</b>	<b>202,041</b>
<b>Creditors: amounts falling due after one year</b>	19	<b>-</b>	<b>-</b>	<b>(276)</b>	<b>(276)</b>	<b>(413)</b>
Provisions for liabilities	20	-	-	-	-	-
<b>Total net assets</b>		<b>168,797</b>	<b>16,051</b>	<b>25,652</b>	<b>210,500</b>	<b>201,628</b>
<b>Represented by:</b>						
<b>The funds to the charity</b>						
Endowment funds	23	168,797	-	-	168,797	161,530
Restricted funds	24	-	16,051	-	16,051	15,125
Unrestricted funds	25	-	-	25,652	25,652	24,973
		<b>168,797</b>	<b>16,051</b>	<b>25,652</b>	<b>210,500</b>	<b>201,628</b>

As permitted by Section 408 of the Companies Act 2006, the charity has not presented its own income and expenditure accounts and related notes. The charity net income for the financial year as £8,872k (2023 – net income £3,850k).

Approved by the members of the Board and signed on their behalf by:

*T. J. Carlson*

Tim Coulson

Chair

Approved on: 19 May 2025

The St Albans Diocesan Board of Finance

Company Registration Number 00145227 (England and Wales)

## Comparative charity balance sheet 31 December 2023

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000
<b>Fixed assets</b>					
Tangible assets	13	78,174	-	12,490	90,664
Investments	14	77,850	12,660	6,379	96,889
		156,024	12,660	18,869	187,553
<b>Current assets</b>					
Debtors - due within one year	17	1,621	198	651	2,470
Debtors - due after one year	17	-	-	307	307
Short term deposits		4,296	1,161	5,078	10,535
Cash at bank and in hand		-	11	2,438	2,449
		5,917	1,370	8,474	15,761
<b>Creditors: amounts falling due within one year</b>	18	(1)	(636)	(636)	(1,273)
<b>Net current assets</b>		5,916	734	7,838	14,488
<b>Total assets less current liabilities before eliminating inter-fund balances</b>					
		161,940	13,394	26,707	202,041
Inter-fund balances		(410)	1,731	(1,321)	-
<b>Total assets less current liabilities</b>		161,530	15,125	25,386	202,041
<b>Creditors: amounts falling due after one year</b>	19	-	-	(413)	(413)
Provisions for liabilities	20	-	-	-	-
<b>Total net assets</b>		161,530	15,125	24,973	201,628
<b>Represented by:</b>					
<b>The funds to the charity</b>					
Endowment funds	23	161,530	-	-	161,530
Restricted funds	24	-	15,125	-	15,125
Unrestricted funds	25	-	-	24,973	24,973
		161,530	15,125	24,973	201,628

## Summary Consolidated income and expenditure account Year to 31 December 2024

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	2024 £'000	2023 £'000
Total income of continuing operations	19,647	21,178
Total expenditure of continuing operations	<b>(21,411)</b>	(22,712)
Net (expenditure) income for the year before transfers, investment gains and losses and taxation	<b>(1,764)</b>	(1,534)
Total return transfer	<b>2,624</b>	2,452
Other transfers to endowment funds	<b>(342)</b>	(1,048)
Net income (expenditure) before investment gains and losses and taxation	<b>518</b>	(130)
Investment gains (losses)	<b>780</b>	922
Taxation credit (charge)	<b>139</b>	118
Net income (expenditure) for the year as defined by the Companies Act 2006	<b>1,437</b>	910

Total income as defined by the Companies Act 2006 comprises £16,116k (2023 – £17,323k) for unrestricted and non-charitable trading funds and £3,531k (2023 – £3,855k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net income before investment gains and taxation for the year of £518k (2023 – £130k expenditure) comprises net income of £852k (2023 – £483k expenditure) on unrestricted and non-charitable trading funds and net expenditure of £334k (2023 – £353k income) on restricted funds.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 32 which, together with the notes to the financial statements provides full information on the movements during the year on all funds of the group.

## Consolidated statement of cash flows Year to 31 December 2024

	Notes	2024 £	2023 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(4,118)	(549)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		3,567	3,117
Proceeds from the disposal of tangible fixed assets		1,576	-
Purchase of tangible fixed assets		(812)	(687)
Proceeds from the disposals of investments		17,330	33,720
Purchase of investments		(21,526)	(32,193)
Taxation reimbursed/paid		80	-
<b>Net cash provided by investing activities</b>		<b>215</b>	<b>3,957</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		-	(3)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(3)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(3,903)</b>	<b>3,405</b>
<b>Cash and cash equivalents at 1 January 2024</b>	B	<b>14,373</b>	<b>10,968</b>
<b>Cash and cash equivalents at 31 December 2024</b>	B	<b>10,470</b>	<b>14,373</b>

### Notes to the statement of cash flows for the year to December 2023

#### A Reconciliation of net income to net cash flow used in operating activities

	2024 £	2023 £
<b>Net income (as per the statement of financial activities):</b>	<b>8,565</b>	<b>2,742</b>
<b>Adjustments for:</b>		
Depreciation charge	63	58
(Gains) on investments	(7,375)	(3,072)
Dividends, interest and rent from investments	(3,567)	(3,117)
Surplus on disposal of tangible fixed assets	(344)	-
(Increase)/decrease in stocks	(1,861)	247
(Increase)/decrease in debtors	(630)	1,528
Increase in creditors	1,031	1,065
Pension adjustment	-	-
<b>Net cash used in operating activities</b>	<b>(4,118)</b>	<b>(549)</b>

#### B Analysis of cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	1,112	3,434
Short-term deposits	9,329	10,939
Cash held by investment managers	29	-
<b>Total cash and cash equivalents</b>	<b>10,470</b>	<b>14,373</b>

## Analysis of changes in net debt

	At 1 Jan 2024 £'000	Cash flows £'000	At 31 Dec 2024 £'000
Cash at bank and in hand	3,434	2,322	1,112
Cash equivalents	10,939	1,581	9,358
<b>Total</b>	<b>14,373</b>	<b>3,903</b>	<b>10,470</b>

The Group did not have any debt at 31 December 2024 (2023: none).

## Principal accounting policies 31 December 2024

### Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### Basis of preparation

These financial statements have been prepared for the year to 31 December 2024 with comparative information provided for the year to 31 December 2023.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006, except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

### Basis of consolidation

The financial statements consolidate, on a line-by-line basis, the results of the charity and its wholly owned subsidiary companies, St Albans Diocesan Property Company and St Albans Diocese Property Company (Chesham) Limited, made up to the balance sheet date.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the members of the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the valuation of investment properties;
- the useful economic life of tangible fixed assets;
- the valuation of stock of land under development; and
- The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### **Going concern**

The members of the Board have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The members of the Board have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The charity, saw a restriction of income due to a slow return of people to their local church following lockdown. Much of the parish share is received from congregants who give via regular church services. Congregations have increased since then, but we are still seeing an overall decline. This has resulted in a continuing fragility to income received, a significant portion of it being from parish share. The charity has been able to combat this by the introduction of total return on investments and the reduction of expenditure.

This will continue. The Board has prepared, reviewed and continuously updates a five-year forecast which provides us with a finance strategy that underpins the Diocesan missional strategy, whilst allowing us to control costs. As a result, the financial position has been healthy for the past three years.

The members of the Board have concluded that accounting for the challenges that we face, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

The members of the Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

### **Income**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably, and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed and property (glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Grants receivable on confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Dividends are recognised once the dividend has been declared, and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold.

## **Expenditure**

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

### **School major repair and capital projects**

The charity receives contributions from governors of Church schools in the Diocese in connection with major repair and capital projects to Church schools and also Government grants in connection with the same. Under the School Condition Allocation (SCA) funding scheme, monies are received and then allocated or spent. Projects are agreed by the Diocese, under the statutory and non-statutory guidance provided by the Department for Education (DfE). Because the Diocese has some limited discretion over the application of funds, it is our view that all income and expenditure under the SCA should be included in these accounts. Monies received have to be spent within a two-year time period or returned to the DfE.

### **Tangible fixed assets**

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statement at cost, or where the cost is not known, at a valuation determined prior to 31

December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS102. All other tangible fixed assets are included in the financial statements at cost, except for Holywell Lodge, where key building work is depreciated over a period of fifty years.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

### **Investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Members' Report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### **Stock: land under development**

Stock is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### **Fund structure**

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the terms of the endowment, if stipulated, or for general purposes. The application of total return in 2024 does not change this and all transfers to unrestricted funds as a result of total return are in accordance with the terms of the endowment funds.

The non-charitable trading funds represent the retained profit arising on the charity's trading subsidiaries.

### **Financial instruments**

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

### **Pension costs**

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore, in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the

statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

**Custodian funds**

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

## Notes to the financial statements 31 December 2024

### 1 Income from donations and legacies

	Restricted funds £'000	Unrestricted funds £'000	Total 2024 £'000
Parish Share	-	13,314	13,314
Specific parochial donations	-	6	6
General donations and legacies	3	24	27
<b>2024 total funds</b>	<b>3</b>	<b>13,344</b>	<b>13,347</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000
<i>Parish Share</i>	-	13,072	13,072
<i>Specific parochial donations</i>	-	5	5
<i>General donations and legacies</i>	7	30	37
<b>2023 total funds</b>	<b>7</b>	<b>13,107</b>	<b>13,114</b>

In addition to the above, the Diocesan Board of Finance received as trustees' contributions of £379k (2023 - £674k) from the governors of Church schools in the Diocese in connection with major repair and capital projects.

### 2 Income from investments

	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Non-Charitable Trading income £'000	Total 2024 £'000
Income from listed investments and interest receivable	1,335	435	488	58	2,316
Glebe income	467	-	2	-	469
Income from miscellaneous rents and lettings	1	24	757	-	782
<b>2024 total funds</b>	<b>1,803</b>	<b>459</b>	<b>1,247</b>	<b>58</b>	<b>3,567</b>

	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Non-Charitable Trading income £'000	Total 2023 £'000
<i>Income from listed investments and interest receivable</i>	<i>1,086</i>	<i>389</i>	<i>528</i>	<i>21</i>	<i>2,024</i>
<i>Glebe income</i>	<i>460</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>460</i>
<i>Income from miscellaneous rents and lettings</i>	<i>-</i>	<i>28</i>	<i>605</i>	<i>-</i>	<i>633</i>
<b>2023 total funds</b>	<b>1,546</b>	<b>417</b>	<b>1,133</b>	<b>21</b>	<b>3,117</b>

### 3 Income from charitable activities

	Restricted funds £'000	Unrestricted funds £'000	Total 2024 £'000
Grants receivable	267	286	553
Fees and chaplaincy income	-	521	521
Schools' Service Level Agreements and Project levies	134	-	134
Grant funding for Schools Building Projects	2,199	-	2,199
Other income from courses and conferences	60	-	60
Grant from Church Commissioners' DIP Funding	240	-	240
National Church allocations	164	-	164
<b>2024 total funds</b>	<b>3,064</b>	<b>807</b>	<b>3,871</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000
Grants receivable	337	281	618
Fees and chaplaincy income	-	663	663
Trading income	-	8	8
Schools' Service Level Agreements and Project levies	124	-	124
Grant funding for Schools Building Projects	2,250	-	2,250
Other income from courses and conferences	60	-	60
Grant from Church Commissioners' Strategic Development Fund	178	-	178
National Church allocations	482	-	482
<b>2023 total funds</b>	<b>3,431</b>	<b>952</b>	<b>4,383</b>

Grants receivable for the year which exceeded £100,000 from a single organisation were as follows:

	2024 £'000	2023 £'000
Benefact Trust	141	165
City Churches Fund (Trust For London)	111	156
Hockerill Foundation	110	105
Church Commissioners' Strategic Development Fund	-	240
<b>Church Commissioners' Diocesan Investment Programme</b>	<b>240</b>	<b>-</b>

### 4 Income from other sources

	Endowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2024 £'000
Income from sale of properties	1,378	-	198	1,576
Miscellaneous income	28	5	69	102
<b>2024 total funds</b>	<b>1,406</b>	<b>5</b>	<b>267</b>	<b>1,678</b>

In 2023, sales of small items of assets raised a surplus of £2k.

## 5 Expenditure on raising funds

	Endowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- Charitable Trading income £'000	Total 2024 £'000
Schools' Service Level Agreements	-	38	-	-	38
Schools' Courses	-	18	-	-	18
School Capital Projects	-	59	-	-	59
Investment management costs	83	24	23	-	130
Trading expenditure (note 26)	-	-	-	418	418
Glebe expenditure	172	-	-	-	172
<b>2024 total funds</b>	<b>255</b>	<b>139</b>	<b>23</b>	<b>418</b>	<b>835</b>

	Endowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- Charitable Trading income £'000	Total 2023 £'000
<i>Schools' Service Level Agreements</i>	-	46	-	-	46
<i>Schools' Courses</i>	-	20	-	-	20
<i>School Capital Projects</i>	-	38	-	-	38
<i>Investment management costs</i>	92	27	26	-	145
<i>Trading expenditure (note 26)</i>	-	-	-	2,196	2,196
<i>Glebe expenditure</i>	251	-	-	-	251
<b>2023 total funds</b>	<b>343</b>	<b>131</b>	<b>26</b>	<b>2,196</b>	<b>2,696</b>

## 6 Expenditure on the promotion of the work of the Church of England in the Diocese of St Albans

	Year ended 31 December 2024			Year ended 31 December 2023		
	Restricted funds £'000	Unrestricted funds £'000	Total 2024 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000
Parochial clergy stipends and related costs						
Stipends	-	6,731	6,731	-	6,175	6,175
Pension contributions	-	1,488	1,488	-	1,507	1,507
National insurance	-	557	557	-	509	509
Removal and resettlement	-	267	267	-	299	299
Other clergy costs	-	455	455	-	431	431
	-	9,498	9,498	-	8,921	8,921
Clergy housing costs						
Parsonages (direct exposure)	-	3,708	3,708	-	3,614	3,614
Allocation of support costs	-	450	450	-	560	560
Sub total	-	4,158	4,158	-	4,174	4,174
Board of Finance properties (direct expenditure)	-	267	267	-	301	301
	-	4,425	4,425	-	4,475	4,475
Ministry						
Direct expenditure*	82	1,330	1,412	283	1,394	1,677
Allocation of support costs	-	513	513	-	637	637
	82	1,843	1,925	283	2,031	2,314
Education						
Schools Condition						
Allocation grants (note 23)	2,633	-	2,633	2,092	-	2,092
Direct expenditure	406	-	406	433	-	433
Allocation of support costs	-	296	296	-	367	367
	3,039	296	3,335	2,525	367	2,892
Mission						
Direct expenditure**	187	370	557	64	441	505
Allocation of support costs	-	296	296	-	367	367
	187	666	853	64	808	872
Grants payable (note 7)	289	506	795	412	473	885
<b>Total funds</b>	<b>3,597</b>	<b>17,234</b>	<b>20,831</b>	<b>3,284</b>	<b>17,075</b>	<b>20,359</b>

\* This figure includes the costs of supporting ordinands in training amounting to £803k (2023 - £861k).

\*\* Strategic Development Funding receivable from the Church Commissioners finished in 2023. In 2023 £241k was funded in this way. Such funding was credited to restricted funds and a transfer from restricted funds to unrestricted funds was also made at 31 December 2023 to reflect the utilisation of the monies for the purposes intended (note 21).

## 7 Grants payable

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Year ended 31 December 2024			Year ended 31 December 2023		
	Restricted funds £'000	Unrestricted funds £'000	Total 2024 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000
<b>Church Schools</b>						
Other grants to schools	16	-	16	15	-	15
<b>Parishes</b>						
To assist with repairs or rebuilding costs	156	3	159	167	8	175
Pastoral Aid Support						
Grants to assist in meeting Parish Share contributions	-	141	141	-	183	183
Mission Initiatives	-	289	289	-	204	204
Energy grants	-	4	4	-	10	10
<b>External charities</b>						
For humanitarian relief mission and evangelism	8	68	76	63	66	129
<b>Clergy and clergy widows</b>						
Ordinands' support	49	1	50	98	1	99
Discretionary grants for the relief of financial hardship	60	-	60	69	1	70
<b>Total funds</b>	<b>289</b>	<b>506</b>	<b>795</b>	<b>412</b>	<b>473</b>	<b>885</b>

## 8 Support costs

	Unrestricted funds	
	Total 2024 £'000	Total 2023 £'000
Support staff costs	582	822
Support office costs	410	516
Governance costs	174	187
General Synod Requirement	389	406
	<b>1,555</b>	<b>1,931</b>
Reallocated to charitable activities as follows:		
Clergy housing	450	560
Ministry	513	637
Education	296	367
Mission	296	367
	<b>1,555</b>	<b>1,931</b>

## 9 Net income (expenditure) before investment gains and losses

This is stated after charging:

	Total 2024 £'000	Total 2023 £'000
Staff costs (note 10)	2,045	2,304
Auditor's remuneration:		
Statutory audit services	42	28
Depreciation	63	59

Staff costs have been reduced in year by £403k representing the pension surplus on the Church Workers' Pension Fund at the end of the year (see note 10). £134k of this relates to support staff (see note 8). See note 33 for a detailed explanation.

## 10 Staff costs and employees

	Total 2024 £'000	Total 2023 £'000
Staff costs during the year were as follows:		
Wages and salaries	2,198	1,890
Social security costs	213	187
Other pension costs*	(366)	227
	2,045	2,304

\*Credit is a result of pension holiday of 29 months fully accounted for in 2024 (see note 33 for full details)

	Total 2024 £'000	Total 2023 £'000
Staff costs per function were as follows:		
Direct promotion of the work of the Church of England in the Diocese of St Albans	1,213	1,261
Other support staff	832	1,043
	2,045	2,304

The average number of employees and office holders, analysed by function, was:

	2024 Full-time	2024 Part-time	2023 Full-time	2023 Part-time
Direct promotion of the work of the Church of England in the Diocese of St Albans	13	26	17	26
Other support staff	14	10	11	5
	27	36	28	31

The 36 (2023 – 31) part-time posts are equivalent to 21.5 full-time posts (2023 – 18).

The number of employees who earned over £60,000 (excluding employer's pension contributions) during the year was as follows:

	2024	2023
£60,001 - £70,000	3	5
£70,000 - £80,000	-	-
£80,001 - £90,000	1	3
£90,001 - £100,000	1	-

Employer contributions are also paid into a pension scheme in respect of the employees who earned over £60,000.

Key management personnel remuneration (including employer's pension and national insurance contributions) totalled £1,217k in the year to 31 December 2024 (2023 - £877k) including stipends and related employer's pension and national insurance contributions in respect to Board members of £274k (2023 - £227k).

## 11 Board members' remuneration

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2023 - none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £274k (2023 - £174k) including pension contributions of £46k (2023 - £40k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2023 - none). Less than £1k was incurred in travel expenses in the performance of their duties as Board members (2023 - less than £1k).

Six clergy members benefited from clergy housing provided by the Board (2023 - five members).

The Board's insurance policy includes cover for Trustee Indemnity.

## 12 Taxation

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity's subsidiary companies pay corporation tax on their taxable profits. If sufficient funds are available, the subsidiary companies may make a charitable donation to their parent charity which will reduce the corporation tax payable.

## 13 Tangible fixed assets

Group & Charity 2024	Parsonage houses £'000	Other freehold land and buildings £'000	Office equipment £'000	Total £'000
<b>Cost or deemed cost</b>				
At 1 January 2024	76,391	14,473	278	91,142
Additions	-	779	33	812
Disposals	(995)	(237)	-	(1,232)
At 31 December 2024	<b>75,396</b>	<b>15,015</b>	<b>311</b>	<b>90,722</b>
<b>Depreciation</b>				
At 1 January 2024	-	(382)	(96)	(478)
Charge for the year	-	(22)	(41)	(63)
Disposals	-	-	-	-
At 31 December 2024	-	<b>(404)</b>	<b>(137)</b>	<b>(541)</b>
<b>Net book values</b>				
At 31 December 2024	<b>75,396</b>	<b>14,611</b>	<b>174</b>	<b>90,181</b>
At 31 December 2023	76,391	14,091	182	90,664

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years. These valuations are now regarded as the deemed cost of the properties under the transitional provisions of FRS102.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their cost. The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost.

The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS102. It is likely that the open market values of the groups and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

Four of the freehold buildings, costing £1,783k were bought using money from Glebe receipts and so are part of the Glebe fund. If they are sold in the future, the proceeds will be retained within the Glebe Fund.

In accordance with FRS102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

## 14 Investments

Group	En-dowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Non-charitable Trading Funds £'000	Total 2024 £'000	Total 2023 £'000
Glebe property	37,351	-	-	2,401	39,752	29,645
Listed investments and cash	40,556	12,706	7,775	-	61,037	59,544
	<b>77,907</b>	<b>12,706</b>	<b>7,775</b>	<b>2,401</b>	<b>100,789</b>	<b>89,189</b>

Group	En-dowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2023 £'000
Glebe property	29,645	-	-	29,645
Listed investments and cash	40,505	12,660	6,379	59,544
	<b>70,150</b>	<b>12,660</b>	<b>6,379</b>	<b>89,189</b>

Charity	En-dowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2024 £'000	Total 2023 £'000
Glebe property	37,351	-	-	37,351	29,645
Listed investments and cash	40,556	12,706	7,775	61,037	59,544
Investment in subsidiary undertaking	7,701	-	-	7,701	7,700
	<b>85,608</b>	<b>12,706</b>	<b>7,775</b>	<b>106,089</b>	<b>96,889</b>

Charity	En-dowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2023 £'000
Glebe property	29,645	-	-	29,645
Listed investments and cash	40,505	12,660	6,379	59,544
Investment in subsidiary undertaking	7,700	-	-	7,700
	<b>77,850</b>	<b>12,660</b>	<b>6,379</b>	<b>96,889</b>

Movements in the group's and charity's investments during 2024, excluding those in subsidiary companies, were as follows:

	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2024	29,645	59,544	89,189
Additions at cost	5,042	16,484	21,526
Disposals at book value (proceeds: £17,330k; net gains: £1,348k)	-	(15,982)	(15,982)
Net unrealised investment gains	5,065	962	6,027
Market value at 31 December 2024	40,752	61,008	100,760
Cash awaiting investment	-	29	29
	40,752	61,037	100,789

### Glebe property

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2024 comprised the following:

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Agricultural land	31,995	24,723	29,594	24,723
Residual property	7,757	4,922	7,757	4,922
	39,752	29,645	37,351	29,645

## Listed investments

Listed investments comprise units in funds held mainly by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, Sarasin & Partners UK and Baillie Gifford & Co. Remaining funds are held by Schroder and Company Limited and are in the process of being sold.

At 31 December 2024, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2024		2023	
	Percentage of portfolio %	Market value £'000	Percentage of portfolio %	Market value £'000
CCLA CBF Investment Fund – Income units	54.1	33,025	51.4	30,592
Sarasin Climate Active Endowment Fund Class A Income	24.8	15,114	23.2	13,797
Baillie Gifford Responsible Global Equity Income Fund B Accumulated	18.0	10,947	17.5	10,397
Property Funds held with Cazenove	3.2	1,923	7.9	4,701

All listed investments are held within the United Kingdom.

## Investment in subsidiary companies

### *St Albans Diocesan Property Company Limited*

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. During 2022, a £6 million loan from the charity to its subsidiary company was converted to equity shares, bringing the total holding to 7,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2024 and financial position as at that date are given in note 26 to these financial statements.

### *St Albans Diocesan Property Company (Chesham) Limited*

During 2024, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company (Chesham) Limited, with a called-up share capital of £1,000 ordinary shares. Further details of this investment are included within Note 32 to these financial statements.

## 15 Application of total return accounting to Investments

The investment power of total return permits the St Albans Diocesan Board of Finance to invest across all permanent endowment investments to maximise total return and apply an appropriate portion of the unapplied total return each year. These are the endowment funds for Diocesan Stipends, Glebe and Parsonage Benefice Funds.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains part of the individual fund. 3.5% of the value of investments, i.e., £2,624k in total (£2,452 in 2023), was transferred to general funds such that it is set against the cost of stipendiary ministry in the year, as determined by the Diocesan Stipends Fund (Amendment) Measure 2016.

From 1 January 2022 the St Albans Diocesan Board of Finance adopted a total return approach to investments with regard to the above investment portfolios. The Board adopted and agreed a base-line asset value at 31 December 2017, indexed using CPI, and a distribution policy of 3.5% based on a five-year rolling average of capital values, to be reviewed every three years.

The initial value for implementing total return for investment was determined at 31 December 2017 as £57,238k. This was the amount held in permanent endowment investments and cash deposits at that date. The unapplied total return calculated as at the 1 January 2022 and valued at £18,811k as the increase above inflation in the value of these investments since the initial valuation, subsequent to the application of CPI and adjusted for amounts invested in curates' houses.

The movements in the value of the unapplied total return, during the two years that total return has been applied, are set out in the following tables:

	Trust for investment £'000	Unapplied total return £'000	Total £'000
At 1 January 2024:			
Base value of the permanent endowment	69,814	-	69,814
Unapplied total return	-	11,130	11,130
<b>Total</b>	<b>69,814</b>	<b>11,130</b>	<b>80,944</b>
Movements during the year:			
Investment returns: dividends received	-	1,729	1,729
Investment return: realised and unrealised losses	-	6,595	6,595
Investment management feeds	-	(11)	(11)
Glebe property expenses	-	(140)	(140)
Unapplied total return allocated to income in the year	-	(2,624)	(2,624)
Charitable donation from property company	-	342	342
Add indexation of base level of endowment	1,796	(1,796)	-
<b>Net movements in the year</b>	<b>1,796</b>	<b>4,095</b>	<b>5,891</b>
As at 31 December 2024			
Base value of the permanent endowment	71,610	-	71,610
Unapplied total return	-	15,225	15,225
<b>Valuation as at December 2024</b>	<b>71,610</b>	<b>15,225</b>	<b>86,835</b>

	<i>Trust for investment £'000</i>	<i>Unapplied total return £'000</i>	<i>Total £'000</i>
<i>At 1 January 2023:</i>			
<i>Base value of the permanent endowment</i>	<i>67,174</i>	<i>-</i>	<i>67,174</i>
<i>Unapplied total return</i>	<i>-</i>	<i>11,817</i>	<i>11,817</i>
<i>Total</i>	<i>67,174</i>	<i>11,817</i>	<i>78,991</i>
<i>Movements during the year:</i>			
<i>Investment returns: dividends received</i>	<i>-</i>	<i>1,546</i>	<i>1,546</i>
<i>Investment return: realised and unrealised losses</i>	<i>-</i>	<i>2,150</i>	<i>2,150</i>
<i>Investment management feeds</i>	<i>-</i>	<i>(92)</i>	<i>(92)</i>
<i>Glebe property expenses</i>	<i>-</i>	<i>(246)</i>	<i>(246)</i>
<i>Unapplied total return allocated to income in the year</i>	<i>-</i>	<i>(2,452)</i>	<i>(2,452)</i>
<i>Charitable donation from property company</i>	<i>-</i>	<i>1,047</i>	<i>1,047</i>
<i>Add indexation of base level of endowment</i>	<i>2,640</i>	<i>(2,640)</i>	<i>-</i>
<i>Net movements in the year</i>	<i>2,640</i>	<i>(687)</i>	<i>1,953</i>
<i>As at 31 December 2023</i>			
<i>Base value of the permanent endowment</i>	<i>69,814</i>	<i>-</i>	<i>69,814</i>
<i>Unapplied total return</i>	<i>-</i>	<i>11,130</i>	<i>11,130</i>
<i>Valuation as at December 2023</i>	<i>69,814</i>	<i>11,130</i>	<i>80,944</i>

## 16 Stock: land under development

<b>Group</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
At 1 January 2024	<b>11,831</b>	12,078
Development cost	<b>1,933</b>	1,261
Borrowing costs	<b>153</b>	30
Disposals	<b>(225)</b>	(1,538)
At 31 December 2024	<b>13,692</b>	11,831

Land under development relates to a parcel of land that is being developed by the charity's wholly owned trading subsidiary, St Albans Diocesan Property Company Limited. On 20 December 2017 St Albans Diocesan Property Company Limited signed a Collaboration and Equalisation Agreement with the owners and co-developers of adjacent land to its own near Houghton Regis. This agreement is pursuant to an existing Collaboration and Equalisation Agreement in place ("Heads of Agreement") with the same owners. The new agreement sets out detailed terms and conditions of the financial and operational obligations of each member to the Houghton Regis Consortium which will manage the development and sales of land owned by each member of the Consortium. During the seven years to 31 December 2024, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. The first major sale of land was made in February 2019 with further sales in each of the following years to date. The profits on these sales have been included in the group financial statements in the year appropriate to the transactions.

## 17 Debtors

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Due within one year</b>				
Amounts due from Parochial Church Councils:				
Building loans		-		-
Parochial contributions (note (a) below)	53	63	53	64
	<b>53</b>	<b>63</b>	<b>53</b>	<b>64</b>
Church Commissioners - Pastoral Account (note (b) below)	1	1	1	1
Investment income receivable	116	280	116	280
Staff loans	3	5	3	5
Due from subsidiary company (note (c) below)	-	-	4,597	1,422
Amount due to respect to sale of land	355	356	-	-
Sundry debtors and prepayments	1,389	698	1,389	698
	<b>1,917</b>	<b>1,403</b>	<b>6,159</b>	<b>2,470</b>

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Due after one year</b>				
Amounts due from Parochial Church Councils:		-		-
Equity loans to finance the purchase of curates' houses (note (d) below)	171	300	171	300
Other loans	91	7	91	7
Sundry Debtors	161	-	161	-
Other Debtors	699	699	-	-
	<b>1,122</b>	<b>1,006</b>	<b>423</b>	<b>307</b>

### Notes

- (a) The debtor for parochial contributions represents monies in respect of parochial fees, rent, stipend recharges and other small ad-hoc income for 2024.
- (b) Amount due from the Church Commissioners represents proceeds from the sale of a redundant church.
- (c) In 2022 and 2023, the amount due from the subsidiary company includes accrued interest on the loan to the company (note 26).
- (d) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

## 18 Creditors: amounts falling within one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Church School buildings and maintenance	93	523	93	523
Grants committed	-	4	-	4
Corporation tax payable	22	81	-	-
Sundry creditors and accruals	814	780	623	746
	<b>929</b>	<b>1,388</b>	<b>716</b>	<b>1,273</b>

Church schools' buildings and maintenance represents receipts held and allocated to a project but not yet spent.

## 19 Creditors: amounts falling due after more than one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amounts due to the Church Commissioners				
Variable deposit rate and equity loans for the purchase of curates' houses	276	413	276	413
Amount due to consortium development partners	2,334	766	-	-
	<b>2,610</b>	<b>1,179</b>	<b>276</b>	<b>413</b>

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 6.68% and 11.01% during the year. Two of these properties were sold in the year.

## 20 Provisions for liabilities

Group and Charity	2024 £'000	2023 £'000
Clergy pension scheme deficit contribution liability	-	-

Following finalisation of the 31 December 2021 valuation, the Clergy Pension Scheme was fully funded, no agreed deficit recovery payments are required from 1 January 2023 onwards, and the balance sheet liability as at both 31 December 2024 and 31 December 2023 is nil. Note 33 contains further details.

## 21 Summary of assets by fund

Charity Funds as at 31 December 2024	Tangible Fixed Assets £'000	Investment s £'000	Curren t Assets £'000	Creditor s £'000	Inter- Fund Balance s £'000	Net Assets £'000
<b>ENDOWMENT FUNDS</b>						
Stipends	-	19,452	1,573	(10)	3,663	24,678
Capital Fund						
Parsonage House Fund	77,179	-	1	-	1,080	78,260
Parsonage Building	-	2,688	243	(1)	(654)	2,276
Benefice Fund						
Glebe Fund	-	63,468	6,084	(474)	(5,495)	63,583
	<b>77,179</b>	<b>85,608</b>	<b>7,901</b>	<b>(485)</b>	<b>(1,406)</b>	<b>168,797</b>
<b>RESTRICTED FUNDS</b>						
Consolidated Fund for Statutory Education Pastoral Account	-	8,816	1,201	(152)	(305)	9,560
Committee for Social Responsibility						
Parker Fund	-	753	262	-	(222)	793
Yapp Fund	-	737	46	-	113	896
Archdeacons Discretionary Funds under £400k of Investments	-	535	29	-	138	702
	-	1,169	772	45	471	2,457
	<b>-</b>	<b>12,706</b>	<b>2,465</b>	<b>(107)</b>	<b>987</b>	<b>16,051</b>
<b>UNRESTRICTED FUNDS</b>						
Common Fund	-	1,498	1,905	(148)	1,960	5,215
<b>Designated Funds</b>						
Tangible Fixed Assets	13,002	-	1,473	(269)	(2,465)	11,741
Property Ring-Fenced Fund	-	6,106	528	(5)	(337)	6,292
Pastoral Account	-	-	922	58	(980)	-
	<b>13,002</b>	<b>7,604</b>	<b>4,828</b>	<b>(364)</b>	<b>(1,822)</b>	<b>23,248</b>
Mission Development Other Funds	-	-	-	(36)	1,087	1,051
	-	171	28	-	1,154	1,353
	<b>13,002</b>	<b>7,775</b>	<b>4,856</b>	<b>(400)</b>	<b>419</b>	<b>25,652</b>
<b>Total Funds</b>	<b>90,181</b>	<b>106,089</b>	<b>15,222</b>	<b>(992)</b>	<b>-</b>	<b>210,500</b>

<i>Charity Funds as at 31 December 2023</i>	<i>Tangible Fixed Assets £'000 0</i>	<i>Investment s £'000</i>	<i>Curren t Assets £'000</i>	<i>Creditor s £'000</i>	<i>Inter- Fund Balance s £'000</i>	<i>Net Assets £'000</i>
<b>ENDOWMENT FUNDS</b>						
<i>Stipends</i>	-	19,771	144	-	4,038	23,953
<i>Capital Fund</i>						
<i>Parsonage House Fund</i>	76,392	-	1	(1)	521	76,913
<i>Parsonage Building</i>	-	2,730	46	-	(608)	2,168
<i>Benefice Fund</i>						
<i>Glebe Fund</i>	1,782	55,349	5,726	-	(4,361)	58,496
	<u>78,174</u>	<u>77,850</u>	<u>5,917</u>	<u>(1)</u>	<u>(410)</u>	<u>161,530</u>
<b>RESTRICTED FUNDS</b>						
<i>Consolidated Fund for Statutory Education Committee for Social Responsibility</i>	-	8,856	256	(573)	1,039	9,578
<i>Parker Fund</i>	-	680	137	-	(9)	808
<i>Yapp Fund</i>	-	736	229	-	(201)	764
<i>Archdeacons Discretionary Funds under £400k of Investments</i>	-	523	44	-	93	858
	-	1,144	27	-	147	697
	-	1,144	677	(63)	662	2,420
	<u>-</u>	<u>12,660</u>	<u>1,370</u>	<u>(636)</u>	<u>1,731</u>	<u>15,125</u>
<b>UNRESTRICTED FUNDS</b>						
<i>Common Fund</i>	-	-	5,956	(746)	(559)	4,651
<b>Designated Funds</b>						
<i>Tangible Fixed Assets</i>	12,490	-	1,553	(322)	(2,181)	11,540
<i>Property Ring-Fenced Fund</i>	-	6,212	64	(4)	(228)	6,044
<i>Pastoral Account</i>	-	-	874	59	(166)	767
	<u>12,490</u>	<u>6,212</u>	<u>8,447</u>	<u>(1,013)</u>	<u>(3,134)</u>	<u>23,002</u>
<i>Mission Development</i>	-	-	-	(36)	907	871
<i>Other Funds</i>	-	167	27	-	907	1,101
	<u>12,490</u>	<u>6,379</u>	<u>8,474</u>	<u>(1,049)</u>	<u>(1,321)</u>	<u>24,973</u>
<b>Total Funds</b>	<u>90,664</u>	<u>96,889</u>	<u>15,761</u>	<u>(1,686)</u>	<u>-</u>	<u>201,628</u>

## 22 Other transfers between funds

The inter-fund transfers during the year were as follows:

<b>Group and Charity</b>	<b>En- dowment funds £'000</b>	<b>Restricted funds £'000</b>	<b>Common fund £'000</b>	<b>Other unrestricted £'000</b>	<b>Non- charitable trading funds £'000</b>
Funds designated for use of projects from 2023 funds			(500)	500	
Transfer of funding for Net Zero Carbon		(15)		15	
Support of Ministry Experience Scheme			(6)	6	
Support of Digital Roll-out Scheme			(4)	4	
Agree transfer of Strategic Development Fund to support missional activities		(92)		92	
Transfer from type of fund		(22)		22	
Transfer of Pastoral Account to Restricted funds		793		(793)	
Charitable donation from subsidiary company to parent charity	342				(342)
	<b>342</b>	<b>686</b>	<b>(510)</b>	<b>(176)</b>	<b>(342)</b>

The Pastoral Account, previously categorised as a designated fund, has been reclassified as a restricted fund, following consideration of the restrictions placed on it by church representation rules.

The inter-fund transfers during the previous year were as follows:

<b>Group and Charity</b>	<b>En- dowment funds £'000</b>	<b>Restricted funds £'000</b>	<b>Common fund £'000</b>	<b>Other unrestricted £'000</b>	<b>Non- charitable trading funds £'000</b>
Net release of Designated Funds	-	-	(3)	3	-
Undesignation of designated funds	-	-	510	(510)	-
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	-	(87)	87	-	-
Charitable donation from subsidiary company to parent charity	1,048	-	-	-	1,048
	<b>1,048</b>	<b>(87)</b>	<b>594</b>	<b>(507)</b>	<b>1,048</b>

## 23 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

<b>Group and charity</b>	<b>At 1 January 2024 £'000</b>	<b>Income and Expenditure £'000</b>	<b>Gains, losses and transfers £'000</b>	<b>At 31 December 2024 £'000</b>
Endowment funds:				
Stipends Capital Fund	23,953	536	189	24,678
Parsonage Houses Fund	76,913	1,347	-	78,260
Parsonage Benefice Fund	2,168	79	29	2,276
Glebe Fund	58,496	992	4,095	63,583
	<b>161,530</b>	<b>2,954</b>	<b>4,313</b>	<b>168,797</b>

<i>Group and charity</i>	<i>At 1 January 2023 £'000</i>	<i>Income and Expenditure £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 December 2023 £'000</i>
<i>Endowment funds:</i>				
<i>Stipends Capital Fund</i>	<i>23,690</i>	<i>433</i>	<i>(170)</i>	<i>23,953</i>
<i>Pension reserve</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<i>23,690</i>	<i>433</i>	<i>(170)</i>	<i>23,953</i>
<i>Parsonage Houses Fund</i>	<i>76,917</i>	<i>(4)</i>	<i>-</i>	<i>76,913</i>
<i>Parsonage Benefice Fund</i>	<i>2,076</i>	<i>67</i>	<i>25</i>	<i>2,168</i>
<i>Glebe Fund</i>	<i>56,896</i>	<i>707</i>	<i>893</i>	<i>58,496</i>
	<i>159,579</i>	<i>1,203</i>	<i>748</i>	<i>161,530</i>

The endowment funds were established as follows:

- **Parsonage Houses Fund and Parsonage Benefice Fund**

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land which are not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938 (as amended by the Church Property Measure 2018), these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

The parsonage house belongs to the benefice (not to the Parochial Church Council nor the DBF) and the ownership is vested in the "incumbent for the time being". During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Church Property Measure 2018. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and ensure benefice houses, thereby relieving the incumbent of this responsibility.

- **Glebe Fund**

The Glebe Fund represents the value of the Glebe Property plus net current assets of £5,610 (2023 – £2,470k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income and expenditure derived from this fund is included within the Glebe Fund. Transfers to the Common Fund are made following the adoption of a total return policy.

- **Stipends Capital Fund**

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

## 24 Restricted funds

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

<b>Group and Charity</b>	<b>At 1 January 2024 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Gains, losses and transfers £'000</b>	<b>At 31 December 2024 £'000</b>
Consolidated Fund for Statutory Education	9,578	2,796	(3,194)	380	9,560
Pastoral Fund	-	-	-	793	793
Church Commissioners' Strategic Development Fund	92	-	-	(92)	-
Committee for Social Responsibility funds	808	26	-	16	850
Creed Fund	113	4	-	2	119
Trust for London (CCFS)	804	131	(115)	-	820
Bishop's Harvest Appeal	12	-	-	-	12
Church Repairs Fund	356	18	(28)	8	354
Parker Fund	764	34	(22)	17	793
Archdeacons' Discretionary	697	21	(28)	12	702
Yapp Fund	858	22	-	16	896
Historic Buildings Fund	(109)	21	(17)	-	(105)
Minor repairs & Improvements to Churches	-	28	-	-	28
Church Building Support Officer	(2)	13	(22)	-	(11)
Ordinands' Training Fund	289	48	(49)	(60)	228
Grimthorpe Fund	227	3	-	4	234
Disability Task Group	72	-	(25)	-	47
Church Commissioners' Net Carbon Zero	15	75	(19)	(15)	56
The Alban Way	(59)	131	(66)	-	6
SMMIB	(1)	114	(107)	-	6
Year of Spiritual Renewal & Wellbeing	-	3	(10)	-	(7)
Other restricted funds	611	43	(34)	50	670
	<b>15,125</b>	<b>3,531</b>	<b>(3,736)</b>	<b>1,131</b>	<b>16,051</b>

<i>Group and Charity</i>	<i>At 1 January 2023 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 December 2023 £'000</i>
<i>Consolidated Fund for Statutory Education</i>	9,073	2,804	(2,673)	374	9,578
<i>Church Commissioners' Strategic Development Fund</i>	-	179	-	(87)	92
<i>Committee for Social Responsibility funds</i>	727	24	(2)	59	808
<i>Creed Fund</i>	102	4	-	7	113
<i>Trust for London (CCFS)</i>	777	173	(146)	-	804
<i>Bishop's Harvest Appeal</i>	43	6	(37)	-	12
<i>Church Repairs Fund</i>	308	16	-	32	356
<i>Parker Fund</i>	695	30	(24)	63	764
<i>Archdeacons' Discretionary</i>	651	24	(23)	45	697
<i>Yapp Fund</i>	774	22	-	62	858
<i>Historic Buildings Fund</i>	(99)	8	(18)	-	(109)
<i>Church Building Support Officer</i>	-	-	(2)	-	(2)
<i>Ordinands' Training Fund</i>	252	325	(288)	-	289
<i>Grimthorpe Fund</i>	220	3	(10)	14	227
<i>Disability Task Group</i>	-	142	(70)	-	72
<i>Church Commissioners' Net Carbon Zero</i>	-	15	-	-	15
<i>The Alban Way</i>	-	4	(63)	-	(59)
<i>SMMIB</i>	-	-	(1)	-	(1)
<i>Other restricted funds</i>	551	76	(58)	42	611
	<b>14,074</b>	<b>3,855</b>	<b>(3,415)</b>	<b>611</b>	<b>15,125</b>

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

<b>Group and Charity</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income</b>		
Investment income	278	242
Grants received	96	105
Rental income from school properties	29	25
Service Level Agreement income	89	87
School Courses	61	61
Grant funding from SCA	2199	2,250
School Building Projects levy	44	34
<b>Total income</b>	<b>2,796</b>	<b>2,804</b>
<b>Expenditure</b>		
Education	(3,194)	(2,673)
<b>Net (expenditure)/income before investment gains and transfers</b>	<b>(398)</b>	<b>131</b>
<b>Investment gains (losses and transfers)</b>	<b>380</b>	<b>374</b>
<b>Net (expenditure)/income</b>	<b>(18)</b>	<b>505</b>

The fund is represented by the following net assets:

<b>Group and Charity</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Investments	8,815	8,856
Debtors	654	221
Short term deposits	678	12
Creditors: amounts falling due within one year	(281)	(200)
Inter fund balances	(306)	689
<b>Total net assets</b>	<b>9,560</b>	<b>9,578</b>

The SCA (Schools Condition Allocation) system, which commenced in April 2020 requires the charity to reflect grants received and spent as income and expenditure within the accounts. The grant funding received is included in the SOFA along with the related expenditure. The unspent balance is included as part of the surplus for the CFSE at the year-end. The grants received have to be spent within two years of receipt or returned to the DfE. The cycle is longer than our accounting period, so the transactions in a year will show as a surplus or deficit according to the timings of all the individual projects. This means that across several years, the position will be break-even, whilst any individual year will show a surplus or deficit depending on the phasing of the projects.

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

<b>Fund</b>	<b>Application/purpose</b>
Church Commissioners Strategic Development Fund	Grant funding received from Church Commissioners co-funding the Reaching New People project
Consolidated Fund for Statutory Education	Application of net sales proceeds of closed church schools under section 17 of the Education Act 1993.
Committee for Social Responsibility Funds	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Mission and Ministry
Creed Fund Trust for London (CCFS)	Evangelism and mission at the discretion of the Bishop For the support of parishes in the Metropolitan Police area. Monies are applied to support specific qualifying projects where expenditure occurs irregularly.
Bishop's Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Fund	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Historic Buildings Fund	This is a jointly funded project with Historic England to build the capacity of local communities to conserve and develop the use of their church buildings. Grants are received once a year, whilst expenditure supported by those grants occurs evenly throughout the year.
Ordinands' Training Fund	This fund receives block grants from the Archbishops' Council Ministry Division intended to meet the tuition costs for Ordinands at accredited Training institutions. Grants are received termly, to meet termly payments throughout the year.
Grimthorpe Fund	Monies applied for the repair of churches within the Archdeaconries of Hertford and St Albans.
Other restricted funds	Sundry specific purposes

## 25 Unrestricted funds

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

<b>Group and Charity</b>	<b>At 1 January 2024 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Gains, losses and transfers £'000</b>	<b>At 31 December 2024 £'000</b>
Common Fund	4,651	15,142	(16,690)	2,112	5,215
Other unrestricted funds:					
Tangible fixed assets fund	11,540	198	3	-	11,741
Property ring-fenced fund	6,044	203	(267)	312	6,292
Designated funds	1,971	23	(232)	642	2,404
Pastoral Account	767	99	(73)	(793)	-
	<b>20,322</b>	<b>523</b>	<b>(569)</b>	<b>161</b>	<b>20,437</b>
Unrestricted funds	<b>24,973</b>	<b>15,665</b>	<b>(17,259)</b>	<b>2,273</b>	<b>25,652</b>
Elimination of Intra group profit	<b>(156)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(154)</b>
	<b>24,817</b>	<b>15,665</b>	<b>(17,257)</b>	<b>2,273</b>	<b>25,498</b>
Non-charitable trading	4,427	451	(418)	(203)	4,257
	<b>29,244</b>	<b>16,116</b>	<b>(17,675)</b>	<b>2,070</b>	<b>29,755</b>

<i>Group and Charity</i>	<i>At 1 January 2023 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 December 2023 £'000</i>
<i>Common Fund</i>	<i>2,825</i>	<i>14,980</i>	<i>(16,199)</i>	<i>3,045</i>	<i>4,651</i>
<i>Other restricted funds:</i>					
<i>Tangible fixed assets fund</i>	<i>11,540</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11,540</i>
<i>Property ring-fenced fund</i>	<i>6,229</i>	<i>165</i>	<i>(561)</i>	<i>211</i>	<i>6,044</i>
<i>Special Designations</i>	<i>2,777</i>	<i>2</i>	<i>(315)</i>	<i>(493)</i>	<i>1,971</i>
<i>Pastoral Account</i>	<i>753</i>	<i>46</i>	<i>(32)</i>	<i>-</i>	<i>767</i>
	<i>21,299</i>	<i>213</i>	<i>(908)</i>	<i>(282)</i>	<i>20,322</i>
<i>Unrestricted funds</i>	<i>24,124</i>	<i>15,193</i>	<i>(17,107)</i>	<i>2,763</i>	<i>24,973</i>
<i>Elimination of Intra group profit</i>	<i>(162)</i>	<i>-</i>	<i>6</i>	<i>-</i>	<i>(156)</i>
	<i>23,962</i>	<i>15,193</i>	<i>(17,101)</i>	<i>2,763</i>	<i>24,817</i>
<i>Non-charitable trading</i>	<i>5,423</i>	<i>2,130</i>	<i>(2,078)</i>	<i>(1,048)</i>	<i>4,427</i>
	<i>29,385</i>	<i>17,323</i>	<i>(19,179)</i>	<i>1,715</i>	<i>29,244</i>

	2024		2023	
	£'000	£'000	£'000	£'000
<b>Common Fund reconciliation</b>				
Total income in year		15,142		14,980
Total expenditure in a year		(16,690)		(16,199)
Deficit/surplus for the year before transfers		(1,548)		(1,219)
<b>Total Return (see note 15)</b>				
Investment income received from Endowment funds in year	1,729		1,546	
Additional income due to adoption of total return	895		907	
		2,624		2,452
<b>Other adjustments (transfers between funds see note 21)</b>				
Transfer from designated funds to cover previous year deficit	-		510	
Transfer to designated funds agreed by DBF	(500)		-	
Other net grant transfers	(10)		83	
		(510)		593
Revaluation of investments		(2)		-
<b>Net movement on Common Fund</b>		564		1,826
Balance at 1 January 2024		4,651		2,825
Balance at 31 December 2024		5,215		4,651

## Common Fund

The Common Fund is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. Its primary source of income is the amounts collected from Parochial Church Councils via the Parish Shares Scheme. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

## Tangible Fixed Assets Fund

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

### Property Ring-Fenced fund

This was set up using the residual funds due to the DBF following the sale of parsonage houses and initially transferred to the Pastoral Account (see Note 22). It is a designated fund and so the DBF can use the income generated and assets held according to need. However, it is primarily intended to relieve pressure on the costs for maintaining and improving parsonage houses.

### Special Designated Funds

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

### Pastoral Account

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

## 26 Unrealised gains

The total unrealised gains as at 31 December 2024 constitutes a revaluation reserve and are as follows:

	2024 £'000	2023 £'000
<b>Unrealised gains on listed investments at 31 December 2024</b>	<b>9,191</b>	8,181
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2024	8,181	6,571
Add: in respect to disposals in the year	48	(828)
Net (losses) gains arising on revaluation arising in the year	962	2,438
<b>Total unrealised gains at 31 December 2024</b>	<b>9,191</b>	8,181

## 27 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its current directors at 31 December 2024 were Mr C G Bird, Mr A C Brown, Dr T Coulson, The Ven D Middlebrook, and Mr C B Gage who are also members and directors of the Board of Finance and, The Hon H T Holland-Hibbert who is an independent director.

St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development.

The company has signed an agreement with the owners and co-developers of adjacent land to its own near Houghton Regis and a consortium has been formed to manage the development and sales of land. Since 2019 the consortium has completed a number of significant sales of land. All sales proceeds and associated costs are included in the financial statements of the company and these consolidated financial statements. Tax has been calculated on the profits and is included in the financial statements.

A summary of the company's statement of income and retained earnings for the year and balance sheet at 31 December 2024 is given below. Audited financial statements will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	2024 £'000	2023 £'000
<b>Income and expenditure</b>		
Turnover	393	2,109
Cost of sales	(255)	(2,149)
Operating costs	(46)	(47)
Interest received	58	21
Interest payable	-	-
Taxation	139	118
<b>Profit for the year</b>	<b>289</b>	<b>52</b>
Impact of restatement of prior period comparatives at subsidiary level on reserves carried forward	-	408
<b>(Loss) profit for the year</b>	<b>289</b>	<b>460</b>

	2024 £'000	2023 £'000
<b>Balance sheet</b>		
Current assets	16,024	14,430
Creditors: amounts falling due within one year	(1,616)	(1,696)
Creditors: amounts falling due after one year	(2,334)	(607)
<b>Total net assets</b>	<b>12,074</b>	<b>12,127</b>

	2024 £'000	2023 £'000
<b>Capital and reserves</b>		
Called up share capital	7,700	7,700
Profit and loss account	4,374	4,427
<b>Total shareholder's funds – equity interests</b>	<b>12,074</b>	<b>12,127</b>

## 28 St Albans Diocesan Property Company (Chesham) Limited

On 22 March 2024 the charity established a further wholly owned subsidiary company, St Albans Diocesan Property Company (Chesham) Limited, investing £1,000 in the purchase of the subsidiary company's called up share capital of 1,000 ordinary shares. A £3 million unsecured loan has been provided from the charity to St Albans Diocesan Property Company (Chesham) Limited, at an interest rate of 3.5%, charged in line with the DBF's total return policy.

The intention is to develop the land and buildings in two stages, starting with the farm and residential buildings. This will generate sufficient return to cover the cost of the purchase. The second stage involves development of the land holdings, which fully will recoup the DBF's investment in the glebe farmland.

	2024 £'000
<b>Income and expenditure</b>	
Turnover	-
Cost of sales	-
Operating costs	(44)
Interest received	-
Interest payable	(73)
Taxation	-
<b>(Loss) for the period</b>	<b>(117)</b>

	2024 £'000
<b>Balance sheet</b>	
Current assets	3,078
Creditors: amounts falling due within one year	(3,194)
Creditors: amounts falling due after one year	-
<b>Total net assets</b>	<b>(116)</b>

	2024 £'000
<b>Capital and reserves</b>	
Called up share capital	1
Profit and loss account	(117)
<b>Total shareholder's funds – equity interests</b>	<b>(116)</b>

## 29 Custodian funds

As at 31 December 2024 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £42.3m (2023 – £38.5m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## 30 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

## 31 Related party transactions

### **Hockerill Education Foundation – registered charity number 311018**

Three (2023 – Three) members of the Board are trustees of the Hockerill Educational Foundation. In 2024 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £110k (2023 – £105k) and £89k (2023 – £118k) was spent during the year.

### **Youthscape – registered charity number 1081754**

One key member of staff (2023 – one) is a trustee of Youthscape. In 2024 the St Albans Diocesan Board of Finance made payments to Youthscape totalling £20k (2023 – £31k), for grants for work with young people in the Diocese.

### **City Church Fund – registered charity number 205629-2**

One member of the Board (2023 – one) is a trustee of the City Church Fund. In 2024 the St Albans Diocesan Board of Finance received grants from City Church Fund totalling £111k (2023 – £156k), for work with young people in the Diocese.

### **University of Bedford Enterprises Limited (UBEL) – registered company number 02460429**

One member of the Board (2023 – one) is a governor of the University of Bedford, which wholly owns UBEL. In 2024 the St Alban Diocesan Board of Finance made payments to UBEL totalling £18k (2023 – £20k), for use of premises for synod.

**Cathedral and Abbey Church of St Albans – registered charity number 1207312**

One member of the Board (2023 – one) is a key member of the Cathedral. In 2024 the St Alban Diocesan Board of Finance made payments to the Cathedral totalling £19k (2023 – £30k), for grants and general educative purposes and received £8k (2023 – £8k) for rental income from properties.

**Jane Cart Trust – registered charity number 200166**

Two members of the Board (2023 – two) are trustees of the Jane Cart Trust. In 2024 the St Alban Diocesan Board of Finance received a grant towards a Net Carbon Zero project (2023 – nil).

**Donations from Board members**

No donations were received from Board members in the year (2023 – none).

## 32 Connected entities

The St Albans Diocesan Board of Education (DBE) was a Board of the St Albans Diocesan Synod up until 1 January 2022. The Board worked closely with the Diocesan Board of Finance to seamlessly transition to a new constitutional form following the enactment of the DBE Measure 2021. After the resolution had been passed by Diocesan Synod in October 2021 the Archbishops' Council Certificate was received, confirming the Scheme which prepared the way for the institution of the Diocesan Board of Education as a statutory committee of the Diocesan Board of Finance from January 2022. Key policies were reviewed and a three-year strategic plan approved which will cover the whole of the next triennium.

Whilst it has certain functions and responsibilities imposed by statute (the Diocesan Boards of Education Measure 1991 (as amended 2006) and reports directly to the Diocesan Synod, it has no legal personality separate from the DBF. A key function of the DBE is to assist in the promotion of education in the Diocese, such education being consistent with the faith and practice of the Church of England. It promotes or assists also in the promotion of religious education and religious worship in schools in the Diocese.

Following the enactment of The Academies Act 2010, the DBE established The Diocese of St Albans Educational Trust, a company limited by guarantee (Company Registration No. 08223185 (England and Wales) to assist Church of England Academy Trusts in the Diocese as they seek to provide a high-quality education for pupils and students in their schools. This company is a member of each of the Academy Trusts formed in the Diocese since 1 September 2012. Five of the seven directors of the company are appointed from the DBE with two non-DBE appointments.

In response to the Education and Adoption Bill 2015, the Diocese of St Albans Multi Academy Trust (DSAMAT) was incorporated on 27 October 2016 as a company limited by guarantee (Company Registration No. 10449374). The five members of the Multi Academy Trust are appointed by The Diocese of St Albans Educational Trust. These members are responsible for appointing the seven directors of the Multi Academy Trust who have responsibility for its day-to-day management. The Multi Academy Trust has been established to provide for schools within the Diocese requiring rapid improvement having been placed in Special Measures and subject to a directive Academy Order, good or outstanding schools where no natural cluster of local Church of England provision exists, and new schools within new housing provision where the Diocese is the identified sponsor.

The DBF has not consolidated the DSAMAT accounts into its own as it does not consider itself to be a controlling entity. The DBF's appointment of DSAMAT members, who in turn appoint the Directors, is highly disconnected from practical financial and operational matters. The DBF does not make appointments in order to derive benefit for itself: rather its appointments are to help to support DSAMAT to benefit its beneficiaries and help it to achieve its separate purposes. The DBE makes no strategic decisions for DSAMAT: it does not direct expenditure or funding, nor does it approve or set budgets.

During the year, there have continued to be a limited number of transactions between the Multi Academy Trust and the DBF in respect of a recharge of staff salaries by the DBF. The amounts involved are not material to these financial statements.

### **33 Pension commitments**

#### **Lay workers scheme**

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

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
  - a. a deferred annuity section known as Pension Builder Classic, and,
  - b. a cash balance section known as Pension Builder 2014.

#### **Defined Benefits Scheme**

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

For funding purposes, 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. This does 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 DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £0, 2023: £0) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £0 for 2024 (2023: £0).

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 having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2025.

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

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

The determination was that the Diocese of St Albans had a usable surplus of £585k. The Diocese decided to take this as a payment holiday, which commenced in April 2024 and will continue for 29 months. This effectively means that the Diocese has overpaid by £585k in preceding years, so the whole credit has been recognised in the SOFA for 2024. The element that relates to future years is held on the balance sheet as a sundry debtor, split between the amount due within one year (£242k) and the amount due in more than one year (£161k). This will be released to the SOFA in the relevant year.

The movement in the provision is set out below:

	2024	2023
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 2024	December 2023	December 2022
Discount rate	N/A	N/A	0.0%

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.

### Clergy scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2024 - £1,488k; 2023 - £1,509k), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023: £0k).

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% and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

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

	<b>% of pensionable stipends</b>
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

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

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

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

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

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

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

### **Other schemes**

No other contributions were made to any other pension schemes in the year (2023 - none made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme).

## **34 Subsequent events**

In March 2025, two further parcels of land were sold for which the St Albans Diocesan Property company received £987k, which was the remaining receipts after paying down the outstanding loan of £2,678k to the Management Company.



**THE ST ALBANS DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 248887

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# Accounts

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# The St Albans Diocesan Board of Finance

## Annual Report and Consolidated Financial Statements

31 December 2023

Company Limited by Guarantee  
Registration Number  
00145227 (England and Wales)

Charity Registration Number  
248887

*The principal object of the Board is the promotion of the work of the  
Church of England in the Diocese of St Albans*



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*The aim of Living God's Love is to see flourishing Christ centred communities inspiring people of all ages and backgrounds to discover God, to grow in their relationship with him and to respond to his transforming love, through serving others so that God's Kingdom may grow in our world.*

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## **Chair's statement** Year to 31 December 2023

I write my first Chair's statement having joined the Board in November and been elected Chair on 27 November. I must give thanks to the former Chair Colin Bird for his leadership of the Board since 2019 and for his commitment to remaining involved as a member of the Board and various Committees and other governance bodies. The Board has been led well and I am most pleased that Colin will be continuing to contribute.

Inevitably the year covered in this report and financial statements was predominantly before I took up my role.

I must begin with sincere thanks to all involved in parishes, schools and chaplaincies who have continued to support and deliver ministry in 2023, supported by Diocesan staff. The Diocese exists primarily in local ministries across Hertfordshire, Bedfordshire, Luton and parts of Barnet and is possible because of generous giving by individuals in our parishes.

2023 was the first full year beyond the pandemic and its restrictions on life in our parishes. However, a sense of normality was limited because of the continuing conflict in Ukraine, and war in Gaza. In the UK we have experienced a period of very high energy prices and general inflation that has had a major impact on individuals and in our parishes. We believe that inflation has been a significant factor in a setback to parish share recovery. In 2022 parish share recovery was at 92.5% of the sums requested of parishes, which was most encouraging. In 2023 the recovery rate dropped back to 91.5% of the sums requested. In total this meant parish share income was £421k below budget.

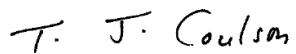
Whilst this parish share outcome was disappointing the Diocesan Common Fund has had an operational surplus of £250k in the year because of reduced expenditure resulting from higher than budgeted clergy vacancies. We had not planned for higher vacancies; indeed, every effort is made to fill clergy vacancies as soon as is practicable. However, most Dioceses have seen clergy recruitment difficulties with generally lower candidate interest in parish vacancies. The reduced expenditure on stipends has led to the operational surplus but it is hoped that vacancy rates will reduce in 2024, with good evidence that this is being achieved.

As reported last year the DBF adopted a total return investment policy with effect from 2022. This enables us to budget investment income with confidence based on a distribution of 3.5% return on the five-year rolling average year end value of our capital funds, including on our Glebe portfolio. After two years of this total return policy additional investment income of £1,622k has been distributed: £480k has supported the Common Fund and £1,142k has been designated to support parishes through grants for mission initiatives and net zero carbon projects on church buildings. We are very pleased to be able to use these funds to directly support parish activity.

We acknowledge with thanks the support of our major external funders including the Church Commissioners who have committed funding to build capacity in the Diocese to develop a major programme of local activity to support the objective of Growing Younger and More Diverse.

**Chair's statement** Year to 31 December 2023

I would like to take this opportunity to thank on your behalf our Diocesan staff at Holywell Lodge and elsewhere for their vital contribution to the life of the Diocese, with a consistent focus on supporting operations in our parishes.



Dr Tim Coulson

Chair of the Board of Trustees

Date: 20.5.24

## **INTRODUCTION**

The members, as trustees for the purposes of charity legislation, submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF" or the "Charity") for the year ended 31 December 2023. The report has been prepared in accordance with of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 46 to 51 of the attached financial statements and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

## **OBJECTIVES, ACTIVITIES AND POLICIES**

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans. The members of the Board are aware of the Charity Commission's guidance on public benefit and have had regard to it in their management of the Board.

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Board continues to support engagement with other Christian churches and other faiths throughout the Diocese.

Together with the Bishop's Council the Board seeks to develop comprehensive, sustainable strategies for the use of resources – people, finance and properties – to provide ministry and mission throughout the Diocese and to continue to provide practical support and tools for parishes, schools and chaplaincies.

The Diocesan initiative 'Living God's Love', was launched in St Albans Abbey in January 2011. Living God's Love has three themes: Going Deeper into God, Transforming Communities and

Making New Disciples. Living God's Love is rooted in the parishes, and the effective deployment of Stipendiary Clergy is vital to that work. The Board aims to support and resource parochial mission and ministry through the payment of stipends and the provision of housing and training.

The number of ordained ministers as at 31 December 2023<sup>1</sup> were:

Bishops and archdeacons	6
Cathedral Clergy	7
Parochial clergy - Incumbent status	200
Curates	56
Non-parochial clergy	26
<b>Total</b>	<b>295</b>

As at 31 December 2023, there were also 47 self-supporting ministers and 229 licensed readers. The Diocese continues to:

- Follow the national stipend benchmark adjusted for regional factors in determining the level of stipend for clergy of incumbent status; and
- Contribute to the Church of England defined benefit pension scheme for clergy.

<sup>1</sup> Statistics report for St Albans Diocese as at the end of

December 2023 produced by the Church Commissioners.

## Members' report Year to 31 December 2023

Funding of stipendiary clergy and the provision of housing accounts form the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by:

(i) **The collection of contributions from parishes via the Parish Share** - the current Parish Share Scheme has been in place since 1995. The Board seeks to ensure it operates effectively by receiving regular reports on receipts, following up where contributions have not been received and reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making Pastoral Aid Support grants to offset the contribution due. These grants fall into two categories: multi-year Mission Aided Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and one year Pastoral Aid Support Grants to assist with transitory financial challenges.

(ii) **The management of financial investments** - The investment policy and specific powers of investment of the Board are set out in various measures and acts. The Board holds investments as authorised by the Trustee Act 2000. In 2022, the Board adopted a total return policy with the intention of securing a consistent return on investments. Distribution is set at a rate of 3.5% to achieve this, whilst also seeking capital growth in real terms, over the much longer term. This is to be achieved through a balanced and diversified portfolio of equities, bonds, property, alternative assets and cash. Further details of this policy is provided in the financial review.

The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. Quarterly reports are received from the investment managers.

The Boards Investment Managers are Sarasin, Baillie Gifford and CCLA Investment Management. The Board continues regularly to review its investments. This includes systems for monitoring and reporting on

ethical issues, online reporting and close networking with members of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG). The property portfolio is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee which monitors their performance and the implementation of the investment strategy.

The Board follows the guidelines established by the Ethical Investment Advisory Group of the Church of England. In addition the Board is committed to Fossil Fuel divestment following a Diocesan Synod resolution in October 2022.

The portfolio of listed investments at 31 December 2023 had a market value of £59.5m (2022 £56.7m). Under the Diocesan Stipends Funds Measure 1953, as amended by the Endowments and Glebe Measure 1976, capital may be applied to the acquisition of land and buildings to be held as part of Diocesan glebe.

### Grant making policy

Grants made by the **Diocesan Board of Finance** fall into one or more of the following main categories:

- Grants to parish churches to assist with repairs or rebuilding costs;
- Grants to parish churches for roof alarms;
- Grants made in support of evangelism and mission projects;
- Grants made at the discretion of the Bishop or Archdeacons for clergy assistance;
- Mission-Aided Grants – identified by the Archdeacons for parishes who meet the criteria;
- Pastoral Aid Support Grants to assist in meeting Parish Share contribution;
- Mission Initiatives;
- Church Schools – Grants for capital funding from the schools conditions allocations (SCA); other grants to Schools;
- External Charities – For humanitarian relief mission and evangelism;
- Clergy/Clergy widows

## Members' report Year to 31 December 2023

- Ordinands' support;
- Discretionary Grants for the relief of financial hardship.

In addition to the above, parishes and schools raised over £50,287.79 in 2023 for 'Cracking Food Poverty Together', the Bishop's Harvest Appeal to help change the lives of people in Uganda to provide them with chickens. For this Harvest appeal, the Diocesan Board of Finance partnered with Mission Direct, a Christian charity aiming to make a practical and lasting difference to some of the world's most vulnerable people.

All awards are authorised by the designated trustees.

### Reserves policy

The majority of the Board's budget is expended on the monthly payment of stipends and salaries. Any action to deal with cash flow shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than twelve weeks' expenditure. At the end of 2023, the free and realisable unrestricted reserves totalled £4.7 million representing 14.5 weeks of expenditure (2022 - £3.9 million representing 12.8 weeks of expenditure).

The Board continues to review the level of working capital to ensure that it covers core costs and there is sufficient cash flow to conduct the activities of the charity on a day-to-day basis.

It is the Board's policy to set aside, in a Property Ring-fenced Fund, capital receipts from the sale of former parsonage houses that become surplus to needs after pastoral reorganisation. The purpose of this fund is to invest in income generating assets in order to fund improvements to its remaining housing stock. The value of the investments at the end of the year in the fund amounted to £6.2 million (2022 £6.2 million).

We have continued to increase operational reserves significantly as a result of the application of total return, which has contributed an extra £500,000 to unrestricted funds in this year. We did not need to transfer funds from other unrestricted funds to cover the operational

deficit from last year because we were able to release undesignated funds that were no longer required for their original designation. Costs remain under tight control. However, parish giving remains fragile given the buffeting of economic conditions over the last few years, combined with continuing reductions in church attendance. Last year yielded a surplus on the Common Fund before investment gains and losses and taking in to account total return. The underlying concerns over parish giving means the Board will continue to monitor and manage the ongoing consequences carefully.

### Fundraising

The Charities (Social Protection and Social Investment Act) 2016 requires large charities to include a statement within their financial statements with respect to fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." While the Board of Finance does not routinely undertake fundraising from individuals (including any potentially vulnerable groups), it may periodically apply for grant funding from grant-awarding bodies.

The Board of Finance undertakes all such activities internally and does not engage with professional fundraisers or third parties. The day-to-day management of income generation is delegated to management who are accountable to the trustees.

Owing to the low level of fundraising activity, the Board of Finance are not registered with the Fundraising Regulator and are not bound by any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising.

The charity did not receive any complaints in relation to fundraising activities during the year ended 31 December 2023.

## COMMITTEE STRUCTURE

The **Bishop's Council** is a statutory body established under the Synodical Government Measure 1969. It acts as the Standing Committee of the Synod and carries on the work of the Synod between sessions. It advises the Diocesan Bishop on matters where he seeks guidance and has, since its inception in 1970, gradually assumed an important role in the formulation of diocesan policy.

During the year, the Council received regular reports from the **Board for Mission and Ministry**, **Board of Education** and the **Agenda Group**. The Council also received reports on new housing areas in the Diocese through the **Development Plans Monitoring Group**, and closed churches through the **Closed Churches Uses Committee**.

Since 1 January 2019 the Bishop's Council assumed the role of Diocesan Mission and Pastoral Committee. The **Diocesan Mission and Pastoral Executive Committee (DMPEC)** is responsible for carrying out the detailed casework which is then ratified by the Bishop's Council. The statutory responsibilities are undertaken by the Bishop's Council.

The **Diocesan Advisory Committee (DAC)** is a statutory body whose functions are set out in ecclesiastical legislation. Its role is to advise the Chancellor and parishes on proposals for works to church buildings, churchyards and church furnishings, and to advise more generally on the care and development of churches. In line with statutory provision and the priorities of Living God's Love, the Committee has regard to churches as local centres of worship and mission, in which:

- People can encounter God and be drawn into a worshipping community;
- Parishes can reach out in mission; and
- Local communities can be transformed.

The **Property Committee** continues to be responsible on behalf of the Diocesan Board of Finance for clergy housing including corporate properties. This includes:

- Providing secure accommodation for all clergy

- Ensuring the Board meets its statutory duty to carry out repairs;
- Replacing unsuitable houses where possible;
- Improving properties;
- Realising development potential of sites;
- Selling houses no longer required;
- Letting houses during vacancies; and
- Providing new houses where required.

The Committee is charged with ensuring that appropriate accommodation is provided for our clergy in the right places, that repairs are carried out and that improvements are made where there is the need and benefits are identified. This is done with regard to the Environmental Policy adopted by the Committee in recent times.

The adoption of "Net Zero Carbon" targets by General Synod has presented new challenges and opportunities to the Board. The Board has consistently focussed resources where they are needed most notably the substantial programme of improvements reflecting environmental concerns across the Diocese. The Property Committee gives active consideration to all aspects of this developing policy.

The **Glebe Committee** continued to manage glebe holdings. Investment property comprises agricultural land, retail and residential property.

The Diocesan glebe comprises over 3,000 acres of rural land, together with some residential properties, mainly in the Diocese of St Albans. The glebe land is managed for the benefit of the diocesan stipends fund for clergy in the Diocese.

The **Assets Committee's** role is "to recommend to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese and the responsibilities of the Board as Charity Trustees to current and future beneficiaries".

During the year, the Committee received regular updates on the Board's Investments, together with presentations from the Board's Investment Managers. In addition, it received updates on Glebe property developments and the Linmere development at Houghton Regis.

## Members' report Year to 31 December 2023

The **Parish Shares and Support Committee** was separated from the Grants Committee from the start of 2023 and continues to review and adjust the operation of the Parish Shares Scheme.

The **Parish Grants Committee** has operated as a stand-alone Committee from the start of 2023 and considers applications from parishes for grants including Mission and Ministry and NZC grants funded from total return income, Church Repair Grants and Grants from the City Church Fund.

### **Board for Mission and Ministry (BMM)**

The purpose of the Board is to enable people in every place in the diocese to glimpse the good news of Jesus and be empowered in their discipleship and calling.

The Board's values are being resourceful, imaginative, caring, hopeful (RICH)

The Board is inspired by Matthew 9:35-38 – 'Ask the Lord of the harvest to send out labourers into his harvest.'

The Board's vision is to see our people and places flourishing in God's purposes and achieving our eight diocesan objectives:

1. More activities that seek to grow discipleship enabling us to join in with God's action in the world
2. Parishes equipped with appropriate ministerial capacity
3. Enhanced wellbeing of our ministers
4. Churches growing younger and more diverse
5. Parishes that are financially sustainable
6. More New Worshipping Communities
7. Parishes operating safely and with good governance
8. Net Carbon Zero by 2030

The **Diocesan Board of Education** is a statutory body established under the Diocesan Boards of Education Measure 2021, with functions including:

- The promotion of education consistent with

the faith and practice of the Church of England;

- The promotion of religious education and religious worship in schools and academies;
- The promotion of Church schools and academies in the Diocese; and
- Advice to school governors on any matter affecting Church schools and academies.

The Diocesan Board of Education has a strong reputation with its schools due to the quality and depth of services it provides. The Diocesan Board of Education is making a contribution to the wider life of the Diocese through the creation of resources to support the development of faith at home, at school and in church.

## KEY ACTIVITY INDICATORS

As part of the Vision of Living God's Love, statistics published during the year in respect of 2023, illustrate some of the work of mission and ministry being undertaken in parishes.

	2023	2022	2021 <sup>2</sup>	2020
<i>Infant and Child Baptisms</i>	1,443	1,889	1,468	1,011
<i>Adult Baptisms</i>	307	222	126	337
<b><i>Total Baptisms</i></b>	<b>1,750</b>	<b>2,111</b>	<b>1,594</b>	<b>1,348</b>
<i>Infant Thanksgivings</i>	26	29	26	15
<i>Child Thanksgivings</i>	29	38	23	16
<b><i>Total Thanksgivings</i></b>	<b>55</b>	<b>67</b>	<b>49</b>	<b>31</b>
<i>Marriages</i>	563	763	711	585
<i>Blessings</i>	43	62	45	36
<b><i>Total</i></b>	<b>606</b>	<b>825</b>	<b>756</b>	<b>621</b>
<i>Funerals in church</i>	1,625	1,843	1,754	1,170
<i>Funerals at crematorium</i>	943	1,053	2,489	1,841
<b><i>Total Funerals</i></b>	<b>2,568</b>	<b>2,896</b>	<b>4,243</b>	<b>3,011</b>
<i>Easter Day Communicants</i>	21,563	21,325	12,155	n/a
<i>Easter All Age Attendance</i>	29,233	28,048	15,965	n/a
<i>Christmas Day Communicants</i>	21,665	20,039	14,320	7,884
<i>Christmas All Age Attendance</i>	73,665	66,433	35,290	16,183
<i>Usual Sunday Attendance</i>	15,228	14,815	n/a	n/a
<i>Electoral Roll<sup>3</sup></i>	24,752	26,586	25,034	32,190

<sup>2</sup> Statistics for Mission 2021, published by the Research and Statistics Department of the Archbishops' Council. Previous years' figures have been updated as further parish returns are received.

## **COMMITTEE ACTIVITIES**

### **BISHOP'S COUNCIL**

The Council has a dual role and function, acting as the Standing Committee of the Diocesan Synod and giving advice to the Bishop on any matter about which he consults the Council. The Council also exercises the role of the Diocesan Mission and Pastoral Committee. During the year the Council met four times.

**Diocesan Finances** - In January, the Council noted that the deficit for 2022 was lower than predicted and likely to be approximately £350,000k, which was due to parish share recovery being higher than budget at 92.5% and the higher than budgeted number of vacancies for stipendiary clergy. The Council continued to monitor financial matters at each of its meetings. The Council noted that it continued to be a challenging and difficult period for parishes particularly in relation to high inflation rates and increased fuel bills. In July, the Council received a presentation from Mr David White on the revised five-year plan which had been developed with parish share recovery at 92.5% and a reduction in stipendiary posts of 15 between 2023-2027. In October, it was noted that the 5-year budget would need to make provision for potential losses from Living in Love and Faith. The Council gave thanks to Colin Bird who retired as Chair of the St Albans Diocesan Board of Finance at the end of November and welcomed Dr Tim Coulson who took up the role.

**Safeguarding** - During the year, the Council received regular reports and noted that the safeguarding team continued to promote safeguarding policies and practice whilst dealing with a substantial workload and a large amount of 'in person' and online training. The Council noted that priority was given to ensuring training compliance by stipendiary clergy, with a campaign organised by Bishop's Staff and the Safeguarding Team leading to significantly improved compliance. It was reported to the Council that twelve reports were made to the Charity Commission, which was the highest number of reports made in one year. DBS checks were all brought into the three-year renewal, a requirement by the close of 2023.

**Diocesan Mission and Pastoral Committee** - The Council, acting as the Diocesan Mission and Pastoral Committee, continued to receive regular reports from the Diocesan Mission and Pastoral Committee Executive Committee and considered draft proposals for pastoral reorganisation to promote appropriate models of ministry to support mission in each part of the Diocese.

The work of the **Closed Churches Uses Committee (CCUC)** is undertaken against the background of risks associated with closed churches being borne by the DBF. It was reported in January, that following a period of marketing of the site of **Letchworth, St Michael**, for worship, educational or community use, nine offers had been made. In October the Council were informed that the division of the sale proceeds would be apportioned statutorily between the Diocesan Pastoral Account and

## **Members' report** Year to 31 December 2023

the Church Commissioners for transmission to the Churches Conservation Trust. The adjacent site of the parish hall and car park was to be sold by the DBF in conjunction with the church. The sale proceeds of the hall and car park site would be apportioned by the Board to the three benefices covering the area of the former parish for purposes of mission in the town of Letchworth.

The Council continued to receive updates on the work of the **Development Plans Monitoring Group** which included progress reports on new housing developments in the Diocese, parish responses to new opportunities for growth and cases where very large-scale development of over 3000 homes required consideration of a missional strategy and additional ministerial resources.

The **Agenda Group**, a committee of Bishop's Council, met on five occasions to consider future business of Diocesan Synod and Bishop's Council.

The Council received reports from the **Racial Justice Action Group** and was encouraged to hear that in the process of renewing membership of the group, there were some positive leads for diversity. The Racial Justice Action Plan continued to be implemented.

The Council also received reports from the newly formed **Diocesan Environment Group** including progress on implementation of the Diocesan Net Zero Carbon Action Plan.

**Risk** – The Council discussed the major operational and strategic risks faced by the Diocese. The Diocesan Board of Finance adopted the full Risk Register in November, noting that the Audit Committee would review the full register at each of its meetings and the DBF and Bishop's Council would review the top 10 risks at two meetings each year.

The Council received updates from the Bishop of Hertford on the work of the newly formed **Growing Younger and More Diverse Programme Board**. This Board supervised both the Alban Way project and the Growing Younger and More Diverse programme which had received capacity funding from the Diocesan Investment Programme.

In January, the Council discussed potential events to mark the **Coronation of King Charles III**.

## **DIOCESAN ADVISORY COMMITTEE**

Chair: Dr Christopher Green

## **Introduction**

The DAC continues to support the work of PCCs and volunteers to manage, develop and care for their church buildings and churchyards.

Much of this dedicated work in parishes across the Diocese is “nuts and bolts” work – making sure routine inspections are carried out; clearing gutters and gullies; “stitch in time” repairs to prevent larger problems building up; dealing with matters of safety; improving accessibility; welcoming worshippers, visitors, the local community and those in need.

Quinquennial Inspections are a vital resource for PCCs to understand their building's condition and plan for repairs. QIs are undertaken by an experienced professional (usually an architect or building surveyor) who is a member of a professional body providing a framework for assuring professional standards and accreditation in the field of conservation of historic buildings. It is important that the QI is done on time and the report produced for the PCC within 3 months; the DAC team regularly follow up cases where this has not happened. A follow up meeting with the quinquennial inspector should be arranged to discuss the report; the DAC team Support Officers can attend on request.

Alongside all this there are significant projects undertaken to make buildings fit for worship, outreach and community events. The DAC's members and consultants are available to offer expert advice and experience from the start of a project via a site visit or Zoom call; and can provide a parish with a steer or sense-check initial ideas without charge, before the PCC incurs the expense of commissioning detailed scheme drawings, a planning application or paid-for pre-application advice from the local planning authority. Their input helps to avoid wasting time in developing unfeasible proposals, and sometimes prevents local contention. The DAC will also assist with engaging national consultee bodies, put a parish in touch with others who have completed similar projects, all with the aim of ensuring the parish's vision and needs are met in the most appropriate way.

## **Achievements**

### **Net Zero Carbon, heating and sustainability**

- The DAC and staff team supported the implementation of new national requirements for faculty applications with an environmental impact, particularly replacement heating. This included:
  - Providing templates for a PCC statement confirming they have followed CBC guidance when delivering their NZC plan
  - Ensuring faculty applications in cases such as Lyonsdown Holy Trinity (hall heating) and Luton St Mary (hall) were well thought through and well presented for consideration by the Diocesan Chancellor
  - DAC technical advisers agreed principles for appropriate heating approaches and a framework for advising on PCC proposals.
  - Supporting the work of Tom Abraham, the Diocesan NZC officer, who was appointed in May 2023
  - Developing a process for PCCs to follow including: uploading energy usage data to the Energy Footprint Tool; obtaining an energy audit supported by a DBF grant; exploring options for electric heating and considering temporary heating.
  - ⊖ Cases considered by the DAC during the year included: Biggleswade St Andrew (one of the Heating Case Studies); Bedford St Andrew; Stevenage St Peter (a Case Study

## Members' report Year to 31 December 2023

- church); Widford St John the Baptist; and South Mymms St Giles, regarding conservation heating
- A key factor in decision making was the amount of use of a church building, which often suggested it would be more appropriate (cheaper as well as lower carbon) to heat the people using the church rather than heating the whole space or provide background heating. This had implications for insulation, building management and fabric conservation in some cases, as well as heat sources and heating systems.
- ⊖ The NZC Officer identified that there was often a very long-time lag for updated guidance to filter through to PCCs, and parishes were often wedded to their existing heating system even when they recognised it did not meet their needs. It is important for parishes to discuss their needs and any fabric conservation requirements with their professional advisers. The NZC Officer also identified that there were examples of good and bad installations of all types.
- Along with other diocesan boards, committees, and staff the Committee reviewed how it carried out its work to contribute to reducing the diocesan carbon footprint. An assessment was made of site visits requests, planning several site visits on the same day and shared transport, recognising the importance of site visits for a parish considering a significant project.

### Churchyards

- As a result of the Archdeacons observing that clergy were dealing with an increasing number of issues concerning churchyards, (seemingly indicative of a rising level of anxiety and the impact of Covid restrictions in preventing a proper grieving process) two churchyard management workshops were delivered before Easter. The resulting resources are in the diocesan website-linked Resource Centre. A new poster was issued for churchyard display in the autumn.
- A proposal from Whipsnade provided clarification by the Chancellor about the extent of the delegated power for the archdeacon to designate a new area for burial of ashes in a parish with a small electoral roll and low number of burials each year.
- In assessing an application from Hatfield Hyde, the Chancellor required the PCC to have regard to the CBC's statutory guidance on trees and in particular to commission a report from a Tree Consultant to inform decisions about a major and complex scheme of tree removal. The DAC team committed to give appropriate advice to parishes, the updated advice to be part of the DAC's Biodiversity Strategy, which was being developed.

### RAAC

- Following the publicised failure of this material in structural contexts in schools and other public buildings, the DAC's structural engineering consultant quickly provided advice. The DAC team reviewed QI reports of unlisted churches to identify any possibly affected. To date, only one parish has identified the presence of RAAC within the church building, thanks to the advice of its quinquennial inspector. Unexpectedly, not a modern building but the grade II\* listed All Saints, Great Barford, where the north aisle roof was replaced in the 1980s.

**Completed projects** can demonstrate the transformative nature of church buildings and their potential to be places where people can encounter God and be centres of mission and ministry:

- At **East Barnet**, the new community hall is now open, as is the north extension providing a parish room and facilities at **Bromham. Willian** church has completed a major internal redevelopment scheme, whilst at **Radlett**, the daughter church of **St John** has been replaced with a new worship centre/hall in a scheme with the local council providing housing units.
- A multi-benefit project at **Luton, St Mary** has provided new chairs, with the old seating going to **Marsh Farm, Holy Cross** (chairs, and a new dais constructed from their own benches) and **Husborne Crawley** (chairs). Other significant and varied repair and reordering projects

## Members' report Year to 31 December 2023

include **Anstey** – Font restoration; **Benington, St Peter** - repairs to north chapel; **Bourne End, St John** - reredos repositioning and reordering; **Ickleford, St Katharine** - window repair; **Welwyn, St Mary** - wall repair; and **Renhold, All Saints** - new floor.

Extensions/New Build	2 (2)
Re-ordering/alterations	27 (14)
Repairs	69 (77)
Furniture/fittings	45 (47)
Services/M&E (mechanical and electrical)	57 (51)
Churchyard (incl. trees, benches, signage)	108 (148)
Other (e.g. bells; organs, clocks)	38 (36)
Notifications of Advice for Faculties	144 (162)
Archdeacons' Letters of Authority	195 (210)
Archdeacons' Temporary Re-ordering Licences	7 (5)

Like the completed projects, the **casework** considered by the Committee represented the range of issues facing parishes across the Diocese and showed that creative solutions can enhance the building and people's experience of it:

- **Hitchin St Mary** is developing a range of repair and development proposals in the context of a Major Church.

- There are plans for providing facilities, improved accessibility and welcome at churches in all parts of the

diocese including **Milton Ernest** (toilet and servery); **Steppingley** (facilities); **Wootton** (better use of spaces); **Hatfield St Etheldreda** (glass doors); **Campton** (disabled access); **Cuffley** (reordering and heating); **St Ippolyts** (kitchenette); **Luton St Hugh Lewsey** (accessible toilets and welcome); **Roxton** (pew removal to improve space for worship and community use); **High Wych** (welcome and disabled access); and **Rickmansworth** (access/porch extension). In several cases the DAC's advice has led to consideration of options the PCC would not have considered or has provided support for the PCC's plans following the principle of access for all.

### Future plans

The DAC will continue to respond to the needs of parishes throughout 2024 and beyond through regular casework, site visits and circulating advice and guidance. There will be a particular focus on helping parishes to meet the Net Zero Carbon target by helping to administer diocesan grants for energy audits, providing general advice and resources, and specific advice at site visits or in response to applications. The Committee will continue to build up work in other areas of the environment, especially biodiversity and climate resilience, ensuring that parishes are well-prepared for the effects of climate change. The Committee will continue to provide resources for parishes through the DAC church buildings and churchyards pages of the diocesan website and Resource Centre, including grants and inspiring stories.

**Appendix: 2023 Statistics (2022 in brackets)**

- **6** (6) DAC meetings, 2 of which took place virtually using Microsoft Teams and 4 were hybrid
- **115** (50) visits by DAC members and staff.
- **346** (375) cases completed

**DIOCESAN BOARD OF EDUCATION**

**Living God's Love in Education: Can we thrive here?**

**Introduction**

Against a challenging organisational, financial, and educational backdrop, the DBE has sought, across 2023, to provide church schools with stability, clarity and confidence as they seek to flourish as Church of England educational communities. In *Living God's Love* in education, the Board works alongside six local authorities, seven CofE multi-academy trusts and 137 schools as well as the Department for Education, Church of England Education Office (CEEEO) and other educational bodies. The considerable pressures faced by schools, including falling pupil numbers, tightening budgets, recruitment issues, funding for pupils with Special Education Needs or Disabilities (SEND), and increasingly dilapidated buildings and sites, are starting to manifest themselves in high vacancy rates for school leaders and a growing inability to recruit sufficient foundation governors.

Into this challenging context, using the '*Can we thrive here?*' narrative, with its focus on mutual flourishing, the DBE has in 2023 sought to develop and deliver creative approaches which provide targeted assistance to schools, school leaders and governors. Feedback from schools continues to reference the quality of the nurture, support and pastoral care the DBE provides to its school communities and the reassurance this brings when navigating a complex and increasingly challenging educational landscape.

**Church schools *Living God's Love* in new ways.**

Throughout 2023, diocesan church schools continued to find new ways to *Live God's Love*. St Mary's VA Primary School in East Barnet helped combat climate change by reducing waste, recycling, litter picking and gardening to help support biodiversity. The school have planted 1,500 crocus bulbs in their local park to help bring a smile to the local community and were joined by Farah Ali from Barnet Council's Sustainability Team who were very impressed with the children's passion and commitment to tackling climate change. Nash Mills VA Primary School explored the South African principle of Ubuntu; the idea of what it means to be an individual within a community: 'I am me because you are you'. Through this, the school's Reflections Councilors, supported by their local vicar, have worked on different values that tie into the concept, beginning with Friendship and Faithfulness.

In February, St Nicholas VA Primary School in Harpenden celebrated 'Love Yourself Day' as part of Children's Mental Health Week. During the week, they encouraged everyone to focus on their own mental health and how this affects their individuality and well-being. St Nicholas's is very proud to have received the silver standard award in Mental Health in Schools from the Carnegie Centre of Excellence (Leeds Beckett University), reflecting the importance given to the well-being of all pupils and staff there, with its emphasis on all being created in the image of God.

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The Bishop of Bedford, Bishop Richard, visited St Michael's Primary, Woolmer Green in June. Accompanying him was the Bishop of Belize, Bishop Philip. The school assembled for Collective Worship, led by Bishop Richard who introduced himself and spoke about spirituality. After this, both bishops toured the classes for some tough questioning from the children. In Bedfordshire, the last half term of the school year began with a special Pentecost Wild Worship at St Augustine's Academy in Dunstable. Younger classes took part in Collective Worship outside on their school field while the older pupils enjoyed Collective Worship on Blows Downs. The school's Pupil Worship Leaders led with confidence, and everyone thoroughly enjoyed all that they had planned for them. Feeling the wind on their faces and seeing Downside and Dunstable from the hilltop helped everyone to experience the awe and wonder of God's creation and sense his presence with them.

### **The Diocesan Board of Education *Living God's Love in Education: Enabling Life in All its Fullness.***

The Board of Education, through the work of the Schools Team, continues to enable church schools to flourish through change. Current engagement with schools is good, with 120 of the 137 diocesan schools participating in the DBE Training and Development offer in 2023, with the remaining 17 schools having worked with members of the Schools Team on a 1-to-1 basis. During 2023, 49 schools received an inspection from Ofsted whilst 16 were inspected under the SIAMS framework.

The 2023 Senior Leaders Conference, with its theme '*Can I thrive here?*', focusing on racial justice and courageous advocacy, was a positive but challenging start to the school year. Another highlight in 2023 included the ongoing success of the InspiREd, RE subject leader development programme, which continues to grow (now across St Albans, Canterbury, Rochester, London, Southwark, Chichester dioceses). A secondary cohort has also commenced (St Albans and Southwark). Feedback remains incredibly positive.

The 'Flourishing Together' diocesan podcast continues to develop as a place of CPD for diocesan colleagues (<https://podcasters.spotify.com/pod/show/flourishingtogether>). So far, the episodes include: a theological grounding of the podcast series in the 'The Road to Emmaus' (Fr Simon Cutmore); a Heart for the Earth – climate change (Ruth Valerio); Spirituality in Schools (Anne Lumb); Pupil-Led Worship (Rebecca Swansbury); Spirituality within SMSC (Bill Moore); Courageous Advocacy (Caz Weir) and Prayer Stations (Jane Whittington). A second series was launched in September 2023 with a stimulating discussion with Professor Trevor Cooling.

Building on highly successful partnership working with the DBF, activity will increase in the area of decarbonisation for those schools in the scope of the Net Zero Carbon target. This is going to be a challenging area of work as initial decarbonisation plans for schools show that significant additional external funding will be needed to address what is an important shared goal.

In sadder news, 2024 will see the closure of Tonwell St Mary's VC Primary School. The DBE has supported this very small school closely over the previous four years, working alongside senior leadership and the governing body to try to ensure a future for a school much valued by parents and members of the local community.

### **Organisational and financial management**

The strategic direction of the DBE, which is a statutory committee of the DBF, is informed by its Education Strategy, most recently updated in November 2023. This determines the main priorities for its work and informs its financial planning which are then combined into a three-year Strategic Development Plan (SDP) aligned to the triennium. The SDP is itself informed by a combination of external (DfE, National Church, CEEO, local authority, multi-academy trust) and internal (diocesan, DBF, DBE finance, school) factors.

The DBE year begins with the Schools Team away day in September. Each team member has considerable autonomy to deliver the objectives allocated to them through the DBE's strategic plan. The Team's PDR process ensures that one personal target each year is aligned to strategic objectives. Training and Development is provided to ensure a balance of appropriate skills and experience is maintained. Personal wellbeing is facilitated through a team WhatsApp group and regular one-to-ones with line managers and the Director of Education. The team meet weekly online to update one another on their work and three times a year in person, allowing for a greater depth of reflection.

The DBE monitors the implementation of the strategic plan through its six Board meetings, the DBE Strategy Group, the DBE Finance Working Group and through the receipt of termly officer reports which enable Board members to gain an insight into the work of individual team members. At the end of each academic year, a summary report is submitted to the DBE and to Bishop's Council. The strategic development of the work of the DBE continues to be supported by strong financial management, monitoring and evaluation. The 2023 end-of-year budget was once more in surplus with predictions for 2024 again showing a surplus. All key policies, including risk management, are in place.

In maintaining the following strategic priorities for 2022-24, and in planning for the 2025-2027 triennium, the DBE has ensured it has sufficient capacity to respond to unexpected situations and therefore maintain its high standards of service to schools:

- Work to ensure that a minimum of 90% of schools are deemed to be good or excellent church schools (as defined by SIAMS)
- Support the development of Christian pedagogical approaches to teaching and learning
- Deliver diocesan-wide initiatives which promote a shared understanding of Living God's Love through community, worship and prayer
- Extend and develop work to promote the wellbeing of the whole school community
- Promote and facilitate outstanding leadership and governance which supports excellence in church schools
- Develop Church of England educational provision across the Diocese of St Albans.

### **Key achievements**

- The publication of the DBE's education strategy
- The continued work of *The Community Life Fund* providing targeted grant support to schools as they live out their unique Christian vision for education

## **Members' report** Year to 31 December 2023

- The successful launch of series 2 of the 'Flourishing Together' Podcast with contributions from Professor Trevor Coolong and Dr David Lewin
- The delivery of a highly regarded Senior Leaders Conference, '*Can I thrive here?*', focused on racial justice and courageous advocacy
- Facilitating the introduction of the new framework governing the statutory inspection of church schools (SIAMS)
- The delivery of 54 Training and Development courses
- Ensuring all voluntary aided schools are actively engaging in plans to reduce their carbon footprint

## **DIOCESAN BOARD OF MISSION AND MINISTRY**

- The Mission and Ministry Conference – Into the Harvest – gathered around seventy-five clergy and lay ministers along with senior staff and experienced speakers to explore elements of contextual mission.
- The Symposium on the Mixed Ecology of Church enabled a group of around thirty clergy from a range of contexts and traditions to look more deeply at how their own churches contribute to the mixed ecology in the diocese. Many attending followed up with coaching, advanced coaching training, Action Set Learning groups and specific support in leading change.
- The diocese successfully bid for capacity funding to enable us to work towards our Growing Younger and More Diverse Programme of strategic projects that meet the Church of England missional funding criteria.

## **MINISTRY DEVELOPMENT TEAM**

### **Main achievements from 2023**

- Developing a new job-sharing role for lay vocations and training officers that will enable and encourage a larger and more representative cohort of future ministers.
- Made ministerial progress assessments for readers along contemporary criteria and with the help of newly appointed local training groups for year 1 readers. Updated appropriate handbooks.
- Ongoing reviews of lay ministry training through the LLW programme, Foundations course and ERMC provided training so in 2024 a report on effectiveness and future training implications can be made.
- Recruited and trained new Vocation Advisors to double the team, clarified their role in the larger vocation process and reviewed the Ministerial Experience Scheme to address governance and implementation issues.

### **Future plans for 2024**

- Developing training courses for lay ministers to address 'gaps' in present training for a more comprehensive ministry and mission portfolio.
- Providing a more comprehensive understanding of the universal vocational call of God to his people, so that all disciples are enabled to realise and release their gifts in their God given calling. Discerning how training is actually being used in the parish/community setting.
- Streamlining the reader discernment process to provide greater accountability and ownership in the ministry formation and training process.
- To keep vocations in their broadest definition on the agenda for 2024 in the Diocese. With some new vocational events.
- To increase uptake, completion and engagement with parish life with the LLW, Foundations and reader training courses.

## **VOCATIONS TEAM**

### **Main achievements from 2023**

- 14 new Deacons ordained in the Diocese (7 Stipendiary and 7 Self Supporting), plus 15 new Ordinands entering training at Theological College. The increase in numbers entering ministry will significantly boost the impact the church is able to make in their communities.
- With the retirement of the Diocesan Director of Ordinands (DDO) Philip Waller, the Vocations team have recruited and trained a total of 8 Associate DDOs to work with our current DDO Tim Bull to take on more candidates discerning for ordained ministry. This will ensure that we continue a steady stream of candidates going through Discernment, training and into parishes.
- The team have attracted a good level of ethnically diverse candidates, with approximately 15% non-white ordinands and curates (which is representative of the wider population of the Diocese), as well as attracting and ordaining younger people in greater numbers; a strategic priority for us alongside the Church of England nationally.

### **Future plans for 2024**

- To ordain at least 7 new Deacons in the Diocese (6 Stipendiary and 1 Self Supporting), plus at least 9 new Ordinands entering training at Theological College and continue the focus of attracting a diverse range of candidates within the Diocese – both in terms of a variety of ages and disabilities, educational background and those with a global majority heritage.
- To ensure all our processes are efficient and cost-effective, particularly in terms of integrating our new A/DDOs into the wider team.
- To work closely with our Growing Vocations and Lay Ministry Officers, and our Vocations Advisers, on finding new ways of promoting Vocations within the Diocese.

## **FLOURISHING CHURCHES TEAM**

### **Achievements:**

- 111 Churches received strategic support for Mission Action Planning or Giving from the Church Growth Officers and Giving Advisor.
- The number of parishes with no Mission Action Plan reduced from 167 to 146 (-13%).
- 4 Action Learning Sets to support new incumbents were facilitated.
- 70+ people attended the Leading Your Church into Growth follow up day.
- New website uploading form and system created for Mission Action Planning.

### **Future Plans for 2024**

- To run the Hope for Rural Churches Conference on 16<sup>th</sup> March 2024.
- To reduce the number of parishes with no Mission Action Plan or a plan that is out of date.
- To oversee the roll out of 50 digital card readers to increase the number of parishes involved in digital giving.
- To establish further support for incumbents to lead change focussed on growth.

## **GROWING YOUNGER AND MORE DIVERSE**

### **Achievements:**

- Trained over 100 volunteers through Youthscape Essentials, CYM Children's Leaders Training, and Launchpad youth ministry training courses.
- Ran our first cohort of the Alban Way program for young adults and began recruiting for the 2024 group. Launched new initiatives engaging Year 6 students in schools.
- Secured £500k in capacity funding from the Strategic Mission and Ministry Investment Board and recruited additional staff.

### **Future Plans for 2024:**

- Continue training and networking opportunities for youth and children's ministry volunteers through retreats, brunches, and tailored support for employed leaders.
- Scale the Alban Way program by partnering with more schools and explore options to increase capacity for young adult ministry.
- Complete funding request to the SMMIB by the Feb 25 deadline to sustain and expand our ministry efforts.

## **THE ENVIRONMENT**

### **Achievements**

- Achieved Bronze Eco Diocese award in October 2023, work which included the Diocesan Offices achieving the Bronze Eco award in June, exceeding the target of 10% of churches registered for the Eco Church scheme and %% having achieved an Eco Award. Currently 135 churches are registered with 51 Bronze and 16 Silver awards. Environmental issues and creation care theology are included in ongoing training for lay and ordained ministers.
- Progress on improving management of churchyards and gardens for the benefit of biodiversity, with churches in the diocese being selected to take part in the churchyard soil carbon study. Also contributed to the new national guidance for churches to increase biodiversity in churchyard management. A scything course contributed to the support of churches through the Living Churchyard scheme and a new DAC strategy on biodiversity was published in November.
- Progress has been made towards Net Zero Carbon, with increased numbers of parishes entering data into the Energy Footprint Tool. A New Zero Carbon office was appointed, and Carbon Literacy training began in November. New grants are also available for churches to support these improvements.
- Engagement with climate justice – supporting parish initiatives and partnering in action to fight climate change and providing resources and information for church action in support of COP28.

## STRATEGIC REPORT

### FINANCIAL REPORT FOR THE YEAR

#### Overview

Each year shows the fact that we are subject to fragility in income and expenditure whilst having a strong asset base that provides us with some protection in the short to medium term. Two conflicting trends were seen during 2023 in our Common Fund. Income was below budget because of disappointing Parish Share recovery. This impact has been felt consistently throughout the year and across all types of churches in size, location, and theology. The reducing and aging profiles of our congregations is becoming a consistent theme of concern which reveals that this is primarily a membership issue that is fuelling financial concerns. The second and opposite trend was that Common Fund expenditure was under budget by £403k, predominantly because of savings in stipend costs resulting from the unusually high vacancy rate in 2023. Whilst this underspend effectively produced a surplus the trend is unwelcome, pointing as it does to longer vacancies in parishes. We are acutely aware that unfilled posts are costly in the longer term, impacting further on problems of parish share collection.

In spite of this, and because of the strength of our asset base, we have been able to ensure that the Common Fund remains strong and at the same time support parish-based initiatives as described in the section below on Investments. This is not something that can continue indefinitely and we have developed a rolling five-year plan to strengthen the areas where we see financial vulnerability.

The outcomes from Living in Love and Faith have not impacted finances for this year to any degree but could have consequences for next year. Some Dioceses are attempting to address this. The Board will be kept informed of developing trends as and when they happen. Discussions around finances that have been held with parishes expressing concerns over the outcome of LLF have been positive.

#### Investment Approach

Following a review undertaken by the Assets Committee the Board decided to adopt a Total Return Investment approach, specifically:

- Adoption of total return with a distribution rate of 3.5%.
- Draw down to be calculated using the average of the previous five years capital values.
- Application across all invested diocesan funds
- A base line asset value at 31 December 2017, £57.2 million in total though disaggregated to individual funds and subject to CPI indexation.
- Application from 1 January 2022.
- Review of the distribution policy every three years.

The impact of the policy and its application in 2022 is described in detail in Note 15.

As a result of adopting a Total Return Investment approach, investment income distribution in 2023 has been greater than budgeted investment income. This has released funds of at least £500k to be allocated to support parishes in initiatives such as Net Zero Carbon and mission through grant availability.

## Members' report Year to 31 December 2023

### Results for the year

Total income amounted to £22.7m compared to £23.9m in 2022, a decrease of £1.2m, mainly due to £1.0m from proceeds from the sale of parsonage houses in 2022 not repeated in 2023. The income includes £2.1 (2022 - £2.9) of sales in the property company.

During 2023, Parish Share contributions amounted to £13.1m (2021 - £13.2m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £46k (2021 - £140k). The collection rate for Parish Share for 2022 (amount received/amount requested) was 91.5% (2022 - 92.5%).

Expenditure totalled £23.1m in the year compared to £21.7m in 2022, the increase being due to extensive work on a parsonage house and increased cost of repairs across the housing stock.

Net expenditure before revaluations and investment asset disposals amounted to £0.3m (2022 - £2.2m net income). The net realised and unrealised losses on investment properties and listed investments totalled £3.1m (2022 - £1.8m loss). The net increase in funds for the year was £2.9m (2022 - £0.4m) with the Common Fund showing an increase of £1.7m (2022 - £1.2m), which includes a total return transfer that provided an extra £907k of income (2022 - £615k) and the undesignation of £510k.

### Financial position

The consolidated balance sheet showed total funds of £205.9m (2022 - £203.0). This figure included endowment funds of £161.5m (2022 - £159.6m), the principal part of this being the parsonage houses fund amounting to £76.9m (2022 - £76.9m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds.

Also included in total funds were restricted funds totalling £15.1m (2022 - £14.1m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 23 to the financial statements together with an analysis of movements in the year. Funds totalling £20.3m (2022 - £21.3m) had been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 24 to the financial statements.

## **FUTURE PLANS**

The Diocesan vision of Living God's Love will continue to be promoted, to encourage churches to engage more missionally. Boards and Committees will continue working to support that vision by resourcing parochial mission and ministry and offering help and guidance to parishes as they seek to Live God's Love. The theme of 'Growing Younger and More Diverse' will continue to be an important part of future work.

The Bishop's Council will continue to make recommendations about proposals for pastoral reorganisation and support and encourage emerging mission initiatives and seeking ways to share good practice in parishes and deaneries.

The Diocesan Board of Finance will continue to work with its Investment Managers to ensure maximum returns for the benefit of mission and ministry in the Diocese. It will also continue dialogue with parish treasurers over the impact of COVID-19 on parish and diocesan finances.

The DAC will continue to respond to the needs of parishes throughout 2023 and beyond through regular casework, site visits and circulating advice and guidance. There will be a particular focus on helping parishes to meet the Net Zero Carbon target by helping to administer diocesan grants for energy audits, providing general advice and resources, and specific advice at site visits or in response to applications. The Committee will continue to build up work in other areas of the environment, especially biodiversity and climate resilience, to ensure that parishes are well-prepared for the effects of climate change.

The DAC team will also resource and support parishes in the care and development of church buildings by updating content for the new website and Resources Centre. This will be informed by parishes and build upon work already started in 2022, such as updating the DAC's advice leaflet on electrical wiring following complications in the high-level wiring at Royston.

The DBE, in maintaining the following strategic priorities for 2022-24, will continue to ensure it has sufficient capacity to respond to unexpected situations and therefore maintain its high standards of service to schools:

The DBE will continue to ensure that a minimum of 90% of schools are deemed to be good or excellent church schools (as defined by SIAMS) and support the development of Christian pedagogical approaches to teaching and learning.

The DBE will continue to deliver diocesan-wide initiatives which promote a shared understanding of Living God's Love through community, worship and prayer, extend and develop work to promote the wellbeing of the whole school community, promote and facilitate outstanding leadership and governance which supports excellence in church schools and develop Church of England provision across the Diocese of St Albans.

The Board for Mission and Ministry will continue supporting Living God's Love and our eight mission and ministry objectives of:

1. More activities that seek to grow discipleship enabling us to join in with God's action in the world
2. Parishes equipped with appropriate ministerial capacity

## **Members' report** Year to 31 December 2023

3. Enhanced wellbeing of our ministers
4. Churches growing younger and more diverse
5. Parishes that are financially sustainable
6. More New Worshipping Communities
7. Parishes operating safely and with good governance
8. Net Carbon Zero by 2030

However, within our work to support each objective we will give particular attention to:

- Developing our work to grow younger and more diverse disciples of Christ, including our Growing Younger and More Diverse Strategic Programme.
- Starting further cohorts of The Alban Way spiritual formation pathway for young adults, young people and children.
- Running Leading Your Church into Growth and the annual Mission and Ministry Day Conference.
- Increasing the number of effective up to date Mission Action Plans.
- Reviewing Initial Ministerial Education Phase 2 (for Readers and Curates in training).
- Reviewing the lay ministry training provision.
- Growing the number of younger and more diverse people exploring a vocation to lay and ordained ministry.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board has reviewed the risks faced by the charity. During 2023 a full review of the diocesan risk register was undertaken and 86 risks identified and evaluated, with mitigation measures identified. The Board adopted the risk register in November 2023 and instated a regime of regular, six-monthly, review by both the Board and the Bishop's Council.

The most significant risks are specifically identified for review together with new and emerging risks. The top 11 risks identified were:

- Conflicts over governance, strategic and operational matters
- Lack of legal mechanisms to deal with unsatisfactory parish clergy performance
- Parishes not undertaking their own risk assessments
- Decline in attendance
- Disagreement over significant ecclesiological differences
- Departure of congregations through ecclesiological differences
- Failure to ensure high levels of safeguarding training compliance
- High profile safeguarding cases
- Failure to collect parish share because some parishes cannot contribute
- Failure to collect parish share because some parishes will not contribute
- Failure to provide and maintain appropriate housing for clergy

For each of the risks identified action to mitigate risk, the monitoring process to be adopted and the bodies and individuals responsible for the risk are identified. The Board recognises that whilst mitigation of risk is a key responsibility, there are some individual risks where only limited mitigation is available.

## **CUSTODIAN FUNDS**

As at 31 December 2023, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £38.5m (2022 - £36.2m) as Custodian Trustee.

These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## **RAISING FUNDS**

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial councils, donors and supporters. It applies best practice to protect their data and never sells data, never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of

**Members' report** Year to 31 December 2023

professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 00145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

### **Liability of the members of the company**

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

### **Organisation**

The members of the Board are empowered by the Articles of Association of the company to act as the company directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its executive committee, the General Committee, or to its sub-committees, the Property Committee, the Glebe Committee, and the Assets Committee.

### **Related bodies**

The Board's staff provide administrative and financial services to the Board of Education, the Board for Mission and Ministry as well as the Diocesan Mission and Pastoral Committee and Diocesan Advisory Committee. All these bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day-to-day business to its standing committee, the Bishop's Council.

## Members' report Year to 31 December 2023

### Members

The members who served during the year (and continuing unless otherwise stated) were as follows:

Members	Sub-committee Membership	Appointed/Resigned
<b>Ex-officio Member</b>		
The Bishop of St Albans (The Rt Revd Dr A G C Smith)		19 September 2009
<b>Clergy elected by the Diocesan Synod</b>		
The Reverend Dr G R Cappleman		1 January 2022
The Reverend K David	2	1 January 2022
The Reverend C Bunce	2, 7	1 January 2022
The Reverend A Thomas	1, 5	1 January 2022
The Reverend J Hookway	6, 7	20 October 2023
<b>Lay Members elected by the Deanery Synods</b>		
<i>Archdeaconry of St Albans</i>		
N K Challis	1, 5	1 January 2022
T Fleming	1, 4, 5	1 January 2022
C B Gage	1, 6	1 January 2022
D Roberts	3	1 January 2022
Dr R L V Southern	3	1 January 2022
M Taylor		1 January 2022
<i>Archdeaconry of Hertford</i>		
C Bell		11 April 2022
C G Bird	1, 2, 3, 4, 6, 7	1 January 2022
M E Butcher	2, 7	1 January 2022
J W Butler	1, 2, 4	1 January 2022
Dr M Eaton	1, 6	1 January 2022
<i>Archdeaconry of Bedford</i>		
D C Clark	3	1 January 2022
Dr D W Dallinger	2, 6	1 January 2022
K Ebbage	1, 6	1 January 2022
M J Gates	7	1 January 2022
K Smith	2, 7	1 January 2022
<b>Members nominated by the Bishop of St Albans</b>		
The Archdeacon of St Albans	1, 2, 3, 6, 7	1 January 2022
The Archdeacon of Bedford	1, 2, 3, 6, 7	30 March 2019
The Archdeacon of Hertford	1, 2, 3, 6, 7	6 September 2019
A Brown OBE (Chair of Glebe Committee)	1, 3, 4, 7	11 March 2020
Dr Tim Coulson	1, 2, 3, 4, 6, 7	30 October 2023

## Members' report Year to 31 December 2023

### Members co-opted by the Board

B Crawford	4	7 June 2019
P Easterbrook	1, 5	1 January 2022
P R Lindley	1, 4, 7	11 January 2016

1 General Committee, 2 Property Committee, 3 Glebe Committee, 4 Assets Committee, 5 Audit Committee, 6 Parish Shares and Support Committee, 7 Parish Grants Committee

### Members

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. No expenses were incurred in the performance of their duties as Board members were reimbursed during the year.

### Member-selection and appointment

Members can be co-opted to the Board by existing members, or they can be elected by a number of different entities including the Diocesan Synod and the Deanery Synods or nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2021 to appoint members for the triennium 1 January 2022 to 31 December 2024.

On agreeing to become a member of the charity, the members are thoroughly briefed by their co-members on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up to date on any changes in legislation.

### Member induction and training

An induction pack has been issued to all members.

## **Members' report** Year to 31 December 2023

### **Remuneration of key management personnel**

Key management personnel comprise all the members of the Board, together with the senior executives who are the Diocesan Secretary, the Director of Finance, the Estates Secretary and the Diocesan Pastoral and Advisory Secretary. The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adapted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, is approved by the Diocesan Synod. Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow regional benchmarks as agreed annually by the National Church Central Stipends Authority.

### **Members' responsibilities statement**

The members of the St Albans Diocesan Board of Finance are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

## Members' report Year to 31 December 2023

### Members' responsibilities statement

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in operation.

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The members are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Trading subsidiary

The charity has a wholly owned trading subsidiary, the St Albans Diocesan Property Company (Company No. 08899302), a company incorporated in England with a share capital of £7,700,000 (2022 – £7,700,000). The principal activity of the company is property development. During the year the company made a net profit of £460k (2022 – £947k) and made a charitable donation of £1,048k (2021 - £510k) to the charity. This donation ensured that there was no tax liability for 2022.

In 2018, the charity loaned the subsidiary £7m for two years to aid working capital. £1m of this was repaid in 2019. The remaining £6m loan was exchanged for equity in the company in 2022.

**Members' report** Year to 31 December 2023

The members' report, including the strategic report, was approved by the members and signed on their behalf by:



Tim Coulson  
Chairman of the Board of Trustees



David White  
Diocesan Secretary

Approved on: 20.5.24

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2023

### Opinion

We have audited the financial statements of The St Albans Diocesan Board of Finance (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 December 2023 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 affairs of the group and of the charitable company as at 31 December 2023 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 either the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2023

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

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

- ◆ the information given in the members' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ this report has 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 group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report, including the strategic report.

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

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

### Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group's and 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 members either intend to liquidate the group or 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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2023

### Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the audit partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company and group through discussions with members and management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company and group, including the Charities Act 2011, the Companies Act 2006 and Church Assembly and General Synod Measures;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's and group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ performed substantive testing of expenditure;
- ◆ tested journal entries to identify unusual financial transactions; and
- ◆ assessed whether judgements and assumptions made were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**Independent auditor's report to the members of The St Albans Diocesan Board of Finance**  
Year to 31 December 2023

**Auditor's responsibilities for the audit of the financial statements (continued)**

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

**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.



Catherine Biscoe, Senior Statutory Auditor  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 28 May 2024

## Consolidated statement of financial activities Year to 31 December 2023

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2023 £'000	Total 2022 £'000
<b>Income and endowments from:</b>							
Donations and legacies	1	—	7	13,107	—	13,114	13,423
Investments	2	1,547	417	1,132	21	3,117	2,292
Trading activities	26	—	—	—	2,109	2,109	2,926
Charitable activities	3	—	3,431	952	—	4,383	4,139
Other sources	4	—	—	2	—	2	1,072
<b>Total income</b>		<b>1,547</b>	<b>3,855</b>	<b>15,193</b>	<b>2,130</b>	<b>22,725</b>	<b>23,852</b>
<b>Expenditure on:</b>							
Raising funds	5	343	131	26	2,196	2,696	2,178
Charitable activities							
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	3,284	17,075	—	20,359	19,497
<b>Total expenditure</b>		<b>343</b>	<b>3,415</b>	<b>17,101</b>	<b>2,196</b>	<b>23,055</b>	<b>21,675</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>1,204</b>	<b>440</b>	<b>(1,908)</b>	<b>(66)</b>	<b>(330)</b>	<b>,177</b>
Realised gains on disposal of investment property and listed investments	14	958	141	149	—	1,248	707
Unrealised gains (losses) on investment property and listed investments	14	1,192	557	75	—	1,824	(2,551)
<b>Net income (expenditure) before transfers and taxation</b>		<b>3,354</b>	<b>1,138</b>	<b>(1,684)</b>	<b>(66)</b>	<b>2,742</b>	<b>333</b>
Total Return transfer	15	(2,452)	—	2,452	—	—	—
<b>Net income for the year after Total Return transfer</b>		<b>902</b>	<b>1,138</b>	<b>768</b>	<b>(66)</b>	<b>2,742</b>	<b>333</b>
Other transfers between funds	21	1,048	(87)	87	(1,048)	—	—
Corporation tax credit (charge)	12	—	—	—	118	118	(102)
<b>Net income (expenditure) for the year</b>		<b>1,950</b>	<b>1,051</b>	<b>855</b>	<b>(996)</b>	<b>2,860</b>	<b>231</b>
<b>Other recognised gains and losses:</b>							
Actuarial gains	30	—	—	—	—	—	174
<b>Net movement in funds</b>		<b>1,950</b>	<b>1,051</b>	<b>855</b>	<b>(996)</b>	<b>2,860</b>	<b>405</b>
<b>Fund balances brought forward at 1 January 2023</b>		<b>159,580</b>	<b>14,074</b>	<b>23,962</b>	<b>5,423</b>	<b>203,039</b>	<b>202,634</b>
<b>Fund balances carried forward at 31 December 2023</b>		<b>161,530</b>	<b>15,125</b>	<b>24,817</b>	<b>4,427</b>	<b>205,899</b>	<b>203,039</b>

All of the group's activities derived from continuing operations during the above financial period.

## Comparative consolidated statement of financial activities Year to 31 December 2022

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2022 £'000
<b>Income and endowments from:</b>						
Donations and legacies	1	—	193	13,230	—	13,423
Investments	2	1,439	311	542	—	2,292
Trading activities	26	—	—	—	2,926	2,926
Charitable activities	3	—	3,432	707	—	4,139
Other sources	4	1,072	—	—	—	1,072
<b>Total income</b>		<b>2,511</b>	<b>3,936</b>	<b>14,479</b>	<b>2,926</b>	<b>23,852</b>
<b>Expenditure on:</b>						
Raising funds	5					
Charitable activities		288	170	51	1,669	2,178
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	3,573	15,924	—	19,497
<b>Total expenditure</b>		<b>288</b>	<b>3,743</b>	<b>15,975</b>	<b>1,669</b>	<b>21,675</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>2,223</b>	<b>193</b>	<b>(1,496)</b>	<b>1,257</b>	<b>2,177</b>
Realised gains on disposal of investment property and listed investments		846	(91)	(48)	—	707
Unrealised gains on investment property and listed investments		(1,057)	(1,081)	(413)	—	(2,551)
<b>Net income before transfers and taxation</b>		<b>2,012</b>	<b>(979)</b>	<b>(1,957)</b>	<b>1,257</b>	<b>333</b>
Total Return transfer	15	(2,262)	—	2,262	—	—
<b>Net income (expenditure) for the year after Total Return transfer</b>		<b>(250)</b>	<b>(979)</b>	<b>305</b>	<b>1,257</b>	<b>333</b>
Other transfers between funds	21	2,747	(275)	(1,754)	(718)	—
Corporation tax credit (charge)	12	—	—	—	(102)	(102)
<b>Net income (expenditure) for the year</b>		<b>2,497</b>	<b>(1,254)</b>	<b>(1,449)</b>	<b>437</b>	<b>231</b>
<b>Other recognised gains and losses:</b>						
Actuarial gains	30	174	—	—	—	174
<b>Net movement in funds</b>		<b>2,671</b>	<b>(1,254)</b>	<b>(1,449)</b>	<b>437</b>	<b>405</b>
<b>Fund balances brought forward at 1 January 2022</b>		<b>156,908</b>	<b>15,329</b>	<b>25,411</b>	<b>4,986</b>	<b>202,634</b>
<b>Fund balances carried forward at 31 December 2022</b>		<b>159,579</b>	<b>14,075</b>	<b>23,962</b>	<b>5,423</b>	<b>203,039</b>

All of the group's activities derived from continuing operations during the above financial period.

## Consolidated balance sheet 31 December 2023

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2023 £'000	Total 2022 £'000
<b>Fixed assets</b>							
Tangible assets	13	78,174	—	12,490	—	90,664	90,035
Investments	14	70,150	12,660	6,379	—	89,189	87,644
		<b>148,324</b>	<b>12,660</b>	<b>18,869</b>	<b>—</b>	<b>179,853</b>	<b>177,679</b>
<b>Current assets</b>							
Stock: land under development	16	—	—	—	11,831	11,831	12,078
Debtors – due within one year	17	199	198	651	355	1,403	3,654
Debtors – due after one year	17	—	—	307	699	1,006	283
Short term deposits		4,296	1,161	5,078	404	10,939	8,609
Cash at bank and in hand		—	11	2,438	985	3,434	2,372
		<b>4,495</b>	<b>1,370</b>	<b>8,474</b>	<b>14,274</b>	<b>28,613</b>	<b>26,996</b>
<b>Creditors: amounts falling due within one year</b>	18	<b>(1)</b>	<b>(636)</b>	<b>(636)</b>	<b>(115)</b>	<b>(1,388)</b>	<b>(1,079)</b>
<b>Net current assets</b>		<b>4,494</b>	<b>734</b>	<b>7,838</b>	<b>14,159</b>	<b>27,225</b>	<b>25,917</b>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>							
		<b>152,818</b>	<b>13,394</b>	<b>26,707</b>	<b>14,159</b>	<b>207,078</b>	<b>203,596</b>
Inter-fund balances		8,712	1,731	(1,477)	(8,966)	—	—
<b>Total assets less current liabilities</b>		<b>161,530</b>	<b>15,125</b>	<b>25,230</b>	<b>5,193</b>	<b>207,078</b>	<b>203,596</b>
<b>Creditors: amounts falling due after one year</b>	19	<b>—</b>	<b>—</b>	<b>(413)</b>	<b>(766)</b>	<b>(1,179)</b>	<b>(557)</b>
<b>Provisions for liabilities</b>	20	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net assets</b>		<b>161,530</b>	<b>15,125</b>	<b>24,817</b>	<b>4,427</b>	<b>205,899</b>	<b>203,039</b>
<b>Represented by:</b>							
<b>The funds of the group</b>							
Endowment funds	22	161,530	—	—	—	161,530	159,579
Restricted funds	23	—	15,125	—	—	15,125	14,075
Unrestricted funds	24	—	—	24,817	—	24,817	23,962
Non-charitable trading funds	24	—	—	—	4,427	4,427	5,423
		<b>161,530</b>	<b>15,125</b>	<b>24,817</b>	<b>4,427</b>	<b>205,899</b>	<b>203,039</b>

Approved by the members of the Board and signed on their behalf by:

*T. J. Coulson*

Tim Coulson  
Chairman

Approved on: 20.5.24

The St Albans Diocesan Board of Finance  
Company Registration Number 00145227 (England and Wales)

## Comparative consolidated balance sheet 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2022 £'000
<b>Fixed assets</b>						
Tangible assets	13	77,578	—	12,457	—	90,035
Investments	14	69,359	12,042	6,243	—	87,644
		<u>146,937</u>	<u>12,042</u>	<u>18,700</u>	<u>—</u>	<u>177,679</u>
<b>Current assets</b>						
Stock: land under development	16	—	—	—	12,078	12,078
Debtors – due within one year	17	48	67	796	2,743	3,654
Debtors – due after one year	17	—	—	283	—	283
Short term deposits		2,640	1,060	4,904	5	8,609
Cash at bank and in hand		—	—	2,369	3	2,372
		<u>2,688</u>	<u>1,127</u>	<u>8,352</u>	<u>14,829</u>	<u>26,996</u>
<b>Creditors: amounts falling due within one year</b>	18	—	(232)	(640)	(207)	(1,079)
<b>Net current assets</b>		<u>2,688</u>	<u>895</u>	<u>7,712</u>	<u>14,622</u>	<u>25,917</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		149,625	12,937	26,412	14,622	203,596
Inter-fund balances		9,954	1,138	(2,122)	(8,970)	—
<b>Total assets less current liabilities</b>		<u>159,579</u>	<u>14,075</u>	<u>24,290</u>	<u>5,652</u>	<u>203,596</u>
<b>Creditors: amounts falling due after one year</b>	19	—	—	(328)	(229)	(557)
<b>Provisions for liabilities</b>	20	—	—	—	—	—
<b>Total net assets</b>		<u>159,579</u>	<u>14,075</u>	<u>23,962</u>	<u>5,423</u>	<u>203,039</u>
<b>Represented by:</b>						
<b>The funds of the group</b>						
Endowment funds	22	159,579	—	—	—	159,579
Restricted funds	23	—	14,075	—	—	14,075
Unrestricted funds	24	—	—	23,962	—	23,962
Non-charitable trading funds	24	—	—	—	5,423	5,423
		<u>159,579</u>	<u>14,075</u>	<u>23,962</u>	<u>5,423</u>	<u>203,039</u>

## Charity balance sheet 31 December 2023

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000	Total 2022 £'000
<b>Fixed assets</b>						
Tangible assets	13	78,174	—	12,490	90,664	90,035
Investments	14	77,850	12,660	6,379	96,889	95,344
		<u>156,024</u>	<u>12,660</u>	<u>18,869</u>	<u>187,553</u>	<u>185,379</u>
<b>Current assets</b>						
Debtors – due within one year	17	1,621	198	651	2,470	2,343
Debtors – due after one year	17	—	—	307	307	283
Short term deposits		4,296	1,161	5,078	10,535	8,604
Cash at bank and in hand		—	11	2,438	2,449	2,369
		<u>5,917</u>	<u>1,370</u>	<u>8,474</u>	<u>15,761</u>	<u>13,599</u>
<b>Creditors:</b> amounts falling due within one year	18	(1)	(636)	(636)	(1,273)	(872)
<b>Net current assets</b>		<u>5,916</u>	<u>734</u>	<u>7,838</u>	<u>14,488</u>	<u>12,727</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		<u>161,940</u>	<u>13,394</u>	<u>26,707</u>	<u>202,041</u>	<u>198,106</u>
Inter-fund balances		(410)	1,731	(1,321)	—	—
<b>Total assets less current liabilities</b>		<u>161,530</u>	<u>15,125</u>	<u>25,386</u>	<u>202,041</u>	<u>198,106</u>
<b>Creditors:</b> amounts falling due after one year	19	—	—	(413)	(413)	(328)
<b>Provisions for liabilities</b>	20	—	—	—	—	—
<b>Total net assets</b>		<u>161,530</u>	<u>15,125</u>	<u>24,973</u>	<u>201,628</u>	<u>197,778</u>
<b>Represented by:</b>						
<b>The funds of the charity</b>						
Endowment funds	22	161,530	—	—	161,530	159,579
Restricted funds	23	—	15,125	—	15,125	14,075
Unrestricted funds	24	—	—	24,973	24,973	24,124
		<u>161,530</u>	<u>15,125</u>	<u>24,973</u>	<u>201,628</u>	<u>197,778</u>

Approved by the members of the Board and signed on their behalf by:

*T. J. Coulson*

Chairman

Approved on: 20.5.24

The St Albans Diocesan Board of Finance

Company Registration Number 00145227 (England and Wales)

## Comparative charity balance sheet 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000
<b>Fixed assets</b>					
Tangible assets	13	77,578	—	12,457	90,035
Investments	14	77,059	12,042	6,243	95,344
		<u>154,637</u>	<u>12,042</u>	<u>18,700</u>	<u>185,379</u>
<b>Current assets</b>					
Debtors – due within one year	17	1,480	67	796	2,343
Debtors – due after one year	17	—	—	283	283
Short term deposits		2,640	1,060	4,904	8,604
Cash at bank and in hand		—	—	2,369	2,369
		<u>4,120</u>	<u>1,127</u>	<u>8,352</u>	<u>13,599</u>
<b>Creditors: amounts falling due within one year</b>	18	—	(232)	(640)	(872)
<b>Net current assets</b>		<u>4,120</u>	<u>895</u>	<u>7,712</u>	<u>12,727</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>					
		158,757	12,937	26,412	198,106
Inter-fund balances		822	1,138	(1,960)	—
<b>Total assets less current liabilities</b>		<u>159,579</u>	<u>14,075</u>	<u>24,452</u>	<u>198,106</u>
<b>Creditors: amounts falling due after one year</b>	19	—	—	(328)	(328)
<b>Provisions for liabilities</b>	20	—	—	—	—
<b>Total net assets</b>		<u>159,579</u>	<u>14,075</u>	<u>24,124</u>	<u>197,778</u>
<b>Represented by:</b>					
<b>The funds of the charity</b>					
Endowment funds	22	159,579	—	—	159,579
Restricted funds	23	—	14,075	—	14,075
Unrestricted funds	24	—	—	24,124	24,124
		<u>159,579</u>	<u>14,075</u>	<u>24,124</u>	<u>197,778</u>

## Summary consolidated income and expenditure account Year to 31 December 2023

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	<b>2023</b> <b>£'000</b>	2022 £'000
Total income of continuing operations	<b>21,178</b>	21,679
Total expenditure of continuing operations	<b>(22,712)</b>	(21,725)
Net (expenditure) income for the year before transfers, investment gains and losses and taxation	<b>(1,534)</b>	(46)
Total return transfer	<b>2,452</b>	2,262
Other transfers to endowment funds	<b>(1,048)</b>	(2,747)
Net income (expenditure) before investment gains and losses and taxation	<b>(130)</b>	(531)
Investment gains (losses)	<b>922</b>	(1,633)
Taxation credit (charge)	<b>118</b>	(102)
Net income (expenditure) income for the year as defined by the Companies Act 2006	<b>910</b>	(2,266)

Total income as defined by the Companies Act 2006 comprises £17,323k (2022 – £17,405k) for unrestricted and non-charitable trading funds and £3,855k (2022 – £3,936k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net expenditure before investment gains and taxation for the year of £130k (2022 – £531k) comprises net expenditure of £483k (2022 - £449k) on unrestricted and non-charitable trading funds and net income of £353k (2022 – £82k income) on restricted funds.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 39 which, together with the notes to the financial statements provides full information on the movements during the year on all funds of the group.

## Consolidated statement of cash flows Year to 31 December 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(549)	(2,934)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		3,117	2,292
Proceeds from the disposal of tangible fixed assets		—	1,927
Purchase of tangible fixed assets		(687)	(645)
Proceeds from the disposal of investments		33,720	3,944
Purchase of investments		(32,193)	(8,069)
Taxation paid		—	(246)
(Increase) decrease in cash deposits		(3,013)	4,026
<b>Net cash provided by investing activities</b>		<b>944</b>	<b>3,229</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		(3)	—
<b>Net cash used in financing activities</b>		<b>(3)</b>	<b>—</b>
<b>Change in cash and cash equivalents in the year</b>		<b>392</b>	<b>295</b>
<b>Cash and cash equivalents at 1 January 2023</b>	B	<b>3,042</b>	<b>2,747</b>
<b>Cash and cash equivalents at 31 December 2023</b>	B	<b>3,434</b>	<b>3,042</b>

### Notes to the statement of cash flows for the year to 31 December 2023.

#### A Reconciliation of net income to net cash flow used in operating activities

	2023 £	2022 £
<b>Net income (as per the statement of financial activities)</b>	<b>2,742</b>	<b>333</b>
<b>Adjustments for:</b>		
Depreciation charge	58	66
(Gains) losses on investments	(3,072)	1,844
Dividends, interest and rent from investments	(3,117)	(2,292)
Surplus on disposal of tangible fixed assets	—	(1,072)
Decrease (increase) in stocks	247	(543)
Decrease (increase) in debtors	1,528	(129)
Increase (decrease) in creditors	1,065	(894)
Pension adjustment	—	(247)
<b>Net cash used in operating activities</b>	<b>(549)</b>	<b>(2,934)</b>

#### B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	3,434	2,372
Cash held by investment managers	—	670
<b>Total cash and cash equivalents</b>	<b>3,434</b>	<b>3,042</b>

## Principal accounting policies 31 December 2023

### Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### Basis of preparation

These financial statements have been prepared for the year to 31 December 2023 with comparative information provided for the year to 31 December 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006, except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

### Basis of consolidation

The financial statements consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, St Albans Diocesan Property Company Limited, made up to the balance sheet date.

In accordance with the provision of paragraph 24.7 of the SORP, a statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £20,412k (2022 – £21,472k), total expenditure of £20,682k (2022 – £20,344k) and investment gains of £3,072k (2022 losses – £1,844k), resulting in net income of £2,802k (2022 expenditure – £716k).

### Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- ◆ the valuation of investment properties;
- ◆ the useful economic life of tangible fixed assets;
- ◆ the valuation of stock of land under development; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### Going concern

The members of the Board have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The members of the Board have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

## Principal accounting policies 31 December 2023

### Going concern (continued)

For the charity, the effects of the past two years impact its activities both directly and indirectly. The slow return of people to their local church has resulted in a restriction of income for those parishes which rely on giving through 'the plate' or income from lettings of church property, and therefore on their ability to pay the parish share. The charity itself faces a loss of income from its properties as well as its listed investments as well as uncertainty over the current and future value of its assets which have already suffered significant volatility.

Steps have been taken, and will continue, to reduce expenditure. The high percentage of the Diocesan budget expended on clergy stipends and housing means that significant savings take time to implement. The Board has prepared and reviewed a five-year forecast which provides us with a finance strategy that underpins the Diocesan missional strategy, whilst allowing us to control costs. Nevertheless financial recovery will take some time.

The members of the Board have concluded that despite these challenges, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

The members of the Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

### Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed and property (glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Grants receivable on confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

## Principal accounting policies 31 December 2023

### Income (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold.

### Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

### School major repair and capital projects

The charity receives contributions from governors of Church schools in the Diocese in connection with major repair and capital projects to Church schools and also Government grants in connection with the same. Under the School Condition Allocation (SCA) funding scheme, monies are received and then allocated or spent. Projects are agreed by the Diocese, under the statutory and non-statutory guidance provided by the Department for Education (DfE). Because the Diocese has some limited discretion over the application of funds, it is our view that all income and expenditure under the SCA should be included in these accounts. Monies received have to be spent within a two-year time period or returned to the DfE.

## Principal accounting policies 31 December 2023

### Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS102. All other tangible fixed assets are included in the financial statements at cost.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

### Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Members' Report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### Stock: land under development

Stock is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

## Principal accounting policies 31 December 2023

### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the terms of the endowment, if stipulated, or for general purposes. The application of total return in 2023 does not change this and all transfers to unrestricted funds as a result of total return are in accordance with the terms of the endowment funds.

The non-charitable trading funds represent the retained profit arising on the charity's trading subsidiary.

### Financial instruments

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

### Pension costs

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

## **Principal accounting policies 31 December 2023**

### **Custodian funds**

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

## 1 Income from donations and legacies

	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000
Parish Share	—	13,072	13,072
Specific parochial donations	—	5	5
General donations and legacies	7	30	37
<b>2023 total funds</b>	<b>7</b>	<b>13,107</b>	<b>13,114</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000
Parish Share	—	13,197	13,197
Specific parochial donations	—	5	5
General donations and legacies	193	28	221
<b>2021 total funds</b>	<b>193</b>	<b>13,230</b>	<b>13,423</b>

In addition to the above, the Diocesan Board of Finance received as trustees contributions of £674k (2022 – £383k) from the governors of Church schools in the Diocese in connection with major repair and capital projects (see note 3 below).

## 2 Income from investments

	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Non-Charitable Trading income £'000	Total 2023 £'000
Income from listed investments and interest receivable	1,086	389	528	21	2,024
Glebe income	460	—	—	—	460
Income from miscellaneous rents and lettings	—	28	605	—	633
<b>2023 total funds</b>	<b>1,546</b>	<b>417</b>	<b>1,133</b>	<b>21</b>	<b>3,117</b>

	Endowment Funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2022 £'000
Income from listed investments and interest receivable	989	290	144	1,423
Glebe income	450	—	—	450
Income from miscellaneous rents and lettings	—	21	398	419
<b>2022 total funds</b>	<b>1,439</b>	<b>311</b>	<b>542</b>	<b>2,292</b>

**3 Income from charitable activities**

	Restricted funds £'000	Un- restricted funds £'000	Total 2023 £'000
Grants receivable	337	281	618
Fees and chaplaincy income	—	663	663
Trading income	—	8	8
Schools' Service Level Agreements and Project levies	124	—	124
Grant funding for Schools Building Projects	2,250	—	2,250
Other income from courses and conferences	60	—	60
Grant from Church Commissioners' Strategic Development Fund	178	—	178
National Church allocations	482	—	482
<b>2023 total funds</b>	<b>3,431</b>	<b>952</b>	<b>4,383</b>

	<i>Restricted funds £'000</i>	<i>Unrestricted funds £'000</i>	<i>Total 2022 £'000</i>
<i>Grants receivable</i>	<i>287</i>	<i>222</i>	<i>509</i>
<i>Fees and chaplaincy income</i>	<i>—</i>	<i>485</i>	<i>485</i>
<i>Schools' Service Level Agreements and Project levies</i>	<i>82</i>	<i>—</i>	<i>82</i>
<i>Grant funding for Schools Building Projects</i>	<i>2,257</i>	<i>—</i>	<i>2,257</i>
<i>Other income from courses and conferences</i>	<i>33</i>	<i>—</i>	<i>33</i>
<i>Grant from Church Commissioners' Strategic Development Fund</i>	<i>316</i>	<i>—</i>	<i>316</i>
<i>National Church allocations</i>	<i>457</i>	<i>—</i>	<i>457</i>
<i>2022 total funds</i>	<i>3,432</i>	<i>707</i>	<i>4,139</i>

Grants receivable for the year which exceeded £100,000 from a single organisation were as follows:

	<b>2023 £'000</b>	2022 £'000
Benefact Trust	<b>165</b>	126
City Churches Fund (Trust for London)	<b>156</b>	165
Hockerill Foundation	<b>105</b>	100
Church Commissioners' Strategic Development Fund	<b>240</b>	285

#### 4 Income from other sources

In 2023, sales of small items of assets raised a surplus of £2k (In 2022 – three parsonage house sales raised £1,072k).

#### 5 Expenditure on raising funds

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2023 £'000
Schools' Service Level Agreements	—	46	—	—	46
Schools' Courses	—	20	—	—	20
School Capital Projects	—	38	—	—	38
Investment management costs	92	27	26	—	145
Trading expenditure (note 26)	—	—	—	2,196	2,196
Glebe expenditure	251	—	—	—	251
<b>2023 total funds</b>	<b>343</b>	<b>131</b>	<b>26</b>	<b>2,196</b>	<b>2,696</b>

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2022 £'000
<i>Schools' Service Level Agreements</i>	—	61	—	—	61
<i>Schools' Courses</i>	—	39	—	—	39
<i>School Capital Projects</i>	—	25	—	—	25
<i>Investment management costs</i>	132	45	51	—	228
<i>Trading expenditure (note 26)</i>	—	—	—	1,669	1,669
<i>Glebe expenditure</i>	156	—	—	—	156
<b>2022 total funds</b>	<b>288</b>	<b>170</b>	<b>51</b>	<b>1,669</b>	<b>2,178</b>

**6 Expenditure on the promotion of the work of the Church of England in the Diocese of St Albans**

	Year ended 31 December 2023			Year ended 31 December 2022		
	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000
Parochial clergy stipends and related costs						
. Stipends	—	6,175	6,175	—	6,198	6,198
. Pension contributions	—	1,507	1,507	—	1,814	1,814
. National insurance	—	509	509	—	563	563
. Removal and resettlement	—	299	299	—	328	328
. Other clergy costs	—	431	431	—	324	324
	—	8,921	8,921	—	9,227	9,227
Clergy housing costs						
. Parsonages (direct expenditure)	—	3,614	3,614	—	2,639	2,639
. Allocation of support costs	—	560	560	—	487	487
Sub-total	—	4,174	4,174	—	3,126	3,126
. Board of Finance properties (direct expenditure)	—	301	301	—	220	220
	—	4,475	4,475	—	3,346	3,346
Ministry						
. Direct expenditure*	283	1,394	1,677	392	1,199	1,591
. Allocation of support costs	—	637	637	—	554	554
	283	2,031	2,314	392	1,753	2,145
Education						
. Schools Condition Allocation grants (note 23)	2,092	—	2,092	2,388	—	2,388
. Direct expenditure	433	—	433	351	(8)	343
. Allocation of support costs	—	367	367	—	319	319
	2,525	367	2,892	2,739	311	3,050
Mission						
. Direct expenditure**	64	441	505	53	720	773
. Allocation of support cost	—	367	367	—	319	319
	64	808	872	53	1,039	1,092
Grants payable (note 7)	412	473	885	389	248	637
<b>Total funds</b>	<b>3,284</b>	<b>17,075</b>	<b>20,359</b>	<b>3,573</b>	<b>15,924</b>	<b>19,497</b>

\* This figure includes the costs of supporting ordinands in training amounting to £861k (2022 – £792k).

\*\* Unrestricted fund expenditure in respect to mission includes £241k (2022 - £285k) that has been funded by the Strategic Development Funding receivable from the Church Commissioners. Such funding has been credited to restricted funds. A transfer from restricted funds to unrestricted funds has been made at 31 December 2023 to reflect the utilisation of the monies for the purposes intended (note 21).

## Notes to the financial statements 31 December 2023

### 7 Grants payable

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Year ended 31 December 2023			Year ended 31 December 2022		
	Restricted funds £'000	Unrestricted funds £'000	Total 2023 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000
<b>Church Schools</b>						
Other grants to schools	15	—	15	—	—	—
<b>Parishes</b>						
To assist with repairs or rebuilding costs	167	8	175	241	—	241
Pastoral Aid Support Grants to assist in meeting Parish Share contributions	—	183	183	—	123	123
Mission Initiatives	—	204	204	18	115	133
Energy grants	—	10	10	—	—	—
<b>External charities</b>						
For humanitarian relief mission and evangelism	63	66	129	27	—	27
<b>Clergy and clergy widows</b>						
Ordinands' support	98	1	99	60	—	60
Discretionary grants for the relief of financial hardship	69	1	70	43	10	53
<b>Total funds</b>	<b>412</b>	<b>473</b>	<b>885</b>	<b>389</b>	<b>248</b>	<b>637</b>

### 8 Support costs

	Unrestricted funds	
	Total 2023 £'000	Total 2022 £'000
Support staff costs	822	767
Support office costs	516	330
Governance costs	187	183
General Synod Requirement	406	399
	<b>1,931</b>	<b>1,679</b>
Reallocated to charitable activities as follows:		
Clergy housing	560	487
Ministry	637	554
Education	367	319
Mission	367	319
	<b>1,931</b>	<b>1,679</b>

**9 Net income (expenditure) before investment gains and losses**

This is stated after charging:

	<b>Total 2023 £'000</b>	Total 2022 £'000
Staff costs (note 10)	<b>2,304</b>	2,427
Auditor's remuneration:		
. Statutory audit services	<b>28</b>	26
Depreciation	<b>59</b>	66

**10 Staff costs and employees**

	<b>Total 2023 £'000</b>	Total 2022 £'000
Staff costs during the year were as follows:		
Wages and salaries	<b>1,890</b>	1,827
Social security costs	<b>187</b>	187
Other pension costs	<b>227</b>	413
	<b>2,304</b>	2,427

	<b>Total 2023 £'000</b>	Total 2022 £'000
Staff costs per function were as follows:		
Direct promotion of the work of the Church of England in the Diocese of St Albans	<b>1,261</b>	1,744
Other support staff	<b>1,043</b>	683
	<b>2,304</b>	2,427

The average number of employees and office holders, analysed by function, was:

	<b>2023 Full-time</b>	<b>2023 Part-time</b>	2022 Full-time	2022 Part-time
Direct promotion of the work of the Church of England in the Diocese of St Albans	<b>17</b>	<b>26</b>	21	22
Other support staff	<b>11</b>	<b>5</b>	10	5
	<b>28</b>	<b>31</b>	31	27

The 31 (2022 – 27) part-time posts are equivalent to 18 full-time posts (2022 – 17).

**10 Staff costs and employees** (continued)

The number of employees who earned over £60,000 (excluding employer’s pension contributions) during the year was as follows:

	2023	2022
£60,001 - £70,000	5	1
£80,001 - £90,000	3	2

Employer contributions are also paid into a pension scheme in respect of the employees who earned over £60,000.

Key management personnel remuneration (including employer’s pension and national insurance contributions) totalled £877k in the year to 31 December 2023 (2022 – £709k) including stipends and related employer’s pension and national insurance contributions in respect to Board members of £227k (2022 – £298k).

**11 Board members’ remuneration**

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2022 – none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £174k (2022 – £226k) including pension contributions of £40k (2022 – £72k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2022 – none). Less than £1k was incurred in travel expenses in the performance of their duties as Board members (2022 – none).

Five clergy members benefited from clergy housing provided by the Board (2022 – seven members).

The Board’s insurance policy includes cover for Trustee Indemnity.

**12 Taxation**

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity’s subsidiary company pays corporation tax on its taxable profits if sufficient funds are available, the subsidiary company may make a charitable donation to its parent charity which will reduce the corporation tax payable.

### 13 Tangible fixed assets

<b>Group and Charity 2023</b>	<b>Parsonage houses £'000</b>	<b>Other freehold land and buildings £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b>Cost or deemed cost</b>				
At 1 January 2023	75,795	14,473	187	90,455
Additions	596	—	91	687
Disposals	—	—	—	—
At 31 December 2023	<u>76,391</u>	<u>14,473</u>	<u>278</u>	<u>91,142</u>
<b>Depreciation</b>				
At 1 January 2023	—	360	60	420
Charge for year	—	22	36	58
Disposals	—	—	—	—
At 31 December 2023	<u>—</u>	<u>382</u>	<u>96</u>	<u>478</u>
<b>Net book values</b>				
At 31 December 2023	<u>76,391</u>	<u>14,091</u>	<u>182</u>	<u>90,664</u>
A 31 December 2022	<u>75,795</u>	<u>14,113</u>	<u>127</u>	<u>90,035</u>

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years. These valuations are now regarded as the deemed cost of the properties under the transitional provisions of FRS102.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their cost. The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost.

The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS102. It is likely that the open market values of the group's and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

Four of the freehold buildings, costing £1,783k were bought using money from Glebe receipts and so are part of the Glebe fund. If they are sold in the future, the proceeds will be retained within the Glebe Fund.

In accordance with FRS102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

## 14 Investments

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Glebe property	29,645	—	—	29,645	30,922
Listed investments and cash	40,505	12,660	6,379	59,544	56,722
	<b>70,150</b>	<b>12,660</b>	<b>6,379</b>	<b>89,189</b>	<b>87,644</b>

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2022 £'000
Glebe property		30,922	—	30,922
Listed investments and cash		38,437	12,042	56,722
		<b>69,359</b>	<b>12,042</b>	<b>87,644</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Glebe property	29,645	—	—	29,645	30,922
Listed investments and cash	40,505	12,660	6,379	59,544	56,722
Investment in subsidiary undertaking	7,700	—	—	7,700	7,700
	<b>77,850</b>	<b>12,660</b>	<b>6,379</b>	<b>96,889</b>	<b>95,344</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2022 £'000
Glebe property		30,922	—	30,922
Listed investments and cash		38,437	12,042	56,722
Investment in subsidiary undertaking		7,700	—	7,700
		<b>77,059</b>	<b>12,042</b>	<b>95,344</b>

Movements in the group's and charity's investments during 2023, excluding those in subsidiary companies, were as follows:

	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2023	30,922	56,722	87,644
Additions at cost	16	32,177	32,193
Disposals at book value (proceeds: £33,720k; net gains: £1,248k)	(680)	(31,792)	(32,472)
Net unrealised investment gains (losses)	(613)	2,437	1,824
Market value at 31 December 2023	29,645	59,544	89,189
Cash awaiting investment	—	—	—
	<b>29,645</b>	<b>59,544</b>	<b>89,189</b>

The cost at 31 December 2023 of listed investments was £54,364k (2022 – £49,481k).

## 14 Investments (continued)

### ***Glebe property***

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2023 comprised the following:

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Agricultural land	24,723	25,450	24,723	25,450
Residential property	4,922	5,472	4,922	5,472
	<b>29,645</b>	30,922	<b>29,645</b>	30,922

### ***Listed investments***

Listed investments comprise units in funds held by Schroder and Company Limited, by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, together with a holding in M&G Charifund, a common investment fund managed by M&G Securities Limited.

At 31 December 2023, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2023		2022	
	Percentage of portfolio %	Market value £'000	Percentage of portfolio %	Market value £'000
CCLA CBF Investment Fund - Income units	51.4	30,592	39.2	21,956
Sarasin Climate Active Endowment Fund Class A Income	23.2	13,797	—	—
Baillie Gifford Responsible Global Equity Income Fund B Accumulated	17.5	10,397	—	—
Schroeder Global Sustainable Growth	—	—	7.4	4,152
Schroeder Fidelity Global Dividend Fund	—	—	6.1	3,443
Schroeder Vanguard S&P 500 UCITS ETF	—	—	5.4	3,009

All listed investments are held within the United Kingdom.

## 14 Investments (continued)

### ***Investment in subsidiary company***

#### *St Albans Diocesan Property Company Limited*

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. During 2022, a £6 million loan from the charity to its subsidiary company was converted to equity shares, bringing the total holding to 7,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2023 and financial position as at that date are given in note 26 to these financial statements.

#### *St Albans Diocesan Property Company (Chesham) Limited*

Following the year end, the charity established a further wholly owned subsidiary company, St Albans Diocesan Property Company (Chesham) Limited, further details of this investment are included within Note 32 to these financial statements.

## 15 Application of total return accounting to Investments

The investment power of total return permits the St Albans Diocesan Board of Finance to invest across all permanent endowment investments to maximise total return and apply an appropriate portion of the unapplied total return each year. These are the endowment funds for Diocesan Stipends, Glebe and Parsonage Benefice Funds.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains part of the individual fund. 3.5% of the value of investments, i.e., £2,452k in total (£2,262 in 2022), was transferred to general funds such that it is set against the cost of stipendiary ministry in the year, as determined by the Diocesan Stipends Fund (Amendment) Measure 2016.

From 1 January 2022 the St Albans Diocesan Board of Finance adopted a total return approach to investments with regard to the above investment portfolios. The Board adopted and agreed a base-line asset value at 31 December 2017, indexed using CPI, and a distribution policy of 3.5% based on a five year rolling average of capital values, to be reviewed every three years.

The initial value for implementing total return for investment was determined at 31 December 2017 as £57,238k. This was the amount held in permanent endowment investments and cash deposits at that date. The unapplied total return calculated as at the 1 January 2022 and valued at £18,811k as the increase above inflation in the value of these investments since the initial valuation, subsequent to the application of CPI and adjusted for amounts invested in curates' houses.

The movements in the value of the unapplied total return, during the two years that total return has been applied, are set out in the following tables:

**15 Application of total return accounting to Glebe Investments (continued)**

	Trust for investment £'000	Unapplied total return £'000	<b>Total £'000</b>
<b>At 1 January 2023</b>			
. Base value of the permanent endowment	67,174	—	<b>67,174</b>
. Unapplied total return	—	11,817	<b>11,817</b>
<b>Total</b>	<b>67,174</b>	<b>11,817</b>	<b>78,991</b>
<b>Movements during the year:</b>			
. Investment returns: dividends received	—	1,546	<b>1,546</b>
. Investment return: realised and unrealised losses	—	2,150	<b>2,150</b>
. Investment management fees	—	(92)	<b>(92)</b>
. Glebe property expenses	—	(246)	<b>(246)</b>
. Unapplied total return allocated to income in the year	—	(2,452)	<b>(2,452)</b>
. Charitable donation from property company	—	1,047	<b>1,047</b>
. Add indexation of base level of endowment	2,640	(2,640)	<b>—</b>
<b>Net movements in the year</b>	<b>2,640</b>	<b>(687)</b>	<b>1,953</b>
<b>As at 31 December 2023</b>			
Base value of the permanent endowment	69,814	—	<b>69,814</b>
Unapplied total return	—	11,130	<b>11,130</b>
<b>Valuation as at 31 December 2023</b>	<b>69,814</b>	<b>10,807</b>	<b>80,944</b>
<b>At 1 January 2022</b>			
. Base value of the permanent endowment	61,255	—	<b>61,255</b>
. Unapplied total return	—	18,111	<b>18,111</b>
<b>Total</b>	<b>61,255</b>	<b>18,811</b>	<b>80,066</b>
<b>Movements during the year:</b>			
. Investment returns: dividends received	—	1,647	<b>1,647</b>
. Investment return: realised and unrealised losses	—	(211)	<b>(211)</b>
. Investment management fees	—	(132)	<b>(132)</b>
. Glebe property expenses	—	(156)	<b>(156)</b>
. Unapplied total return allocated to income in the year	—	(2,262)	<b>(2,262)</b>
. Transfer to Glebe Fund: Curates Houses	(471)	—	<b>(471)</b>
. Charitable donation from property company	—	510	<b>510</b>
. Add indexation of base level of endowment	6,390	(6,390)	<b>—</b>
<b>Net movements in the year</b>	<b>5,919</b>	<b>(6,994)</b>	<b>(1,075)</b>
<b>As at 31 December 2022</b>			
Base value of the permanent endowment	67,174	—	<b>67,174</b>
Unapplied total return	—	11,817	<b>11,817</b>
<b>Valuation as at 31 December 2022</b>	<b>67,174</b>	<b>11,817</b>	<b>78,991</b>

## 16 Stock: land under development

Group	2023 £'000	2022 £'000
At 1 January 2023	12,078	11,535
Development costs	1,261	2,091
Borrowing costs	30	20
Disposals	(1,538)	(1,568)
At 31 December 2023	11,831	12,078

Land under development relates to a parcel of land that is being developed by the charity's wholly owned trading subsidiary, St Albans Diocesan Property Company Limited. On 20 December 2017 St Albans Diocesan Property Company Limited signed a Collaboration and Equalisation Agreement with the owners and co-developers of adjacent land to its own near Houghton Regis. This agreement is pursuant to an existing Collaboration and Equalisation Agreement in place ("Heads of Agreement") with the same owners. The new agreement sets out detailed terms and conditions of the financial and operational obligations of each member to the Houghton Regis Consortium which will manage the development and sales of land owned by each member of the Consortium. During the seven years to 31 December 2022, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. The first major sale of land was made in February 2019 with further sales in each of the following years to date. The profits on these sales have been included in the group financial statements in the year appropriate to the transactions.

## 17 Debtors

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Due within one year</b>				
Amounts due from Parochial Church Councils				
. Building loans	—	3	—	3
. Parochial contributions (note (a) below)	63	177	64	177
	63	180	64	180
Church Commissioners – Pastoral Account (note (b) below)	1	1	1	1
Investment income receivable	280	75	280	75
Staff loans	5	5	5	5
Due from subsidiary company (note (c) below)	—	—	1,422	1,432
Amount due in respect to sale of land	356	2,743	—	—
Sundry debtors and prepayments	698	650	698	650
	1,403	3,654	2,470	2,343

**Notes to the financial statements** 31 December 2023

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Due after one year</b>				
Amounts due from Parochial Church Councils:				
. Building loans	—	60	—	60
. Equity loans to finance the purchase of curates' houses (note (d) below)	300	211	300	211
. Other loans	7	12	7	12
Other debtors	699	—	—	—
	<b>1,006</b>	283	<b>307</b>	283

Notes

- (a) The debtor for parochial contributions represents monies in respect of parish share for 2023 received subsequent to the year-end but prior to 12 January 2024 (2022 - 13 January 2023).
- (b) Amount due from the Church Commissioners represents proceeds from the sale of a redundant church.
- (c) In 2022 and 2023, the amount due from the subsidiary company includes accrued interest on the loan to the company (note 26).
- (d) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

**18 Creditors: amounts falling due within one year**

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Church School buildings and maintenance	523	241	523	241
Grants committed	4	4	4	4
Corporation tax payable	81	199	—	—
Sundry creditors and accruals	780	635	746	627
	<b>1,388</b>	1,079	<b>1,273</b>	872

Church schools buildings and maintenance represents receipts held and allocated to a project but not yet spent.

**19 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2023</b> <b>£'000</b>	2022 £'000	<b>2023</b> <b>£'000</b>	2022 £'000
Amounts due to the Central Board of Finance in respect of parish property loans	—	3	—	3
Amounts due to the Church Commissioners				
. Variable deposit rate and equity loans for the purchase of curates' houses	<b>413</b>	325	<b>413</b>	325
Amount due to consortium development partners	<b>766</b>	229	—	—
	<b>1,179</b>	557	<b>413</b>	328

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 7.19% and 8.2% during the year.

**20 Provisions for liabilities**

<b>Group and Charity</b>	<b>2023</b> <b>£'000</b>	2022 £'000
Clergy pension scheme deficit contribution liability	—	—

Following finalisation of the 31 December 2021 valuation, the Clergy Pension Scheme was fully funded, no agreed deficit recovery payments are required from 1 January 2023 onwards, and the balance sheet liability as at both 31 December 2023 and 31 December 2022 is nil. Note 31 contains further details.

**21 Other transfers between funds**

The inter-fund transfers during the year were as follows:

<b>Group and charity</b>	<b>Endowment funds £'000</b>	<b>Restricted funds £'000</b>	<b>Common fund £'000</b>	<b>Other unrestricted £'000</b>	<b>Non-charitable trading funds £'000</b>
Net release of Designated Funds	—	—	(3)	3	—
Undesignation of designated funds	—	—	510	(510)	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(87)	87	—	—
Charitable donation from subsidiary company to parent charity	1,048	—	—	—	(1,048)
	<b>1,048</b>	<b>(87)</b>	<b>594</b>	<b>(507)</b>	<b>(1,048)</b>

The inter-fund transfers during the previous year were as follows:

<i>Group and charity</i>	<i>Endowment funds £'000</i>	<i>Restricted funds £'000</i>	<i>Common fund £'000</i>	<i>Other unrestricted £'000</i>	<i>Non-charitable trading funds £'000</i>
<i>Net release of Designated Funds</i>	—	—	124	(124)	—
<i>Net reduction in Clergy pension scheme deficit</i>	247	—	(247)	—	—
<i>Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure</i>	—	(285)	285	—	—
<i>Transfers from operational reserves to cover 2021 deficit</i>	—	—	413	(413)	—
<i>Transfer of SADPC interest to designated fund</i>	—	—	(119)	119	—
<i>Common fund transfer to School work</i>	—	10	(10)	—	—
<i>Transfer of Curate Houses to Glebe</i>	1,782	—	—	(1,782)	—
<i>Transfer of interest payable on loan to subsidiary company</i>	208	—	—	—	(208)
<i>Charitable donation from subsidiary company to parent charity</i>	510	—	—	—	(510)
	<b>2,747</b>	<b>(275)</b>	<b>446</b>	<b>(2,200)</b>	<b>(718)</b>

## 22 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

<b>Group and charity</b>	<b>At 1 January 2023 £'000</b>	<b>Income and Expenditure £'000</b>	<b>Gains, losses and transfers £'000</b>	<b>At 31 December 2023 £'000</b>
Endowment funds				
. Stipends Capital Fund	23,690	433	(170)	23,953
. Pension reserve	—	—	—	—
	<b>23,690</b>	<b>433</b>	<b>(170)</b>	<b>23,953</b>
. Parsonage Houses Fund	76,917	(4)	—	76,913
. Parsonage Benefice Fund	2,076	67	25	2,168
. Glebe Fund	56,896	707	893	58,496
	<b>159,579</b>	<b>1,203</b>	<b>748</b>	<b>161,530</b>

<i>Group and charity</i>	<i>At 1 January 2022 £'000</i>	<i>Income and Expenditure £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 December 2022 £'000</i>
<i>Endowment funds</i>				
<i>. Stipends Capital Fund</i>	25,394	574	(2,278)	23,690
<i>. Pension reserve</i>	(421)	—	421	—
	<b>24,973</b>	<b>574</b>	<b>(1,857)</b>	<b>23,690</b>
<i>. Parsonage Houses Fund</i>	75,845	1,072	—	76,917
<i>. Parsonage Benefice Fund</i>	2,334	36	(294)	2,076
<i>. Glebe Fund</i>	53,756	541	2,599	56,896
	<b>156,908</b>	<b>2,223</b>	<b>448</b>	<b>159,579</b>

The endowment funds were established as follows:

### ◆ Parsonage Houses Fund and Parsonage Benefice Fund

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land which are not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938 (as amended by the Church Property Measure 2018), these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

## 22 Endowment funds (continued)

### ◆ **Parsonage Houses Fund and Parsonage Benefice Fund (continued)**

The parsonage house belongs to the benefice (not to the Parochial Church Council nor the DBF) and the ownership is vested in the “incumbent for the time being”. During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Church Property Measure 2018. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and insure benefice houses, thereby relieving the incumbent of this responsibility.

### ◆ **Glebe Fund**

The Glebe Fund represents the value of the Glebe Property plus net current assets of £2,470k (2022 – £4,980k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income and expenditure derived from this fund is included within the Glebe Fund. Transfers to the Common Fund are made following the adoption of a total return policy.

### ◆ **Stipends Capital Fund**

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

## 23 Restricted funds

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

Group and charity	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2023 £'000
Consolidated Fund for Statutory Education	9,073	2,804	(2,673)	374	<b>9,578</b>
Church Commissioners' Strategic Development Fund	—	179	—	(87)	<b>92</b>
Committee for Social Responsibility funds	727	24	(2)	59	<b>808</b>
Creed Fund	102	4	—	7	<b>113</b>
Trust for London (CCFS)	777	173	(146)	—	<b>804</b>
Bishop's Harvest Appeal	43	6	(37)	—	<b>12</b>
Church Repairs Fund	308	16	—	32	<b>356</b>
Parker Fund	695	30	(24)	63	<b>764</b>
Archdeacons' Discretionary	651	24	(23)	45	<b>697</b>
Yapp Fund	774	22	0	62	<b>858</b>
Historic Buildings Fund	(99)	8	(18)	—	<b>(109)</b>
Church Building Support Officer	—	—	(2)	—	<b>(2)</b>
Ordinands' Training Fund	252	325	(288)	—	<b>289</b>
Grimthorpe Fund	220	3	(10)	14	<b>227</b>
Disability Task Group	—	142	(70)	—	<b>72</b>
Church Commissioners' Net Carbon Zero	—	15	—	—	<b>15</b>
The Alban Way	—	4	(63)	—	<b>(59)</b>
SMMIB	—	—	(1)	—	<b>(1)</b>
Other restricted funds	551	76	(58)	42	<b>611</b>
	<b>14,074</b>	<b>3,855</b>	<b>(3,415)</b>	<b>611</b>	<b>15,125</b>

Notes to the financial statements 31 December 2023

23 Restricted funds (continued)

<i>Group and charity</i>	<i>At 1 January 2022 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 December 2022 £'000</i>
<i>Consolidated Fund for Statutory Education</i>	9,994	2,688	(2,909)	(700)	9,073
<i>Church Commissioners' Strategic Development Fund</i>	—	316	(31)	(285)	—
<i>Committee for Social Responsibility funds</i>	770	20	(2)	(61)	727
<i>Creed Fund</i>	109	3	—	(10)	102
<i>Trust for London (CCFS)</i>	805	169	(198)	1	777
<i>Bishop's Harvest Appeal</i>	13	41	(13)	2	43
<i>Church Repairs Fund</i>	411	11	(69)	(45)	308
<i>Ukraine Appeal</i>	—	32	(14)	—	18
<i>Parker Fund</i>	787	—	—	(92)	695
<i>Archdeacons' Discretionary</i>	610	133	(27)	(65)	651
<i>Yapp Fund</i>	842	20	—	(88)	774
<i>Historic Buildings Fund</i>	(100)	23	(21)	(1)	(99)
<i>Ordinands' Training Fund</i>	309	457	(392)	(122)	252
<i>Grimthorpe Fund</i>	240	7	(4)	(23)	220
<i>Other restricted funds</i>	539	16	(63)	42	534
	15,329	3,936	(3,743)	(1,447)	14,075

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

**23 Restricted funds** (continued)

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

Group and Charity	2023 £'000	2022 £'000
<b>Income</b>		
Investment income	242	196
Grants received	105	100
Rental income from school properties	25	26
Service Level Agreement income	87	79
School Courses	61	30
Grant funding from SCA	2,250	2,208
School Building Projects levy	34	49
<b>Total income</b>	<b>2,804</b>	2,688
<b>Expenditure</b>		
Education	(2,673)	(2,909)
<b>Net (expenditure)/income before investment gains and transfers</b>	<b>131</b>	(221)
<b>Investment gains (losses) and transfers</b>	<b>374</b>	(700)
<b>Net (expenditure)/income</b>	<b>505</b>	(921)

The fund is represented by the following net assets:

	2023 £'000	2022 £'000
Investments	8,856	8,563
Debtors	221	66
Short term deposits	12	77
Creditors: amounts falling due within one year	(200)	(148)
Inter fund balances	689	515
<b>Total net assets</b>	<b>9,578</b>	9,073

The SCA (Schools Condition Allocation) system, which commenced in April 2020 requires the charity to reflect grants received and spent as income and expenditure within the accounts. The grant funding received is included in the SOFA along with the related expenditure. The unspent balance is included as part of the surplus for the CFSE at the year-end. The grants received have to be spent within two years of receipt or returned to the DfE. The cycle is longer than our accounting period, so the transactions in a year will show as a surplus or deficit according to the timings of all the individual projects. This means that across several years, the position will be break-even, whilst any individual year will show a surplus or deficit depending on the phasing of the projects.

**23 Restricted funds** (continued)

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

Fund	Application/purpose
Church Commissioners Strategic Development Fund	Grant funding received from Church Commissioners co-funding the Reaching New People project
Consolidated Fund for Statutory Education	Application of net sales proceeds of closed church schools under section 17 of the Education Act 1993.
Committee for Social Responsibility Funds	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Mission and Ministry
Creed Fund	Evangelism and mission at the discretion of the Bishop
Trust for London (CCFS)	For the support of parishes in the Metropolitan Police area. Monies are applied to support specific qualifying projects where expenditure occurs irregularly.
Bishop's Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Fund	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Historic Buildings Fund	This is a jointly funded project with Historic England to build the capacity of local communities to conserve and develop the use of their church buildings. Grants are received once a year, whilst expenditure supported by those grants occurs evenly throughout the year.
Ordinands' Training Fund	This fund receives block grants from the Archbishops' Council Ministry Division intended to meet the tuition costs for Ordinands at accredited Training institutions. Grants are received termly, to meet termly payments throughout the year.
Grimthorpe Fund	Monies applied for the repair of churches within the Archdeaconries of Hertford and St Albans.
Other restricted funds	Sundry specific purposes

## 24 Unrestricted funds

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2023 £'000
Common Fund	2,825	14,980	(16,199)	3,045	4,651
Other unrestricted funds					
. Tangible fixed assets fund	11,540	—	—	—	11,540
. Property ring-fenced fund	6,229	165	(561)	211	6,044
. Special Designations	2,777	2	(315)	(493)	1,971
.. Operational Reserve	1,074	1	(92)	(713)	270
.. Mission	322	—	(215)	220	327
.. Other	1,381	1	(8)	—	1,374
. Pastoral Account	753	46	(32)	—	767
	21,299	213	(907)	(283)	20,322
Unrestricted funds	24,124	15,193	(17,107)	2,763	24,973
Elimination of Intra group profit	(162)	—	6	—	(156)
	23,962	15,193	(17,101)	2,763	24,817
Non-charitable trading	5,423	2,130	(2,078)	(1,048)	4,427
	29,385	17,323	(19,179)	1,715	29,244

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2022 £'000
Common Fund	1,602	14,411	(15,896)	2,708	2,825
Other unrestricted funds					
. Tangible fixed assets fund	13,323	—	—	(1,783)	11,540
. Property ring-fenced fund	6,945	—	—	(716)	6,229
. Special Designations	2,978	41	(80)	(162)	2,777
.. Operational Reserve	1,320	—	6	(252)	1,074
.. Mission	390	4	(72)	—	322
.. Other	1,268	37	(14)	90	1,381
. Pastoral Account	731	27	(5)	—	753
	23,977	68	(85)	(2,662)	21,298
Unrestricted funds	25,579	14,479	(15,981)	47	24,124
Elimination of Intra group profit	(168)	—	6	—	(162)
Non-charitable trading	4,986	2,926	(1,771)	(718)	5,423
	30,397	17,405	(17,746)	(671)	29,385

24 Unrestricted funds (continued)

Common Fund reconciliation	2023		2022	
	£'000	£'000	£'000	£'000
Total income in year		14,980		14,411
Total expenditure in year		(16,199)		(15,896)
<b>(Deficit)/surplus for the year before transfers</b>		<b>(1,219)</b>		<b>(1,485)</b>
<b>Total Return (see note 15)</b>				
Investment income received from Endowment funds in year	1,546		1,647	
Additional income due to adoption of total return	907		615	
		2,452		2,262
<b>Other adjustments (transfers between funds see note 21)</b>				
Transfer from designated funds to cover previous year deficit	510		413	
Clergy and staff pension deficit contributions paid in the year	—		(247)	
Transfer of interest from subsidiary property company	—		(119)	
Net grant transfers	83		275	
Net releases of designated funds	—		124	
		593		446
<b>Net movement on Common Fund</b>		<b>1,826</b>		<b>1,223</b>
Balance at 1 January 2023		2,825		1,602
<b>Balance at 31 December 2023</b>		<b>4,651</b>		<b>2,825</b>

◆ **Common Fund**

The Common Fund is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. Its primary source of income is the amounts collected from Parochial Church Councils via the Parish Shares Scheme. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

◆ **Tangible Fixed Assets Fund**

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

## 24 Unrestricted funds (continued)

### ◆ Property Ring-fenced fund

This was set up using the residual funds due to the DBF following the sale of parsonage houses and initially transferred to the Pastoral Account (see Note 22). It is a designated fund and so the DBF can use the income generated and assets held according to need. However it is primarily intended to relieve pressure on the costs for maintaining and improving parsonage houses.

### ◆ Special Designated Funds

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

### ◆ Pastoral Account

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

## 25 Unrealised gains

The total unrealised gains as at 31 December 2023 constitutes a revaluation reserve and are as follows:

	2023 £'000	2022 £'000
<b>Unrealised gains on listed investments at 31 December 2023</b>	<b>8,181</b>	6,571
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2023	6,571	12,718
Less: in respect to disposals in the year	(828)	(392)
Net (losses) gains arising on revaluation arising in the year	2,438	(5,755)
<b>Total unrealised gains at 31 December 2023</b>	<b>8,181</b>	6,571

## 26 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its current directors are Mr C G Bird, Mr A C Brown, The Ven D Middlebrook, Mr J W Butler and Mr C B Gage who are also members and directors of the Board of Finance and, Mr E M Wood, The Hon H T Holland-Hibbert and Mr J B Watkiss who are independent directors.

St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

**Notes to the financial statements** 31 December 2023

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development.

**26 St Albans Diocesan Property Company Limited** (continued)

The company has signed an agreement with the owners and co-developers of adjacent land to its own near Houghton Regis and a consortium has been formed to manage the development and sales of land. Since 2019 the consortium has completed a number of significant sales of land. All sales proceeds and associated costs are included in the financial statements of the company and these consolidated financial statements. Tax has been calculated on the profits and is included in the financial statements.

A summary of the company's statement of income and retained earnings for the year and balance sheet at 31 December 2023 is given below. Review of the terms of underlying agreements for development works within the property company identified previously unrecognised liabilities which were present at 1 January 2022. This has resulted in restatement of comparative information within the subsidiary financial statements however since the amount is immaterial to the overall group, the corresponding amount of £408,000 has been recognised as an in year adjustment within these financial statements. Audited financial statements will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Income and expenditure</b>		
Turnover	2,109	2,926
Cost of sales	(2,149)	(1,618)
Operating costs	(47)	(51)
Interest received	21	—
Interest payable	—	(208)
Taxation	118	(102)
<b>Profit for the year</b>	<b>52</b>	<b>947</b>
Impact of restatement of prior period comparatives at subsidiary level on reserves carried forward	408	—
<b>(Loss) profit for the year</b>	<b>460</b>	<b>947</b>

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Balance sheet</b>		
Current assets	14,430	14,991
Creditors: amounts falling due within one year	(1,696)	(1,639)
Creditors: amounts falling due after one year	(607)	(229)
<b>Total net assets</b>	<b>12,127</b>	<b>13,123</b>

	<b>2023</b>	2022
	<b>£'000</b>	£'000

**Notes to the financial statements** 31 December 2023

**Capital and reserves**

Called up share capital	<b>7,700</b>	<b>7,700</b>
Profit and loss account	<b>4,427</b>	<b>5,423</b>
<b>Total shareholder's funds – equity interests</b>	<b>12,127</b>	<b>13,123</b>

## 27 Custodian funds

As at 31 December 2023 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £38.5m (2022 – £36.2m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## 28 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

## 29 Related party transactions

### ***Hockerill Education Foundation – registered charity number 311018***

Three (2022 - Three) members of the Board are trustees of the Hockerill Educational Foundation. In 2023 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £105k (2022 – £100k) and £118k (2022 – £130k) was spent during the year.

### ***Youthscape – registered charity number 1081754***

One Director (2022 – one) is a trustee of the Youthscape. In 2023 the St Albans Diocesan Board of Finance made payments to Youthscape totalling £31k (2022 – £24k), for grants for work with young people in the Diocese.

### ***City Church Fund – registered charity number 205629-2***

One Director (2022 – one) is a trustee of the City Church Fund. In 2023 the St Albans Diocesan Board of Finance received grants from City Church Fund totalling £156k (2022 – £165k), for work with young people in the Diocese.

### ***University of Bedford Enterprises Limited (UBEL) – registered company number 02460429***

One Director (2022 – one) is a governor of the University of Bedford, which wholly owns UBEL. In 2023 the St Alban Diocesan Board of Finance made payments to UBEL totalling £20k (2022 – £9k), for use of premises for synod.

### ***Cathedral and Abbey Church of St Albans – registered charity number 1207312***

One Director (2022 – one) is a key member of the Cathedral. In 2023 the St Alban Diocesan Board of Finance made payments to the Cathedral totalling £30k (2022 – £8k), for grants and general educative purposes and received £8k (2022 - £0k) for rental income from properties.

### ***Associated committees***

Details of all associated committees can be found in the Diocesan Directory available at the registered office.

***Donations from Board members***

No donations were received from Board members in the year (2022 – none).

Other than those transactions stated above there were no other related party transactions during the year (2022 – none).

**30 Connected entities**

The St Albans Diocesan Board of Education (DBE) was a Board of the St Albans Diocesan Synod up until 1 January 2022. The Board worked closely with the Diocesan Board of Finance to seamlessly transition to a new constitutional form following the enactment of the DBE Measure 2021. After the resolution had been passed by Diocesan Synod in October 2021 the Archbishops' Council Certificate was received, confirming the Scheme which prepared the way for the institution of the Diocesan Board of Education as a statutory committee of the Diocesan Board of Finance from January 2022. Key policies were reviewed and a three-year strategic plan approved which will cover the whole of the next triennium.

Whilst it has certain functions and responsibilities imposed by statute (the Diocesan Boards of Education Measure 1991 (as amended 2006)) and reports directly to the Diocesan Synod, it has no legal personality separate from the DBF. A key function of the DBE is to assist in the promotion of education in the Diocese, such education being consistent with the faith and practice of the Church of England. It promotes or assists also in the promotion of religious education and religious worship in schools in the Diocese.

Following the enactment of The Academies Act 2010, the DBE established The Diocese of St Albans Educational Trust, a company limited by guarantee (Company Registration No. 08223185 (England and Wales)) to assist Church of England Academy Trusts in the Diocese as they seek to provide a high quality education for pupils and students in their schools. This company is a member of each of the Academy Trusts formed in the Diocese since 1 September 2012. Five of the seven directors of the company are appointed from the DBE with two non-DBE appointments.

In response to the Education and Adoption Bill 2015, the Diocese of St Albans Multi Academy Trust was incorporated on 27 October 2016 as a company limited by guarantee (Company Registration No. 10449374). The five members of the Multi Academy Trust are appointed by The Diocese of St Albans Educational Trust. These members are responsible for appointing the seven directors of the Multi Academy Trust who have responsibility for its day to day management. The Multi Academy Trust has been established to provide for schools within the Diocese requiring rapid improvement having been placed in Special Measures and subject to a directive Academy Order, good or outstanding schools where no natural cluster of local Church of England provision exists, and new schools within new housing provision where the Diocese is the identified sponsor.

During the year, there have continued to be a limited number of transactions between the Multi Academy Trust and the DBF in respect of a recharge of staff salaries by the DBF. The amounts involved are not material to these financial statements.

### 31 Pension commitments

#### Lay workers scheme

St Albans DBF 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.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
  - a. a deferred annuity section known as Pension Builder Classic, and,
  - b. a cash balance section known as Pension Builder 2014.

#### Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means 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 the contributions payable (2023: £0, 2022: £11,200).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

### 31 Pension commitments (continued)

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

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

#### Clergy scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2023 - £1,509k; 2022 - £2,189k), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £247k).

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% and an allowance for 2020 data of 0% (i.e.  $w_{2020} = 0\%$ ).

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

### 31 Pension commitments (continued)

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

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

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

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

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

	2023 £'000	2022 £'000
Balance sheet liability at 1 January	—	421
Deficit contribution paid	—	(247)
Interest cost (recognised in SOFA)	—	—
Remaining change to the balance sheet liability* (recognised in SOFA)	—	(174)
Balance sheet liability at 31 December	—	—

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan are already known.

## Notes to the financial statements 31 December 2023

### 31 Pension commitments (continued)

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

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

#### Other schemes

No other contributions were made to any other pension schemes in the year (2022 - none made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme).

### 32 Subsequent events

On 22 March 2024 the charity established a further wholly owned subsidiary company, St Albans Diocesan Property Company (Chesham) Limited, investing £1,000 in the purchase of the subsidiary company's called up share capital of 1,000 ordinary shares. A £3 million loan has been provided from the charity to St Albans Diocesan Property Company (Chesham) Limited.

## Reference and administrative information

### Board members

Chairman T J Coulson

Vice Chairman A Brown OBE

Other Members  
The Bishop of St Albans  
The Archdeacon of St Albans  
The Archdeacon of Bedford  
The Archdeacon of Hertford  
The Reverend Dr G R Cappleman  
C Bell  
C G Bird  
The Reverend C E Bunce  
M E Butcher  
J W Butler  
N K Challis  
D C Clark  
B Crawford  
Dr D W Dallinger  
The Reverend K David  
P E Easterbrook  
Dr M Eaton  
K Ebbage  
T Fleming  
C B Gage  
M J Gates  
The Reverend J Hookway  
P R Lindley  
E D Roberts  
K Smith  
Dr R L V Southern  
M P Taylor  
The Reverend A J Thomas

**Secretary to the Board** D J White

**Registered office**  
Holywell Lodge  
41 Holywell Hill  
St Albans  
Hertfordshire  
AL1 1HE

Telephone 01727 854532

**Company registration no.** 00145227 (England and Wales)

**Charity registration no.** 248887

## Reference and administrative information

The governance structure of the charity is more fully discussed on pages 27 to 28.

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
<b>Diocesan Registrar and Solicitors</b>	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
<b>Legal Advisers</b>	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW

## Reference and administrative information

<b>Investment managers – listed investments</b>	Schroder & Company Limited trading as Cazenove Capital Management 12 Moorgate London EC2R 6DA
	CCLA Investment Management Limited 1 Angel Lane London EC4R 3AB
	Baillie Gifford & Co Calton Square 1 Greenside Row Edinburgh EH1 3AN
	Sarasin & Partners Juxon House 100 St Paul's Churchyard London EC4M 8BU
<b>Diocesan Surveyor</b>	Rumball Sedgwick Chartered Surveyors, Valuers and Estate Agents 58 St Peter's Street St Albans Herts AL1 3HG
<b>Glebe property agents</b>	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD

**THE ST ALBANS DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 248887

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# Accounts

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# The St Albans Diocesan Board of Finance

## Annual Report and Consolidated Financial Statements

31 December 2022

Company Limited by Guarantee  
Registration Number  
00145227 (England and Wales)

Charity Registration Number  
248887

*The principal object of the Board is the promotion of the work of the  
Church of England in the Diocese of St Albans*



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***The aim of Living God's Love is to see flourishing Christ centred communities inspiring people of all ages and backgrounds to discover God, to grow in their relationship with him and to respond to his transforming love, through serving others so that God's Kingdom may grow in our world.***

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## Chairman's statement Year to 31 December 2022

I would like to thank all involved in our parishes, deaneries, chaplaincies, and schools, ably supported by our Diocesan staff who have continued to support the ministry in 2022, a year of recovery from the pandemic, but which brought major new challenges, driven by the war in Ukraine. We have all seen unprecedented rises in utility bills and significant inflation has impacted everyone and continues to do so in 2023. Despite these, the generosity of our many congregations meant that parish share collection in 2022 was maintained at 2021 levels, although the rate of recovery is still less than pre-pandemic levels. We managed to keep the increase in Parish Share in 2022 to 1.4% but we are acutely aware that in many churches, congregations have not recovered to the numbers last seen in 2019. To keep the parish share payments year on year at similar levels overall has inevitably meant that contributions per member increased by 4.7%, a situation which, in the long run is unsustainable unless we achieve the growth we are all aiming for.

Income that the Board receives from properties and listed investments held up in 2022 and together with steps taken to reduce overhead expenditure, this reduced the impact of the shortfall in parish share collections of £1m so that the final deficit in our management accounts for the year was £350,000 – similar to 2021. The deficits over the last 3 years, totalling £1.25m have not been added to the Common Fund collections of parish share in the following year (as had been the case up to 2019, when any deficit has not been material) – instead we have utilised unrestricted, non-operational reserves to cover the deficits.

In addition to the financial headwinds facing the parishes, which make our future income levels fragile, we have to have regard to strategic priorities approved by Synod. The most financially challenging one of these is the Diocesan Net Zero Carbon Action Plan, adopted by Synod on 18<sup>th</sup> October 2022. As part of the Diocese's response to the Net Zero Carbon by 2030 target set by General Synod, the Action Plan has to be adopted and incorporated into the policies and planning of every section of the Diocese. This requires the DBF to support the use of existing budgets and resources to facilitate the Plan, and to seek further funding and resources as required. I would like to acknowledge the work of the Estates Department in improving the energy efficiency of our large estate of parsonage houses. This has been a policy over many years now (92% have loft insulation, 94% have double glazing, 90% have cavity wall insulation), but the challenge to meet our NZC aims remains considerable. Much work is being done, some in partnership with other Dioceses, to trial new and emerging technologies in our houses, including the use of heat pumps, but so far the cost of conversion has been very high, certainly more than we can handle for the estate as a whole. Of course, most of our churches face similar NZC issues, which means we have to find ways of supporting PCCs, with advice and guidance as well as grants to help parishes achieve their own NZC plans.

For a while now, the DBF has been considering ways to enhance its investment returns. This has been given added impetus as the financial challenges have mounted. In May the DBF formally adopted a total return investment policy, to take effect from 2022. This enables us to budget accurately the investment income for future years by taking a 3.5% return on the 5 year rolling average year end value of our capital funds, including on our Glebe portfolio, which is mainly in agricultural land, let at quite low yields. The distribution rate will be reviewed every 3 years in the light of actual investment income, with our investment managers being given an objective return of CPI plus 4%.

In 2022 the application of the total return investment policy has led to a surplus above budgeted investment income of £642,000. This surplus has made it possible in 2023 to create grant schemes to support initiatives in net zero carbon, mission, and other areas. The DBF has restructured its grants committees to focus separately not only on the traditional Parish Share support for parishes but also to encourage growth in our parishes by mission enabling grants. £475,000 has been allocated to support NZC initiatives and a further £167,000 for mission initiatives. It is my hope that we will be able to continue and expand these grant making schemes. Much will depend, this year on parish share collections holding up, and in future on whether we can manage parish share requests in line with the membership's ability to pay, so that we can use enhanced investment income to fuel mission in our parishes rather than on financing deficits.

We acknowledge with thanks the support of our major external funders – the church commissioners for project funding, Allchurches trust for support of our curates' programme and Hockerill Educational Foundation for support for our diocesan Board of Education in its most important work in our schools. Above all, we give thanks for the magnificent continuing efforts made by so many people to support the flourishing of the Christian faith here in the diocese of St Albans.

## Chairman's statement Year to 31 December 2022

I would like to take this opportunity to thank on your behalf our Diocesan Secretary, David White and all the staff at Holywell Lodge for managing operations so well. Particular thanks are due to the Finance team, led by Glyn Barker, our Director of Finance, who, in addition to their normal work, successfully implemented at the year end the replacement of our accounting system, the new one of which will modernise our working environment and add greatly to our reporting capability.



Colin Bird

Chairman of the Board of Trustees

Date: 22 May 2023

## **INTRODUCTION**

The members, as trustees for the purposes of charity legislation, submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF" or the "Charity") for the year ended 31 December 2022. The report has been prepared in accordance with of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 43 to 48 of the attached financial statements and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

## OBJECTIVES, ACTIVITIES AND POLICIES

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans. The members of the Board are aware of the Charity Commission's guidance on public benefit and have had regard to it in their administration of the Board.

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Board continues to support engagement with other Christian churches and other faiths throughout the Diocese.

Together with the Bishop's Council the Board seeks to develop comprehensive, sustainable strategies for the use of resources – people, finance and properties – to provide ministry and mission throughout the Diocese and to continue to provide practical support and tools for parishes, schools and chaplaincies.

The Diocesan initiative 'Living God's Love', was launched in St Albans Abbey in January 2011. Living God's Love has three themes: Going Deeper into God, Transforming Communities and Making New Disciples. Living God's Love is rooted in the parishes, and the effective deployment of Stipendiary Clergy is vital to that work. The Board aims to support and resource

parochial mission and ministry through the payment of stipends and the provision of housing and training.

The number of ordained ministers as at 31 December 2022<sup>1</sup> were:

Bishops and archdeacons	5
Cathedral Clergy	7
Parochial clergy - Incumbent status	190
Curates	54
Non-parochial clergy	28
<b>Total</b>	<b>284</b>

As at 31 December 2022, there were also 47 self-supporting ministers and 235 licensed readers. The Diocese continues to:

- Follow the national stipend benchmark adjusted for regional factors in determining the level of stipend for clergy of incumbent status; and
- Contribute to the Church of England defined benefit pension scheme for clergy.

<sup>1</sup> Statistics report for St Albans Diocese as at the end of

December 2021 produced by the Church Commissioners.

## Members' report Year to 31 December 2022

Funding of stipendiary clergy and the provision of housing accounts form the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by:

(i) **The collection of contributions from parishes via the Parish Share** - the current Parish Share Scheme was approved by Diocesan Synod in 1995. It was reviewed by Synod in March 2009 when it was agreed that the current scheme should continue. The Board seeks to ensure it operates effectively by receiving regular reports on receipts, following up where contributions have not been received and reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making Pastoral Aid Support grants to offset the contribution due. These grants fall into two categories: Multi-year Mission Aided Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and Temporary One Year Pastoral Aid Support Grants to assist with transitory financial challenges.

(ii) **The management of financial investments** - The investment policy and specific powers of investment of the Board are set out in various measures and acts. The Board holds investments as authorised by the Trustee Act 2000. The objective is to generate a sustainable and growing income stream in the short to medium term, whilst also seeking capital growth in real terms, over the much longer term. This is to be achieved through a balanced and diversified portfolio of equities, bonds, property, alternative assets and cash.

The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. Quarterly reports are received from the investment managers.

The Board's Investment Managers are Cazenove Capital Management and CCLA Investment Management. The Board continues regularly to review its investments. This includes systems for monitoring and reporting on ethical issues, good online reporting, a semi-segregated fund approach adding investment management diversification and close networking with members of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG). The property portfolio is

primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee which monitors their performance and the implementation of the investment strategy.

The portfolio of listed investments at 31 December 2022 had a market value of £56.7m (2021 £55.9m). Under the Diocesan Stipends Funds Measure 1953, as amended by the Endowments and Glebe Measure 1976, capital may be applied to the acquisition of land and buildings to be held as part of Diocesan glebe.

### Grant making policy

Grants made by the **Diocesan Board of Finance** fall into one or more of the following main categories:

- Grants to parish churches to assist with repairs or rebuilding costs;
- Grants to parish churches for roof alarms;
- Grants made in support of evangelism and mission projects;
- Grants made at the discretion of the Bishop or Archdeacons for clergy assistance;
- Mission-Aided Grants – identified by the Archdeacons for parishes who meet the criteria;
- Pastoral Aid Support Grants to assist in meeting Parish Share contribution;
- Mission Initiatives;
- Church Schools – Grants for capital funding from the schools conditions allocations (SCA); other grants to Schools;
- External Charities – For humanitarian relief mission and evangelism;
- Clergy/Clergy widows
- Ordinands' support;
- Discretionary Grants for the relief of financial hardship.

In addition to the above, parishes and schools raised over £38,000 in 2022 for 'Not Forgotten', the Bishop's Harvest Appeal to help change the lives of people in Mozambique who have been traumatised and displaced by conflict. For this Harvest appeal, the Diocesan Board of Finance partnered with Tearfund, a Christian charity which tackles poverty and injustice through sustainable development. The Diocese also raised £32k to support schemes to aid Ukrainian refugees settling within the Diocese.

All awards are authorised by the designated trustees.

## Members' report Year to 31 December 2022

### Reserves policy

The majority of the Board's budget is expended on the monthly payment of stipends and salaries. Any action to deal with cash flow shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than twelve weeks' expenditure. At the end of 2022, the free and realisable unrestricted reserves totalled £3,899k representing 12.8 weeks of expenditure (2021 - £2,922k representing 9.5 weeks of expenditure).

The Board continues to review the level of working capital to ensure that it covers core costs and there is sufficient cash flow to conduct the activities of the charity on a day-to-day basis.

It is the Board's policy to set aside, in a Property Ring-fenced Fund, capital receipts from the sale of former parsonage houses that become surplus to needs after pastoral reorganisation. The purpose of this fund is to invest in income generating assets in order to fund improvements to its remaining housing stock. The value of the investments at the end of the year in the fund amounted to £6,229k (2021 £6,945k).

We have been able to increase operational reserves significantly as a result of the application of total return, which has contributed an extra £615k to unrestricted funds. The operational deficit from last year was covered by a transfer of funds from other unrestricted funds. Costs also remain under tight control. Careful management of resources and the fact that parish giving continues to hold up well meant that the impact on reserves was significant but manageable. We have now seen three consecutive years where we have reported a deficit on the Common Fund before investment gains and losses. The continuing effects of the pandemic, increased costs of living and the uncertainties of the war in Ukraine means the Board will continue to monitor and manage the ongoing consequences carefully.

## COMMITTEE STRUCTURE

The **Bishop's Council** is a statutory body established under the Synodical Government Measure 1969. It acts as the Standing Committee of the Synod and carries on the work of the Synod between sessions. It advises the Bishop on matters where he seeks guidance and has, since its inception in 1970, gradually assumed an important role in the formulation of diocesan policy.

During the year, the Council received regular reports from the **Board for Mission and Ministry, Board of Education and Agenda Group**. The Council also received reports on new housing areas in the Diocese through the **Development Plans Monitoring Group**, and closed churches through the **Closed Churches Uses Committee**.

With effect from 1 January 2019 the Bishop's Council assumed the role of Diocesan Mission and Pastoral Committee. The **Diocesan Mission and Pastoral Executive Committee (DMPEC)** is responsible for carrying out the detailed casework which is then ratified by the Bishop's Council. The statutory responsibilities are undertaken by the Bishop's Council.

The DMPEC received revisions to Deanery Mission Action Plans involving proposals for pastoral re-organisation.

The **Diocesan Advisory Committee (DAC)** is a statutory body whose functions are set out in ecclesiastical legislation. Its role is to advise the Chancellor and parishes on proposals for works to church buildings, churchyards and church furnishings, and to advise more generally on the care and development of churches. In line with statutory provision and the priorities of Living God's Love, the Committee has regard to churches as local centres of worship and mission, in which:

- People can encounter God and be drawn into a worshipping community;
- Parishes can reach out in mission; and
- Local communities can be transformed.

The **Property Committee** continues to be responsible on behalf of the Diocesan Board of Finance for clergy housing including corporate properties. This includes:

- Providing secure accommodation for all clergy
- Ensuring the Board meets its statutory duty to carry out repairs;
- Replacing unsuitable houses where possible;
- Improving properties;

- Realising development potential of sites;
- Selling houses no longer required;
- Letting houses during vacancies; and
- Providing new houses where required.

The Committee is charged with ensuring that appropriate accommodation is provided for our clergy in the right places, that repairs are carried out and that improvements are made where there is the need and benefits are identified. This is done with regard to the Environmental Policy adopted by the Committee in recent times.

The adoption of "Net Zero Carbon" targets by General Synod has presented new challenges and opportunities to the Board. The Board has consistently focussed resources where they are needed most notably the substantial programme of improvements reflecting environmental concerns across the Diocese. The Property Committee gives active consideration to all aspects of this developing policy.

An increasingly important part of the Committee's work is the redevelopment of existing housing stock for which there are sites currently under consideration.

The **Glebe Committee** continued to manage glebe holdings. Investment property comprises agricultural land, retail and residential property. The property is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee, which monitors their performance and the investment strategy. The investment policy is to maximise return with regard to certain pre-defined parameters.

The Diocesan glebe comprises over 3,000 acres of rural land, together with some residential properties, mainly in the Diocese of St Albans. The glebe land is managed for the benefit of the diocesan stipends fund for clergy in the Diocese.

The **Assets Committee's** role is "to recommend to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese and the responsibilities of the Board as Charity Trustees to current and future beneficiaries".

During the year, the Committee received regular updates on the Board's Investments, together with presentations from the Board's Investment Managers. In addition, it received updates on Glebe property developments and the Linnere development at Houghton Regis.

## Members' report Year to 31 December 2022

In April 2022, the Assets Committee sub-group, set up to review the Board's investment objectives, recommended adoption of a total return investment policy with an appropriate distribution policy.

The **Parish Shares and Grants Committee** has operated with dual functions to review and adjust operation of the Parish Shares Scheme and to consider applications for support grants to parishes and other grant schemes. During the year it became clear that with new grant schemes being introduced it would be appropriate to amend the committee structure and separate the two functions. The Board of Finance agreed to replace the Parish Shares and Grants Committee with two new committees: the Parish Shares and Support Committee and the Parish Grants Committee. The two new committees have begun to function from early 2023.

### Board for Mission and Ministry (BMM)

The purpose of the Board is to enable people in every place in the diocese to glimpse the good news of Jesus and be empowered in their discipleship and calling.

The Board's values are being resourceful, imaginative, caring, hopeful (RICH)

The Board is inspired by Matthew 9:35-38 – 'Ask the Lord of the harvest to send out labourers into his harvest.'

The Board's vision is to see our people and places flourishing in God's purposes and achieving our eight diocesan objectives:

1. More activities that seek to grow discipleship enabling us to join in with God's action in the world
2. Parishes equipped with appropriate ministerial capacity
3. Enhanced wellbeing of our ministers
4. Churches growing younger and more diverse
5. Parishes that are financially sustainable
6. More New Worshipping Communities
7. Parishes operating safely and with good governance
8. Net Carbon Zero by 2030

The **Diocesan Board of Education** is a statutory body established under the Diocesan Boards of Education Measure 2021, with functions including:

- The promotion of education consistent with the faith and practice of the Church of England;
- The promotion of religious education and religious worship in schools and academies;
- The promotion of Church schools and academies in the Diocese; and
- Advice to school governors on any matter affecting Church schools and academies.

The Diocesan Board of Education has a strong reputation with its schools due to the quality and depth of services it provides. The Diocesan Board of Education is making a contribution to the wider life of the Diocese through the creation of resources to support the development of faith at home, at school and in church.

The Diocesan Board of Education worked closely with the Board to seamlessly transition to a new constitutional form following the enactment of the DBE Measure 2021. After the resolution had been passed by Diocesan Synod in October 2021, the Archbishops' Council Certificate was received, confirming that the Scheme which prepared the way for the institution of the Diocesan Board of Education as a statutory committee of the Diocesan Board of Finance would come into operation on 1 January 2022. Key policies were reviewed, and a three-year strategic development plan approved which provides the framework for the Board's work across the 2022-24 triennium.

## KEY ACTIVITY INDICATORS

As part of the Vision of Living God's Love, statistics published during the year in respect of 2021, illustrate some of the work of mission and ministry being undertaken in parishes.

	2021 <sup>2</sup>	2020	2019 <sup>3</sup>
<i>Infant and Child Baptisms</i>	1,468	1,011	2,137
<i>Adult Baptisms</i>	126	337	223
<b>Total Baptisms</b>	<b>1,594</b>	<b>1,348</b>	<b>2,360</b>
<i>Infant Thanksgivings</i>	26	15	49
<i>Child Thanksgivings</i>	23	16	26
<b>Total Thanksgivings</b>	<b>49</b>	<b>31</b>	<b>75</b>
<i>Marriages</i>	711	585	822
<i>Blessings</i>	45	36	50
<b>Total</b>	<b>756</b>	<b>621</b>	<b>872</b>
<i>Funerals in church</i>	1,754	1,170	2,014
<i>Funerals at crematorium</i>	2,489	1,841	2,069
<b>Total Funerals</b>	<b>4,243</b>	<b>3,011</b>	<b>4,083</b>
<i>Easter Day Communicants</i>	12,155	n/a	26,675
<i>Easter All Age Attendance</i>	15,965	n/a	37,137
<i>Christmas Day Communicants</i>	14,320	7,884	27,091
<i>Christmas All Age Attendance</i>	35,290	16,183	91,703
<i>Usual Sunday Attendance</i>	n/a	n/a	20,463
<i>Electoral Roll<sup>4</sup></i>	25,034	32,190	27,055

<sup>2</sup> Statistics for Mission 2021, published by the Research and Statistics Department of the Archbishops' Council. Previous years' figures have been updated as further parish returns are received.

<sup>3</sup> Diocesan Database

## COMMITTEE ACTIVITIES

### BISHOP'S COUNCIL

- In January and March, joint meetings with the Council and the Diocesan Board of Finance took place to discuss the common vision for the life of the Diocese. The January joint meeting discussion centred on the strategic priorities for the development of the Racial Justice Action Plan, the Diocesan Environmental Policy, the Alban Way proposal and Diocesan finances. The joint meeting received two presentations on the Racial Justice Action Plan, one from the Chair of the Racial Justice Group, the Reverend Jo Burke and one from the Reverend Jairo Nyaongo (Bishop's Adviser for Minority Ethnic Concerns). The Racial Justice Group were encouraged to continue to implement the action plan.
- The joint meeting also discussed the Diocesan Environmental Policy and received presentations from Mrs Rachel Johnston (Diocesan Environment Officer) and Mr David Lambert (Chair of the Diocesan Environment Group) and the comments received from the joint meeting were fed into the Environment Policy to be discussed at the March 2022 Synod. The Director of Mission and Ministry reported on the opportunity to bid for innovation funding from the Strategic Development Fund for the Alban Way proposal, a leadership pathway for children, young people and young adults.
- In July, the Council noted that there could be a deficit for 2022 of up to £550k, with around sixty parishes who were behind in paying the Parish Share. The Council noted that the budgeting for 2023 had been a challenge, mainly as a result of inflation. The Council acknowledged that the excellent and clear presentation at the October Synod from the Director of Finance had showed the challenges and uncertainty and agreed that it was helpful to receive this type of upfront communication to ensure everyone was aware of the issues.
- During the year, the Council received regular reports and noted that the safeguarding team continued to promote safeguarding policies and practice whilst dealing with a substantial workload and a large amount of 'in person' and online training. The Council noted that an additional full-time Safeguarding Officer had been recruited, together with extra administrative support, to enable the safeguarding team to continue to support parishes and meet national church training requirements. The Council noted the joint recruitment process which had resulted in a closer working relationship between the Diocese and the Cathedral.
- In July, the Council discussed **Opportunities for Strategic Investment** to agree how £642k of additional income in 2022 resulting from an adoption of a Total Return investment policy could be made available to fund applications for Net Zero Carbon and mission initiatives. The Council noted that there were also significant historic designated funds no longer required for the purpose for which the designation was originally made which amounted to approximately £750k which could be redesignated to support deficits against budget if required.
- The Council acting as Mission and Pastoral Committee continued to receive regular reports from the Mission and Pastoral Executive Committee and considered draft proposals for pastoral reorganisation to promote appropriate models of ministry to support mission in each part of the Diocese. In March, the Council received a presentation from the Bishop of Bedford and the Pastoral and Advisory Secretary on

## Members' report Year to 31 December 2022

the Pastoral Reorganisation Principles and Overview of the Pastoral Processes. It was emphasised that pastoral reorganisation was driven by legislation and the statutory process needed to be followed. The Council agreed that the Diocese needed to be confident and courageous to become a flourishing and sustainable Diocese.

- The work of the **Closed Churches Uses Committee (CCUC)**, on behalf of the DMPC Executive Committee, is undertaken against the background of risks associated with closed churches being born by the DBF. For the first time in 10 years, the CCUC was tasked with two new cases. **Luton, St Matthew** was closed when the parish was united with the parish of Luton, and the CCUC was able to recommend to the Church Commissioners that the building should be leased to the Romanian Orthodox Church. Due to safety concerns, **Letchworth, St Michael** had been closed for two years. In October 2021, the building was formally closed and vested in the DBF, with the CCUC initiating a use-seeking period to identify the best possible future use for the site, including marketing for similar community based uses. The CCUC continued to identify new uses and work with local communities of the closed churches at **Thundridge, Old Church Tower**. Preparatory work for a conditions survey was underway to enable the management of the site to transfer to a local group. **East Hyde** continued to work with the Greek Orthodox Church including the sale of the northern piece of church land.
- The Council continued to receive updates on the work of the **Development Plans Monitoring Group** which included progress reports on new housing developments in the Diocese and parish responses to new opportunities for growth.
- In October, the Council discussed papers on a '**Youth and Children's Review**' and '**Growing Younger**' and during discussion agreed that the updated report should be entitled '**Growing Younger and more Diverse**'. It was acknowledged that future development of work with children and young people needed to be integrated with the Diocesan education team.
- **Racial Justice Action Group** - following the discussion at the joint meeting of the Council and the Diocesan Board of Finance in January, and a presentation at Synod in March, at the October meeting Council members were asked to reflect on three points:
  - grass roots – more work needed to be achieved from the parish level upwards;
  - training for clergy appointments – parish based training for parishes, parish representatives and church officers and
  - the need for 'white privilege training' for curates, clergy and senior staff.Following a round table discussion, the following responses were received:
  - more self-awareness for the whole parish;
  - focus on how to manage PCCs in the vacancy process;
  - replace the word 'training' and use 'to raise awareness of diversity and diversity issues';
  - to ensure that clergy were equipped to raise awareness and
  - to engage across different cultural groups.

## DIOCESAN ADVISORY COMMITTEE

**2022 saw parishes recovering from the covid-19 pandemic with many taking the opportunity to review mission and ministry within their communities. New challenges emerged and in response some parishes provided essential services to the community while others showed great resilience.**

The DAC has provided help, guidance and support to enable parishes to use their buildings for such purposes, alongside its usual casework which started to return to pre-pandemic levels. In particular, there were more than twice the number of site visits carried out by DAC members and staff than in 2021, enabling the Committee to provide valuable in depth support and advice to parishes.

Net Zero Carbon was a major ongoing theme of the DAC team's work and changes to the national Faculty Rules in July 2022 meant that there was a legislative requirement for the DAC to consider the environmental impact of proposals. In practice, this was already happening, as demonstrated by the Chancellor's decision in an application for external floodlights before the new Rules came into effect. The team's work relating to net zero carbon included:

- Rolling out advice to parishes based on the DAC's strategy to support them in respect of their church building
- Giving advice to at least 36 churches on heating options and renewable energy
- Guiding parishes through the Faculty Rules changes, including the new requirement for churches to consider all the options before replacing a fossil-fuel boiler
- Conducting a consultant-led heating case studies project with national grant funding, using four churches in the Diocese to find common themes in deciding on appropriate and affordable options for replacing heating
- Sharing the heating case studies project findings with parishes in a webinar
- Updating DAC advice on solar panels.

**Completed projects can demonstrate the transformative nature of church buildings and their potential to be places where people can encounter God and be centres of mission and ministry:**

- Major extension projects were completed at **Bromham** and **Ickleford** which had both faced building delays during the pandemic. The new parish halls at **East Barnet** were officially opened, the culmination of around 15 years' work from initial dream to completion. These spaces will be valuable for the worshipping communities for worship, welcome and mission, as well as for the wider community
- Internal reordering and introduction of facilities at **Langford** and **Blunham** has enabled these churches to increase space for their own activities, as well as meeting community needs
- Four years of immense work and the frustrations of being out of the church building ended in **Royston** when the church building re-opened for worship and community events in late November. As well as being fully repaired following the devastating tower fire in 2018, the church has now also been reordered to improve accessibility throughout the building and to provide a flexible space and facilities to enable the church to be used as a community hall alongside its continuing worship and hospitality functions
- The Lottery-funded project to refurbish **Rectory Lane Cemetery, Berkhamsted** (a detached churchyard) as a place for reflection, commemoration and community events officially came to an end, but the body of volunteers built up as part of the project is working hard to ensure that activity continues.

**Like the completed projects, the casework considered by the Committee represented the range of issues facing parishes across the Diocese and that creative solutions can enhance the building and people's experience of it:**

- At **Bedford, St Paul**, the longstanding and hotly-debated matter of the future positioning of statues of St Peter and St Paul – which were taken down from external niches some 40 years ago during repair works – was finally settled when the Chancellor granted a faculty for the development of the north porch to become a welcoming additional entrance to the church and for the statues to be fixed within the porch
- The DAC gave detailed advice on schemes to provide glazed inner entrance doors at **High Wych** and **Hatfield, St Etheldreda**, in consultation with the parish and external organisations such as Historic

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England, the Victorian Society and the Church Buildings Council and, as a result, supported amended proposals at High Wych, which are now moving forward through the faculty process

- In February, Storm Eunice caused damage to a number of churches and churchyard trees, including at Sundon, Woburn, Marsh Farm, Barley and Royston. The DAC team offered immediate advice and is developing guidance for parishes on planning for this and other types of emergency
- Development work at **St Albans, St Peter** continued, including proposals for major internal reflooring and reordering. The project for reflooring and reordering at **Great Wymondley** also moved forward, based on many years of fundraising, including the sale of jams made by former churchwarden Cherry Carter
- The DAC recommended proposals for a new entrance at **Stevenage, St Peter, Broadwater** to improve welcome and accessibility for all
- **Chorleywood, St Andrew** acquired the premises of former Hillside Baptist Church, a grade II Arts and Crafts building with a complex of halls, and has plans to refurbish the Hillside centre with a focus on youth work
- The DAC supported the parishes of **London Colney** and **Rickmansworth** in dealing with encroachment onto churchyard land by developers on adjacent sites. The DAC also supported a number of churches in providing advice about upholding the Churchyard Regulations, and specifically reviewed a number of applications involving unusual requests or family disputes.

The DAC team were involved in presenting and supporting a range of **training events** for parishes either as DAC initiatives or in partnership with colleagues in other departments, covering matters such as churchyards, heating options, understanding church buildings, opening churches during the day, making the most of parish-owned buildings, and using the online Portal for DAC applications and the Energy Footprint Tool.

## **DIOCESAN BOARD OF EDUCATION**

### **Introduction**

Against a challenging political, financial and educational backdrop, the DBE has sought, across 2022, to provide the schools it supports with stability, clarity and confidence as they seek to continue to flourish as Church of England educational communities. Adjusting and adapting its key priorities to meet the needs of schools the DBE, through its Schools Team, has prioritised the pastoral and professional care of headteachers and school governors, high-quality resourcing to support Christian character, and a comprehensive training and development offer blending online and face-to-face sessions.

Alongside this school-facing, resourcing role, the DBE continues to support school re-organisation and rationalisation across the Diocese, maintaining strong working relationships with key delivery partners. Feedback from schools continues to reference the quality of the nurture, support and pastoral care the DBE provides to its school communities and the reassurance this brings when navigating a complex and increasingly challenging educational landscape.

### **Church schools *Living God's Love in new ways***

- In Living God's Love, church schools in the Diocese are increasingly focusing their activities around a unique Christian vision for education that reflects the community they serve and their historic Christian foundation. In January, the children at St John's Infant & Nursery School in Radlett explored their Christian vision. The following Bible verse had been chosen to represent their purpose: 'Start children off on the way they should go and even when they are old they will not turn from it.' Proverbs 22:6. The school were thankful to have their local vicar, Revd Oliver, begin their special morning with a talk about going on a pilgrimage. Partnership with parishes continues to enrich schools' Christian vision.
- The establishment of a unique Christian vision for education impacts all areas of school life, including collective worship and spiritual development. St Valentine's Day provided St Augustine's Academy in Dunstable with the perfect opportunity to celebrate with a special Wild Worship in their Forest School. As part of their worship, they searched for heart-shaped leaves. Pupils held them up to their own hearts, feeling their heartbeat as they listened to a scripture reading from Corinthians 1:13. Whilst pupils at St Ippolyts Primary responded to the conflict in Ukraine by writing prayers for peace. Every child's prayer was hung outside school, providing a focal point of reflection for the local community.
- Through the exploration of their unique Christian vision, many pupils are finding ways of demonstrating courageous advocacy. Children at St Michael's Primary, Bishop's Stortford, have always been passionate about 'making a difference'. Following work undertaken on global warming and environmental care, pupils had the idea of establishing a litter-picking club. Donations from the PTA (Parent Teacher Association) helped to purchase equipment and soon the task of clearing litter from a local street began. Members of the public who met the group thanked them for making a difference to the local community.
- As a Christian vision for education embeds itself in the life of a school, opportunities arise for pupils to share in the leadership of spiritual development activities. Potten End Primary currently have six pupil Spiritual Leaders who are beginning to help deliver collective worship and are considering spiritual wellbeing across the school. In 2022, Year 5 and 6 children met up with pupils from other local church schools to talk about what they might do to promote spiritual awareness. The Board of Education offered them a goody bag containing resources to help them do this, such as prayer-dice, a notebook, stickers and the book 'Flippin' Praise'. They have since begun to plan collective worship using this resource.

### **The Diocesan Board of Education *Living God's Love in Education: Enabling Life in All its Fullness***

- 2022 saw the Board of Education continue to prioritise the resourcing of the schools it supports. The Training and Development programme provided by the DBE continues to offer a comprehensive package

## Members' report Year to 31 December 2022

of online and in-person courses. Across 2022, the Board has noted a shift in preference to online training and has responded to this. Similarly, a quick response to the developing financial pressures in schools saw good uptake for specialist financial management training offered in the autumn of 2022.

- The development of high-quality resources for schools, particularly in the area of Christian character, ethos and vision remains a focus of the Board's work. 'Heart for the Earth', a two-year curated resource to help schools reflect theologically on the issues surrounding climate change and the need to move to a carbon neutral position was launched in September/October 2022 at the Diocesan Headteacher Conference and the Schools' Harvest Festival services in St Albans Cathedral. This has been well received and has recently seen partnerships develop with local providers, including Anglian Water.
- In supporting the work of schools and school leaders, the DBE chooses to use some of its discretionary funds to facilitate access to national and regional courses that promote a Christian vision for education. In the summer of 2022, team members attended presentations from delegates on three courses, part funded by the DBE, the *Church School Leadership Course*, the *Racial Identity and School Leadership* course and the *Church of England Professional Qualification for Headship*. Each was inspirational, combining honest reflection, quality of engagement with Christian vision and wisdom and compassion.
- In a similar manner, the DBE chooses to fund access to The Young Leaders Award (run by the Archbishop of York Youth Trust) and similar pupil leadership schemes. Children at a number of schools, such as Leverstock Green Primary School for example, took part in a range of leadership activities across 2022, including planning to create a greener environment in the churchyard, organising a Grandparents Tea Party, planting bulbs in the churchyard and sending thank you letters to people in the community.
- In sadder news, July 2022 saw the closure of Wareside VC Primary School. The DBE had supported this very small school closely over the previous four years, working alongside senior leadership and the governing body to try to ensure a future for a school much valued by parents and members of the local community.

### Organisational and financial management

- Following a number of years operating through single-year development plans, the DBE introduced a three-year strategic plan in January 2022, covering the whole of the 2022-2024 triennium. Aligned to the core priorities of the national church and the Diocesan Board of Finance, the strategic plan ensures that, alongside its core educational activities, work in areas of synergy such as racial justice and carbon reduction has the greatest impact possible.
- 2022 saw the DBE continue to focus on ensuring its financial stability. The introduction of new contracts of employment for DBF staff and the adoption of the DBF's total return policy significantly increased confidence in the stability of the DBE's budgeting. An end-of year surplus will be used to establish a designated fund to support the creation of new Church of England schools and the formation of new Church of England multi-academy trusts. Predictions over the next five years show the DBE in a stable financial position.
- With a stable financial basis to work from, the DBE initiated, in late 2022, a review of its financial governance including strategic development, scrutiny and oversight. This work will be undertaken across 2023 by the Chair, the Director and Board member Tim Fleming, who will be supported by the Diocesan Secretary and Director of Finance. The aim of the process will be to ensure that financial decision-making is transparent and is based on the best evidence possible, and that key decisions taken by the DBE, as a statutory committee of the DBF, are monitored and scrutinised effectively and are based on advice received from the DBF's Director of Finance.

## **Members' report** Year to 31 December 2022

### **Key achievements**

- The launch of 'Heart for the Earth', a two-year curated resource to help schools reflect theologically on the issues surrounding climate change and the need to move to a carbon neutral position
- The delivery of three Schools Harvest Festival services at St Albans Cathedral, the first since 2018.
- The ongoing success of the 'InspiREd' RE subject leadership course, authored jointly by St Albans and Canterbury dioceses and now spreading across the East of England
- The production of podcasts and online resources to support the development of Collective Worship and Religious Education
- The further development of links with the Cathedral's Learning Department
- The expansion of the Diocese of St Albans Multi-Academy Trust to 13 schools by February 2023, including Northill CofE VA Primary and Wenlock VA Junior School, Luton.

## **DIOCESAN BOARD OF MISSION AND MINISTRY**

- 2022 has been a significant year for the department, following a full independent review at the end of 2021. Recommendations have been put in place to provide a more effective spread of responsibilities and duties, to improve on administrative support and utilise the skills of all members of the staff team.
- Key priorities have been collaboratively set to clarify the aims, vision and values of the department, with more focussed and streamlined measuring and reporting to the Board for Mission and Ministry of activity and achievements in line with the eight diocesan objectives.
- A further independent review was carried out on diocesan support for work with children and young people. Recommendations were to adopt a more radical approach with an emphasis on participation, rather than central provision. This would involve further developing partnerships with external organisations like Launchpad and Youthwork Essentials; substantial investment in local projects which help young people to grow in faith; embedding activity within existing parish Mission Action Plans and setting up a young leaders programme – the Alban Way.
- The proposed three team departmental structure was further divided into four teams – Ministry, Vocations, Flourishing Churches and Growing Younger and More Diverse. The core leadership of team leaders was established to ensure cross-departmental working and the integration of all activities in support of church leaders, parishes and chaplaincies.
- The teams moved to a new purpose-built office and meeting space in what was the Diocesan Office Reception, with flexible working and hot desking for all officers and administrators.
- Bishop Michael moved to a new role and Archdeacon Jane took on the chair of the Board for Mission and Ministry in September in the interim period.

### **Ministry Development team**

- It has been a good year for the Ministry Development Team. The first Clergy Wellbeing Survey was issued in February, and the newly formed Wellbeing group has continued to meet regularly under the chair of Will Gibbs.
- The ongoing programme of training and development has had good take up and feedback. Highlights were 'Celebrating Wisdom', a residential course for those long in ministry, the 'New to Post', 'Incumbency Skills' and the 'Rural Deans' course which are run regionally with our neighbouring dioceses. All had excellent feedback as having made a significant impact on people's ministries.
- The online 'New Incumbent's group' has grown and offers mutual support to those at this critical stage of their ministries.
- We have continued the work with improving our culture of diversity and inclusion and have trained eight more people to deliver the 'Conscious Inclusion' training across the diocese. This year also saw a new training in 'Active Bystander' which is focussed on equipping people to respond well when they are witnesses or victims of micro-aggressions. This was well received and is now a key part of the regular annual programme.
- Eighty-five clergy and lay leaders attended the first Mission and Ministry Day Conference in October, with five excellent speakers focussing on 'Into Deep Water'. The feedback was universally good or excellent, as providing inspiration, theological input and useful practical insight.
- All of this, and the other events and workshops, were geared to working towards the vision of seeing our people and places flourishing in God's purposes and achieving our eight diocesan objectives.

## Members' report Year to 31 December 2022

### Vocations team

- In July 2022, nineteen people were ordained Deacon - twelve were stipendiary and seven SSM. This was the largest number for several years. The matching of curates with parishes and benefices continues to be a core element of the Vocations Team's work.
- Fifteen people were ordained Priest at various locations around the Diocese - twelve were stipendiary and three SSM.
- Due to greater financial prudence, there will be a limit of ten new stipendiary Deacons each year from 2023.
- As of December 2022, twenty-six candidates were in conversation with a DDO or Assistant DDO. We are encouraged by the way in which God seems to be moving in the lives of these people.
- Forty-two ordinands were training for ministry across three year-groups. Of these, 14% are of non-white heritage. This compares favourably with the diocesan target of 15% of our ordinands to be of non-white heritage.
- We appointed and trained four new voluntary Assistant DDOs in September. This extra capacity is making a positive impact on the Vocations Team as the number of candidates grows.
- The Vocations Team is also ably assisted by a dozen voluntary Vocations Advisers who meet with candidates in the early stages of the process.
- The Vocations Team continues to run events to encourage vocations, and also to support those in discernment and training. In 2022, these included: *Seeking the Way* (over three Saturdays) and *Will You Take the Call* (one Saturday), as well as speaking engagements at Deanery Synods and Clergy Chapters around the Diocese.

### Flourishing Churches team

- Focussed work continued to help reduce the number of out of date and inadequate Mission Action Plans (MAPs) and to increase the quality and effectiveness of MAPs.
- The team facilitated teaching on Mission Action Planning for final, third year curates.
- Action Learning Sets were started to enable leaders to engage in the Mission Action Planning process more effectively with the support of peers.
- Plans developed for the Leading your Church into Growth 2023 Diocesan Conference and places having been filling quickly.
- At the beginning of the year 117 Churchwardens attended online training to equip them to achieve the vision of flourishing and healthy churches as welcoming places for people to encounter God in worship and fellowship.
- An interactive workshop on Growing Generous Giving was attended by representatives of twenty churches around the diocese in July.
- The team supported three Treasurer Round Table meetings throughout the year with Archdeacons on digital giving and stewardship.
- Further advice, support and teaching on giving and stewardship was provided for leaders and churches. The diocese received national Church of England funding for a Giving Advisor post to begin in 2023. Kate Ford was appointed as Giving Advisor with a brief to support parishes in growing generous giving. Kate will also provide practical advice on digital and legacy giving and running giving campaigns.

### Reaching New People / Growing Younger and More Diverse

- The work of the Reaching New People project continues, with pioneering, new worshipping communities and a more general change of culture becoming embedded into the work of the Mission and Ministry Department.
- The awarding of over 150 small grants to parishes in all contexts have helped to launch or re-launch missional initiatives post-pandemic. Further funding was made available specifically to enable parishes to set up warm and welcoming spaces in response to the energy crisis.

## **Members' report** Year to 31 December 2022

- Strategic longer-term work has also begun in larger urban areas and new housing estates. Larger grants have been made available to projects with the potential for long term sustainability and for growing younger and more diverse.
- Transforming Conversations coaching continued with a total of nearly 150 having completed this training. Coaching became further embedded into the work of the department as mandatory for all new curates and their Training Incumbents. The first cohort of twelve accredited advanced level coaches began training in the autumn with the expectation that they make use of their skills to benefit the wider diocese.
- A successful bid for innovation funding from the Vision and Strategy Team at Church House has enabled the set-up of the Alban way project for young leaders aged 18-35. A cohort of twelve began at the end of the year and will meet regularly throughout the next year to develop a rule of life, spiritual practices and to pray as a community. Further cohorts for younger school-aged groups are planned for 2023, in partnership with the Diocesan Schools team and local parishes.
- Further major funding was made available by the Church of England for strategic Mission and Ministry projects at diocesan level. A funding consultation with local leaders was conducted in the autumn to begin to identify potential projects with vision, good leadership and deanery support in urban, town and rural contexts. Funding would be available for nine years.
- Dan Drew had been heading up work of Reaching New People in the interim and was appointed as team leader for the Growing Younger and More Diverse team in December. Phillippa Harding began an internship with the team in the autumn, focussing on the Alban Way.
- The team continues to support churches in developing and growing New Worshipping Communities which aim to reach children and families – for example, Messy Church and Outdoor Church.
- A series of networking events is planned for paid youth and children's leaders as well as others passionate about young people. Following this the work of the team will focus more on recruiting and supporting new and existing volunteers.
- The Growing Younger and More Diverse team will recruit an administrator and further roles to support funding bids and the Alban Way in the new year.

### **The Environment**

- Rachel Johnston continues to work in a voluntary capacity as Diocesan Environmental Officer. This involves supporting parishes towards Net Carbon Zero by 2030.
- 107 churches have registered and are working towards Eco Church awards. Thirty-seven have been awarded bronze awards and four have silver awards.
- Further national funding will be made available by the national church in the coming year.

## STRATEGIC REPORT

### FINANCIAL REPORT FOR THE YEAR

#### Overview

In spite of the continuing uncertainties in the world and the tangible impact that this has all had on the cost of living, parish share held up well. We had hoped for a 92% collection rate, but actually achieved 92.5%. This is still below the pre-pandemic rate of 93.9%, but this does place us in a strong position relative to many other Dioceses. We continue to be concerned about the long-term ability of parishes to pay parish share and their use of reserves for this purpose. We have continued to control costs – a decrease in the pension contribution for clergy and a realignment of terms and conditions for Diocesan staff has contributed to this. We remain prone to the fact that a reduction in income cannot be met quickly with a reduction in our costs. Even a small drop in parish share has meant that we saw a deficit in our running costs for the year of £350k. This is the third year in a row that we have reported a deficit. However due to the continuing commitment of parishes and our own cost control, we have been able to reduce it each year.

Our assets remain strong in spite of a downturn in valuation at the end of the year resulting in unrealised losses of £2,551k. Sales from the development at Linnere, via the property company, continue to add to our asset portfolio, giving us flexibility in being able to use our assets to defray expenses and keep parish share increases as low as possible, whilst supporting our clergy via hardship grants during an economically difficult year.

The strength of our asset base is one of the key reasons that we have been able to adopt a policy of a total return for 2022. This adoption helps to ease the pressure on our costs and liberates other funding for parishes engaging in missional activities and addressing Net Zero Carbon challenges. We have restructured our designated funds this year so that we can fund activities through the coming years, thus strengthening ourselves for the future.

#### Investment Approach

Following a review undertaken by the Assets Committee the Board decided to adopt a Total Return Investment approach, specifically:

- Adoption of total return with a distribution rate of 3.5%.
- Draw down to be calculated using the average of the previous five years capital values.
- Application across all invested diocesan funds
- A base line asset value at 31 December 2017, £57.2 million in total though disaggregated to individual funds and subject to CPI indexation
- Application from 1 January 2022.
- Review of the distribution policy every three years.

The policy and its application in 2022 is described in detail in Note 15.

As a consequence of adopting a Total Return Investment approach investment income distribution in 2022 has been in excess of budgeted investment income. This has enabled funds to be allocated to support Net Zero Carbon and mission initiatives in parishes through £642,000 of grant availability.

#### Ethical Investment

The Board follows the guidelines established by the Ethical Investment Advisory Group of the Church of England. In addition the Board is committed to Fossil Fuel divestment following a Diocesan Synod resolution in October 2022:

*That this Synod requests the St Albans Diocesan Board of Finance to commit to divest from any current investments in fossil fuels and to commit to no future investment of funds in fossil fuel companies in line with the Church of England national policy.*

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*That this Synod further requests the St Albans Diocesan Board of Finance to consider with those companies investing on behalf of the Diocese how to:*

- *engage critically on climate change in respect of the full range of investments;*
- *implement an approach to move the entire diocesan investment portfolio to be net zero carbon;*
- *pursue investment in accordance with Diocesan policies on social justice, sustainability, and the environment, for example in affordable homes, renewable energy, or forestry.*

### Results for the year

Total income amounted to £23.9m compared to £25.3m in 2021, a decrease of £1,460k, fewer sales in the property company being mitigated by the sale of parsonage houses and a higher parish share receipts. The property company made sales of £2.9m in the year (£5.4m – 2021).

During 2022, Parish Share contributions amounted to £13.2m (2021 - £12.97m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £140k (2021 - £104k). The collection rate for Parish Share for 2022 (amount received/amount requested) was 92.5% (2021 - 91.01%).

Expenditure totalled £21.7m in the year compared to £22.3m in 2021.

Net income before revaluations and investment asset disposals amounted to £2.2m (2021 - £3.0m). The net realised and unrealised losses on investment properties and listed investments totalled £1.8m (2021 - £8.2m gain). The net increase in funds for the year was £0.4m (2021 - £11.3m) with the Common Fund showing an increase of £1.2m (2021 - £87k), though this included transferring in £415k from other unrestricted funds to cover the 2021 deficit and a total return transfer that provided an extra £615k of income.

### Financial position

The consolidated balance sheet showed total funds of £203.0m (2021 - £202.6m). This figure included endowment funds of £159.6m (2021 - £156.9m), the principal part of this being the parsonage houses fund amounting to £76.9m (2021 - £75.8m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds.

Also included in total funds were restricted funds totalling £14.1m (2021 - £15.3m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 23 to the financial statements together with an analysis of movements in the year. Funds totalling £21.3m (2021 - £24.0m) had been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 24 to the financial statements.

## **FUTURE PLANS**

The Diocesan vision of Living God's Love will continue to be promoted, to encourage churches to engage more missionally. Boards and Committees will continue working to support that vision by resourcing parochial mission and ministry and offering help and guidance to parishes as they seek to Live God's Love. The theme of 'Growing Younger and More Diverse' will continue to be an important part of future work.

The Bishop's Council will continue to make recommendations about proposals for pastoral reorganisation and support and encourage emerging mission initiatives, and seeking ways to share good practice in parishes and deaneries.

The Diocesan Board of Finance will continue to work with its Investment Managers to ensure maximum returns for the benefit of mission and ministry in the Diocese. It will also continue dialogue with parish treasurers over the impact of COVID-19 on parish and diocesan finances.

The DAC will continue to respond to the needs of parishes throughout 2023 and beyond through regular casework, site visits and circulating advice and guidance. There will be a particular focus on helping parishes to meet the Net Zero Carbon target by helping to administer diocesan grants for energy audits, providing general advice and resources, and specific advice at site visits or in response to applications. The Committee will continue to build up work in other areas of the environment, especially biodiversity and climate resilience, to ensure that parishes are well-prepared for the effects of climate change.

The DAC team will also resource and support parishes in the care and development of church buildings by updating content for the new website and Resources Centre. This will be informed by parishes and build upon work already started in 2022, such as updating the DAC's advice leaflet on electrical wiring following complications in the high level wiring at Royston.

The DBE, in maintaining the following strategic priorities for 2022-24, will continue to ensure it has sufficient capacity to respond to unexpected situations and therefore maintain its high standards of service to schools:

The DBE will continue to ensure that a minimum of 90% of schools are deemed to be good or excellent church schools (as defined by SIAMS) and support the development of Christian pedagogical approaches to teaching and learning

The DBE will continue to deliver diocesan-wide initiatives which promote a shared understanding of Living God's Love through community, worship and prayer, extend and develop work to promote the wellbeing of the whole school community, promote and facilitate outstanding leadership and governance which supports excellence in church schools and develop Church of England provision across the Diocese of St Albans.

The Board for Mission and Ministry will continue supporting Living God's Love and our eight mission and ministry objectives of:

1. More activities that seek to grow discipleship enabling us to join in with God's action in the world
2. Parishes equipped with appropriate ministerial capacity
3. Enhanced wellbeing of our ministers
4. Churches growing younger and more diverse
5. Parishes that are financially sustainable
6. More New Worshipping Communities
7. Parishes operating safely and with good governance
8. Net Carbon Zero by 2030

## **Members' report** Year to 31 December 2022

However, within our work to support each objective we will give particular attention to:

- Developing our work to grow younger and more diverse disciples of Christ, including our Growing Younger and More Diverse Strategic Programme.
- Starting further cohorts of The Alban Way spiritual formation pathway for young adults, young people and children.
- Running Leading Your Church into Growth and the annual Mission and Ministry Day Conference.
- Increasing the number of effective up to date Mission Action Plans.
- Reviewing Initial Ministerial Education Phase 2 (for Readers and Curates in training).
- Reviewing the lay ministry training provision.
- Growing the number of younger and more diverse people exploring a vocation to lay and ordained ministry.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board has reviewed the risks faced by the charity. Immediate risks concern the fragility of recovery from the pandemic, compounded by the rise in the cost of living and the international tensions, and how they impact attendance and the ability of people to give. In addition, it has identified four main risks namely Safeguarding, IT Security, Parish Share and closed churches.

### **Safeguarding**

The diocese recognises that current and non-recent safeguarding concerns can lead to abuse for individuals and reputational and operational damage for the diocese. The diocese takes the creation of safe churches as an essential responsibility in line with the House of Bishops' Guidance and is committed to increasing training compliance for all involved with young people and vulnerable adults in the diocese and parishes.

The diocese has safely recruited a new independent chair as well as two new members to the Diocesan Safeguarding Advisory Panel (DSAP). All are experienced safeguarding practitioners and managers from our statutory partners.

A new three-year strategy commenced in 2023 and the diocesan safeguarding team look forward to the challenge of achieving the action plan the accompanies it. The team are sufficiently resourced and manage all risks reported, and work hard with parishes on preventative safeguarding strategies.

The team continue to report all safeguarding serious incidents to the Charity Commission in line with House of Bishops Guidance. Information Sharing Agreements are now in effect between the diocese and the relevant police services, and we continue to maintain good relationships with the statutory agencies.

### **Parish Share Scheme**

The Board continues to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the Common Fund. Parish Share is the main funding source for the Diocese, so even a small percentage fall has significant implications for funding. The Board regularly discusses the structure of the scheme and assesses the understanding and support of the scheme across parishes in the Diocese. It has set up a working party to review various aspects of the scheme, which will report to the Board in 2023. The Board also monitors, on a regular basis, the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share.

### **IT Security**

The Board is aware of the increasing use of, and demand upon, IT services and the increased threat posed by those with malicious intent.

In 2022 the Board was certified by the Government-backed Cyber Essentials Scheme for data security (highly regarded by the Information Commissioner's Office, ICO), having passed the Cyber Essentials Plus which included Vulnerability and Penetration testing. We have added RansonWare protection to staff computers to help protect them from malicious actors and completed securing all mobile/tablet devices to Microsoft Intune for enhanced security and improved deployment. We are continuing to move computers to Intune as they come to end-of-life and plan to complete this in 2023.

In order to strengthen our defences against attacks, via malicious emails and phishing attacks, staff had been receiving 'test phishing' emails to train them to detect these. Since that time, the standard has improved to represent a low threat level with 98% of users ranked at low risk. The testing will continue to ensure that the

## **Members' report** Year to 31 December 2022

staff awareness level is at its highest at all times. There will be annual testing of Cyber Essentials Plus to ensure that the highest levels of defence continue. The Board considers Cyber Security to be a continuing risk. It continues to take professional and government advice and to act upon it to seek to mitigate the risk as far as possible.

### **Closed Churches**

Closed churches become the responsibility of the DBF during the statutory use-seeking period. During this time, the Board has liability for insurance, maintenance and necessary urgent repair. No new cases emerged during the year and progress was made on existing cases. At Luton, St Matthew, terms for a lease to the Romanian Orthodox Church were agreed and they began using the building under an informal lease in February 2022. The annual rental income from a lease and a proportion of the proceeds of the sale of a closed church are statutorily due to the Diocesan Pastoral Account.

The marketing of Letchworth, St Michael began in August 2022 with several parties expressing an interest. Progress was made towards a potential management agreement with a locally-formed trust to manage the site of Thundridge Old Church Tower. There were sales of land at East Hyde, a closed church now in the ownership of the Greek Orthodox Church.

## **CUSTODIAN FUNDS**

As at 31 December 2022, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £36.2m (2021 - £42.7m) as Custodian Trustee.

These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## **RAISING FUNDS**

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial councils, donors and supporters. It applies best practice to protect their data and never sells data, never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Constitution

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 00145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

### Liability of the members of the company

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

### Organisation

The members of the Board are empowered by the Articles of Association of the company to act as the company directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its executive committee, the General Committee, or to its sub-committees, the Property Committee, the Glebe Committee and the Assets Committee.

### Related bodies

The Board's staff provide administrative and financial services to the Board of Education, the Board for Mission and Ministry as well as the Diocesan Mission and Pastoral Committee and Diocesan Advisory Committee. All these bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day to day business to its standing committee, the Bishop's Council.

## Members' report Year to 31 December 2022

### Members

The members who served during the year (and continuing unless otherwise stated) were as follows:

Members	Sub-committee Membership	Appointed/Resigned
<b>Ex-officio Member</b>		
The Bishop of St Albans (The Rt Revd Dr A G C Smith)		
<b>Clergy elected by the Diocesan Synod</b>		
The Reverend Dr G R Cappleman		
The Reverend K David	2	1 January 2022
The Reverend C Bunce	2, 7	1 January 2022
The Reverend C Hudson		1 January 2022
The Reverend A Thomas	1, 5	1 January 2022
<b>Lay Members elected by the Deanery Synods</b>		
<i>Archdeaconry of St Albans</i>		
N K Challis	1, 5	
T Fleming	1, 4, 5	1 January 2022
C B Gage	1	
D Roberts	3	1 January 2022
Dr R L V Southern	3	
M Taylor		1 January 2022
<i>Archdeaconry of Hertford</i>		
C Bell		11 April 2022
C G Bird	1, 2, 3, 4, 6, 7	
M E Butcher	2, 7	
J W Butler	1, 2, 4, 5	
Dr M Eaton	1, 6	
<i>Archdeaconry of Bedford</i>		
D C Clark	3	
Dr D W Dallinger	2, 6	
K Ebbage	1, 6	
M J Gates	7	
K Smith	2, 7	
<b>Members nominated by the Bishop of St Albans</b>		
The Archdeacon of St Albans	1, 2, 3, 6, 7	
The Archdeacon of Bedford	1, 2, 3, 6, 7	
The Archdeacon of Hertford	1, 2, 3, 6, 7	
A Brown OBE (Chair of Glebe Committee)	1, 3, 4, 7	
<b>Members co-opted by the Board</b>		
B Crawford	4	
P Easterbrook	1, 5	1 January 2022
P R Lindley	1, 4, 7	

1 General Committee, 2 Property Committee, 3 Glebe Committee, 4 Assets Committee, 5 Audit Committee, 6 Parish Shares and Support Committee, 7 Parish Grants Committee

## Members' report Year to 31 December 2022

### Members

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. No expenses were incurred in the performance of their duties as Board members were reimbursed during the year.

### Member-selection and appointment

Members can be co-opted to the Board by existing members or they can be elected by a number of different entities including the Diocesan Synod and the Deanery Synods or nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2021 to appoint members for the triennium 1 January 2022 to 31 December 2024.

On agreeing to become a member of the charity, the members are thoroughly briefed by their co-members on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

### Member induction and training

An induction pack has been issued to all members.

### Remuneration of key management personnel

Key management personnel comprises all the members of the Board, together with the senior executives who are the Diocesan Secretary, the Director of Finance, the Estates Secretary and the Diocesan Pastoral and Advisory Secretary. The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adapted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, is approved by the Diocesan Synod. Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow regional benchmarks as agreed annually by the National Church Central Stipends Authority.

### Members' responsibilities statement

The members of the St Albans Diocesan Board of Finance are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

## Members' report Year to 31 December 2022

### Members' responsibilities statement

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in operation.

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The members are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Trading subsidiary

The charity has a wholly owned trading subsidiary, the St Albans Diocesan Property Company (Company No. 08899302), a company incorporated in England with a share capital of £7,700,000 (2021 – £1,700,000). The principal activity of the company is property development.


During the year the company made a net profit of £947k (2021 – £1,917k) and made a charitable donation of £510k (2021 - £2.4m) to the charity. This donation enabled a reduction in the tax liability for 2021.

In 2018, the charity loaned the subsidiary £7m for two years to aid working capital. £1m of this was repaid in 2019. The remaining £6m loan was exchanged for equity in the company.

The members' report, including the strategic report, was approved by the members and signed on their behalf by:



Colin Bird  
Chairman of the Board of Trustees



David White  
Diocesan Secretary

Approved on: 22 May 2023

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2022

### Opinion

We have audited the financial statements of The St Albans Diocesan Board of Finance (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 affairs of the group and of the charitable company as at 31 December 2022 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 either the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2022

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

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

- ◆ the information given in the members' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ this report has 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 group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report, including the strategic report.

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

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

### Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group's and 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 members either intend to liquidate the group or 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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2022

### Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the audit partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company and group through discussions with members and management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company and group, including the Charities Act 2011, the Companies Act 2006 and Church Assembly and General Synod Measures;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's and group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ performed substantive testing of expenditure;
- ◆ tested journal entries to identify unusual financial transactions; and
- ◆ assessed whether judgements and assumptions made were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members and management and the inspection of regulatory and legal correspondence, if any.

### Auditor's responsibilities for the audit of the financial statements (continued)

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**Independent auditor's report to the members of The St Albans Diocesan Board of Finance**  
Year to 31 December 2022

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

**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.

*Buzzacott LLP*

Catherine Biscoe, Senior Statutory Auditor  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 25 July 2023

## Consolidated statement of financial activities Year to 31 December 2022

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Income and endowments from:</b>							
Donations and legacies	1	—	193	13,230	—	13,423	13,080
Investments	2	1,439	311	542	—	2,292	1,912
Trading activities	26	—	—	—	2,926	2,926	5,444
Charitable activities	3	—	3,432	707	—	4,139	4,493
Other sources	4	1,072	—	—	—	1,072	383
<b>Total income</b>		<b>2,511</b>	<b>3,936</b>	<b>14,479</b>	<b>2,926</b>	<b>23,852</b>	<b>25,312</b>
<b>Expenditure on:</b>							
Raising funds	5	288	170	51	1,669	2,178	3,664
Charitable activities							
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	3,573	15,924	—	19,497	18,668
<b>Total expenditure</b>		<b>288</b>	<b>3,743</b>	<b>15,975</b>	<b>1,669</b>	<b>21,675</b>	<b>22,332</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>2,223</b>	<b>193</b>	<b>(1,496)</b>	<b>1,257</b>	<b>2,177</b>	<b>2,980</b>
Realised gains (losses) on disposal of investment property and listed investments	14	846	(91)	(48)	—	707	1,309
Unrealised (losses) gains on investment property and listed investments	14	(1,057)	(1,081)	(413)	—	(2,551)	6,862
<b>Net income before transfers and taxation</b>		<b>2,012</b>	<b>(979)</b>	<b>(1,957)</b>	<b>1,257</b>	<b>333</b>	<b>11,151</b>
Total Return transfer	15	(2,262)	—	2,262	—	—	—
<b>Net income (expenditure) for the year after Total Return transfer</b>		<b>(250)</b>	<b>(979)</b>	<b>305</b>	<b>1,257</b>	<b>333</b>	<b>11,151</b>
Other transfers between funds	21	2,747	(275)	(1,754)	(718)	—	—
Corporation tax (charge) credit	12	—	—	—	(102)	(102)	114
<b>Net income (expenditure) for the year</b>		<b>2,497</b>	<b>(1,254)</b>	<b>(1,449)</b>	<b>437</b>	<b>231</b>	<b>11,265</b>
<b>Other recognised gains and losses:</b>							
Actuarial gains	30	174	—	—	—	174	11
<b>Net movement in funds</b>		<b>2,671</b>	<b>(1,254)</b>	<b>(1,449)</b>	<b>437</b>	<b>405</b>	<b>11,276</b>
<b>Fund balances brought forward at 1 January 2022</b>		<b>156,908</b>	<b>15,329</b>	<b>25,411</b>	<b>4,986</b>	<b>202,634</b>	<b>191,358</b>
<b>Fund balances carried forward at 31 December 2022</b>		<b>159,579</b>	<b>14,075</b>	<b>23,962</b>	<b>5,423</b>	<b>203,039</b>	<b>202,634</b>

All of the group's activities derived from continuing operations during the above financial period.

## Comparative consolidated statement of financial activities Year to 31 December 2021

	Notes	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Non-charitable trading funds £'000	Total 2021 £'000
<b>Income and endowments from:</b>						
Donations and legacies	1	—	57	13,023	—	13,080
Investments	2	—	318	1,594	—	1,912
Trading activities	26	—	—	—	5,444	5,444
Charitable activities	3	—	3,564	929	—	4,493
Other sources	4	383	—	—	—	383
<b>Total income</b>		<b>383</b>	<b>3,939</b>	<b>15,546</b>	<b>5,444</b>	<b>25,312</b>
<b>Expenditure on:</b>						
Raising funds	5					
Charitable activities		3	147	290	3,224	3,664
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	2,980	15,688	—	18,668
<b>Total expenditure</b>		<b>3</b>	<b>3,127</b>	<b>15,978</b>	<b>3,224</b>	<b>22,332</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>380</b>	<b>812</b>	<b>(432)</b>	<b>2,220</b>	<b>2,980</b>
Realised gains on disposal of investment property and listed investments		1,070	188	51	—	1,309
Unrealised gains on investment property and listed investments		4,806	1,322	734	—	6,862
<b>Net income before transfers and taxation</b>		<b>6,256</b>	<b>2,322</b>	<b>353</b>	<b>2,220</b>	<b>11,151</b>
Transfers between funds	21	2,837	(392)	374	(2,819)	—
Corporation tax credit (charge)	12	—	—	—	114	114
<b>Net income (expenditure) for the year</b>		<b>9,093</b>	<b>1,930</b>	<b>727</b>	<b>(485)</b>	<b>11,265</b>
<b>Other recognised gains and losses:</b>						
Actuarial gains	30	11	—	—	—	11
<b>Net movement in funds</b>		<b>9,104</b>	<b>1,930</b>	<b>727</b>	<b>(485)</b>	<b>11,276</b>
<b>Fund balances brought forward at 1 January 2021</b>		<b>147,804</b>	<b>13,399</b>	<b>24,684</b>	<b>5,471</b>	<b>191,358</b>
<b>Fund balances carried forward at 31 December 2021</b>		<b>156,908</b>	<b>15,329</b>	<b>25,411</b>	<b>4,986</b>	<b>202,634</b>


All of the group's activities derived from continuing operations during the above financial period.

## Consolidated balance sheet 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Fixed assets</b>							
Tangible assets	13	77,578	—	12,457	—	90,035	90,311
Investments	14	69,359	12,042	6,243	—	87,644	85,626
		<u>146,937</u>	<u>12,042</u>	<u>18,700</u>	<u>—</u>	<u>177,679</u>	<u>175,937</u>
<b>Current assets</b>							
Stock: land under development	16	—	—	—	12,078	12,078	11,535
Debtors – due within one year	17	48	67	796	2,743	3,654	3,344
Debtors – due after one year	17	—	—	283	—	283	464
Short term deposits		2,640	1,060	4,904	5	8,609	12,635
Cash at bank and in hand		—	—	2,369	3	2,372	1,812
		<u>2,688</u>	<u>1,127</u>	<u>8,352</u>	<u>14,829</u>	<u>26,996</u>	<u>29,790</u>
Creditors: amounts falling due within one year	18	—	(232)	(640)	(207)	(1,079)	(1,950)
Net current assets		<u>2,688</u>	<u>895</u>	<u>7,712</u>	<u>14,622</u>	<u>25,917</u>	<u>27,840</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>							
		<u>149,625</u>	<u>12,937</u>	<u>26,412</u>	<u>14,622</u>	<u>203,596</u>	<u>203,777</u>
Inter-fund balances		<u>9,954</u>	<u>1,138</u>	<u>(2,122)</u>	<u>(8,970)</u>	<u>—</u>	<u>—</u>
Total assets less current liabilities		<u>159,579</u>	<u>14,075</u>	<u>24,290</u>	<u>5,652</u>	<u>203,596</u>	<u>203,777</u>
Creditors: amounts falling due after one year	19	—	—	(328)	(229)	(557)	(722)
Provisions for liabilities	20	—	—	—	—	—	(421)
Total net assets		<u>159,579</u>	<u>14,075</u>	<u>23,962</u>	<u>5,423</u>	<u>203,039</u>	<u>202,634</u>
<b>Represented by:</b>							
<b>The funds of the group</b>							
Endowment funds	22	159,579	—	—	—	159,579	156,908
Restricted funds	23	—	14,075	—	—	14,075	15,329
Unrestricted funds	24	—	—	23,962	—	23,962	25,411
Non-charitable trading funds	24	—	—	—	5,423	5,423	4,986
		<u>159,579</u>	<u>14,075</u>	<u>23,962</u>	<u>5,423</u>	<u>203,039</u>	<u>202,634</u>

Approved by the members of the Board and signed on their behalf by:

Colin Bird  
Chairman



22 May 2023

Approved on:  
The St Albans Diocesan Board of Finance  
Company Registration Number 00145227 (England and Wales)

Comparative consolidated balance sheet 31 December 2021

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2021 £'000
<b>Fixed assets</b>						
Tangible assets	13	76,626	—	13,685	—	90,311
Investments	14	66,069	12,941	6,616	—	85,626
		<u>142,695</u>	<u>12,941</u>	<u>20,301</u>	<u>—</u>	<u>175,937</u>
<b>Current assets</b>						
Stock: land under development	16	—	—	—	11,535	11,535
Debtors – due within one year	17	42	74	794	2,434	3,344
Debtors – due after one year	17	—	—	464	—	464
Short term deposits		6,297	1,259	4,856	223	12,635
Cash at bank and in hand		—	—	1,682	130	1,812
		<u>6,339</u>	<u>1,333</u>	<u>7,796</u>	<u>14,322</u>	<u>29,790</u>
Creditors: amounts falling due within one year	18	(178)	(938)	(484)	(350)	(1,950)
<b>Net current assets</b>		<u>6,161</u>	<u>395</u>	<u>7,312</u>	<u>13,972</u>	<u>27,840</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		148,856	13,336	27,613	13,972	203,777
Inter-fund balances		8,473	1,993	(1,708)	(8,758)	—
<b>Total assets less current liabilities</b>		<u>157,329</u>	<u>15,329</u>	<u>25,905</u>	<u>5,214</u>	<u>203,777</u>
Creditors: amounts falling due after one year	19	—	—	(494)	(228)	(722)
Provisions for liabilities	20	(421)	—	—	—	(421)
<b>Total net assets</b>		<u>156,908</u>	<u>15,329</u>	<u>25,411</u>	<u>4,986</u>	<u>202,634</u>
<b>Represented by:</b>						
<b>The funds of the group</b>						
Endowment funds	22	156,908	—	—	—	156,908
Restricted funds	23	—	15,329	—	—	15,329
Unrestricted funds	24	—	—	25,411	—	25,411
Non-charitable trading funds	24	—	—	—	4,986	4,986
		<u>156,908</u>	<u>15,329</u>	<u>25,411</u>	<u>4,986</u>	<u>202,634</u>

Charity balance sheet 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Fixed assets</b>						
Tangible assets	13	77,578	—	12,457	90,035	90,311
Investments	14	77,059	12,042	6,243	95,344	87,326
		<u>154,637</u>	<u>12,042</u>	<u>18,700</u>	<u>185,379</u>	<u>177,637</u>
<b>Current assets</b>						
Debtors – due within one year	17	1,480	67	796	2,343	8,136
Debtors – due after one year	17	—	—	283	283	464
Short term deposits		2,640	1,060	4,904	8,604	12,412
Cash at bank and in hand		—	—	2,369	2,369	1,682
		<u>4,120</u>	<u>1,127</u>	<u>8,352</u>	<u>13,599</u>	<u>22,694</u>
Creditors: amounts falling due within one year	18	—	(232)	(640)	(872)	(1,600)
<b>Net current assets</b>		<u>4,120</u>	<u>895</u>	<u>7,712</u>	<u>12,727</u>	<u>21,094</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		<u>158,757</u>	<u>12,937</u>	<u>26,412</u>	<u>198,106</u>	<u>198,731</u>
Inter-fund balances		822	1,138	(1,960)	—	—
<b>Total assets less current liabilities</b>		<u>159,579</u>	<u>14,075</u>	<u>24,452</u>	<u>198,106</u>	<u>198,731</u>
Creditors: amounts falling due after one year	19	—	—	(328)	(328)	(494)
Provisions for liabilities	20	—	—	—	—	(421)
<b>Total net assets</b>		<u>159,579</u>	<u>14,075</u>	<u>24,124</u>	<u>197,778</u>	<u>197,816</u>
<b>Represented by:</b>						
<b>The funds of the charity</b>						
Endowment funds	22	159,579	—	—	159,579	156,908
Restricted funds	23	—	14,075	—	14,075	15,329
Unrestricted funds	24	—	—	24,124	24,124	25,579
		<u>159,579</u>	<u>14,075</u>	<u>24,124</u>	<u>197,778</u>	<u>197,816</u>

Approved by the members of the Board and signed on their behalf by:

Chairman



Approved on:

22 May 2023

The St Albans Diocesan Board of Finance  
Company Registration Number 00145227 (England and Wales)

## Comparative charity balance sheet 31 December 2021

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000
<b>Fixed assets</b>					
Tangible assets	13	76,626	—	13,685	90,311
Investments	14	67,769	12,941	6,616	87,326
		<u>144,395</u>	<u>12,941</u>	<u>20,301</u>	<u>177,637</u>
<b>Current assets</b>					
Debtors – due within one year	17	7,268	74	794	8,136
Debtors – due after one year	17	—	—	464	464
Short term deposits		6,297	1,259	4,856	12,412
Cash at bank and in hand		—	—	1,682	1,682
		<u>13,565</u>	<u>1,333</u>	<u>7,796</u>	<u>22,694</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(178)</u>	<u>(938)</u>	<u>(484)</u>	<u>(1,600)</u>
<b>Net current assets</b>		<u>13,387</u>	<u>395</u>	<u>7,312</u>	<u>21,094</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>		<u>157,782</u>	<u>13,336</u>	<u>27,613</u>	<u>198,731</u>
Inter-fund balances		<u>(453)</u>	<u>1,993</u>	<u>(1,540)</u>	<u>—</u>
<b>Total assets less current liabilities</b>		<u>157,329</u>	<u>15,329</u>	<u>26,073</u>	<u>198,731</u>
<b>Creditors: amounts falling due after one year</b>	19	<u>—</u>	<u>—</u>	<u>(494)</u>	<u>(494)</u>
<b>Provisions for liabilities</b>	20	<u>(421)</u>	<u>—</u>	<u>—</u>	<u>(421)</u>
<b>Total net assets</b>		<u>156,908</u>	<u>15,329</u>	<u>25,579</u>	<u>197,816</u>
<b>Represented by:</b>					
<b>The funds of the charity</b>					
Endowment funds	22	156,908	—	—	156,908
Restricted funds	23	—	15,329	—	15,329
Unrestricted funds	24	—	—	25,579	25,579
		<u>156,908</u>	<u>15,329</u>	<u>25,579</u>	<u>197,816</u>

## Summary consolidated income and expenditure account Year to 31 December 2022

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	<b>2022</b> <b>£'000</b>	2021 £'000
Total income of continuing operations	<b>21,341</b>	24,930
Total expenditure of continuing operations	<b>(21,387)</b>	(22,329)
Net (expenditure) income for the year before transfers, investment gains and losses and taxation	<b>(46)</b>	2,601
Total return transfer	<b>2,262</b>	—
Other transfers to endowment funds	<b>(2,747)</b>	(2,837)
Net (expenditure) before investment gains and losses and taxation	<b>(531)</b>	(236)
Investment (losses) gains	<b>(1,633)</b>	2,295
Taxation (charge) credit	<b>(102)</b>	114
<b>Net (expenditure) income for the year as defined by the Companies Act 2006</b>	<b>(2,266)</b>	2,173

Total income as defined by the Companies Act 2006 comprises £17,405k (2021 – £20,990k) for unrestricted and non-charitable trading funds and £3,9364k (2021 – £3,940k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net expenditure before investment gains and taxation for the year of £531k (2021 – £236k) comprises net expenditure of £449k (2021 - £656k) on unrestricted and non-charitable trading funds and net expenditure of £82k (2021 – £420k income) on restricted funds.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 35 which, together with the notes to the financial statements provides full information on the movements during the year on all funds of the group.

## Consolidated statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(2,934)	(719)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		2,292	1,912
Proceeds from the disposal of tangible fixed assets		1,927	718
Purchase of tangible fixed assets		(645)	(1,503)
Proceeds from the disposal of investments		3,944	7,850
Purchase of investments		(8,069)	(16,048)
Taxation paid		(246)	—
Decrease in cash deposits		4,026	7,370
<b>Net cash provided by investing activities</b>		<b>3,229</b>	<b>299</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		—	(4)
<b>Net cash used in financing activities</b>		<b>—</b>	<b>(4)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>295</b>	<b>(424)</b>
<b>Cash and cash equivalents at 1 January 2022</b>	B	<b>2,747</b>	<b>3,171</b>
<b>Cash and cash equivalents at 31 December 2022</b>	B	<b>3,042</b>	<b>2,747</b>

### Notes to the statement of cash flows for the year to 31 December 2022.

#### A Reconciliation of net income to net cash flow used in operating activities

	2022 £	2021 £
<b>Net income (as per the statement of financial activities)</b>	<b>333</b>	<b>11,151</b>
<b>Adjustments for:</b>		
Depreciation charge	66	68
Losses (gains) on investments	1,844	(8,171)
Dividends, interest and rent from investments	(2,292)	(1,912)
Surplus on disposal of tangible fixed assets	(1,072)	(383)
(Increase) decrease in stocks	(543)	252
Increase in debtors	(129)	(153)
Decrease in creditors	(894)	(1,144)
Pension adjustment	(247)	(427)
<b>Net cash used in operating activities</b>	<b>(2,934)</b>	<b>(719)</b>

#### B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,372	1,812
Cash held by investment managers	670	935
<b>Total cash and cash equivalents</b>	<b>3,042</b>	<b>2,747</b>

## Principal accounting policies 31 December 2022

### Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### Basis of preparation

These financial statements have been prepared for the year to 31 December 2022 with comparative information provided for the year to 31 December 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006, except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

### Basis of consolidation

The financial statements consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, St Albans Diocesan Property Company Limited, made up to the balance sheet date.

In accordance with the provision of paragraph 24.7 of the SORP, a statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £21,472k (2021 – £20,423k), total expenditure of £20,344k (2021 – £19,176k) and investment losses of £1,844k (2021 – £8,171k), resulting in net expenditure of £716k (2021 – £9,418k income).

### Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- ◆ the valuation of investment properties;
- ◆ the useful economic life of tangible fixed assets;
- ◆ the valuation of stock of land under development; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### Going concern

The members of the Board have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements, considering the ongoing impact of lockdown both at the time and on a return of people to worshipping in their local community. The members of the Board have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

### Going concern (continued)

For the charity, the effects of the past two years impact its activities both directly and indirectly. The slow return of people to their local church has resulted in a restriction of income for those parishes which rely on giving through 'the plate' or income from lettings of church property, and therefore on their ability to pay the parish share. The charity itself faces a loss of income from its properties as well as its listed investments as well as uncertainty over the current and future value of its assets which have already suffered significant volatility.

Steps have been taken, and will continue, to reduce expenditure. The high percentage of the Diocesan budget expended on clergy stipends and housing means that significant savings take time to implement. The Board has prepared and reviewed a five-year forecast which provides us with a finance strategy that underpins the Diocesan missional strategy, whilst allowing us to control costs. Nevertheless financial recovery will take some time.

The members of the Board have concluded that despite these challenges, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

The members of the Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

### Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed and property (glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Grants receivable on confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

### **Income (continued)**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold.

### **Expenditure**

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

### **School major repair and capital projects**

The charity receives contributions from governors of Church schools in the Diocese in connection with major repair and capital projects to Church schools and also Government grants in connection with the same. Under the School Condition Allocation (SCA) funding scheme, monies are received and then allocated or spent. Projects are agreed by the Diocese, under the statutory and non-statutory guidance provided by the Department for Education (DfE). Because the Diocese has some limited discretion over the application of funds, it is our view that all income and expenditure under the SCA should be included in these accounts. Monies received have to be spent within a two-year time period or returned to the DfE.

## Principal accounting policies 31 December 2022

### Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS102. All other tangible fixed assets are included in the financial statements at cost.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

### Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Members' Report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### Stock: land under development

Stock is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### **Fund structure**

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the terms of the endowment, if stipulated, or for general purposes. The application of total return in 2022 does not change this and all transfers to unrestricted funds as a result of total return are in accordance with the terms of the endowment funds.

The non-charitable trading funds represent the retained profit arising on the charity's trading subsidiary.

### **Financial instruments**

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

### **Pension costs**

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

## Principal accounting policies 31 December 2022

### Custodian funds

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

## 1 Income from donations and legacies

	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000
Parish Share	—	13,197	13,197
Specific parochial donations	—	5	5
General donations and legacies	193	28	221
<b>2022 total funds</b>	<b>193</b>	<b>13,230</b>	<b>13,423</b>
	<i>Restricted funds £'000</i>	<i>Unrestricted funds £'000</i>	<i>Total 2021 £'000</i>
<i>Parish Share</i>	—	12,973	12,973
<i>Specific parochial donations</i>	—	10	10
<i>General donations and legacies</i>	57	40	97
<i>2021 total funds</i>	<i>57</i>	<i>13,023</i>	<i>13,080</i>

In addition to the above, the Diocesan Board of Finance received as trustees contributions of £383k (2021 – £604k) from the governors of Church schools in the Diocese in connection with major repair and capital projects (see note 3 below).

## 2 Income from investments

	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2022 £'000
Income from listed investments and interest receivable	989	290	144	1,423
Glebe income	450	—	—	450
Income from miscellaneous rents and lettings	—	21	398	419
<b>2022 total funds</b>	<b>1,439</b>	<b>311</b>	<b>542</b>	<b>2,292</b>
		<i>Restricted funds £'000</i>	<i>Un-restricted funds £'000</i>	<i>Total 2021 £'000</i>
<i>Income from listed investments and interest receivable</i>		294	1,008	1,302
<i>Glebe income</i>		—	465	465
<i>Income from miscellaneous rents and lettings</i>		24	121	145
<i>2021 total funds</i>		<i>318</i>	<i>1,594</i>	<i>1,912</i>

**3 Income from charitable activities**

	Restricted funds £'000	Un- restricted funds £'000	Total 2022 £'000
Grants receivable	287	222	509
Fees and chaplaincy income	—	485	485
Schools' Service Level Agreements and Project levies	82	—	82
Grant funding for Schools Building Projects	2,257	—	2,257
Other income from courses and conferences	33	—	33
Grant from Church Commissioners' Strategic Development Fund	316	—	316
National Church allocations	457	—	457
<b>2022 total funds</b>	<b>3,432</b>	<b>707</b>	<b>4,139</b>

	<i>Restricted funds £'000</i>	<i>Unrestricted funds £'000</i>	<i>Total 2021 £'000</i>
<i>Grants receivable</i>	431	258	689
<i>Fees and chaplaincy income</i>	—	671	671
<i>Schools' Service Level Agreements and Project levies</i>	81	—	81
<i>Grant funding for Schools Building Projects</i>	2,286	—	2,286
<i>Other income from courses and conferences</i>	35	—	35
<i>Grant from Church Commissioners' Strategic Development Fund</i>	250	—	250
<i>National Church allocations</i>	481	—	481
<i>2021 total funds</i>	<i>3,564</i>	<i>929</i>	<i>4,493</i>

Grants receivable for the year which exceeded £100,000 from a single organisation were as follows:

	2022 £'000	2021 £'000
Benefact Trust	126	178
City Churches Fund (Trust for London)	165	286
Church Commissioners' Strategic Development Fund	285	250

#### 4 Income from other sources

In 2022, the Diocese sold three parsonage houses for a surplus of £1,072k (2021 – one house sale £383k).

#### 5 Expenditure on raising funds

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2022 £'000
Schools' Service Level Agreements	—	61	—	—	61
Schools' Courses	—	39	—	—	39
School Capital Projects	—	25	—	—	25
Investment management costs	132	45	51	—	228
Trading expenditure (note 26)	—	—	—	1,669	1,669
Glebe expenditure	156	—	—	—	156
<b>2022 total funds</b>	<b>288</b>	<b>170</b>	<b>51</b>	<b>1,669</b>	<b>2,178</b>

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2021 £'000
<i>Schools' Service Level Agreements</i>	—	63	—	—	63
<i>Schools' Courses</i>	—	25	—	—	25
<i>School Capital Projects</i>	—	14	—	—	14
<i>Investment management costs</i>	3	45	173	—	221
<i>Trading expenditure (note 26)</i>	—	—	—	3,224	3,224
<i>Glebe expenditure</i>	—	—	117	—	117
<b>2021 total funds</b>	<b>3</b>	<b>147</b>	<b>290</b>	<b>3,224</b>	<b>3,664</b>

**6 Expenditure on the promotion of the work of the Church of England in the Diocese of St Albans**

	Year ended 31 December 2022			Year ended 31 December 2021		
	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000
Parochial clergy stipends and related costs						
. Stipends	—	6,198	6,198	—	6,313	6,313
. Pension contributions	—	1,814	1,814	—	1,865	1,865
. National insurance	—	563	563	—	544	544
. Removal and resettlement	—	328	328	—	337	337
. Other clergy costs	—	324	324	—	263	263
	—	9,227	9,227	—	9,322	9,322
Clergy housing costs						
. Parsonages (direct expenditure)	—	2,639	2,639	—	2,359	2,359
. Allocation of support costs	—	487	487	—	483	483
Sub-total	—	3,126	3,126	—	2,842	2,842
. Board of Finance properties (direct expenditure)	—	220	220	—	191	191
	—	3,346	3,346	—	3,033	3,033
Ministry						
. Direct expenditure*	392	1,199	1,591	351	1,045	1,396
. Allocation of support costs	—	554	554	—	549	549
	392	1,753	2,145	351	1,594	1,945
Education						
. Schools Condition Allocation grants (note 23)	2,388	—	2,388	2,038	—	2,038
. Direct expenditure	351	(8)	343	363	(25)	338
. Allocation of support costs	—	319	319	—	316	316
	2,739	311	3,050	2,401	291	2,692
Mission						
. Direct expenditure**	53	720	773	46	710	756
. Allocation of support cost	—	319	319	—	316	316
	53	1,039	1,092	46	1,026	1,072
Grants payable (note 7)	389	248	637	182	422	604
<b>Total funds</b>	<b>3,573</b>	<b>15,924</b>	<b>19,497</b>	<b>2,980</b>	<b>15,688</b>	<b>18,668</b>

\* This figure includes the costs of supporting ordinands in training amounting to £792k (2021 – £696k).

\*\* Unrestricted fund expenditure in respect to mission includes £285k (2021 - £250k) that has been funded by the Strategic Development Funding receivable from the Church Commissioners. Such funding has been credited to restricted funds. A transfer from restricted funds to unrestricted funds has been made at 31 December 2022 and 2021 to reflect the utilisation of the monies for the purposes intended (note 21).

## Notes to the financial statements 31 December 2022

### 7 Grants payable

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Year ended 31 December 2022			Year ended 31 December 2021		
	Restricted funds £'000	Unrestricted funds £'000	Total 2022 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000
<b>Church Schools</b>						
Other grants to schools	—	—	—	13	—	13
<b>Parishes</b>						
To assist with repairs or rebuilding costs	241	—	241	—	92	92
Pastoral Aid Support Grants to assist in meeting Parish Share contributions	—	123	123	—	222	222
Mission Initiatives	18	115	133	5	101	106
<b>External charities</b>						
For humanitarian relief mission and evangelism	27	—	27	64	—	64
<b>Clergy and clergy widows</b>						
Ordinands' support	60	—	60	58	—	58
Discretionary grants for the relief of financial hardship	43	10	53	42	7	49
<b>Total funds</b>	<b>389</b>	<b>248</b>	<b>637</b>	<b>182</b>	<b>422</b>	<b>604</b>

### 8 Support costs

	Unrestricted funds	
	Total 2022 £'000	Total 2021 £'000
Support staff costs	767	789
Support office costs	330	213
Governance costs	183	214
General Synod Requirement	399	448
	<b>1,679</b>	<b>1,664</b>
Reallocated to charitable activities as follows:		
Clergy housing	487	483
Ministry	554	549
Education	319	316
Mission	319	316
	<b>1,679</b>	<b>1,664</b>

## 9 Net income (expenditure) before investment gains and losses

This is stated after charging:

	Total 2022 £'000	Total 2021 £'000
Staff costs (note 10)	2,427	2,418
Auditor's remuneration:		
· Statutory audit services	26	24
Depreciation	66	68

## 10 Staff costs and employees

	Total 2022 £'000	Total 2021 £'000
Staff costs during the year were as follows:		
Wages and salaries	1,827	1,775
Social security costs	187	178
Other pension costs	413	465
	<b>2,427</b>	<b>2,418</b>

	Total 2022 £'000	Total 2021 £'000
Staff costs per function were as follows:		
Direct promotion of the work of the Church of England in the Diocese of St Albans	1,744	1,692
Other support staff	683	726
	<b>2,427</b>	<b>2,418</b>

The average number of employees and office holders, analysed by function, was:

	2022 Full-time	2022 Part-time	2021 Full-time	2021 Part-time
Direct promotion of the work of the Church of England in the Diocese of St Albans	21	22	21	22
Other support staff	10	5	13	4
	<b>31</b>	<b>27</b>	<b>34</b>	<b>26</b>

The 27 (2021 – 26) part-time posts are equivalent to 17 full-time posts (2021 – 15).

**10 Staff costs and employees** (continued)

The number of employees who earned over £60,000 (excluding employer’s pension contributions) during the year was as follows:

	2022	2021
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2

Employer contributions are also paid into a pension scheme in respect of the employees who earned over £60,000.

Key management personnel remuneration (including employer’s pension and national insurance contributions) totalled £709k in the year to 31 December 2022 (2021 – £552k) including stipends and related employer’s pension and national insurance contributions in respect to Board members of £298k (2021 – £199k).

**11 Board members’ remuneration**

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2021 – none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £226k (2021 – £186k) including pension contributions of £72k (2021 – £48k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2021 – none). No travel expenses were incurred in the performance of their duties as Board members (2021 – none).

Seven clergy members benefited from clergy housing provided by the Board (2021 – four members).

The Board’s insurance policy includes cover for Trustee Indemnity.

**12 Taxation**

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity’s subsidiary company pays corporation tax on its taxable profits. If sufficient funds are available, the subsidiary company may make a charitable donation to its parent charity which will reduce the corporation tax payable.

### 13 Tangible fixed assets

Group and Charity 2022	Parsonage houses £'000	Other freehold land and buildings £'000	Office equipment £'000	Total £'000
<b>Cost or deemed cost</b>				
At 1 January 2022	76,627	13,958	244	90,829
Additions	24	515	106	645
Disposals	(856)	—	(163)	(1,019)
At 31 December 2022	75,795	14,473	187	90,455
<b>Depreciation</b>				
At 1 January 2022	—	338	180	518
Charge for year	—	22	44	66
Disposals	—	—	(164)	(164)
At 31 December 2022	—	360	60	420
<b>Net book values</b>				
At 31 December 2022	75,795	14,113	127	90,035
A 31 December 2021	76,627	13,620	64	90,311

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years. These valuations are now regarded as the deemed cost of the properties under the transitional provisions of FRS102.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their cost. The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost.

The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS102. It is likely that the open market values of the group's and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

Four of the freehold buildings, costing £1,783k were bought using money from Glebe receipts and so are part of the Glebe fund. If they are sold in the future, the proceeds will be retained within the Glebe Fund.

In accordance with FRS102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

14 Investments

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Glebe property	30,922	—	—	30,922	28,783
Listed investments and cash	38,437	12,042	6,243	56,722	56,843
	<b>69,359</b>	<b>12,042</b>	<b>6,243</b>	<b>87,644</b>	<b>85,626</b>

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2021 £'000
Glebe property	28,783	—	—	28,783
Listed investments and cash	37,286	12,941	6,616	56,843
	<b>66,069</b>	<b>12,941</b>	<b>6,616</b>	<b>85,626</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Glebe property	30,922	—	—	30,922	28,783
Listed investments and cash	38,437	12,042	6,243	56,722	56,843
Investment in subsidiary undertaking	7,700	—	—	7,700	1,700
	<b>77,059</b>	<b>12,042</b>	<b>6,243</b>	<b>95,344</b>	<b>87,326</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2021 £'000
Glebe property	28,783	—	—	28,783
Listed investments and cash	37,286	12,941	6,616	56,843
Investment in subsidiary undertaking	1,700	—	—	1,700
	<b>67,769</b>	<b>12,941</b>	<b>6,616</b>	<b>87,326</b>

Movements in the group's and charity's investments during 2022, excluding those in subsidiary companies, were as follows:

	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2022	28,783	55,910	84,693
Additions at cost	18	8,051	8,069
Disposals at book value (proceeds: £3,944k; net gains: £707k)	(150)	(3,087)	(3,237)
Net unrealised investment gains (losses)	2,271	(4,822)	(2,551)
Market value at 31 December 2022	30,922	56,052	86,974
Cash awaiting investment	—	670	670
	<b>30,922</b>	<b>56,722</b>	<b>87,644</b>

The cost at 31 December 2022 of listed investments was £49,481k (2021 – £43,192k).

## 14 Investments (continued)

### *Glebe property*

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2022 comprised the following:

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Agricultural land	25,450	23,354	25,450	23,354
Residential property	5,472	5,429	5,472	5,429
	<b>30,922</b>	28,783	<b>30,922</b>	28,783

Part of Glebe agricultural land, valued in the accounts at £30k at the year end 31 December 2021, was sold for £1.1m on 4 January 2022.

### *Listed investments*

Listed investments comprise units in funds held by Schroder and Company Limited, by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, together with a holding in M&G Charifund, a common investment fund managed by M&G Securities Limited.

At 31 December 2022, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2022		2021	
	Percentage of portfolio %	Market value £'000	Percentage of portfolio %	Market value £'000
CCLA CBF Investment Fund - Income units	39.2	21,956	34.8	19,428
Schroeder Global Sustainable Growth	7.4	4,152	7.3	4,106
Schroeder Fidelity Global Dividend Fund	6.1	3,443	6.3	3,522
Schroeder Vanguard S&P 500 UCITS ETF	5.4	3,009	6.0	3,353

All listed investments are held within the United Kingdom.

## 14 Investments (continued)

### *Investment in subsidiary company*

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. During 2022, a £6 million loan from the charity to its subsidiary company was converted to equity shares, bringing the total holding to 7,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2022 and financial position as at that date are given in note 26 to these financial statements.

## 15 Application of total return accounting to Investments

The investment power of total return permits the St Albans Diocesan Board of Finance to invest across all permanent endowment investments to maximise total return and apply an appropriate portion of the unapplied total return each year. These are the endowment funds for Diocesan Stipends, Glebe and Parsonage Benefice Funds.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains part of the individual fund. 3.5% of the value of investments, i.e., £2,262k in total, was transferred to general funds such that it is set against the cost of stipendiary ministry in the year, as determined by the Diocesan Stipends Fund (Amendment) Measure 2016.

From 1 January 2022 the St Albans Diocesan Board of Finance adopted a total return approach to investments with regard to the above investment portfolios. The Board adopted and agreed a baseline asset value at 31 December 2017, indexed using CPI, and a distribution policy of 3.5% based on a five year rolling average of capital values, to be reviewed every three years.

The initial value for implementing total return for investment was determined at 31 December 2017 as £57,238k. This was the amount held in permanent endowment investments and cash deposits at that date. The unapplied total return was calculated as at the 1 January 2022 and valued at £18,811k as the increase above inflation in the value of these investments since the initial valuation, subsequent to the application of CPI and adjusted for amounts invested in curates' houses.

The movements during the year in the value of the unapplied total return are set out in the following table:

**15 Application of total return accounting to Glebe Investments (continued)**

	Trust for investment £'000	Unapplied total return £'000	Total £'000
At 1 January 2022			
. Base value of the permanent endowment	61,255	—	<b>61,255</b>
. Unapplied total return	—	18,811	<b>18,811</b>
Total	<u>61,255</u>	<u>18,811</u>	<u><b>80,066</b></u>
Movements during the year:			
. Investment returns: dividends received	—	1,647	<b>1,647</b>
. Investment return: realised and unrealised losses	—	(211)	<b>(211)</b>
. Investment management fees	—	(132)	<b>(132)</b>
. Glebe property expenses	—	(156)	<b>(156)</b>
. Unapplied total return allocated to income in the year	—	(2,262)	<b>(2,262)</b>
. Transfer to Glebe Fund: Curates Houses	(471)	—	<b>(471)</b>
. Charitable donation from property company	—	510	<b>510</b>
. Add indexation of base level of endowment	6,390	(6,390)	—
<b>Net movements in the year</b>	<u>5,919</u>	<u>(6,994)</u>	<u><b>(1,075)</b></u>
<b>As at 31 December 2022</b>			
Base value of the permanent endowment	67,174	—	<b>67,174</b>
Unapplied total return	—	11,817	<b>11,817</b>
<b>Valuation as at 31 December 2022</b>	<u>67,174</u>	<u>11,817</u>	<u><b>78,991</b></u>

**16 Stock: land under development**

Group	2022 £'000	2021 £'000
At 1 January 2022	<b>11,535</b>	11,787
Development costs	<b>2,091</b>	2,619
Borrowing costs	<b>20</b>	54
Disposals	<b>(1,568)</b>	(2,925)
At 31 December 2022	<u><b>12,078</b></u>	<u>11,535</u>

Land under development relates to a parcel of land that is being developed by the charity's wholly owned trading subsidiary, St Albans Diocesan Property Company Limited. On 20 December 2017 St Albans Diocesan Property Company Limited signed a Collaboration and Equalisation Agreement with the owners and co-developers of adjacent land to its own near Houghton Regis. This agreement is pursuant to an existing Collaboration and Equalisation Agreement in place ("Heads of Agreement") with the same owners. The new agreement sets out detailed terms and conditions of the financial and operational obligations of each member to the Houghton Regis Consortium which will manage the development and sales of land owned by each member of the Consortium. During the seven years to 31 December 2022, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. The first major sale of land was made in February 2019 with further sales in 2020, 2021 and 2022. The profits on these sales have been included in the group financial statements in the year appropriate to the transactions.

17 Debtors

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Due within one year</b>				
Amounts due from Parochial Church Councils				
. Building loans	3	4	3	4
. Parochial contributions (note (a) below)	177	142	177	142
	<b>180</b>	146	<b>180</b>	146
Church Commissioners – Pastoral Account (note (b) below)	1	1	1	1
Investment income receivable	75	94	75	94
Staff loans	5	3	5	3
Loan to subsidiary company (note 26)	—	—	—	6,000
Due from subsidiary company (note (c) below)	—	—	1,432	1,226
Amount due in respect to sale of land	2,743	2,432	—	—
Sundry debtors and prepayments	650	668	650	666
	<b>3,654</b>	3,344	<b>2,343</b>	8,136

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Due after one year</b>				
Amounts due from Parochial Church Councils:				
. Building loans	60	155	60	155
. Equity loans to finance the purchase of curates' houses (note (d) below)	211	300	211	300
. Other loans	12	9	12	9
	<b>283</b>	464	<b>283</b>	464

Notes

- (a) The debtor for parochial contributions represents monies in respect of parish share for 2022 received subsequent to the year-end but prior to 13 January 2023 (2021 - 17 January 2022).
- (b) Amount due from the Church Commissioners represents proceeds from the sale of a redundant church.
- (c) In 2021 and 2022, the amount due from the subsidiary company includes accrued interest on the loan to the company (note 26).
- (d) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

**18 Creditors: amounts falling due within one year**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Church School buildings and maintenance	241	926	241	926
Grants committed	4	3	4	3
Corporation tax payable	199	343	—	—
Sundry creditors and accruals	635	678	627	671
	<b>1,079</b>	<b>1,950</b>	<b>872</b>	<b>1,600</b>

Church schools buildings and maintenance represents receipts held and allocated to a project but not yet spent.

**19 Creditors: amounts falling due after more than one year**

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts due to the Central Board of Finance in respect of parish property loans	3	3	3	3
Amounts due to the Church Commissioners . Variable deposit rate and equity loans for the purchase of curates' houses	325	401	325	401
Amount due to consortium development partners	229	228	—	—
Other Creditors	—	90	—	90
	<b>557</b>	<b>722</b>	<b>328</b>	<b>494</b>

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 7.19% and 8.2% during the year.

**20 Provisions for liabilities**

Group and Charity	2022 £'000	2021 £'000
Clergy pension scheme deficit contribution liability (see note 31)	—	421

## 21 Other transfers between funds

The inter-fund transfers during the year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net release of Designated Funds	—	—	124	(124)	—
Net reduction in Clergy pension scheme deficit	247	—	(247)	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(285)	285	—	—
Transfers from operational reserves to cover 2021 deficit	—	—	413	(413)	—
Transfer of SADPC interest to designated fund	—	—	(119)	119	—
Common fund transfer to School work	—	10	(10)	—	—
Transfer of Curate Houses to Glebe	1,782	—	—	(1,782)	—
Transfer of interest payable on loan to subsidiary company	208	—	—	—	(208)
Charitable donation from subsidiary company to parent charity	510	—	—	—	(510)
	<b>2,747</b>	<b>(275)</b>	<b>446</b>	<b>(2,200)</b>	<b>(718)</b>

The inter-fund transfers during the previous year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	427	—	(427)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(110)	110	—
Net movement on parsonage benefice fund in year	8	—	(8)	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(250)	250	—	—
Transfers from operational reserves to cover 2020 deficit	—	—	500	(500)	—
Transfer of SADPC interest to designated fund	—	—	(262)	262	—
Common fund transfer to School work	—	10	(10)	—	—
Reallocation of Parsonage House improvements	—	—	(46)	46	—
Transfer of grants paid from CCFS fund	—	(164)	164	—	—
Transfer of income to Glebe Endowment from unrestricted	—	11	(11)	—	—
Transfer of interest payable on loan to subsidiary company	—	—	417	—	(417)
Charitable donation from subsidiary company to parent charity	2,402	—	—	—	(2,402)
	<b>2,837</b>	<b>(393)</b>	<b>457</b>	<b>(82)</b>	<b>(2,819)</b>

## 22 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

Group and charity	At 1 January 2022 £'000	Income and Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2022 £'000
Endowment funds				
. Stipends Capital Fund	25,394	574	(2,278)	23,690
. Pension reserve	(421)	—	421	—
	24,973	574	(1,857)	23,690
. Parsonage Houses Fund	75,845	1,072	—	76,917
. Parsonage Benefice Fund	2,334	36	(294)	2,076
. Glebe Fund	53,756	541	2,599	56,896
	156,908	2,223	448	159,579

Group and charity	At 1 January 2021 £'000	Income and Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2021 £'000
Endowment funds				
. Stipends Capital Fund	22,940	—	2,454	25,394
. Pension reserve	(859)	—	438	(421)
	22,081	—	2,892	24,973
. Parsonage Houses Fund	75,474	383	(12)	75,845
. Parsonage Benefice Fund	2,045	(3)	292	2,334
. Glebe Fund	48,204	—	5,552	53,756
	147,804	380	8,724	156,908

The endowment funds were established as follows:

### ◆ Parsonage Houses Fund and Parsonage Benefice Fund

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land which are not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938 (as amended by the Church Property Measure 2018), these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

## 22 Endowment funds (continued)

### ◆ **Parsonage Houses Fund and Parsonage Benefice Fund** (continued)

The parsonage house belongs to the benefice (not to the Parochial Church Council nor the DBF) and the ownership is vested in the “incumbent for the time being”. During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Church Property Measure 2018. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and insure benefice houses, thereby relieving the incumbent of this responsibility.

### ◆ **Glebe Fund**

The Glebe Fund represents the value of the Glebe Property plus net current assets of £4,980k (2020 – £14,650k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income and expenditure derived from this fund is included within the Glebe Fund. Transfers to the Common Fund are made following the adoption of a total return policy.

### **Stipends Capital Fund**

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

**23 Restricted funds**

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

<b>Group and charity</b>	<b>At 1 January 2022 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Gains, losses and transfers £'000</b>	<b>At 31 December 2022 £'000</b>
Consolidated Fund for Statutory Education	9,994	2,688	(2,909)	(700)	9,073
Church Commissioners' Strategic Development Fund	—	316	(31)	(285)	—
Committee for Social Responsibility funds	770	20	(2)	(61)	727
Creed Fund	109	3	—	(10)	102
Trust for London (CCFS)	805	169	(198)	1	777
Bishop's Harvest Appeal	13	41	(13)	2	43
Church Repairs Fund	411	11	(69)	(45)	308
Ukraine Appeal	—	32	(14)	—	18
Parker Fund	787	—	—	(92)	695
Archdeacons' Discretionary	610	133	(27)	(65)	651
Yapp Fund	842	20	—	(88)	774
Historic Buildings Fund	(100)	23	(21)	(1)	(99)
Ordinands' Training Fund	309	457	(392)	(122)	252
Grimthorpe Fund	240	7	(4)	(23)	220
Other restricted funds	539	16	(63)	42	534
	<b>15,329</b>	<b>3,936</b>	<b>(3,743)</b>	<b>(1,447)</b>	<b>14,075</b>

**23 Restricted funds (continued)**

<i>Group and charity</i>	<i>At 1 January 2021 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 December 2021 £'000</i>
<i>Consolidated Fund for Statutory Education</i>	8,789	2,728	(2,561)	1,038	9,994
<i>Church Commissioners' Strategic Development Fund</i>	—	250	—	(250)	—
<i>Committee for Social Responsibility funds</i>	670	18	(5)	87	770
<i>Creed Fund</i>	96	2	—	11	109
<i>Trust for London (CCFS)</i>	675	294	—	(164)	805
<i>Bishop's Harvest Appeal</i>	22	55	(64)	—	13
<i>Church Repairs Fund</i>	355	10	—	46	411
<i>Parker Fund</i>	698	20	(21)	90	787
<i>Archdeacons' Discretionary</i>	529	22	(17)	76	610
<i>Yapp Fund</i>	729	19	—	94	842
<i>Historic Buildings Fund</i>	(74)	18	(44)	—	(100)
<i>Ordinands' Training Fund</i>	180	481	(352)	—	309
<i>Grimthorpe Fund</i>	212	6	(4)	26	240
<i>Other restricted funds</i>	518	16	(59)	64	539
	<b>13,399</b>	<b>3,939</b>	<b>(3,127)</b>	<b>1,118</b>	<b>15,329</b>

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

**23 Restricted funds (continued)**

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

Group and Charity	2022 £'000	2021 £'000
<b>Income</b>		
Investment income	196	192
Grants received	100	110
Rental income from school properties	26	24
Service Level Agreement income	79	81
School Courses	30	35
Grant funding from SCA	2,208	2,246
School Building Projects levy	49	40
<b>Total income</b>	<b>2,688</b>	<b>2,728</b>
<b>Expenditure</b>		
Education	(2,909)	(2,561)
<b>Net (expenditure)/income before investment gains and transfers</b>	<b>(221)</b>	167
<b>Investment gains (losses) and transfers</b>	<b>(700)</b>	1,038
<b>Net (expenditure)/income</b>	<b>(921)</b>	<b>1,205</b>

The fund is represented by the following net assets:

	2022 £'000	2021 £'000
Investments	8,563	9,000
Debtors	66	73
SCA Funds held for future use	—	53
Short term deposits	77	238
Creditors: amounts falling due within one year	(148)	(973)
Inter fund balances	515	1,603
<b>Total net assets</b>	<b>9,073</b>	<b>9,994</b>

The SCA (Schools Condition Allocation) system, which commenced in April 2020 requires the charity to reflect grants received and spent as income and expenditure within the accounts. The grant funding received is included in the SOFA along with the related expenditure. The unspent balance is included as part of the surplus for the CFSE at the year-end. The grants received have to be spent within two years of receipt or returned to the DfE. The cycle is longer than our accounting period, so the transactions in a year will show as a surplus or deficit according to the timings of all the individual projects. This means that across several years, the position will be break-even, whilst any individual year will show a surplus or deficit depending on the phasing of the projects.

**23 Restricted funds (continued)**

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

Fund	Application/purpose
Church Commissioners Strategic Development Fund	Grant funding received from Church Commissioners co-funding the Reaching New People project
Consolidated Fund for Statutory Education	Application of net sales proceeds of closed church schools under section 17 of the Education Act 1993.
Committee for Social Responsibility Funds	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Mission and Ministry
Creed Fund Trust for London (CCFS)	Evangelism and mission at the discretion of the Bishop For the support of parishes in the Metropolitan Police area. Monies are applied to support specific qualifying projects where expenditure occurs irregularly.
Bishop's Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Fund	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Historic Buildings Fund	This is a jointly funded project with Historic England to build the capacity of local communities to conserve and develop the use of their church buildings. Grants are received once a year, whilst expenditure supported by those grants occurs evenly throughout the year.
Ordinands' Training Fund	This fund receives block grants from the Archbishops' Council Ministry Division intended to meet the tuition costs for Ordinands at accredited Training institutions. Grants are received termly, to meet termly payments throughout the year.
Grimthorpe Fund	Monies applied for the repair of churches within the Archdeaconries of Hertford and St Albans.
Other restricted funds	Sundry specific purposes

## 24 Unrestricted funds

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2022 £'000
Common Fund	1,602	14,411	(15,896)	2,708	2,825
Other unrestricted funds					
. Tangible fixed assets fund	13,323	—	—	(1,783)	11,540
. Property ring-fenced fund	6,945	—	—	(716)	6,229
. Special Designations	2,978	41	(80)	(162)	2,777
.. Operational Reserve	1,320	—	6	(252)	1,074
.. Mission	390	4	(72)	—	322
.. Other	1,268	37	(14)	90	1,381
. Pastoral Account	731	27	(5)	—	753
	23,977	68	(85)	(2,661)	21,299
Unrestricted funds	25,579	14,479	(15,981)	47	24,124
Elimination of Intra group profit	(168)	—	6	—	(162)
	25,411	14,479	(15,975)	47	23,962
Non-charitable trading	4,986	2,926	(1,771)	(718)	5,423
	30,397	17,405	(17,746)	(671)	29,385

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2021 £'000
Common Fund	1,515	15,878	(15,840)	49	1,602
Other unrestricted funds					
. Tangible fixed assets fund	13,323	—	—	—	13,323
. Property ring-fenced fund	6,502	—	—	443	6,945
. Special Designations	2,908	5	(185)	250	2,978
.. Operational Reserve	1,287	—	(124)	157	1,320
.. Mission	450	1	(61)	—	390
.. Other	1,171	4	—	93	1,268
. Pastoral Account	672	80	(21)	—	731
	23,405	85	(206)	693	23,977
Unrestricted funds	24,920	15,963	(16,046)	742	25,579
Elimination of Intra group profit	(236)	(417)	68	417	(168)
Non-charitable trading	5,471	5,444	(3,110)	(2,819)	4,986
	30,155	20,990	(19,088)	(1,660)	30,397

24 Unrestricted funds (continued)

Common Fund reconciliation	2022		2021	
	£'000	£'000	£'000	£'000
Total income in year		14,411		15,878
Total expenditure in year		(15,896)		(15,840)
<b>(Deficit)/surplus for the year before transfers</b>		<b>(1,485)</b>		<b>38</b>
<b>Total Return (see note 15)</b>				
Investment income received from Endowment funds in year	1,647		—	
Additional income due to adoption of total return	615		—	
		<b>2,262</b>		<b>—</b>
<b>Other adjustments (transfers between funds see note 21)</b>				
Transfer from designated funds to cover previous year deficit	413		500	
Clergy and staff pension deficit contributions paid in the year	(247)		(537)	
Transfer of interest from subsidiary property company	(119)		(262)	
Net grant transfers	275		348	
Net releases of designated funds	124		—	
		<b>446</b>		<b>49</b>
<b>Net movement on Common Fund</b>		<b>1,223</b>		<b>87</b>
Balance at 1 January 2022		<b>1,602</b>		<b>1,515</b>
<b>Balance at 31 December 2022</b>		<b>2,825</b>		<b>1,602</b>

◆ **Common Fund**

The Common Fund is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. Its primary source of income is the amounts collected from Parochial Church Councils via the Parish Shares Scheme. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

◆ **Tangible Fixed Assets Fund**

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

◆ **Special Designated Funds**

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

## 24 Unrestricted funds (continued)

### ◆ Pastoral Account

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

## 25 Unrealised gains

The total unrealised gains as at 31 December 2022 constitutes a revaluation reserve and are as follows:

	2022 £'000	2021 £'000
<b>Unrealised gains on listed investments at 31 December 2022</b>	<b>6,571</b>	12,718
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2022	12,718	7,151
Less: in respect to disposals in the year	(392)	(180)
Net (losses) gains arising on revaluation arising in the year	(5,755)	5,747
<b>Total unrealised gains at 31 December 2022</b>	<b>6,571</b>	12,718

## 26 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its current directors are Mr C G Bird, Mr A C Brown, The Ven D Middlebrook, Mr J W Butler and Mr C B Gage who are also members and directors of the Board of Finance and, Mr E M Wood, The Hon H T Holland-Hibbert and Mr J B Watkiss who are independent directors.

St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development.

**26 St Albans Diocesan Property Company Limited (continued)**

The company has signed an agreement with the owners and co-developers of adjacent land to its own near Houghton Regis and a consortium has been formed to manage the development and sales of land. Since 2019 the consortium has completed a number of significant sales of land. All sales proceeds and associated costs are included in the financial statements of the company and these consolidated financial statements. Tax has been calculated on the profits and is included in the financial statements.

During 2018, the company entered into an agreement for a loan of £7 million from its parent charity, repayable in two years. In 2019, £1 million of the net sales proceeds were utilised to repay part of this loan. The loan was due to be repaid in July 2022, and following the year-end, the St Albans Diocesan Board of Finance agreed to convert the debt into equity at one share for each pound of debt.

A summary of the company's statement of income and retained earnings for the year and balance sheet at 31 December 2022 is given below. Audited accounts will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	2022 £'000	2021 £'000
<b>Income and expenditure</b>		
Turnover	2,926	5,444
Cost of sales	(1,618)	(3,200)
Operating costs	(51)	(24)
Interest payable	(208)	(417)
Taxation	(102)	114
<b>Profit for the year</b>	<b>947</b>	<b>1,917</b>
<b>Balance sheet</b>		
Current assets	14,991	14,490
Creditors: amounts falling due within one year	(1,639)	(7,576)
Creditors: amounts falling due after one year	(229)	(228)
<b>Total net assets</b>	<b>13,123</b>	<b>6,686</b>
<b>Capital and reserves</b>		
Called up share capital	7,700	1,700
Profit and loss account	5,423	4,986
<b>Total shareholder's funds – equity interests</b>	<b>13,123</b>	<b>6,686</b>

## 27 Custodian funds

As at 31 December 2022 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £36.2m (2021 – £42.7m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## 28 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

## 29 Related party transactions

### ***Hockerill Education Foundation – registered charity number 311018***

Three (2021 - Four) members of the Board are trustees of the Hockerill Educational Foundation. In 2022 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £100k (2021 – £110k) and £130k (2021 – £114k) was spent during the year.

### ***Eastern Region Ministry Course – registered charity number 1090989***

No members (2021 – two member) of the Board are trustees of the Eastern Region Ministry Course. In 2022 the St Albans Diocesan Board of Finance made payments to the Ministry Course totalling £154k (2021 – £139k), for academic fees for Student Readers.

### ***Youthscape – registered charity number 1081754***

One Director (2021 – none) is a trustee of the Youthscape. In 2022 the St Albans Diocesan Board of Finance made payments to Youthscape totalling £24k (2021 – none), for grants for work with young people in the Diocese.

### ***City Church Fund – registered charity number 205629-2***

One Director (2021 – one) is a trustee of the City Church Fund. In 2022 the St Albans Diocesan Board of Finance received grants from City Church Fund totalling £165k (2021 – £286k), for grants for work with young people in the Diocese.

### ***Associated committees***

Details of all associated committees can be found in the Diocesan Directory available at the registered office.

### ***Donations from Board members***

No donations were received from Board members in the year (2021 – none).

Other than those transactions stated above there were no other related party transactions during the year (2021 – none).

### 30 Connected entities

The St Albans Diocesan Board of Education (DBE) was a Board of the St Albans Diocesan Synod up until 1 January 2022. The Board worked closely with the Diocesan Board of Finance to seamlessly transition to a new constitutional form following the enactment of the DBE Measure 2021. After the resolution had been passed by Diocesan Synod in October 2021 the Archbishops' Council Certificate was received, confirming the Scheme which prepared the way for the institution of the Diocesan Board of Education as a statutory committee of the Diocesan Board of Finance from January 2022. Key policies were reviewed and a three-year strategic plan approved which will cover the whole of the next triennium.

Whilst it has certain functions and responsibilities imposed by statute (the Diocesan Boards of Education Measure 1991 (as amended 2006)) and reports directly to the Diocesan Synod, it has no legal personality separate from the DBF. A key function of the DBE is to assist in the promotion of education in the Diocese, such education being consistent with the faith and practice of the Church of England. It promotes or assists also in the promotion of religious education and religious worship in schools in the Diocese.

Following the enactment of The Academies Act 2010, the DBE established The Diocese of St Albans Educational Trust, a company limited by guarantee (Company Registration No. 08223185 (England and Wales)) to assist Church of England Academy Trusts in the Diocese as they seek to provide a high quality education for pupils and students in their schools. This company is a member of each of the Academy Trusts formed in the Diocese since 1 September 2012. Five of the seven directors of the company are appointed from the DBE with two non-DBE appointments.

In response to the Education and Adoption Bill 2015, the Diocese of St Albans Multi Academy Trust was incorporated on 27 October 2016 as a company limited by guarantee (Company Registration No. 10449374). The five members of the Multi Academy Trust are appointed by The Diocese of St Albans Educational Trust. These members are responsible for appointing the seven directors of the Multi Academy Trust who have responsibility for its day to day management. The Multi Academy Trust has been established to provide for schools within the Diocese requiring rapid improvement having been placed in Special Measures and subject to a directive Academy Order, good or outstanding schools where no natural cluster of local Church of England provision exists, and new schools within new housing provision where the Diocese is the identified sponsor.

During the year, there have continued to be a limited number of transactions between the Multi Academy Trust and the DBF in respect of a recharge of staff salaries by the DBF. The amounts involved are not material to these financial statements.

### 31 Pension commitments

#### Lay workers scheme

St Albans DBF 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.

### 31 Pension commitments (continued)

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
  - a. a deferred annuity section known as Pension Builder Classic, and,
  - b. a cash balance section known as Pension Builder 2014.

#### **Pension Builder Scheme**

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means 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 the contributions payable (2022: £11,200, 2021: £10,200).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

### 31 Pension commitments (continued)

#### Clergy scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022 - £2,189k; 2021 - £2,416k), plus the figures highlighted in the table below as being recognised in the SoFA. giving a total charge of £2,363 for 2022 (2021: £2,426).

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% and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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.

**31 Pension commitments (continued)**

	2022 £'000	2021 £'000
Balance sheet liability at 1 January	421	859
Deficit contribution paid	(247)	(428)
Interest cost (recognised in SOFA)	–	1
Remaining change to the balance sheet liability* (recognised in SOFA)	(174)	(11)
Balance sheet liability at 31 December	–	421

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan are 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

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

**Other schemes**

No contributions were made to any other pension schemes in the year (2021 - £3k made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme).

## Reference and administrative information

### Board members

Chairman C G Bird

Vice Chairman A Brown OBE

Other Members  
The Bishop of St Albans  
The Archdeacon of St Albans  
The Archdeacon of Bedford  
The Archdeacon of Hertford  
The Reverend Dr G R Cappleman  
C Bell  
The Reverend C E Bunce  
M E Butcher  
J W Butler  
N K Challis  
D C Clark  
B Crawford  
Dr D W Dallinger  
The Reverend K David  
P E Easterbrook  
Dr M Eaton  
K Ebbage  
T Fleming  
C B Gage  
M J Gates  
The Reverend Canon C E C Hudson  
P R Lindley  
E D Roberts  
K Smith  
Dr R L V Southern  
M P Taylor  
The Reverend A J Thomas

**Secretary to the Board** D J White

**Registered office** Holywell Lodge  
41 Holywell Hill  
St Albans  
Hertfordshire  
AL1 1HE

Telephone 01727 854532

**Company registration no.** 00145227 (England and Wales)

**Charity registration no.** 248887

## Reference and administrative information

The governance structure of the charity is more fully discussed on pages 27 to 28.

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
<b>Diocesan Registrar and Solicitors</b>	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
<b>Legal Advisers</b>	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW
<b>Investment managers – listed investments</b>	Schroder & Company Limited trading as Cazenove Capital Management 12 Moorgate London EC2R 6DA  CCLA Investment Management Limited 1 Angel Lane London EC4R 3AB
<b>Diocesan Surveyor</b>	Rumball Sedgwick Chartered Surveyors, Valuers and Estate Agents 58 St Peter's Street St Albans Herts AL1 3HG
<b>Glebe property agents</b>	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD

**THE ST ALBANS DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 248887

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# Accounts

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# The St Albans Diocesan Board of Finance

## Annual Report and Consolidated Financial Statements

31 December 2021

Company Limited by Guarantee  
Registration Number  
00145227 (England and Wales)

Charity Registration Number  
248887

*The principal object of the Board is the promotion of the work of the  
Church of England in the Diocese of St Albans*



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***The aim of Living God's Love is to see flourishing Christ centred communities inspiring people of all ages and backgrounds to discover God, to grow in their relationship with him and to respond to his transforming love, through serving others so that God's Kingdom may grow in our world.***

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## Chairman's statement Year to 31 December 2021

I would like to thank all involved in our parishes, deaneries, chaplaincies, and schools, ably supported by our Diocesan staff who have got us through the last 2 years of the pandemic. 2021 was only slightly better than 2020 in terms of the loss of income in parishes, especially where there is a reliance on giving through 'the plate' or income from the letting of church property, and therefore on their ability to pay the parish share, which is the DBF's primary source of income. Parishes responded, with support from diocesan staff, by continuing innovative ways of engaging with congregations and communities. This and the generosity of many congregations meant that parish share collection in 2021 was maintained at 2020 levels, although it did not recover to the levels seen in the last "normal" year of 2019. Recovery is still slow.

On the other hand, Income that the Board receives from properties and listed investments held up better than was thought possible when budgets for 2021 were set in the early stages of the pandemic. Together with steps taken to reduce expenditure, this reduced the impact of the shortfall in parish share collections of £1.3m so that the final deficit for the year on the common fund was just over £0.4m.

The majority of the Board's budget is expended on the monthly payment of stipends and salaries and any action to deal with cash flow shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than twelve weeks' expenditure. At the end of 2021, the free and realisable unrestricted operational reserves totalled £2,922k representing 9.5 weeks of expenditure, which remains unchanged from 2020.

The deficits over the last 2 years, totalling £0.9m cannot be added to the Common Fund collections of parish share in the next year, as has been the case in prior years, when any deficit has not been material. We have utilised unrestricted, non-operational reserves to cover the deficits. This means that future investment income from these funds will be reduced.

The pandemic has brought into sharper focus the main systemic issue facing the Church of England and which has a material impact on the funding of ministry, namely a decline in membership. Our budgeted expenditure in 2022 shows an increase in costs of 1.4% but this translates into an increase per member of 4.7%. This adds pressure on our parishes, which will be facing significant increases in costs this year, especially in utility costs. In common with other dioceses we do not see our budgets being balanced in the near future and further reserve transfers are likely to be necessary. We are fortunate to have some measure of unrestricted reserves to cope, but annual deficits of £500K are unsustainable.

We do not see any material recovery in our overall net income in 2022. Further reductions in costs will be required and are being planned.

Our endowment funds (where we cannot use capital, but income generated accrues to the Common Fund), saw an increase of £9.1m, driven by our glebe portfolio which received realisations from our minority stake in the large Linmere development near Houghton Regis. £5m has been allocated to further investment in land for the long term although it is proving difficult to place this in the market. Accordingly, this has been transferred to our financial asset managers pending reinvestment. We have also allocated £2.7m for the purchase of curates' houses. This will save on rental costs as well as putting a small portion of our endowment funds into residential property.

We acknowledge with thanks the support of our major external funders – the Church Commissioners for project funding, Allchurches Trust for support of our curates' programme and Hockerill Educational Foundation for support for our diocesan board of education in its most important work in our schools. Above all, we give thanks for the magnificent continuing efforts made by so many people to support the flourishing of the Christian faith here in the diocese of St Albans.

**Chairman's statement** Year to 31 December 2021

I would like to take this opportunity to thank on your behalf our new diocesan secretary, David White and all the staff at Holywell Lodge for managing operations so well given the constraints of working during the pandemic. Particular thanks are due to the IT team who have achieved so much to enable us all to work remotely and to develop hybrid working for the many meetings of the board and committees through the year.



Colin Bird

Chairman of the Board of Trustees

Date: 18<sup>th</sup> June 2022

## **INTRODUCTION**

The members, as trustees for the purposes of charity legislation, submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF" or the "Charity") for the year ended 31 December 2021. The report has been prepared in accordance with the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 35 to 39 of the attached financial statements and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

## OBJECTIVES, ACTIVITIES AND POLICIES

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans. The members of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. A review of the memorandum and articles of association of the DBF was undertaken and an updated version approved at an extraordinary meeting of the Board in January 2021. We are awaiting acceptance of this from the Charities Commission.

The Diocesan initiative 'Living God's Love', was launched in St Albans Abbey in January 2011. A strategic renewal of Living God's Love was rolled out in 2016 with plans for a further update in 2021. However, a series of facilitated conversations planned for 2020 to inform that update could not take place because of COVID-19 restrictions. Nevertheless, throughout the Diocese, Mission Action Planning continues to be used, to encourage churches to engage more missionally to take forward the initiative and its three themes:

### Going Deeper into God

### Transforming Communities

### Making New Disciples

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so provides a benefit to the public by:

- ❖ Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and

- ❖ Promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Board continues to support engagement with other Christian churches and other faiths throughout the Diocese.

Together with the Bishop's Council the Board seeks to develop comprehensive, sustainable strategies for the use of resources – people, finance and properties – to provide ministry and mission throughout the Diocese and to continue to provide practical support and tools for parishes, schools and chaplaincies.

Living God's Love is rooted in the parishes, and the effective deployment of Stipendiary Clergy is vital to that work. The Board aims to support and resource parochial mission and ministry through the payment of stipends and the provision of housing and training.

In March 2013, a strategy for Ordained and Authorised Ministry, including changes to the basis on which first-post curates are funded, was approved by Diocesan Synod.

The number of ordained ministers as at 31 December 2021<sup>1</sup> were:

Bishops and archdeacons	6
Cathedral Clergy	5
Parochial clergy - Incumbent status	204
Curates	44
Non-parochial clergy	31
<b>Total</b>	<b>290</b>

As at 31 December 2021, there were also 47 self-supporting ministers and 245 licensed readers. The Diocese continues to:

- ❖ Follow the national stipend benchmark adjusted for regional factors in determining the level of stipend for clergy of incumbent status; and
- ❖ Contribute to the Church of England defined benefit pension scheme for clergy.

<sup>1</sup> Statistics report for St Albans Diocese as at the end of

December 2021 produced by the Church Commissioners.

## Members' report Year to 31 December 2021

Funding of stipendiary clergy and the provision of housing accounts form the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by:

(i) **The collection of contributions from parishes via the Parish Share** - the current Parish Share Scheme was approved by Diocesan Synod in 1995. It was reviewed by Synod in March 2009 when it was agreed that the current scheme should continue. The Board seeks to ensure it operates effectively by receiving regular reports on receipts, following up where contributions have not been received and reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making Pastoral Aid Support grants to offset the contribution due. These grants fall into two categories (1) Multi-year Mission Aided Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and (2) Temporary One Year Pastoral Aid Support Grants to assist with transitory financial challenges.

(ii) **The management of financial investments** - The investment policy and specific powers of investment of the Board are set out in various measures and acts. The Board holds investments as authorised by the Trustee Act 2000. The objective is to generate a sustainable and growing income stream in the short to medium term, whilst also seeking capital growth in real terms, over the much longer term. This is to be achieved through a balanced and diversified portfolio of equities, bonds, property, alternative assets and cash.

The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. The members receive quarterly reports from the investment managers.

The Board's Investment Managers are Cazenove Capital Management and CCLA Investment Management. The Board continues regularly to review its investments. This includes systems for monitoring and reporting on ethical issues, good online reporting, a semi-segregated fund approach adding investment management diversification and close networking with members of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG). The property portfolio is

primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee which monitors their performance and the implementation of the investment strategy.

The portfolio of listed investments at 31 December 2021 had a market value of £55.9m (2020 £40.5m). Under the Diocesan Stipends Funds Measure 1953, as amended by the Endowments and Glebe Measure 1976, capital may be applied to the acquisition of land and buildings to be held as part of Diocesan glebe.

### Grant making policy

Grants made by the **Diocesan Board of Finance** fall into one or more of the following main categories:

- ❖ Grants to parish churches to assist with repairs or rebuilding costs;
- ❖ Grants to parish churches for roof alarms;
- ❖ Grants made at the discretion of the Bishop in support of evangelism and mission projects;
- ❖ Grants made at the discretion of the Bishop or Archdeacons for clergy assistance;
- ❖ Mission-Aided Grants – identified by the Archdeacons for parishes who meet the criteria;
- ❖ Pastoral Aid Support Grants to assist in meeting Parish Share contribution;
- ❖ Mission Initiatives;
- ❖ Church Schools – Grants for capital funding from the schools conditions allocations (SCA); other grants to Schools;
- ❖ External Charities – For humanitarian relief mission and evangelism;
- ❖ Clergy/Clergy widows
- ❖ Ordinands' support;
- ❖ Discretionary Grants for the relief of financial hardship.

In addition to the above, the Diocesan Board of Finance collected contributions from parishes and schools for the Bishop's Annual Harvest Appeal: 'Water is Life' bringing clean, safe water to rural communities in the Democratic Republic of Congo and the total donations exceed £50,000 which was greatly appreciated given the difficult circumstances of 2021.

All awards are authorised by the designated trustees.

## Members' report Year to 31 December 2021

### Reserves policy

The majority of the Board's budget is expended on the monthly payment of stipends and salaries and any action to deal with cash flow shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than twelve weeks' expenditure. At the end of 2021, the free and realisable unrestricted reserves totalled £2,922k representing 9.5 weeks of expenditure (2020 - £2,802k representing 9.5 weeks of expenditure).

The Board continues to review the level of working capital regularly throughout the year to ensure that it covers core costs and is content that there is sufficient cash flow to conduct the activities of the charity on a day-to-day basis. It is the Board's policy to set aside, in a Property Ring-fenced Fund, capital receipts from the sale of former parsonage houses that become surplus to needs after pastoral reorganisation. The purpose of this fund is to invest in income generating assets in order to fund improvements to its remaining housing stock. The value of the investments at the end of the year in the fund amounted to £6,945k (2020 £6,502k).

We have been able to maintain 9.5 weeks of operational reserves for two reasons. We transferred £500k from other unrestricted funds to operational reserves in order to cover the deficit from 2020. We have also controlled our costs and budget, increasing it for 2022 by only 1.45%. Careful management of resources and the fact that parish giving held up well meant that the impact on reserves was significant but manageable. We have now seen two consecutive years where we have reported a deficit on the Common Fund before investment gains and losses. The continuing effects of the pandemic, increased costs of living and the uncertainties of the war in Ukraine means that recovery from this position is fragile. We are looking to slightly increase our giving in total and will keep tight control of costs. The Board will continue to monitor and manage the ongoing consequences carefully.

## COMMITTEE STRUCTURE

The **Bishop's Council** is a statutory body established under the Synodical Government Measure 1969. It acts as the Standing Committee of the Synod and carries on the work of the Synod between sessions. It advises the Bishop on matters where he seeks guidance and has, since its inception in 1970, gradually assumed an important role in the formulation of diocesan policy.

During the year, the Council received regular reports from the **Board for Mission and Ministry, Board of Education, Agenda Group** and **Policy Sub-Committee**. The Council also received reports on new housing areas in the Diocese through the **Development Plans Monitoring Group**, and closed churches through the **Closed Churches Uses Committee**.

With effect from 1 January 2019 the Bishop's Council assumed the role of Diocesan Mission and Pastoral Committee. The **Diocesan Mission and Pastoral Executive Committee (DMPEC)** is responsible for carrying out the detailed casework which is then ratified by the Bishop's Council. The statutory responsibilities are undertaken by the Bishop's Council.

The DMPEC received revisions to Deanery Mission Action Plans involving proposals for pastoral re-organisation.

The **Diocesan Advisory Committee (DAC)** is a statutory body whose functions are set out in ecclesiastical legislation. Its role is to advise the Chancellor and parishes on proposals for works to church buildings, churchyards and church furnishings, and to advise more generally on the care and development of churches. In line with statutory provision and the priorities of Living God's Love, the Committee has regard to churches as local centres of worship and mission, in which:

- ❖ People can encounter God and be drawn into a worshipping community;
- ❖ Parishes can reach out in mission; and
- ❖ Local communities can be transformed.

The **Property Committee** oversees the management of parsonage houses and the Board's own properties by:

- ❖ Ensuring the Board meets its statutory duty to carry out repairs;
- ❖ Replacing unsuitable houses where possible;
- ❖ Improving properties;
- ❖ Realising development potential of sites;

- ❖ Selling houses no longer required;
- ❖ Letting houses during vacancies; and
- ❖ Providing new houses where required.

The Committee is charged with ensuring that appropriate accommodation is provided for our clergy in the right places, that repairs are carried out and that improvements are made where there is the need and benefits are identified. This is done with regard to the Environmental Policy adopted by the Committee in recent times.

The adoption of "Net Zero Carbon" targets by General Synod will present new challenges and opportunities to the Board in the coming years. The Board has consistently focussed resources where they are needed most notably the substantial programme of improvements reflecting environmental concerns across the Diocese. The Property Committee gives active consideration to all aspects of this developing policy.

An increasingly important part of the Committee's work is the redevelopment of existing housing stock for which there are sites currently under consideration.

The **Glebe Committee** continued to manage glebe holdings. Investment property comprises agricultural land, retail and residential property. The property is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee, which monitors their performance and the investment strategy. The investment policy is to maximise return with regard to certain pre-defined parameters.

The Diocesan glebe comprises 3,262 acres of rural land, together with some residential properties, mainly in the Diocese of St Albans. The glebe land is managed for the benefit of the diocesan stipends fund for clergy in the Diocese.

The **Assets Committee's** role is "to recommend to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese and the responsibilities of the Board as Charity Trustees to current and future beneficiaries".

During the year, the Committee received regular updates on the Board's Investments, together with presentations from the Board's Investment Managers. In addition, it received updates on Glebe property developments and the Linmere development at Houghton Regis.

## Members' report Year to 31 December 2021

Developments on the latter site are covered more fully in note 25 to the accounts. The Assets Committee has set up a sub-group to review the Board's investment objectives and consider adopting total return with an appropriate distribution policy.

The **Board for Mission and Ministry (BMM)** has responsibility for facilitating the Diocesan vision, Living God's Love, in keeping with its three themes of:

- ❖ Going Deeper into God – to help grow faith and discipleship across all age groups,
- ❖ Making New Disciples – to help grow the number of people from all age groups become Christians,
- ❖ Transforming Communities – to help engagement in social responsibility matters affecting (mostly) local communities.

In doing so, it promotes the diocesan values of generosity, joy, imagination and courage.

The BMM has responsibility for facilitating the Diocesan vision of flourishing communities, flourishing churches and flourishing ministry by Living God's Love.

The focus of the board's work in 2021 was to strengthen strategy around the diocesan objectives leading to spiritual and numerical growth.

The **Diocesan Board of Education** is a statutory body established under the Diocesan Boards of Education Measure 1991, with functions including:

- ❖ The promotion of education consistent with the faith and practice of the Church of England;
- ❖ The promotion of religious education and religious worship in schools and academies;
- ❖ The promotion of Church schools and academies in the Diocese; and
- ❖ Advice to school governors on any matter affecting Church schools and academies.

The Diocesan Board of Education has a strong reputation with its schools due to the quality and depth of services it provides. The Diocesan Board of Education is making a contribution to the wider life of the Diocese through the creation of resources to support the development of faith at home, at school and in church.

The Diocesan Board of Education worked closely with the Board to seamlessly transition to a new constitutional form following the enactment of the DBE Measure 2021. After the resolution had been passed by Diocesan Synod in October 2021, the Archbishops' Council Certificate was received, confirming that the Scheme which prepared the way for the institution of the Diocesan Board of Education as a statutory committee of the Diocesan Board of Finance for implementation on 1 January 2022. Key policies were reviewed, and a three-year strategic plan approved which will cover the whole of the next triennium.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

As part of the Vision of Living God's Love, statistics published during the year in respect of 2020, illustrate some of the work of mission and ministry being undertaken in parishes.

	2020	2019 <sup>2</sup>	2018
<i>Infant and Child Baptisms</i>	1,011	2,137	2,410
<i>Adult Baptisms</i>	337	223	210
<b><i>Total Baptisms</i></b>	<b>1,348</b>	<b>2,360</b>	<b>2,620</b>
<i>Infant Thanksgivings</i>	15	49	83
<i>Child Thanksgivings</i>	16	26	56
<b><i>Total Thanksgivings</i></b>	<b>31</b>	<b>75</b>	<b>139</b>
<i>Marriages</i>	585	822	1,010
<i>Blessings</i>	36	50	80
<b><i>Total</i></b>	<b>621</b>	<b>872</b>	<b>1,090</b>
<i>Funerals in church</i>	1,170	2,014	2,270
<i>Funerals at crematorium</i>	1,841	2,069	1,520
<b><i>Total Funerals</i></b>	<b>3,011</b>	<b>4,083</b>	<b>3,790</b>
<i>Easter Day Communicants</i>	n/a	26,675	27,600
<i>Easter All Age Attendance</i>	n/a	37,137	39,100
<i>Christmas Day Communicants</i>	7,884	27,091	29,000
<i>Christmas All Age Attendance</i>	16,183	91,703	98,000
<i>Usual Sunday Attendance</i>	n/a	20,463	21,200
<i>Electoral Roll<sup>3</sup></i>	32,190	27,055	32,518

The implementation of Living God's Love is undertaken by the statutory and non-statutory Boards and Committees and focuses on parochial mission and ministry and the three themes of Going Deeper into God, Making New Disciples and Transforming Communities.

<sup>2</sup> Statistics for Mission 2020, published by the Research and Statistics Department of the Archbishops' Council. Previous years' figures have been updated as further parish returns are received.

<sup>3</sup> Diocesan Database

## Members' report Year to 31 December 2021

### BISHOP'S COUNCIL

The impact of the COVID-19 pandemic continued to dominate the business of the Council during the year.

- In early January 2021, a Joint meeting with the Council and the DBF took place to discuss the common vision for the life of the Diocese. The Joint meeting discussion centred on the strategic priorities for developing children's ministry and the key aims of a youth strategy.
- The Joint meeting discussed Diocesan priorities in the aftermath of COVID-19 and it was acknowledged that the Diocese should be ready to grasp the opportunities as and when they arrived, and to continue to communicate effectively.
- The Council was briefed by the Chair of the Board of Finance on the progress of finances during the year and the preparation of the budget for 2022. The continuing lockdown and uncertainty over restrictions meant that finances for 2021 remained fragile. The 2022 budget had been set with this in mind. The parish share request showed an increase over the 2021 request, but only by 1.45% as this was balanced by a significant increase in investment income. However, finances remain strained.
- During the year, the Council received regular reports and noted that the Safeguarding Team continued to promote Safeguarding policies and practice whilst dealing with a substantial workload and a large amount of online training. The Council noted that there had been no major issues as a result of the Past Cases Review 2, and the outstanding work of the Team and the Safeguarding Advisory Panel, much of the practice was excellent, and the culture and learning culture had been improved.
- The Council, acting as Mission and Pastoral Committee, continued to receive regular reports from the DMPEC and considered proposals for pastoral reorganisation to promote appropriate models of ministry to support mission in each part of the Diocese. During the year, the Council received and approved the Amptill and Shefford Deanery Plan which would constitute a road map for the Deanery for the next few years and discussed the Letchworth reorganisation proposals and the closure of St Michael's church for public worship.
- For Closed Churches the DBF's liability during the use-seeking period is recognised. For the first time in 10 years the Closed Churches Uses Committee (CCUC) was tasked with two new cases. **Luton, St Matthew** was closed when the parish was united with the parish of Luton, and the CCUC was able to recommend to the Church Commissioners that the building should be leased to the Romanian Orthodox Church. Due to safety concerns, **Letchworth, St Michael** had been closed for two years. On 1 October, the building was formally closed and vested in the DBF, with the CCUC commencing work as part of the use-seeking period to identify the best possible future use for the site. The CCUC continued to identify new uses and work with local communities of the closed churches at **Thundridge, Old Church Tower** and **East Hyde**.
- The Council received updates on the work of the Development Plans Monitoring Group which included progress reports on new housing developments in the Diocese and parish responses to new opportunities for growth.
- In October, the Council received a presentation entitled 'Hope for Creation'. The Council noted that the Church of England was the process of developing a 'route map' to Net Zero Carbon by 2030.
- The Council received, considered and unanimously approved the 'Terms of Reference of the Diocesan Advisory Wellbeing Group'.
- The Council received and approved the 'Lessons Learned Review' and considered a number of outcomes from the review, (1) for everyone in the Diocese to acknowledge and call out racism; (2) to ensure that racial equality was a priority; (3) to note the five headlines of the review, Participation, Education, Training and Mentoring, Young People and Structures and Governance and (4) for policies and procedures to be made the general rule.

## **DIOCESAN ADVISORY COMMITTEE**

**Despite the numerous changes of 2021, the DAC continued to assist parishes in developing proposals through site visits and advice on applications to encourage parishes to consider how to improve buildings for worship, particularly in the context of the COVID-19 pandemic. Advice given during the year included:**

- A DAC visit to Clapham encouraged the parish to consider the options regarding seating which had severely limited numbers due to social distancing and inflexibility and provided liturgical issues at weddings and funerals.
- St Albans, St Peter were developing a major phased redevelopment scheme for the church building and adjoined hall to meet needs for worship and mission in the city centre.

**The DAC continued to provide advice and support for a range of cases for parishes to transform the wider communities in which they live and worship. Many churches began to develop projects for greater accessibility and improved community use:**

- During 2021, a DAC site visit to Barley considered options for a toilet in the south-west vestry to meet the needs of hospitality, mobility access and facilities to make the church fit for use by the village.
- At Sutton, the reordering of historic seating to accommodate growing school ministry.
- During 2021, many churches began to develop projects for greater accessibility and improved community use with environmental matters and working towards net zero carbon was on the minds of many parishes as they aim to transform communities locally and globally.
- During 2021, significant progress towards Bronze Eco Diocese award has been made, with the completion of the first four steps:
  - Formation of the Diocesan Environment Group to oversee and coordinate progress on environmental matters across Diocesan operations, including work towards Church of England Net Zero by 2030 target.
  - Revision of the Diocesan Environment Policy.
- Achieving and exceeding target of 10% of churches registered for Eco Church scheme with 5% having achieved an Eco Church award. 83 churches are registered with 24 Bronze awards and 3 Silver awards.
- Establishing the habit of recording and celebrating individual environmental initiatives through news bulletins, case studies, social media posts. Diocesan Mentor scheme established to encourage sharing of good practice.

## DIOCESAN BOARD OF EDUCATION

**The DBE, through the creation of Christian communities committed to a shared life together, recognised the outstanding work undertaken by the school leaders, staff, governors and communities of its 138 schools, who had ensured that the re-organisation of learning and staffing had been maintained throughout the year.**

- Throughout the summer and autumn of 2021, the DBE echoed the message of hope being promoted across the Diocese. Church schools, their headteachers and leaders, were encouraged through a programme of retreat, conferencing and personal messaging to not lose sight that God was doing new things amongst them and that church schools could become even brighter beacons of hope than they were before.
- In 2021, despite the challenges, much had been achieved. In the autumn term, Hertingfordbury Cowper VA Primary held a 'School Vision Week'. As a school, they visited The Great Oak in Panshanger Park which gave the children a visual representation of their new school vision, 'Rooted in Jesus, Growing in Wisdom, Overflowing with Thankfulness'. Later in the week, each class found a creative way to share the vision and the school's Christian values with their local community, including singing songs outside the village store, leaving gifts of a teabag and prayer in the local Parish Church, creating cards for a local care home, and delivering letters of thankfulness to local residents. It was a very special week.
- During 2021, and based on the theme 'Lord of all Hopefulness', over 35 headteachers and Chairs of Governors took the opportunity to step aside and reflect on the subject of Hope during September 2021. Retreat days were held across the Diocese and facilitated by parish priests with connections to church schools. Alongside this emphasis on retreat, the Schools Team continued to prioritize time for one-to-one or small group meetings with headteachers and Chairs of Governors to support their pastoral and professional wellbeing. Feedback has indicated that this approach has been deeply valued, and headteachers and Chairs of Governors report that these interactions are affirming, uplifting and have sustained them in their roles.

**The Diocesan Board of Education (DBE) continued to support initiatives that promoted transformation in and across communities within the Diocese, nationally and overseas.**

- During 2021, Church schools increasingly addressed the issues related to climate change and carbon reduction. Two children from the federation of Albury and Puller Memorial Nursery and Primary schools were selected along with 21 other children from the whole of the United Kingdom to represent the voice of the future at COP26. Alongside their classmates, they learnt about the plight of the chalk rivers locally and had the chance to visit a river and take part in a truly interactive session which helped them to formulate key questions for ministers when they attended the global conference on 29<sup>th</sup> October 2021.
- In 2021, Church schools also shared the Diocese's commitment to racial justice. As part of Black History Month, St Helen's VA Primary, Wheathampstead looked at influential black people in the British community as well as black saints. In October, the school received a visit from Shelley Hayles, Diversity Officer for St Albans Liberal Democrats who advises Members of Parliament on matters of Diversity and Inclusion. As part of her visit, Shelley delivered a short presentation about the Windrush generation.
- Following on from the release of 'God in this Place' in 2020 and 'Plug in and Play' in 2021, 'Heart for the Earth', is a two-year curated resource to help schools reflect theologically on the issues surrounding climate change and the need to move to a carbon neutral position. 'Heart for the Earth' will be launched in September/October 2022 at the Diocesan Headteacher Conference and the Schools' Harvest Festival services at St Albans Cathedral.

## **DIOCESAN BOARD OF MISSION AND MINISTRY**

### **Vocations, Training and Ministry Development**

- Thirty **candidates** are currently in conversation with the Diocesan Director of Ordinands (DDO) or Diocesan Director of Vocations (DDoV) or Assistant DDOs (ADDO) with another 27 at the earlier stage of the discernment process and seeing a Vocations Adviser.
- Bi-monthly curate and reader training was undertaken (alternating online and onsite where possible) and Bi-monthly curate and reader formation groups.
- The training of training incumbents (annually) was undertaken.
- The on-going formation and training of all readers and curates in Living God's Love to enable church growth as effective and reflective practitioners.
- To sign off all final year curates, and previous year curates secured posts (where appropriate), ready to undertake a position of responsibility or an ongoing supporting role in the Church of England.

### **Lay Training including Reader Training**

- During 2021, the new Foundations for Ministry and Pioneer Enabler courses have led to a combined total of 49 newly commissioned Pioneer, Mission, Pastoral and Discipleship Enablers resourcing their benefices.
- In 2021, for the first time there were 3 Lay Leaders of Worship (LLWs) courses in a single year plus the final sessions of a course that was on hold due to COVID-19. The training was via Zoom and this has led to a good number of new LLWs across the diocese – 37 commissioned and 13 due to be commissioned from the autumn term.
- Pioneering has been embedded into LLW training to supplement foundations for Ministry to resource people and enable advocacy of these vital areas of ministry.
- During 2021, 9 Readers were licensed, 6 continue in training and there are 10 new Readers In Training.

### **Mission and Ministry Development Reviews (MMDRs)**

In 2021 progress was made in catching up on the back log of MMDRs due to the pandemic. Review meetings with consultants took place in person where possible or online where appropriate. Work continued on planning Continuing Ministry Development Training from needs highlighted in the MMDR process.

### **Support in your Ministry (SIM)**

In 2021, Support In Your Ministry (SIM) continues to provide confidential support to ministers across the diocese. About 100 ministers use the scheme, supported by 50 volunteer Assistants who worked through the pandemic using a combination of phone, video and socially-distanced face-to-face meetings.

### **Reaching New People (RNP)**

- RNP continued to support churches looking to launch or re-launch New Worshipping Communities. The "Hope is Happening" grant program had been used to launch or re-launch youth, children's, young adult's gathering after the various lockdowns, with 87 small grants of £250 to different churches around the diocese.
- RNP continued to train people in Transforming conversations with further training for coaches expected.

## **Members' report** Year to 31 December 2021

- During 2021, RNP worked in a more focused way with churches to develop a plan and following them up depending on their specific needs and particularly churches with the geographic potential to be younger and more diverse.
- RNP continued to train lay pioneers on CMS.
- During 2021, new housing learning community had been launched, which gathered people together to explore the exciting missional opportunities new homes presented.
- In 2021, Liminal Live was launched, an online panel-based discussion enabling churches to share the post and reach new people, the reach of this has been significant.
- RNP have run Pioneer Cafes and Masterclasses on optics such as social media, failure and re-launching NWCs.
- As the RNP project comes to an end, constantly exploring creative ways to integrate RNP's work into the wider Mission and Ministry team with initiatives like the combined training plan, social media integration and restructure of meetings.

### **Youth and Children Team**

- During 2021, the Team continued with Zoom cafes, one-on-one parish consultancy and support, and online training.
- Worked with Ministry Department colleagues to deliver IME2 and other curate/Reader/Foundation course training.
- The Lay Leader of Children and Youth course was developed with the Diocesan Youth Officer and Lay Ministry Officer to be launched in 2022.
- In 2021, the Team created resources for use during at home and hybrid church and developed outdoor church learning community, and continued toddler group leaders' learning community.

### **Youth Mission**

- The Team promoted and hosted conversations about a necessary renewal of youth engagement through sharing the Faith in Young People report and suggested a fresh vision and approach. This included presenting to Deanery Synods and Deanery Chapter meetings, with a fresh priority on youth discipleship for small numbers and partnerships across churches to build sustainable youthwork activities.
- During 2021, the Team supported churches to navigate the changing context of ministry and provided ongoing youth ministry support with weekly resource emails, parish consultancy, regular evening Zoom meetings and Cafe events covering a range of youth specific topics.

## **STRATEGIC REPORT**

### **FINANCIAL REPORT FOR THE YEAR**

#### **Overview**

During 2021, the Diocese continued to feel the impact of lockdown and the pandemic in its Parish Share receipts. Parishes sustained a generous response, and there was even a small increase in the percentage received from 2020, but still below the rate from 2019 (93.9%). Investment income held up well. That and control of costs meant that the deficit on the common fund, in year was £413k. This was within forecast, but is still a significant sum, which means that we have suffered a total deficit for the last two years of just over £900k.

In contrast the endowment and restricted funds have prospered, with their value increasing, partly as a result of a strong recovery in the value of the fund-holdings following the pandemic and partly due to the continuing sale of land as part of the Houghton Regis development. Increases in the capital value of the funds have to be reinvested in the funds, but the income generated from this capital can be used to support the ministry and mission of the Diocese. This does help to defray our expenses and so keep parish share increases as low as possible. But in comparison to the parish share, this is relatively small. The nature of the Church of England's finances are to be "income poor and asset rich" and this is certainly true within the Diocese.

In response to the concerns posed by current circumstances, we have prepared a five-year forecast and are using it to undertake a number of actions that ensure support of the continuation of the Diocese' vision and strategy.

#### **Results for the year**

Total income amounted to £25.3m compared to £25.7m in 2020, a decrease of £400k, the profit on the disposal of a parsonage house balancing a lower grant to aid with school capital projects. The property company made sales of £5.4m in the year (2020 - £5.3m)

During 2021, Parish Share contributions amounted to £12.97m (2020 - £13.12m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £104k (2020 - £36k). The collection rate for Parish Share for 2021 (amount received/amount requested) was 91.01% (2020 - 90.56%).

Expenditure totalled £22.3m in the year compared to £22.0m in 2020.

Net income before revaluations and investment asset disposals amounted to £3.0m (2020 - £3.8m). The net realised and unrealised gains on investment properties and listed investments totalled £8.2m (2020 - £0.9m). The net increase in funds for the year was £11.3m (2020 - £5.3m) with the Common Fund showing an increase of £87k (2020 - £500k decrease), though this was due to transferring in £500k from other unrestricted funds to cover the 2020 deficit.

#### **Financial position**

The consolidated balance sheet showed total funds of £202.6m (2020 - £191.4m). This figure included endowment funds of £156.9m (2020 - £147.8m), the principal part of this being the parsonage houses fund amounting to £75.8m (2020 - £75.5m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds.

Also included in total funds were restricted funds totalling £15.3m (2020 - £13.4m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 22 to the financial statements together with an analysis of movements in the year. Funds totalling £24.0m (2020 - £23.4m) had been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 23 to the financial statements.

## **FUTURE PLANS**

The Diocesan vision of Living God's Love will continue to be promoted, to encourage churches to engage more missionally. Boards and Committees will continue working to support that vision by resourcing parochial mission and ministry and offering help and guidance to parishes as they seek to Live God's Love. The theme of 'growing younger' is expected to continue to be an important part of future work, but will now be a priority alongside a need to respond to the challenges and opportunities arising from the impact of COVID-19.

The Bishop's Council will continue to make recommendations about proposals for pastoral reorganisation and support and encourage emerging mission initiatives, and seeking ways to share good practice in parishes and deaneries.

The Diocesan Board of Finance will continue to work with its Investment Managers to ensure maximum returns for the benefit of mission and ministry in the Diocese. It will also continue dialogue with parish treasurers over the impact of COVID-19 on parish and diocesan finances.

The Diocesan Advisory Committee will continue to support and advise on reducing carbon from church buildings and to take opportunities to improve the environment and to develop four church case studies, grant-aided by the Church of England, which will look at the circumstances of each and recommend ways of heating which reduce carbon. The Committee will promote ways in which churches can be maintained and repairs afforded given the shortage of major funding. They will continue to provide training and other events and give opportunities for parishes to meet together.

The DBE will continue to ensure that a minimum of 90% of schools are deemed to be good or excellent church schools (as defined by SIAMS) and support the development of Christian pedagogical approaches to teaching and learning. The Board will extend and develop work to promote the wellbeing of the whole school community.

The DBE will continue to deliver diocesan-wide initiatives which promote a shared understanding of Living God's Love through community, worship and prayer, promote and facilitate outstanding leadership and governance which supports excellence in church schools and develop Church of England provision across the Diocese of St Albans.

The Board for Mission and Ministry will continue supporting Living God's Love by encouraging the growth of all Christians as disciples, enabling missional ministry throughout the Diocese and equipping all God's people to discern and fulfil their vocation and ministry. The Hope for Creation video has been commissioned for the Bishop's Conference in September 2022, and engagement with international climate justice events, especially COP26.

The Flourishing Churches and Flourishing Leadership Team is planning to support parishes to recruit and equip volunteer leaders who will be key, along with inspiring clergy and encouraging a whole church approach. New equipping opportunities through the locally delivered 'Essentials' course, Lay Leader for Youth and Children training and running the Launchpad programme for churches starting youthwork from scratch, will aim to increase the inclusion and discipleship opportunities offered to 11-18s.

Lay Training, including Reader Training, will continue to build on the success of the lay ministry courses with continuing cohorts across LLW, Enabler and Reader roles; and to build on resourcing pioneering and youth and children's work by providing pioneer supplementation for Foundations for Ministry, a youth and children's session for LLW, introducing both a pioneer and youth and children's placement for Readers In Training, working with the Eastern Region Ministry Course (ERMC) to introduce a new bespoke Youth & Children's Reader training pathway in addition to the already operational Pioneer reader training pathway.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board has reviewed the risks faced by the charity. Immediate risks concern the fragility of recovery from the pandemic, compounded by the rise in the cost of living and the international tensions, and how they impact attendance and the ability of people to give. In addition, it has identified four main risks namely Safeguarding, IT Security, Parish Share and closed churches.

### **Safeguarding**

The Diocesan Safeguarding Advisory Panel (DSAP) continued to meet quarterly to oversee safeguarding arrangements in the Diocese and offer external expertise and challenge if necessary. The membership of the panel conforms with the requirements set out in the guidance.

All safeguarding serious incidents are reported to the Charity Commission in line with House of Bishops Guidance.

The safeguarding team continue to work towards achieving the 3 year strategy and action plan agreed by DSAP in 2020.

### **IT Security**

The Board is aware of the increasing use of, and demand upon, IT services and the increased threat posed by those with malicious intent.

In 2021 the Board was certified by the Government-backed Cyber Essentials Scheme for data security (highly regarded by the Information Commissioner's Office, ICO), having passed the Cyber Essentials Plus which included Vulnerability and Penetration testing, updated to a more sophisticated anti-virus as well as fully implementing remote management for all diocesan computers, and servers.

In order to strengthen our defences against attacks, via malicious emails and phishing attacks, staff had been receiving 'test phishing' emails to train them to detect these. Since that time, the standard has improved to represent a low threat level with 98% of users ranked at low risk. The testing will continue to ensure that the staff awareness level is at its highest at all times. There will be annual testing of Cyber Essentials Plus to ensure that the highest levels of defence continue. The Board considers Cyber Security to be a continuing risk. It continues to take professional and government advice and to act upon it to seek to mitigate the risk as far as possible.

### **Parish Share Scheme**

The Board continues to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the Common Fund. Parish Share is the main funding source for the Diocese, so even a small percentage fall has significant implications for funding. The Board regularly discusses the structure of the scheme and assesses the understanding and support of the scheme across parishes in the Diocese. The Board also monitors, on a regular basis, the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share in particular in the light of COVID-19, lockdown and its effect on parishes.

### **Closed Churches**

Closed churches may be transferred to become the responsibility of the DBF. It occurs infrequently, but two cases arose during the year. The Board was briefed about the risk arising during the statutory use-seeking process, when the church buildings are vested temporarily in the Board, which has liability for insurance, maintenance and necessary urgent repair. The Church Commissioners operate a Closed Church Buildings Support Account and the Board has made provision for additional expenditure within the Diocesan Pastoral Account. During the year terms were agreed for a lease of one of the newly-

## **Members' report** Year to 31 December 2021

closed churches to another denomination. The annual rental income from a lease and a proportion of the proceeds of the sale of a closed church are statutorily due to the Diocesan Pastoral Account.

### **CUSTODIAN FUNDS**

As at 31 December 2021, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £42.7m (2020 - £39.5m) as Custodian Trustee.

These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

### **RAISING FUNDS**

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial councils, donors and supporters. It applies best practice to protect their data and never sells data, never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### *Constitution*

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 00145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

### *Liability of the members of the company*

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

### *Organisation*

The members of the Board are empowered by the Articles of Association of the company to act as the company directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its executive committee, the General Committee, or to its sub-committees, the Property Committee, the Glebe Committee and the Assets Committee.

### *Related bodies*

The Board's staff provide administrative and financial services to the Board of Education, the Board for Mission and Ministry as well as the Diocesan Mission and Pastoral Committee and Diocesan Advisory Committee. All these bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day to day business to its standing committee, the Bishop's Council.

## Members' report Year to 31 December 2021

### Members

The members who served during the year (and continuing unless otherwise stated) were as follows:

Members	Sub-committee Membership	Appointed/Resigned
<b>Ex-officio Member</b>		
The Bishop of St Albans (The Rt Revd Dr A G C Smith)		
<b>Clergy elected by the Diocesan Synod</b>		
The Reverend Dr G R Cappleman		
The Reverend Canon Dr P M Ackroyd		Resigned December 2021
<b>Lay Members elected by the Deanery Synods</b>		
<i>Archdeaconry of St Albans</i>		
N K Challis	1, 5	
C B Gage	1	
J H Robinson	1, 2, 4, 5	Resigned June 2021
M Readman	4	Resigned December 2021
Dr R L V Southern	3	
<i>Archdeaconry of Hertford</i>		
C G Bird	1, 2, 3, 4	
M E Butcher		
J W Butler	1, 2, 4, 5	
P E Easterbrook	1, 5	
Dr M Eaton	1	
<i>Archdeaconry of Bedford</i>		
D C Clark	3	
Dr D W Dallinger	2	
K Ebbage	1	
M J Gates	6, 7	
K Smith		
<b>Members nominated by the Bishop of St Albans</b>		
The Archdeacon of St Albans	1, 2, 3	
The Archdeacon of Bedford	1, 2, 3	
The Archdeacon of Hertford	1, 2, 3	
A Brown OBE (Chair of Glebe Committee)	1, 3, 4	
<b>Members co-opted by the Board</b>		
B Crawford	4	
T R Fleming	1, 2, 3, 4, 5	
P R Lindley	1	

With effect from 1 January 2022, The Reverend C E Bunce, The Reverend K David, The Reverend Canon C E C Hudson, E D Roberts, M P Taylor and The Reverend A J Thomas were also appointed as members of the Board.

1 General Committee, 2 Property Committee, 3 Glebe Committee, 4 Assets Committee, 5 Audit Committee  
6 Diocesan Advisory Committee for the Care of Churches, 7 Closed Churches Uses Committee

## **Members' report** Year to 31 December 2021

### **Members**

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. No expenses were incurred in the performance of their duties as Board members were reimbursed during the year

### **Member-selection and appointment**

Members can be co-opted to the Board by existing members or they can be elected by a number of different entities including the Diocesan Synod and the Deanery Synods or nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2021 to appoint members for the triennium 1 January 2022 to 31 December 2024.

On agreeing to become a member of the charity, the members are thoroughly briefed by their co-members on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

### **Member induction and training**

An induction pack has been issued to all members.

### **Remuneration of key management personnel**

Key management personnel comprises all the members of the Board, together with the senior executives who are the Diocesan Secretary, the Director of Finance, the Estates Secretary and the Diocesan Pastoral and Advisory Secretary. The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adapted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, is approved by the Diocesan Synod. Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow regional benchmarks as agreed annually by the National Church Central Stipends Authority.

### **Members' responsibilities statement**

The members of the St Albans Diocesan Board of Finance are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

## Members' report Year to 31 December 2021

### Members' responsibilities statement

In preparing these financial statements, the members are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in operation.

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- ◆ so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The members are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Trading subsidiary

The charity has a wholly owned trading subsidiary, the St Albans Diocesan Property Company (Company No. 08899302), a company incorporated in England with a share capital of £1,700,000 (2020 – £1,700,000). The principal activity of the company is property development.

During the year the company made a net profit of £1,917k (2020 – £2,999k) and made a charitable donation of £2.4m to the charity. This donation enabled a reduction in the tax liability for 2020.

### Debt-Equity swap

In 2018, the charity loaned the subsidiary £7m for two years to aid working capital. £1m of this was repaid in 2019. The remaining £6m loan was renewed in 2020 and is due for renewal in 2022. Rather than renew the loan again, it has been agreed that to swap the debt for equity, which will strengthen the balance sheet of the trading subsidiary.

The members' report, including the strategic report, was approved by the members and signed on their behalf by:



Colin Bird  
Chairman of the Board of Trustees



David White  
Diocesan Secretary

Approved on:

11<sup>th</sup> May 2022

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2021

### Opinion

We have audited the financial statements of The St Albans Diocesan Board of Finance (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 affairs of the group and of the charitable company as at 31 December 2021 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 either the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2021

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

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

- ◆ the information given in the members' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ this report has 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 group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report, including the strategic report.

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

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

### Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group's and 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 members either intend to liquidate the group or 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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2021

### Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the audit partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company and group through discussions with members and management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company and group, including the Charities Act 2011, the Companies Act 2006 and various Church Measures including the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's and group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ performed substantive testing of expenditure;
- ◆ tested journal entries to identify unusual financial transactions; and
- ◆ assessed whether judgements and assumptions made were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members and management and the inspection of regulatory and legal correspondence, if any.

**Independent auditor's report to the members of The St Albans Diocesan Board of Finance**  
Year to 31 December 2021

**Auditor's responsibilities for the audit of the financial statements (continued)**

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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.

*Buzzacott LLP*

Catherine Biscoe, Senior Statutory Auditor  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 20 June 2022

## Consolidated statement of financial activities Year to 31 December 2021

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2021 £'000	Total 2020 £'000
<b>Income and endowments from:</b>							
Donations and legacies	1	—	57	13,023	—	13,080	13,209
Investments	2	—	318	1,594	—	1,912	2,095
Trading activities	25	—	—	—	5,444	5,444	5,264
Charitable activities	3	—	3,564	929	—	4,493	5,001
Other sources	4	383	—	—	—	383	169
<b>Total income</b>		<b>383</b>	<b>3,939</b>	<b>15,546</b>	<b>5,444</b>	<b>25,312</b>	<b>25,738</b>
<b>Expenditure on:</b>							
Raising funds	5	—	—	—	—	—	—
Charitable activities		3	147	290	3,224	3,664	2,917
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	2,980	15,688	—	18,668	19,060
<b>Total expenditure</b>		<b>3</b>	<b>3,127</b>	<b>15,978</b>	<b>3,224</b>	<b>22,332</b>	<b>21,977</b>
<b>Net income (expenditure) before investment gains and losses</b>	9	<b>380</b>	<b>812</b>	<b>(432)</b>	<b>2,220</b>	<b>2,980</b>	<b>3,761</b>
Realised gains (losses) on disposal of investment property and listed investments		1,070	188	51	—	1,309	(1,089)
Unrealised gains on investment property and listed investments		4,806	1,322	734	—	6,862	2,010
<b>Net income before transfers and taxation</b>		<b>6,256</b>	<b>2,322</b>	<b>353</b>	<b>2,220</b>	<b>11,151</b>	<b>4,682</b>
Transfers between funds	20	2,837	(392)	374	(2,819)	—	—
Corporation tax credit (charge)	12	—	—	—	114	114	(597)
<b>Net income (expenditure) for the year</b>		<b>9,093</b>	<b>1,930</b>	<b>727</b>	<b>(485)</b>	<b>11,265</b>	<b>5,279</b>
<b>Other recognised gains and losses:</b>							
Actuarial gains	30	11	—	—	—	11	18
<b>Net movement in funds</b>		<b>9,104</b>	<b>1,930</b>	<b>727</b>	<b>(485)</b>	<b>11,276</b>	<b>5,297</b>
<b>Fund balances brought forward at 1 January 2021</b>		<b>147,804</b>	<b>13,399</b>	<b>24,684</b>	<b>5,471</b>	<b>191,358</b>	<b>186,061</b>
<b>Fund balances carried forward at 31 December 2021</b>		<b>156,908</b>	<b>15,329</b>	<b>25,411</b>	<b>4,986</b>	<b>202,634</b>	<b>191,358</b>

All of the group's activities derived from continuing operations during the above financial period.

## Comparative consolidated statement of financial activities Year to 31 December 2020

	Notes	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Non-charitable trading funds £'000	Total 2020 £'000
<b>Income and endowments from:</b>						
Donations and legacies	1	—	57	13,152	—	13,209
Investments	2	—	370	1,725	—	2,095
Trading activities	25	—	—	—	5,264	5,264
Charitable activities	3	—	4,281	720	—	5,001
Other sources	4	—	—	169	—	169
<b>Total income</b>		<b>—</b>	<b>4,708</b>	<b>15,766</b>	<b>5,264</b>	<b>25,738</b>
<b>Expenditure on:</b>						
Raising funds	5	9	131	331	2,446	2,917
Charitable activities						
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	3,639	15,421	—	19,060
<b>Total expenditure</b>		<b>—</b>	<b>3,770</b>	<b>15,752</b>	<b>2,446</b>	<b>21,977</b>
<b>Net (expenditure) income before investment gains and losses</b>	9	<b>(9)</b>	<b>938</b>	<b>14</b>	<b>2,818</b>	<b>3,761</b>
Realised (losses) on disposal of investment property and listed investments		(673)	(224)	(192)	—	(1,089)
Unrealised gains on investment property and listed investments		1,703	201	106	—	2,010
<b>Net income (expenditure) before transfers and taxation</b>		<b>1,021</b>	<b>915</b>	<b>(72)</b>	<b>2,818</b>	<b>4,682</b>
Transfers between funds	20	5,422	(261)	755	(5,916)	—
Corporation tax credit		—	—	—	597	597
<b>Net income (expenditure) for the year</b>		<b>6,443</b>	<b>654</b>	<b>683</b>	<b>(2,501)</b>	<b>5,279</b>
<b>Other recognised gains and losses:</b>						
Actuarial gains	30	18	—	—	—	18
<b>Net movement in funds</b>		<b>6,461</b>	<b>654</b>	<b>683</b>	<b>(2,501)</b>	<b>5,297</b>
<b>Fund balances brought forward at 1 January 2020</b>		<b>141,343</b>	<b>12,745</b>	<b>24,001</b>	<b>7,972</b>	<b>186,061</b>
<b>Fund balances carried forward at 31 December 2020</b>		<b>147,804</b>	<b>13,399</b>	<b>24,684</b>	<b>5,471</b>	<b>191,358</b>

All of the group's activities derived from continuing operations during the above financial period.

## Consolidated balance sheet 31 December 2021

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2021 £'000	Total 2020 £'000
<b>Fixed assets</b>							
Tangible assets	13	76,626	—	13,685	—	90,311	89,212
Investments	14	66,069	12,941	6,616	—	85,626	69,041
		<u>142,695</u>	<u>12,941</u>	<u>20,301</u>	<u>—</u>	<u>175,937</u>	<u>158,253</u>
<b>Current assets</b>							
Stock: land under development	15	—	—	—	11,535	11,535	11,787
Debtors – due within one year	16	42	74	794	2,434	3,344	1,578
Debtors – due after one year	16	—	—	464	—	464	2,077
Short term deposits		6,297	1,259	4,856	223	12,635	20,005
Cash at bank and in hand		—	—	1,682	130	1,812	2,452
		<u>6,339</u>	<u>1,333</u>	<u>7,796</u>	<u>14,322</u>	<u>29,790</u>	<u>37,899</u>
Creditors: amounts falling due within one year	17	(178)	(938)	(484)	(350)	(1,950)	(1,958)
<b>Net current assets</b>		<u>6,161</u>	<u>395</u>	<u>7,312</u>	<u>13,972</u>	<u>27,840</u>	<u>35,941</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>							
		<u>148,856</u>	<u>13,336</u>	<u>27,613</u>	<u>13,972</u>	<u>203,777</u>	<u>194,194</u>
Inter-fund balances		8,473	1,993	(1,708)	(8,758)	—	—
<b>Total assets less current liabilities</b>		<u>157,329</u>	<u>15,329</u>	<u>25,905</u>	<u>5,214</u>	<u>203,777</u>	<u>194,194</u>
Creditors: amounts falling due after one year	18	—	—	(494)	(228)	(722)	(1,977)
Provisions for liabilities	19	(421)	—	—	—	(421)	(859)
<b>Total net assets</b>		<u>156,908</u>	<u>15,329</u>	<u>25,411</u>	<u>4,986</u>	<u>202,634</u>	<u>191,358</u>
<b>Represented by:</b>							
<b>The funds of the group</b>							
Endowment funds	21	156,908	—	—	—	156,908	147,804
Restricted funds	22	—	15,329	—	—	15,329	13,399
Unrestricted funds	23	—	—	25,411	—	25,411	24,684
Non-charitable trading funds	23	—	—	—	4,986	4,986	5,471
		<u>156,908</u>	<u>15,329</u>	<u>25,411</u>	<u>4,986</u>	<u>202,634</u>	<u>191,358</u>

Approved by the members of the Board and signed on their behalf by:

Colin Bird  
Chairman

Approved on: *11th May 2022*  
The St Albans Diocesan Board of Finance  
Company Registration Number 00145227 (England and Wales)

**Comparative consolidated balance sheet 31 December 2020**

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2020 £'000
<b>Fixed assets</b>						
Tangible assets	13	76,247	—	12,965	—	89,212
Investments	14	52,110	11,092	5,839	—	69,041
		<u>128,357</u>	<u>11,092</u>	<u>18,804</u>	<u>—</u>	<u>158,253</u>
<b>Current assets</b>						
Stock: land under development	15	—	—	—	11,787	11,787
Debtors – due within one year	16	57	76	629	816	1,578
Debtors – due after one year	16	—	—	472	1,605	2,077
Short term deposits		11,804	1,555	5,394	1,252	20,005
Cash at bank and in hand		—	—	2,227	225	2,452
		<u>11,861</u>	<u>1,631</u>	<u>8,722</u>	<u>15,685</u>	<u>37,899</u>
Creditors: amounts falling due within one year	17	(178)	(713)	(604)	(463)	(1,958)
<b>Net current assets</b>		<u>11,683</u>	<u>918</u>	<u>8,118</u>	<u>15,222</u>	<u>35,941</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		140,040	12,010	26,922	15,222	194,194
Inter-fund balances		8,801	1,389	(1,915)	(8,275)	—
<b>Total assets less current liabilities</b>		<u>148,841</u>	<u>13,399</u>	<u>25,007</u>	<u>6,947</u>	<u>194,194</u>
Creditors: amounts falling due after one year	18	(178)	—	(323)	(1,476)	(1,977)
Provisions for liabilities	19	(859)	—	—	—	(859)
<b>Total net assets</b>		<u>147,804</u>	<u>13,399</u>	<u>24,684</u>	<u>5,471</u>	<u>191,358</u>
<b>Represented by:</b>						
<b>The funds of the group</b>						
Endowment funds	21	147,804	—	—	—	147,804
Restricted funds	22	—	13,399	—	—	13,399
Unrestricted funds	23	—	—	24,684	—	24,684
Non-charitable trading funds	23	—	—	—	5,471	5,471
		<u>147,804</u>	<u>13,399</u>	<u>24,684</u>	<u>5,471</u>	<u>191,358</u>

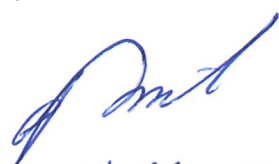
## Charity balance sheet 31 December 2021

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000	Total 2020 £'000
<b>Fixed assets</b>						
Tangible assets	13	76,626	—	13,685	90,311	89,212
Investments	14	67,769	12,941	6,616	87,326	70,741
		<u>144,395</u>	<u>12,941</u>	<u>20,301</u>	<u>177,637</u>	<u>159,953</u>
<b>Current assets</b>						
Debtors – due within one year	16	7,268	74	794	8,136	1,573
Debtors – due after one year	16	—	—	464	464	6,472
Short term deposits		6,297	1,259	4,856	12,412	18,753
Cash at bank and in hand		—	—	1,682	1,682	2,227
		<u>13,565</u>	<u>1,333</u>	<u>7,796</u>	<u>22,694</u>	<u>29,025</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(178)</u>	<u>(938)</u>	<u>(484)</u>	<u>(1,600)</u>	<u>(1,495)</u>
<b>Net current assets</b>		<u>13,387</u>	<u>395</u>	<u>7,312</u>	<u>21,094</u>	<u>27,530</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		<u>157,782</u>	<u>13,336</u>	<u>27,613</u>	<u>198,731</u>	<u>187,483</u>
Inter-fund balances		<u>(453)</u>	<u>1,993</u>	<u>(1,540)</u>	<u>—</u>	<u>—</u>
<b>Total assets less current liabilities</b>		<u>157,329</u>	<u>15,329</u>	<u>26,073</u>	<u>198,731</u>	<u>187,483</u>
<b>Creditors: amounts falling due after one year</b>	18	<u>—</u>	<u>—</u>	<u>(494)</u>	<u>(494)</u>	<u>(501)</u>
<b>Provisions for liabilities</b>	19	<u>(421)</u>	<u>—</u>	<u>—</u>	<u>(421)</u>	<u>(859)</u>
<b>Total net assets</b>		<u>156,908</u>	<u>15,329</u>	<u>25,579</u>	<u>197,816</u>	<u>186,123</u>
<b>Represented by:</b>						
<b>The funds of the charity</b>						
Endowment funds	21	156,908	—	—	156,908	147,804
Restricted funds	22	—	15,329	—	15,329	13,399
Unrestricted funds	23	—	—	25,579	25,579	24,920
		<u>156,908</u>	<u>15,329</u>	<u>25,579</u>	<u>197,816</u>	<u>186,123</u>

Approved by the members of the Board and signed on their behalf by:

Colin Bird  
Chairman

Approved on:



11<sup>th</sup> May 2022

The St Albans Diocesan Board of Finance  
Company Registration Number 00145227 (England and Wales)

**Comparative charity balance sheet 31 December 2020**

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000
<b>Fixed assets</b>					
Tangible assets	13	76,247	—	12,965	89,212
Investments	14	53,810	11,092	5,839	70,741
		<u>130,057</u>	<u>11,092</u>	<u>18,804</u>	<u>159,953</u>
<b>Current assets</b>					
Debtors – due within one year	16	868	76	629	1,573
Debtors – due after one year	16	6,000	—	472	6,472
Short term deposits		11,804	1,555	5,394	18,753
Cash at bank and in hand		—	—	2,227	2,227
		<u>18,672</u>	<u>1,631</u>	<u>8,722</u>	<u>29,025</u>
Creditors: amounts falling due within one year	17	(178)	(713)	(604)	(1,495)
Net current assets		<u>18,494</u>	<u>918</u>	<u>8,118</u>	<u>27,530</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>					
		<u>148,551</u>	<u>12,010</u>	<u>26,922</u>	<u>187,483</u>
Inter-fund balances		290	1,389	(1,679)	—
Total assets less current liabilities		<u>148,841</u>	<u>13,399</u>	<u>25,243</u>	<u>187,483</u>
<b>Creditors: amounts falling due after one year</b>					
	18	(178)	—	(323)	(501)
Provisions for liabilities	19	(859)	—	—	(859)
Total net assets		<u>147,804</u>	<u>13,399</u>	<u>24,920</u>	<u>186,123</u>
<b>Represented by:</b>					
<b>The funds of the charity</b>					
Endowment funds	21	147,804	—	—	147,804
Restricted funds	22	—	13,399	—	13,399
Unrestricted funds	23	—	—	24,920	24,920
		<u>147,804</u>	<u>13,399</u>	<u>24,920</u>	<u>186,123</u>

## Summary consolidated income and expenditure account Year to 31 December 2021

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	<b>2021</b> <b>£'000</b>	2020 £'000
Total income of continuing operations	<b>24,930</b>	25,738
Total expenditure of continuing operations	<b>(22,329)</b>	(21,968)
Net income for the year before transfers, investment gains and losses and taxation	<b>2,601</b>	3,770
Transfer to endowment funds	<b>(2,837)</b>	(5,422)
Net (expenditure) before investment gains and losses and taxation	<b>(236)</b>	(1,652)
Investments gains (losses)	<b>2,295</b>	(109)
Taxation	<b>114</b>	646
<b>Net income (expenditure) for the year as defined by the Companies Act 2006</b>	<b>2,173</b>	(1,115)

Total income as defined by the Companies Act 2006 comprises £20,990k (2020 – £21,030k) for unrestricted and non-charitable trading funds and £3,940k (2020 – £4,708k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net expenditure before investment gains and taxation for the year of £236k (2020 – £1,652k) comprises net expenditure of £656k (2020 - £2,329k) on unrestricted and non-charitable trading funds and net income of £420k (2020 –£677k) on restricted funds.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 27 which, together with the notes to the financial statements provides full information on the movements during the year on all funds of the group.

## Consolidated statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(719)	(1,346)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		1,912	2,094
Proceeds from the disposal of tangible fixed assets		718	—
Purchase of tangible fixed assets		(1,503)	(762)
Proceeds from the disposal of investments		7,850	6,840
Purchase of investments		(16,048)	(10,584)
Taxation paid		—	(827)
Decrease in cash deposits		7,370	5,588
<b>Net cash provided by investing activities</b>		<b>299</b>	<b>2,349</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		(4)	(4)
<b>Net cash used in financing activities</b>		<b>(4)</b>	<b>(4)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(424)</b>	<b>999</b>
<b>Cash and cash equivalents at 1 January 2021</b>	B	<b>3,171</b>	<b>2,172</b>
<b>Cash and cash equivalents at 31 December 2021</b>	B	<b>2,747</b>	<b>3,171</b>

### Notes to the statement of cash flows for the year to 31 December 2021.

#### A Reconciliation of net income to net cash flow used in operating activities

	2021 £	2020 £
<b>Net income (as per the statement of financial activities)</b>	<b>11,151</b>	<b>4,682</b>
<b>Adjustments for:</b>		
Depreciation charge	68	66
Gains on investments	(8,171)	(922)
Dividends, interest and rent from investments	(1,912)	(2,094)
Surplus on disposal of tangible fixed assets	(383)	—
Decrease in stocks	252	99
Increase in debtors	(153)	(2,084)
Decrease in creditors	(1,144)	(388)
Pension adjustment	(427)	(705)
<b>Net cash used in operating activities</b>	<b>(719)</b>	<b>(1,346)</b>

#### B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,812	2,452
Cash held by investment managers	935	719
<b>Total cash and cash equivalents</b>	<b>2,747</b>	<b>3,171</b>

## Principal accounting policies 31 December 2021

### Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### Basis of preparation

These financial statements have been prepared for the year to 31 December 2021 with comparative information provided for the year to 31 December 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006, except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

### Basis of consolidation

The financial statements consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, St Albans Diocesan Property Company Limited, made up to the balance sheet date.

In accordance with the provision of paragraph 24.7 of the SORP, a statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £20,423k (2020 – £20,890k), total expenditure of £19,176k (2020 – £19,522k) and investment gains of £8,171k (2020 – £921k), resulting in net income of £9,418k (2020 – £2,289k).

### Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- ◆ the valuation of investment properties;
- ◆ the useful economic life of tangible fixed assets;
- ◆ the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- ◆ the valuation of stock of land under development; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### Going concern

The members of the Board have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements, considering the ongoing impact of lockdown both at the time and on a return of people to worshipping in their local community. The members of the Board have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

## Principal accounting policies 31 December 2021

### Going concern (continued)

For the charity, the effects of the past two years impact its activities both directly and indirectly. The slow return of people to their local church has resulted in a restriction of income for those parishes which rely on giving through 'the plate' or income from lettings of church property, and therefore on their ability to pay the parish share. The charity itself faces a loss of income from its properties as well as its listed investments as well as uncertainty over the current and future value of its assets which have already suffered significant volatility.

Steps have been taken, and will continue, to reduce expenditure. The high percentage of the Diocesan budget expended on clergy stipends and housing means that significant savings take time to implement. The Board has prepared and reviewed a five-year forecast which provides us with a finance strategy that underpins the Diocesan missional strategy, whilst allowing us to control costs. Nevertheless financial recovery will take some time.

The members of the Board have concluded that despite these challenges, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

The members of the Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

### Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed and property (glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Grants receivable on confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

## Principal accounting policies 31 December 2021

### Income (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold.

### Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

### School major repair and capital projects

The charity receives contributions from governors of Church schools in the Diocese in connection with major repair and capital projects to Church schools and also Government grants in connection with the same. Up until 31 March 2020, the charity administered these monies as managing agent under the Local Co-ordinated Voluntary Aided Programme (LCVAP) and made the appropriate payments to contractors for work carried out. This was under the LCVAP scheme where the monies did not belong to the charity and as such the receipts and payments were not treated as income or expenditure in the statement of financial activities. Any monies held at the balance sheet date were treated as creditors on the balance sheet. The funding scheme changed on 1 April 2020 to the School Condition Allocation (SCA). Under this arrangement monies are received before it has been allocated or spent. Projects are agreed by the Diocese, under the statutory and non-statutory guidance provided by the Department for Education (DfE). The change in scheme means that the Diocese has some limited discretion over the application of funds, which is sufficient to change the agency status applied under the LCVAP. From 1 April 2020 all income and expenditure under the SCA has been included in the Diocesan accounts. Monies received have to be spent within a two-year time period or returned to the DfE.

## Principal accounting policies 31 December 2021

### Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS102. All other tangible fixed assets are included in the financial statements at cost.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

### Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Members' Report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### Stock: land under development

Stock is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

## Principal accounting policies 31 December 2021

### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

The non-charitable trading funds represent the retained profit arising on the charity's trading subsidiary.

### Financial instruments

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

### Pension costs

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

### Custodian funds

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

**1 Income from donations and legacies**

	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000	Total 2020 £'000
Parish Share	—	12,973	12,973	13,117
Specific parochial donations	—	10	10	22
General donations and legacies	57	40	97	70
<b>2021 total funds</b>	<b>57</b>	<b>13,023</b>	<b>13,080</b>	<b>13,209</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000
Parish Share	—	13,117	13,117
Specific parochial donations	—	22	22
General donations and legacies	57	13	70
<b>2020 total funds</b>	<b>57</b>	<b>13,152</b>	<b>13,209</b>

In addition to the above, the Diocesan Board of Finance received as trustees contributions of £604k (2020 – £208k) from the governors of Church schools in the Diocese in connection with major repair and capital projects (see note 3 below).

**2 Income from investments**

	Restricted funds £'000	Un-restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Income from listed investments and interest receivable	294	1,008	1,302	1,226
Glebe income	—	465	465	477
Income from miscellaneous rents and lettings	24	121	145	392
<b>2021 total funds</b>	<b>318</b>	<b>1,594</b>	<b>1,912</b>	<b>2,095</b>

	Restricted funds £'000	Un-restricted funds £'000	Total 2020 £'000
Income from listed investments and interest receivable	353	873	1,226
Glebe income	—	477	477
Income from miscellaneous rents and lettings	17	375	392
<b>2020 total funds</b>	<b>370</b>	<b>1,725</b>	<b>2,095</b>

**3 Income from charitable activities**

	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000	Total 2020 £'000
Grants receivable	431	258	689	473
Fees and chaplaincy income	—	671	671	516
Schools' Service Level Agreements and Project levies	81	—	81	117
Grant funding for Schools Building Projects	2,286	—	2,286	3,104
Other income from courses and conferences	35	—	35	17
Grant from Church Commissioners' Strategic Development Fund	250	—	250	271
National Church allocations	481	—	481	503
<b>2021 total funds</b>	<b>3,564</b>	<b>929</b>	<b>4,493</b>	<b>5,001</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000
Grants receivable	269	204	473
Fees and chaplaincy income	—	516	516
Schools' Service Level Agreements and Project levies	117	—	117
Funding from Schools Building	3,104	—	3,104
Other income from courses and conferences	17	—	17
Grant from Church Commissioners' Strategic Development Fund	271	—	271
National Church allocations	503	—	503
<b>2020 total funds</b>	<b>4,281</b>	<b>720</b>	<b>5,001</b>

Grants receivable for the year which exceeded £100,000 from a single organisation were as follows:

	2021 £'000	2020 £'000
All Churches Trust	178	168
Church Commissioners' Strategic Development Fund	250	271

The LCVAP scheme ran until 31 March 2020. As result of the cessation of this scheme, no further monies were received as agent under this scheme in this financial year (2020 - £191k).

Under the LCVAP scheme, the contributions received from school governors (see note 1 above) are used to fund contractor payments also administered by the charity acting as managing agent for the Church schools concerned. During the year, the Board made no payments to contractors (2020 – £490k) under the LCVAP scheme.

From 1 April 2020, the Diocese administered grants under the SCA scheme, which provides the Diocese with greater discretion for allocation. As a result of this, income and expenditure for this scheme are included in these accounts.

#### 4 Income from other sources

In 2021, the Diocese sold a parsonage house for a surplus of £383k (2020 – £169k income received from the Government's furlough scheme).

#### 5 Expenditure on raising funds

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2021 £'000	Total 2020 £'000
Schools' Service Level Agreements	—	63	—	—	63	55
Schools' Courses	—	25	—	—	25	15
School Capital Projects	—	14	—	—	14	22
Investment management costs	3	45	173	—	221	230
Trading expenditure (note 25)	—	—	—	3,224	3,224	2,446
Glebe expenditure	—	—	117	—	117	149
<b>2021 total funds</b>	<b>3</b>	<b>147</b>	<b>290</b>	<b>3,224</b>	<b>3,664</b>	<b>2,917</b>

	Endowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2020 £'000
Schools' Service Level Agreements	—	55	—	—	55
Schools' Courses	—	15	—	—	15
School Capital Projects	—	22	—	—	22
Investment management costs	9	39	182	—	230
Trading expenditure (note 25)	—	—	—	2,446	2,446
Glebe expenditure	—	—	149	—	149
<b>2020 total funds</b>	<b>9</b>	<b>131</b>	<b>331</b>	<b>2,446</b>	<b>2,917</b>

## 6 Expenditure on the promotion of the work of the Church of England in the Diocese of St Albans

	Year ended 31 December 2021			Year ended 31 December 2020		
	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000
Parochial clergy stipends and related costs						
. Stipends	—	6,313	6,313	—	6,451	6,451
. Pension contributions	—	1,865	1,865	—	1,671	1,671
. National insurance	—	544	544	—	560	560
. Removal and resettlement	—	337	337	—	233	233
. Other clergy costs	—	263	263	—	247	247
	—	9,322	9,322	—	9,162	9,162
Clergy housing costs						
. Parsonages (direct expenditure)	—	2,359	2,359	—	1,889	1,889
. Allocation of support costs	—	483	483	—	528	528
Sub-total	—	2,842	2,842	—	2,417	2,417
. Board of Finance properties (direct expenditure)	—	191	191	—	443	443
	—	3,033	3,033	—	2,860	2,860
Ministry						
. Direct expenditure*	351	1,045	1,396	362	1,163	1,525
. Allocation of support costs	—	549	549	—	601	601
	351	1,594	1,945	362	1,764	2,126
Education						
. Schools Condition Allocation grants (note 22)	2,038	—	2,038	2,662	—	2,662
. Direct expenditure	363	(25)	338	364	1	365
. Allocation of support costs	—	316	316	—	347	347
	2,401	291	2,692	3,026	348	3,374
Mission						
. Direct expenditure**	46	710	756	49	650	699
. Allocation of support cost	—	316	316	—	347	347
	46	1,026	1,072	49	997	1,046
Grants payable (note 7)	182	422	604	202	290	492
<b>Total funds</b>	<b>2,980</b>	<b>15,688</b>	<b>18,668</b>	<b>3,639</b>	<b>15,421</b>	<b>19,060</b>

\* This figure includes the costs of supporting ordinands in training amounting to £696k (2020 – £810k).

\*\* Unrestricted fund expenditure in respect to mission includes £250k (2020 - £271k) that has been funded by the Strategic Development Funding receivable from the Church Commissioners. Such funding has been credited to restricted funds. A transfer from restricted funds to unrestricted funds has been made at 31 December 2021 and 2020 to reflect the utilisation of the monies for the purposes intended (note 20).

Notes to the financial statements 31 December 2021

**7 Grants payable**

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Year ended 31 December 2021			Year ended 31 December 2020		
	Restricted funds £'000	Unrestricted funds £'000	Total 2021 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000
<b>Church Schools</b>						
Other grants to schools	13	—	13	5	—	5
<b>Parishes</b>						
To assist with repairs or rebuilding costs	—	92	92	13	—	13
Pastoral Aid Support Grants to assist in meeting Parish Share contributions	—	222	222	—	200	200
Mission Initiatives	5	101	106	17	85	102
<b>External charities</b>						
For humanitarian relief mission and evangelism	64	—	64	55	—	55
<b>Clergy and clergy widows</b>						
Ordinands' support	58	—	58	68	—	68
Discretionary grants for the relief of financial hardship	42	7	49	44	5	49
<b>Total funds</b>	<b>182</b>	<b>422</b>	<b>604</b>	<b>202</b>	<b>290</b>	<b>492</b>

**8 Support costs**

	Unrestricted funds	
	Total 2021 £'000	Total 2020 £'000
Support staff costs	789	911
Support office costs	213	293
Governance costs	214	140
General Synod Requirement	448	479
	<b>1,664</b>	<b>1,823</b>
Reallocated to charitable activities as follows:		
Clergy housing	483	528
Ministry	549	601
Education	316	347
Mission	316	347
	<b>1,664</b>	<b>1,823</b>

## 9 Net income before investment gains and losses

This is stated after charging:

	Total 2021 £'000	Total 2020 £'000
Staff costs (note 10)	2,418	2,452
Auditor's remuneration		
. Statutory audit services	24	28
Depreciation	68	66

## 10 Staff costs and employees

	Total 2021 £'000	Total 2020 £'000
Staff costs during the year were as follows:		
Wages and salaries	1,775	1,835
Social security costs	178	172
Other pension costs	465	445
	<b>2,418</b>	<b>2,452</b>

	Total 2021 £'000	Total 2020 £'000
Staff costs per function were as follows:		
Direct promotion of the work of the Church of England in the Diocese of St Albans	1,692	1,687
Other support staff	726	765
	<b>2,418</b>	<b>2,452</b>

The average number of employees and office holders, analysed by function, was:

	2021 Full-time	2021 Part-time	2020 Full-time	2020 Part-time
Direct promotion of the work of the Church of England in the Diocese of St Albans	21	22	20	24
Other support staff	13	4	11	7
	<b>34</b>	<b>26</b>	<b>31</b>	<b>31</b>

The 26 (2020 – 31) part-time posts are equivalent to 15 full-time posts (2020 – 15).

**10 Staff costs and employees** (continued)

The number of employees who earned over £60,000 (excluding employer's pension contributions) during the year was as follows:

	2021	2020
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	—	1

Employer contributions are also paid into a pension scheme in respect of the employees who earned over £60,000.

Key management personnel remuneration (including employer's pension and national insurance contributions) totalled £552k in the year to 31 December 2021 (2020 – £553k) including stipends and related employer's pension and national insurance contributions in respect to Board members of £199k (2020 – £204k).

**11 Board members' remuneration**

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2020 – none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £186k (2020 – £191k) including pension contributions of £48k (2020 – £41k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2020 – none). No travel expenses were incurred in the performance of their duties as Board members (2020 – none).

Four clergy members benefited from clergy housing provided by the Board (2020 – five members).

The Board's insurance policy includes cover for Trustee Indemnity.

**12 Taxation**

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity's subsidiary company paid corporation tax as result of the profit on the completion of the sale of a portion of the glebe land in 2020. The corporation tax liability was reduced as the subsidiary company made a charitable donation to the charity in 2021. Further land was sold in 2021 and the subsidiary company may make a further charitable donation should sufficient funds be available.

### 13 Tangible fixed assets

<b>Group and charity 2021</b>	<b>Parsonage houses £'000</b>	<b>Other freehold land and buildings £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b>Cost or deemed cost</b>				
At 1 January 2021	76,247	13,187	308	89,742
Additions	716	771	16	1,503
Disposals	(336)	—	(80)	(416)
At 31 December 2021	<u>76,627</u>	<u>13,958</u>	<u>244</u>	<u>90,829</u>
<b>Depreciation</b>				
At 1 January 2021	—	317	213	530
Charge for year	—	21	47	68
Disposals	—	—	(80)	(80)
At 31 December 2021	<u>—</u>	<u>338</u>	<u>180</u>	<u>518</u>
<b>Net book values</b>				
At 31 December 2021	<u>76,627</u>	<u>13,620</u>	<u>64</u>	<u>90,311</u>
At 31 December 2020	<u>76,247</u>	<u>12,870</u>	<u>95</u>	<u>89,212</u>

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years. These valuations are now regarded as the deemed cost of the properties under the transitional provisions of FRS102.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their cost.

The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost.

The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS102.

It is likely that the open market values of the group's and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

In accordance with FRS102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

## 14 Investments

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Glebe property	28,783	—	—	28,783	27,652
Listed investments and cash	37,286	12,941	6,616	56,843	41,389
	<b>66,069</b>	<b>12,941</b>	<b>6,616</b>	<b>85,626</b>	<b>69,041</b>

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000
Glebe property	27,652	—	—	27,652
Listed investments and cash	24,458	11,092	5,839	41,389
	<b>52,110</b>	<b>11,092</b>	<b>5,839</b>	<b>69,041</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Glebe property	28,783	—	—	28,783	27,652
Listed investments and cash	37,286	12,941	6,616	56,843	41,389
Investment in subsidiary undertaking	1,700	—	—	1,700	1,700
	<b>67,769</b>	<b>12,941</b>	<b>6,616</b>	<b>87,326</b>	<b>70,741</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000
Glebe property	27,652	—	—	27,652
Listed investments and cash	24,458	11,092	5,839	41,389
Investment in subsidiary undertaking	1,700	—	—	1,700
	<b>53,810</b>	<b>11,092</b>	<b>5,839</b>	<b>70,741</b>

Movements in the group's and charity's investments during 2021, excluding those in subsidiary companies, were as follows:

	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2021	27,652	40,671	68,323
Additions at cost	33	16,015	16,048
Disposals at book value (proceeds: £7,850k; net gains: £1,309k)	(16)	(6,525)	(6,541)
Net unrealised investment gains	1,114	5,747	6,861
Market value at 31 December 2021	28,783	55,908	84,691
Cash awaiting investment	—	935	935
	<b>28,783</b>	<b>56,843</b>	<b>85,626</b>

The cost at 31 December 2021 of listed investments was £43,190k (2020 – £33,520k).

14 Investments (continued)

**Glebe property**

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2021 comprised the following:

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Agricultural land	23,354	22,317	23,354	22,317
Residential property	5,429	5,335	5,429	5,335
	<b>28,783</b>	27,652	<b>28,783</b>	27,652

Part of Glebe agricultural land, valued in the accounts at £30k at the year end, was sold for £1.1m on 4 January 2022.

**Listed investments**

Listed investments comprise units in funds held by Schroder and Company Limited, by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, together with a holding in M&G Charifund, a common investment fund managed by M&G Securities Limited.

At 31 December 2021, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2021		2020	
	Percentage of portfolio %	Market value £'000	Percentage of portfolio %	Market value £'000
CCLA CBF Investment Fund - Income units	34.8	19,428	19.0	7,716
Schroeder Global Sustainable Growth	7.3	4,106	5.4	2,178
Schroeder Fidelity Global Dividend Fund	6.3	3,522	7.9	3,207
Schroeder Vanguard S&P 500 UCITS ETF	6.0	3,353	6.4	2,590
Schroeder Charity Equity Fund	4.7	2,621	5.9	2,390
Schroeder Real Estate UK Property Fund	4.4	2,441	5.5	2,238
Schroeder Charities Property Fund	4.1	2,274	5.3	2,166
Trojan Ethical Income Fund	3.5	1,972	2.1	838
LF Majedie UK Equity Fund	3.5	1,958	3.3	1,332

All listed investments are held within the United Kingdom.

## 14 Investments (continued)

### *Investment in subsidiary company*

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2021 and financial position as at that date are given in note 25 to these financial statements.

## 15 Stock: land under development

Group	2021 £'000	2020 £'000
At 1 January 2021	11,787	11,886
Development costs	2,619	2,192
Borrowing costs	54	25
Disposals	(2,925)	(2,316)
At 31 December 2021	11,535	11,787

Land under development relates to a parcel of land that is being developed by the charity's wholly owned trading subsidiary, St Albans Diocesan Property Company Limited. On 20 December 2017 St Albans Diocesan Property Company Limited signed a Collaboration and Equalisation Agreement with the owners and co-developers of adjacent land to its own near Houghton Regis. This agreement is pursuant to an existing Collaboration and Equalisation Agreement in place ("Heads of Agreement") with the same owners. The new agreement sets out detailed terms and conditions of the financial and operational obligations of each member to the Houghton Regis Consortium which will manage the development and sales of land owned by each member of the Consortium. During the six years to 31 December 2021, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. The first major sale of land was made in February 2019 with further sales in 2020 and 2021. The profits on these sales have been included in the group financial statements in the year appropriate to the transactions.

Notes to the financial statements 31 December 2021

16 Debtors

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Due within one year</b>				
Amounts due from Parochial Church Councils				
. Building loans	4	4	4	4
. Parochial contributions (note (a) below)	142	81	142	81
	<b>146</b>	85	<b>146</b>	85
Church Commissioners – Pastoral Account (note (b) below)	1	16	1	16
Investment income receivable	94	140	94	140
Staff loans	3	13	3	13
Loan to subsidiary company (note 25)	—	—	6,000	—
Due from subsidiary company (note (c) below)	—	—	1,226	811
Amount due in respect to sale of land	2,432	802	—	—
Sundry debtors and prepayments	668	522	666	508
	<b>3,344</b>	1,578	<b>8,136</b>	1,573

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Due after one year</b>				
Amounts due from Parochial Church Councils:				
. Building loans	155	157	155	157
. Equity loans to finance the purchase of curates' houses (note (d) below)	300	298	300	298
. Other loans	9	17	9	17
Loan to subsidiary company (note 25)	—	—	—	6,000
Amount due in respect to sale of land	—	1,605	—	—
	<b>464</b>	2,077	<b>464</b>	6,472

Notes

- (a) The debtor for parochial contributions represents monies in respect of parish share for 2021 received subsequent to the year-end but prior to 17 January 2022 (2020 - 14 January 2021).
- (b) Amount due from the Church Commissioners represents proceeds from the sale of a redundant church.
- (c) In 2020 and 2021, the amount due from the subsidiary company includes accrued interest on the loan to the company (note 25).
- (d) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

**17 Creditors: amounts falling due within one year**

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Church School buildings and maintenance	926	593	926	6
Grants committed	3	33	3	620
Corporation tax payable	343	456	—	—
Sundry creditors and accruals	678	876	671	869
	<b>1,950</b>	<b>1,958</b>	<b>1,600</b>	<b>1,495</b>

Church schools buildings and maintenance represents receipts held and allocated to a project but not yet spent.

**18 Creditors: amounts falling due after more than one year**

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts due to the Central Board of Finance in respect of parish property loans	3	7	3	7
Amounts due to the Church Commissioners				
· Variable deposit rate and equity loans for the purchase of curates' houses	401	316	401	316
Amount due to consortium development partners	228	1,476	—	—
Other creditors	90	178	90	178
	<b>722</b>	<b>1,977</b>	<b>494</b>	<b>501</b>

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 7.19% and 8.2% during the year.

**19 Provisions for liabilities**

Group and Charity	2021 £'000	2020 £'000
Clergy pension scheme deficit contribution liability (see note 30)	421	859

## 20 Gross transfers between funds

The inter-fund transfers during the year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	427	—	(427)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(110)	110	—
Net movement on parsonage benefice fund in year	8	—	(8)	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(250)	250	—	—
Transfers from operational reserves to cover 2020 deficit	—	—	500	(500)	—
Transfer of SADPC interest to designated fund	—	—	(262)	262	—
Common fund transfer to School work	—	10	(10)	—	—
Reallocation of Parsonage House improvements	—	—	(46)	46	—
Transfer of grants paid from CCFS fund	—	(164)	164	—	—
Transfer of income to Glebe Endowment from unrestricted	—	11	(11)	—	—
Transfer of interest payable on loan to subsidiary company	—	—	417	—	(417)
Charitable donation from subsidiary company to parent charity	2,402	—	—	—	(2,402)
	<b>2,837</b>	<b>(393)</b>	<b>457</b>	<b>(82)</b>	<b>(2,819)</b>

The inter-fund transfers during the previous year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	705	—	(705)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(121)	121	—
Net movement on parsonage benefice fund in year	18	—	(18)	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(271)	271	—	—
Transfers from operational reserves	63	—	(325)	262	—
Transfers from glebe to cover commitments	(275)	—	—	275	—
Common fund transfer to School work	—	10	(10)	—	—
Transfers of unused funds on parsonage houses	(678)	—	—	678	—
Transfer of income to Glebe Endowment from unrestricted	89	—	(89)	—	—
Transfer of interest payable on loan to subsidiary company	—	—	416	—	(416)
Charitable donation from subsidiary company to parent charity	5,500	—	—	—	(5,500)
	<b>5,422</b>	<b>(261)</b>	<b>(581)</b>	<b>1,336</b>	<b>(5,916)</b>

## 21 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

Group and charity	At 1 January 2021 £'000	Income and Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2021 £'000
Endowment funds				
. Stipends Capital Fund	22,940	—	2,454	25,394
. Pension reserve	(859)	11	427	(421)
	22,081	11	2,881	24,973
. Parsonage Houses Fund	75,474	383	(12)	75,845
. Parsonage Benefice Fund	2,045	(3)	292	2,334
. Glebe Fund	48,204	—	5,552	53,756
	147,804	391	8,713	156,908

Group and charity	At 1 January 2020 £'000	Income and Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Endowment funds				
. Stipends Capital Fund	23,224	—	(284)	22,940
. Pension reserve	(1,582)	—	723	(859)
	21,642	—	439	22,081
. Parsonage Houses Fund	75,487	(13)	—	75,474
. Parsonage Benefice Fund	2,674	—	(629)	2,045
. Glebe Fund	41,540	4	6,660	48,204
	141,343	(9)	6,470	147,804

The endowment funds were established as follows:

### ◆ Parsonage Houses Fund and Parsonage Benefice Fund

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land which are not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938 (as amended by the Church Property Measure 2018), these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

## 21 Endowment funds (continued)

### ◆ **Parsonage Houses Fund and Parsonage Benefice Fund (continued)**

The parsonage house belongs to the benefice (not to the Parochial Church Council nor the DBF) and the ownership is vested in the “incumbent for the time being”. During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Church Property Measure 2018. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and insure benefice houses, thereby relieving the incumbent of this responsibility.

### ◆ **Glebe Fund**

The Glebe Fund represents the value of the Glebe Property plus net current assets of £14,650k (2019 – £13,333k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income derived from this fund is included within Glebe Rents shown in the Common Fund.

### ◆ **Stipends Capital Fund**

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

## 22 Restricted funds

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

Group and charity	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2021 £'000
Consolidated Fund for Statutory Education	8,789	2,728	(2,561)	1,038	9,994
Church Commissioners' Strategic Development Fund	—	250	—	(250)	—
Committee for Social Responsibility funds	670	18	(5)	87	770
Creed Fund	96	2	—	11	109
Trust for London (CCFS)	675	294	—	(164)	805
Bishop's Harvest Appeal	22	55	(64)	—	13
Church Repairs Fund	355	10	—	46	411
Parker Fund	698	20	(21)	90	787
Archdeacons' Discretionary	529	22	(17)	76	610
Yapp Fund	729	19	—	94	842
Historic Buildings Fund	(74)	18	(44)	—	(100)
Ordinands' Training Fund	180	481	(352)	—	309
Grimthorpe Fund	212	6	(4)	26	240
Other restricted funds	518	16	(59)	64	539
	13,399	3,939	(3,127)	1,118	15,329

22 Restricted funds (continued)

Group and charity	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Consolidated Fund for Statutory Education	8,567	3,614	(3,163)	(229)	8,789
Church Commissioners' Strategic Development Fund	—	271	—	(271)	—
Committee for Social Responsibility funds	629	18	(17)	40	670
Creed Fund	89	2	—	5	96
Trust for London (CCFS)	553	133	(11)	—	675
Bishop's Harvest Appeal	20	57	(55)	—	22
Church Repairs Fund	326	10	(2)	21	355
Parker Fund	654	20	(18)	42	698
Archdeacons' Discretionary	503	18	(22)	30	529
Yapp Fund	668	18	—	43	729
Historic Buildings Fund	(57)	26	(43)	—	(74)
Ordinands' Training Fund	41	502	(363)	—	180
Grimthorpe Fund	204	6	(4)	6	212
Other restricted funds	548	13	(72)	29	518
	<u>12,745</u>	<u>4,708</u>	<u>(3,770)</u>	<u>(284)</u>	<u>13,399</u>

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

**22 Restricted funds** (continued)

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

Group and Charity	2021 £'000	2020 £'000
<b>Income</b>		
Donation	—	1
Investment income	192	251
Grants received	110	107
Rental income from school properties	24	17
Service Level Agreement income	81	79
School Courses	35	17
Grant funding from SCA	2,246	3,104
School Building Projects levy	40	38
<b>Total income</b>	<b>2,728</b>	<b>3,614</b>
<b>Expenditure</b>		
Education	(2,561)	(3,163)
<b>Net income before investment gains and transfers</b>	<b>167</b>	<b>451</b>
<b>Investment gains (losses) and transfers</b>	<b>1,038</b>	<b>(229)</b>
<b>Net income</b>	<b>1,205</b>	<b>222</b>

The fund is represented by the following net assets:

	2021 £'000	2020 £'000
Investments	9,000	7,632
Debtors	73	75
SCA Funds held for future use	53	442
Short term deposits	238	679
Creditors: amounts falling due within one year	(973)	(1,089)
Inter fund balances	1,603	1,050
<b>Total net assets</b>	<b>9,994</b>	<b>8,789</b>

Historically the Consolidated Fund for Statutory Education acted as agent for school governors in relation to school building works and the purchase of IT equipment for schools. It acted as the agent of school governors in helping to arrange funding through the DfE and local authorities and in paying professional fees and building costs on behalf of school governors. The SCA (Schools Condition Allocation) system commenced in April 2020. Therefore, income and expenditure was not previously reflected in the Statement of Financial Activities as the transactions were those of the school governors, and the Board acted simply as an agent or facilitator. The grant funding received has now been included in the SOFA along with the related expenditure. The unspent balance is included as part of the surplus for the CFSE at the year-end. It has to be spent for the purposes detailed under the SCA agreement and the unspent amount at the end of the year has to be spent by 31 March 2022 or returned to the DfE.

**22 Restricted funds (continued)**

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

Fund	Application/purpose
Church Commissioners Strategic Development Fund	Grant funding received from Church Commissioners co-funding the Reaching New People project
Consolidated Fund for Statutory Education	Application of net sales proceeds of closed church schools under section 17 of the Education Act 1993.
Committee for Social Responsibility Funds	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Mission and Ministry
Creed Fund Trust for London (CCFS)	Evangelism and mission at the discretion of the Bishop For the support of parishes in the Metropolitan Police area. Monies are applied to support specific qualifying projects where expenditure occurs irregularly.
Bishop's Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Fund	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Historic Buildings Fund	This is a jointly funded project with Historic England to build the capacity of local communities to conserve and develop the use of their church buildings. Grants are received once a year, whilst expenditure supported by those grants occurs evenly throughout the year.
Ordinands' Training Fund	This fund receives block grants from the Archbishops' Council Ministry Division intended to meet the tuition costs for Ordinands at accredited Training institutions. Grants are received termly, to meet termly payments throughout the year.
Grimthorpe Fund	Monies applied for the repair of churches within the Archdeaconries of Hertford and St Albans.
Other restricted funds	Sundry specific purposes

Notes to the financial statements 31 December 2021

**23 Unrestricted funds**

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

	At 1 January 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2021 £'000
Common Fund	1,515	15,878	(15,840)	49*	1,602
Other unrestricted funds					
. Tangible fixed assets fund	13,323	—	—	—	13,323
. Property ring-fenced fund	6,502	—	—	443	6,945
. Special Designations	2,908	5	(185)	250	2,978
.. Operational Reserve	1,287	—	(124)	157	1,320
.. Mission	450	1	(61)	—	390
.. Other	1,171	4	—	93	1,268
. Pastoral Account	672	80	(21)	—	731
	<b>23,405</b>	<b>85</b>	<b>(206)</b>	<b>693</b>	<b>23,977</b>
Unrestricted funds	24,920	15,963	(16,046)	742	25,579
Elimination of Intra group profit	(236)	(417)	68	417	(168)
Non-charitable trading	5,471	5,444	(3,110)	(2,819)	4,986
	<b>30,155</b>	<b>20,990</b>	<b>(19,088)</b>	<b>(1,660)</b>	<b>30,397</b>

\* This figure includes a transfer of £500k made to the Common Fund from other unrestricted funds, to cover the deficit from 2020. Subtracting this, shows that the common fund incurred a deficit of £413k for 2021.

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Common Fund	2,015	16,150	(15,650)	(1,000)	1,515
Other unrestricted funds					
. Tangible fixed asset fund	13,323	—	—	—	13,323
. Property ring-fenced fund	6,064	—	—	438	6,502
. Special Designations	2,164	32	(101)	813	2,908
.. Operational Reserve	1,027	—	(6)	266	1,287
.. Mission	380	28	(39)	81	450
.. Other	757	4	(56)	466	1,171
. Pastoral Account	673	—	(1)	—	672
	<b>22,224</b>	<b>32</b>	<b>(102)</b>	<b>1,251</b>	<b>23,405</b>
Unrestricted funds	24,239	16,182	(15,752)	251	24,920
Elimination of Intra group profit	(236)	(416)	—	416	(236)
Non-charitable trading	7,972	5,264	(2,446)	(5,319)	5,471
2020 amounts	<b>31,975</b>	<b>21,030</b>	<b>(18,198)</b>	<b>(4,652)</b>	<b>30,155</b>

## 23 Unrestricted funds (continued)

### ◆ **Common Fund**

The Common Fund is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. Its primary source of income is the amounts collected from Parochial Church Councils via the Parish Shares Scheme. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

### ◆ **Tangible Fixed Assets Fund**

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

### ◆ **Special Designated Funds**

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

### ◆ **Pastoral Account**

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

## 24 Unrealised gains

The total unrealised gains as at 31 December 2021 constitutes a revaluation reserve and are as follows:

	2021 £'000	2020 £'000
<b>Unrealised gains on listed investments at 31 December 2021</b>	<b>12,718</b>	7,151
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2021	7,151	7,214
Less: in respect to disposals in the year	(180)	(928)
Net gains arising on revaluation arising in the year	5,747	865
<b>Total unrealised gains at 31 December 2021</b>	<b>12,718</b>	7,151

## 25 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its current directors are Mr C G Bird, Mr A C Brown, The Ven D Middlebrook, Mr J W Butler and Mr C B Gage who are also members and directors of the Board of Finance and, Mr E M Wood, The Hon H T Holland-Hibbert and Mr J B Watkiss who are independent directors.

St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development.

As explained in note 15, the company has signed an agreement with the owners and co-developers of adjacent land to its own near Houghton Regis and a consortium has been formed to manage the development and sales of land. Since 2019 the consortium has completed a number of significant sales of land. All sales proceeds and associated costs are included in the financial statements of the company and these consolidated financial statements. Tax has been calculated on the profits and is included in the financial statements.

The corporation tax liability was reduced following a charitable donation from the subsidiary company to the charity in 2021. The charitable donation has been accounted for as a distribution in the financial statements of the property company in line with FRS102. The reduction in the tax liability has resulted in a tax credit as a result of the write-back of the tax provision for 2020.

**25 St Albans Diocesan Property Company Limited (continued)**

During 2018, the company entered into an agreement for a loan of £7 million from its parent charity, repayable in two years. In 2019, £1 million of the net sales proceeds were utilised to repay part of this loan. The loan was due to be repaid in July 2020, but following the year-end, the St Albans Diocesan Board of Finance agreed to extend the loan facility by a further two years. Interest is payable at a commercial rate of interest which is at a lower rate than that charged by the consortium partners and therefore benefits both the company and ultimately the parent charity.

A summary of the company's statement of income and retained earnings for the year and balance sheet at 31 December 2021 is given below. Audited accounts will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	2021 £'000	2020 £'000
<b>Income and expenditure</b>		
Turnover	5,444	5,264
Cost of sales	(3,200)	(2,354)
Operating costs	(24)	(91)
Interest payable	(417)	(417)
Taxation	114	597
<b>Profit for the year</b>	<b>1,917</b>	<b>2,999</b>

	2021 £'000	2020 £'000
<b>Balance sheet</b>		
Current assets	14,490	15,921
Creditors: amounts falling due within one year	(7,576)	(1,274)
Creditors: amounts falling due after one year	(228)	(7,476)
<b>Total net assets</b>	<b>6,686</b>	<b>7,171</b>

	2021 £'000	2020 £'000
<b>Capital and reserves</b>		
Called up share capital	1,700	1,700
Profit and loss account	4,986	5,471
<b>Total shareholder's funds – equity interests</b>	<b>6,686</b>	<b>7,171</b>

## 26 Custodian funds

As at 31 December 2021 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £42.7m (2020 – £39.5m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## 27 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

## 28 Related party transactions

### ***Hockerill Education Foundation – registered charity number 311018***

Four (2020 - Four) members of the Board are trustees of the Hockerill Educational Foundation. In 2021 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £110k (2020 – £107k) and £114k (2020 – £92k) was spent during the year.

### ***Eastern Region Ministry Course – registered charity number 1090989***

Two members (2020 – two member) of the Board are trustees of the Eastern Region Ministry Course. In 2021 the St Albans Diocesan Board of Finance made payments to the Ministry Course totalling £139k (2020 – £117k), for academic fees for Student Readers.

### ***Associated committees***

Details of all associated committees can be found in the Diocesan Directory available at the registered office.

### ***Donations from Board members***

No donations were received from Board members in the year (2020 – £none).

Other than those transactions stated above there were no other related party transactions during the year (2020 – none).

## 29 Connected entities

The St Albans Diocesan Board of Education (DBE) was a Board of the St Albans Diocesan Synod up until 1 January 2022. The Board worked closely with the Diocesan Board of Finance to seamlessly transition to a new constitutional form following the enactment of the DBE Measure 2021. After the resolution had been passed by Diocesan Synod in October 2021 the Archbishops' Council Certificate was received, confirming the Scheme which prepared the way for the institution of the Diocesan Board of Education as a statutory committee of the Diocesan Board of Finance from January 2022. Key policies were reviewed and a three-year strategic plan approved which will cover the whole of the next triennium.

## 29 Connected entities (continued)

Whilst it has certain functions and responsibilities imposed by statute (the Diocesan Boards of Education Measure 1991 (as amended 2006)) and reports directly to the Diocesan Synod, it has no legal personality separate from the DBF. A key function of the DBE is to assist in the promotion of education in the Diocese, such education being consistent with the faith and practice of the Church of England. It promotes or assists also in the promotion of religious education and religious worship in schools in the Diocese.

Following the enactment of The Academies Act 2010, the DBE established The Diocese of St Albans Educational Trust, a company limited by guarantee (Company Registration No. 08223185 (England and Wales)) to assist Church of England Academy Trusts in the Diocese as they seek to provide a high quality education for pupils and students in their schools. This company is a member of each of the Academy Trusts formed in the Diocese since 1 September 2012. Five of the seven directors of the company are appointed from the DBE with two non-DBE appointments.

In response to the Education and Adoption Bill 2015, the Diocese of St Albans Multi Academy Trust was incorporated on 27 October 2016 as a company limited by guarantee (Company Registration No. 10449374). The five members of the Multi Academy Trust are appointed by The Diocese of St Albans Educational Trust. These members are responsible for appointing the seven directors of the Multi Academy Trust who have responsibility for its day to day management. The Multi Academy Trust has been established to provide for schools within the Diocese requiring rapid improvement having been placed in Special Measures and subject to a directive Academy Order, good or outstanding schools where no natural cluster of local Church of England provision exists, and new schools within new housing provision where the Diocese is the identified sponsor.

During the year, there have continued to be a limited number of transactions between the Multi Academy Trust and the DBF in respect of a recharge of staff salaries by the DBF. The amounts involved are not material to these financial statements.

## 30 Pension commitments

### *Lay workers scheme*

St Albans DBF 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.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
  - a. a deferred annuity section known as Pension Builder Classic, and
  - b. a cash balance section known as Pension Builder 2014.

### **Defined Benefits Scheme**

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

### 30 Pension commitments (continued)

#### **Lay workers scheme** (continued)

For funding purposes, 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 FRS102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £10,200; 2020: £10,200) There were no deficit recovery payments in 2020 or 2021.

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

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £11,200 per year.

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.

#### **Pension Builder Scheme**

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

### 30 Pension commitments (continued)

#### **Lay workers scheme** (continued)

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

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

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

#### **Clergy scheme**

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021 - £2,416k; 2020 - £2,421k), including the figures highlighted in the table below as being recognised in the SoFA.

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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

30 Pension commitments (continued)

**Clergy scheme** (continued)

- ◆ An average discount rate of 3.2% p.a;
- ◆ RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- ◆ Increase in pensionable stipends of 3.4% p.a.; and
- ◆ Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 core projections with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%.

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

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

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

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

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability is set out in the table below.

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	859	1,582
Deficit contribution paid	(428)	(718)
Interest cost (recognised in SOFA)	1	13
Remaining change to the balance sheet liability* (recognised in SOFA)	(11)	(18)
Balance sheet liability at 31 December	<b>421</b>	859

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

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

**30 Pension commitments** (continued)

**Clergy scheme** (continued)

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

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

**Other schemes**

Contributions were also made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme of £3k (2020 - £3k).

## Reference and administrative information

### Board members

Chairman C G Bird

Vice Chairman T R Fleming

Other Members  
The Bishop of St Albans  
The Archdeacon of St Albans  
The Archdeacon of Bedford  
The Archdeacon of Hertford  
The Reverend Dr G R Cappleman  
A Brown OBE  
The Reverend C E Bunce  
M E Butcher  
J W Butler  
N K Challis  
D C Clark  
B Crawford  
Dr D W Dallinger  
The Reverend K David  
P E Easterbrook  
Dr M Eaton  
K Ebbage  
C B Gage  
M J Gates  
The Reverend Canon C E C Hudson  
P R Lindley  
E D Roberts  
K Smith  
Dr R L V Southern  
M P Taylor  
The Reverend A J Thomas

**Secretary to the Board** D J White

**Registered office**  
Holywell Lodge  
41 Holywell Hill  
St Albans  
Hertfordshire  
AL1 1HE

Telephone 01727 854532

Facsimile 01727 844469

**Company registration no.** 00145227 (England and Wales)

**Charity registration no.** 248887

The governance structure of the charity is more fully discussed on pages 19 to 21.

## Reference and administrative information

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
<b>Diocesan Registrar and Solicitors</b>	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
<b>Legal Advisers</b>	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW
<b>Investment managers – listed investments</b>	Schroder & Company Limited trading as Cazenove Capital Management 12 Moorgate London EC2R 6DA  CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
<b>Diocesan Surveyor</b>	Rumball Sedgwick Chartered Surveyors, Valuers and Estate Agents 58 St Peter's Street St Albans Herts AL1 3HG
<b>Glebe property agents</b>	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD



**THE ST ALBANS DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 248887

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# Accounts

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# The St Albans Diocesan Board of Finance

## Annual Report and Consolidated Financial Statements

31 December 2020

Company Limited by Guarantee  
Registration Number  
145227 (England and Wales)

Charity Registration Number  
248887

*The principal object of the Board is the promotion of the work of the  
Church of England in the Diocese of St Albans*



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*The aim of Living God's Love is to see flourishing Christ centred communities inspiring people of all ages and backgrounds to discover God, to grow in their relationship with him and to respond to his transforming love, through serving others so that God's Kingdom may grow in our world.*

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## Chairman's statement Year to 31 December 2020

This time last year we were in the throes of the first lockdown. During April we saw the first signs that our parishes would come under significant strain with a 20% drop in parish share collections. At the same time, our investment managers were advising that income from our endowment funds invested in managed funds was going to drop substantially because of a big slowdown in corporate dividends.

The board focussed on tight financial control of costs because there was little doubt that 2020 would prove to be a most challenging year financially. Budgeted expenditure of £16.4m was critically reviewed and actions taken to reduce spend. These included delaying non-urgent repairs on properties, deferring property improvements, cancelling staff salary increases, furloughing curates, cancelling training and events. In addition the disruption to normal processes caused delays in filling posts, which helped trim costs. A 2% increase in stipend costs was agreed pre-lockdown, which limited our ability to cut costs, but overall spending came out at £15.1m (a reduction of 8% on budget).

Over the last nine months of the year there was a significant increase in the level of communication with parishes, with 42 virtual meetings being held for incumbents, churchwardens and treasurers and a step up in the level of support on offer through the flourishing churches team. The need to express our grateful thanks to donors in the parishes was emphasized.

Over the year parishes stepped up and made parish share contributions of £12.9m against a requested £14.1m – a recovery rate of 91% and considerably more than we forecast earlier in the year: a special effort was made in December. Of course a number of parishes will have used reserves to make their parish share contributions, which will have weakened their financial strength going forward and this may become apparent in 2021. Collections in the first quarter of 2021 have been less than in 2020, but that is not surprising as the lockdown has been extended through the first half of the year.

In the event parochial fees came in above forecast, mainly because of the increase in funerals and the investment managers steered our portfolios to increase distributions, which were also above forecast. As a result, the final operating deficit (common fund) came out at £500k, considerably better than forecast but against a break-even budget. Ordinarily this would be recovered by increasing 2022's parish share request to avoid a major drop in our working capital coverage; however the DBF has accepted that this would not be appropriate, and it will be covered in 2021 by charging this to non-operating designated funds.

Using our designated funds to cover the deficit in 2020 and an expected deficit in 2021, inevitably will place constraints on our income going forward, but much will depend on how the parishes manage this year, given that the first half restrictions will be much like the last half of 2020, impacting on collections at services, fundraising and hall letting income.

Our endowment funds (where we cannot use capital, but income generated accrues to the common fund), saw an increase of £6.5m, driven by our glebe portfolio which received the first fruits of our minority stake in the large Houghton Regis development. £5m has been allocated to further investment in land for the long term.

We acknowledge with thanks the support of our major external funders – the church commissioners for project funding, Allchurches trust for support of our curates' programme and Hockerill educational foundation for support for our diocesan board of education in its most important work in our schools. Above all, we give thanks for the magnificent continuing efforts made by so many people to support the flourishing of the Christian faith here in the diocese of St Albans.

I would like to take this opportunity to thank on your behalf our diocesan secretary, Susan Pope, and all the staff at Holywell Lodge for managing operations so well given the constraints of working during the lockdowns. Particular thanks are due to the IT team who have achieved so much to enable us all to work remotely from the office. I am sure that we will be able to build on what has been achieved in this respect.

## **Members' report** Year to 31 December 2020

In April, Susan Pope let us know that she intends to retire in September. There will be other opportunities to say farewell, but here I want to acknowledge the incredible work she has done over the twenty years she has been our diocesan secretary. She leaves the diocese in a good position, both financially and operationally, and she leaves with our best wishes and grateful thanks. We hope to be able to appoint to the new position by the autumn.



Colin Bird  
Chairman of the Board of Trustees

17 May 2021

## **INTRODUCTION**

The members submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF") for the year ended 31 December 2020. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 37 to 42 of the attached financial statements and comply with applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

## OBJECTIVES, ACTIVITIES AND POLICIES

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans. The members of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. A review of the memorandum and articles of association of the DBF was undertaken and an updated version approved at an extraordinary meeting of the Board in January 2021.

The Diocesan initiative 'Living God's Love', was launched in St Albans Abbey in January 2011. A strategic renewal of Living God's Love was rolled out in 2016 with plans for a further update in 2021. However, a series of facilitated conversations planned for 2020 to inform that update could not take place because of COVID-19 restrictions. Nevertheless, throughout the Diocese, Mission Action Planning continues to be used, to encourage churches to engage more missionally to take forward the initiative and its three themes:

### Going Deeper into God

### Transforming Communities

### Making New Disciples

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so provides a benefit to the public by:

- ❖ Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and

- ❖ Promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Board continues to support engagement with other Christian churches and other faiths throughout the Diocese.

Together with the Bishop's Council the Board seeks to develop comprehensive, sustainable strategies for the use of resources – people, finance and properties – to provide ministry and mission throughout the Diocese and to continue to provide practical support and tools for parishes, schools and chaplaincies to help them Go Deeper into God, Transform Communities and Make New Disciples.

Living God's Love is rooted in the parishes, and the effective deployment of Stipendiary Clergy is vital to that work. The Board aims to support and resource parochial mission and ministry through the payment of stipends and the provision of housing and training.

In March 2013, a strategy for Ordained and Authorised Ministry, including changes to the basis on which first-post curates are funded, was approved by Diocesan Synod.

The number of ordained ministers as at 31 December 2020<sup>1</sup> were:

Bishops and archdeacons	6
Cathedral Clergy	5
Parochial clergy - Incumbent status	205
Curates	56
Non-parochial clergy	31
<b>Total</b>	<b>303</b>

As at 31 December 2020, there were also 48 self-supporting ministers and 241 licensed readers. The Diocese continues to:

- ❖ Follow the national stipend benchmark adjusted for regional factors in determining the level of stipend for clergy of incumbent status; and
- ❖ Contribute to the Church of England defined benefit pension scheme for clergy.

<sup>1</sup> Statistics report for St Albans Diocese as at the end of

December 2020 produced by the Church Commissioners.

## OBJECTIVES, ACTIVITIES AND POLICIES

Funding of stipendiary clergy and the provision of housing accounts for the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by:

(i) **The collection of contributions from parishes via the Parish Share** - the current Parish Share Scheme was approved by Diocesan Synod in 1995. It was reviewed by Synod in March 2009 when it was agreed that the current scheme should continue. The Board seeks to ensure it operates effectively by receiving regular reports on receipts, following up where contributions have not been received and reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making Pastoral Aid Support grants to offset the contribution due. These grants fall into two categories (1) Multi-year Mission Aided Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and (2) Temporary One Year Pastoral Aid Support Grants to assist with transitory financial challenges.

(ii) **The management of financial investments** - The investment policy and specific powers of investment of the Board are set out in various measures and acts. The Board holds investments as authorised by the Trustee Act 2000. The objective is to generate a sustainable and growing income stream in the short to medium term, whilst also seeking capital growth in real terms, over the much longer term. This is to be achieved through a balanced and diversified portfolio of equities, bonds, property, alternative assets and cash.

The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. The members receive quarterly reports from the investment managers.

(iii) The Board's Investment Managers are Cazenove Capital Management and CCLA Investment Management and the Board continues regularly to review its investments. This includes systems for monitoring and reporting on ethical issues, good online reporting, a semi-segregated fund approach adding investment management diversification and close networking with members

of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG). The property portfolio is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee which monitors their performance and the implementation of the investment strategy.

The portfolio of listed investments at 31 December 2020 had a market value of £40.5m (2019 £37.2m). Under the Diocesan Stipends Funds Measure 1953, as amended by the Endowments and Glebe Measure 1976, capital may be applied to the acquisition of land and buildings to be held as part of Diocesan glebe.

### Grant making policy

Grants made by the **Diocesan Board of Finance** from funds fall into one or more of the following main categories:

- ❖ Grants to parish churches to assist with repairs or rebuilding costs;
- ❖ Grants to parish churches for roof alarms;
- ❖ Grants made at the discretion of the Bishop in support of evangelism and mission projects;
- ❖ Grants made at the discretion of the Bishop or Archdeacons for clergy assistance;
- ❖ Mission-Aided Grants – identified by the Archdeacons for parishes who meet the criteria;
- ❖ Pastoral Aid Support Grants to assist in meeting Parish Share contribution;
- ❖ Mission Initiatives;
- ❖ Church Schools – Grants for capital funding from the schools conditions allocations (SCA); other grants to Schools;
- ❖ External Charities – For humanitarian relief mission and evangelism;
- ❖ Clergy/Clergy widows – Ordinands' support;
- ❖ Discretionary Grants for the relief of financial hardship.

In addition to the above, the Diocesan Board of Finance collected contributions from parishes and schools for the Bishop's Annual Harvest Appeal 'Creating a Buzz in Nepal' and it is anticipated that the total donations will exceed £50,000 which was more than expected given the unusual circumstances of 2020.

A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

## **OBJECTIVES, ACTIVITIES AND POLICIES**

### **Reserves policy**

The majority of the Board's budget is expended on the monthly payment of stipends and salaries and any action to deal with cash flow shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than twelve weeks' expenditure. At the end of 2020, the free and realisable unrestricted reserves totalled £2,800k representing 9.5 weeks of expenditure (2019 - £3,042k representing 9 weeks of expenditure).

The Board continued to review the level of working capital regularly throughout the year to ensure that it covered core costs and was content that there was sufficient cash flow to conduct the activities of the charity on a day-to-day basis. It is the Board's policy to set aside in a Property Ring-fenced Fund capital receipts from the sale of former parsonage houses that become surplus to needs after pastoral reorganisation. The purpose of this fund is to invest in income generating assets in order to fund improvements to its remaining housing stock. The value of the investments at the end of the year in the fund amounted to £5,689k (2019 - £5,792k).

The operational reserves remained unchanged from the previous year at nine weeks, but this is due to a reduced budget, which mitigates the impact of the lockdown as a result of COVID-19. Careful management of resources and the fact that parish giving held up well meant that the impact on reserves was significant but manageable. In light of the lockdown and its continuing effects, a further adverse impact is expected on reserves in 2021. The Board monitors this carefully, but prudent management of resources in 2020 and previous years means that the Board continues to be able to manage the ongoing consequences of the pandemic.

## COMMITTEE STRUCTURE

The **Bishop's Council** is a statutory body established under the Synodical Government Measure 1969. It acts as the Standing Committee of the Synod and carries on the work of the Synod between sessions. It advises the Bishop on matters where he seeks guidance and has, since its inception in 1970, gradually assumed an important role in the formulation of diocesan policy.

During the year, the Council received regular reports from the **Board for Mission and Ministry, Board of Education, Agenda Group** and **Policy Sub-Committee**. The Council also received reports on new housing areas in the Diocese through the **Development Plans Monitoring Group**, and closed churches through the **Closed Churches Uses Committee**.

With effect from 1 January 2019 the Bishop's Council assumed the role of Diocesan Mission and Pastoral Committee. The **Diocesan Mission and Pastoral Executive Committee (DMPEC)** is responsible for carrying out the detailed casework which is then ratified by the Bishop's Council. The statutory responsibilities are undertaken by the Bishop's Council.

The DMPEC received revisions to Deanery Mission Action Plans involving proposals for pastoral re-organisation.

The **Diocesan Advisory Committee (DAC)** is a statutory body whose functions are set out in ecclesiastical legislation. Its role is to advise the Chancellor and parishes on proposals for works to church buildings, churchyards and church furnishings, and to advise more generally on the care and development of churches. In line with statutory provision and the priorities of Living God's Love, the Committee has regard to churches as local centres of worship and mission, in which:

- ❖ People can encounter God and be drawn into a worshipping community;
- ❖ Parishes can reach out in mission; and
- ❖ Local communities can be transformed.

The **Property Committee** oversees the management of parsonage houses and the Board's own properties by:

- ❖ Ensuring the Board meets its statutory duty to carry out repairs;
- ❖ Replacing unsuitable houses where possible;
- ❖ Improving properties;
- ❖ Realising development potential of sites;
- ❖ Selling houses no longer required;

- ❖ Letting houses during vacancies; and
- ❖ Providing new houses where required.

During the year, the Committee agreed the purchase of two new curate houses in Goldington and Bedford, St Paul, demonstrating the Board's commitment to supporting ministry in its parishes. As a result of the first lockdown, improvements were suspended in March. However, work to carry out limited improvements to parsonage houses will resume in the Spring of 2021. The Scheme to develop the site at Rickmansworth was still at an advanced stage and heads of terms were expected to be finalised in early 2021. The Committee remained committed to improving the housing provided for clergy and ensuring that the appropriate accommodation was provided in the right places. The adoption of "Zero Net Carbon" targets set by General Synod is likely to present new challenges and opportunities.

The **Glebe Committee** continued to manage glebe for the benefit of the Diocesan Stipends Fund. Investment property comprises agricultural land, retail and residential property. The property is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee, which monitors their performance and the investment strategy. The investment policy is to maximise return with regard to certain pre-defined parameters.

Over the course of the year, appointments to the Committee included the new Chair, Mr Andrew Brown, the recently retired Secretary and Chief Executive of the Church Commissioners, in March 2020; The Ven Jane Mainwaring, Archdeacon of St Albans; and, in November 2020, Mr Tony Martin, recently retired Head of Investment Advisory at CBRE Limited. November 2020 saw the appointment of Strutt & Parker as acquisition agents to act for the Glebe Committee in finding and negotiating property investments of up to around £5 million from the Board's glebe reserves and not necessarily in the Diocese of St Albans, with prospects for alternative use to support the mission of the church in future generations.

Among the usual management matters such as tenancy grants and renewals, which continued to be dealt with throughout the lockdowns occasioned by the pandemic, negotiations were under way between solicitors on a proposed promotion agreement relating to land at Cranfield. Where option agreements to sell glebe land conditional upon planning had previously been exchanged at Long Marston and High Cross, planning applications remained under consideration by the local planning authority at the end of 2020. Discussion regarding the strategy for the portfolio were held with the Glebe Agent and these would continue in 2021.

## COMMITTEE STRUCTURE

The **Assets Committee's** role is "to recommend to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese and the responsibilities of the Board as Charity Trustees to current and future beneficiaries".

During the year, the Committee received regular updates on the Board's Investments, together with presentations from the Board's Investment Managers, Cazenove Capital Management and CCLA Investment Management. In addition, they received updates on Glebe property developments and the Linmere development at Houghton Regis. Developments on the latter site are covered more fully in note 25 to the accounts.

The **Board for Mission and Ministry (BMM)** has responsibility for facilitating the Diocesan vision, Living God's Love, in keeping with its three themes of:

- ❖ Going Deeper into God – to help grow faith and discipleship across all age groups,
- ❖ Making New Disciples – to help grow the number of people from all age groups become Christians,
- ❖ Transforming Communities – to help engagement in social responsibility matters affecting (mostly) local communities.

In doing so, it promotes the diocesan values of generosity, joy, imagination and courage.

In the Autumn of 2020, the departments of Mission and Ministry were merged into one, for reasons of cost saving and greater collaboration, bringing benefits of enhanced communication, understanding of priorities and closer team-working. Areas of work led by this newly merged department include Vocations, Mission Action Planning, Ministerial Training opportunities, Reaching New People, Generous Giving and Social Responsibility engagement.

The **Diocesan Board of Education** is a statutory body established under the Diocesan Boards of Education Measure 1991, with functions including:

- ❖ The promotion of education consistent with the faith and practice of the Church of England;
- ❖ The promotion of religious education and religious worship in schools and academies;
- ❖ The promotion of Church schools and academies in the Diocese; and
- ❖ Advice to school governors on any matter affecting Church schools and academies.

The Diocesan Board of Education has a strong reputation with its schools due to the quality and depth of services it provides. The Diocesan Board of Education is making a contribution to the wider life of the Diocese through the creation of resources to support the development of faith at home, at school and in church.

At its October 2020 meeting, the Board of Education granted its 'in-principle' consent to become a statutory committee of the Diocesan Board of Finance when the new DBE Measure takes effect. This decision was taken following a due diligence exercise and was shared with the Diocesan Board of Finance in November 2020. Formal consent will be sought later in the process.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

As part of the Vision of Living God's Love and two of its main themes, Going Deeper into God and Making New Disciples, statistics published during the year in respect of 2019, illustrate some of the work of mission and ministry being undertaken in parishes.

	2019 <sup>2</sup>	2018	2017
<i>Infant and Child Baptisms</i>	2,137	2,410	2,553
<i>Adult Baptisms</i>	223	210	257
<b>Total Baptisms</b>	<b>2,360</b>	<b>2,620</b>	<b>2,810</b>
<i>Infant Thanksgivings</i>	49	83	68
<i>Child Thanksgivings</i>	26	56	63
<b>Total Thanksgivings</b>	<b>75</b>	<b>139</b>	<b>131</b>
<i>Marriages</i>	822	1,010	1,135
<i>Blessings</i>	50	80	65
<b>Total</b>	<b>872</b>	<b>1,090</b>	<b>1,200</b>
<i>Funerals in church</i>	2,014	2,270	2,149
<i>Funerals at crematorium</i>	2,069	1,520	1,633
<b>Total Funerals</b>	<b>4,083</b>	<b>3,790</b>	<b>3,782</b>
<i>Easter Day Communicants</i>	26,675	27,600	28,907
<i>Easter All Age Attendance</i>	37,137	39,100	40,494
<i>Christmas Day Communicants</i>	27,091	29,000	31,992
<i>Christmas All Age Attendance</i>	91,703	98,000	111,161
<i>Usual Sunday Attendance</i>	20,463	21,200	21,836
<i>Electoral Roll<sup>3</sup></i>	27,055	32,518	31,835
	<b>Estimated Population mid-2019</b>	<b>Estimated Population mid-2018</b>	<b>Estimated Population mid-2017</b>
Diocese of St Albans	1,947,059	1,927,583	1,922,000

<sup>2</sup> Statistics for Mission 2019, published by the Research and Statistics Department of the Archbishops' Council. Previous years' figures have been updated as further parish returns are received.

<sup>3</sup> Diocesan Database

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

The implementation of Living God's Love (LGL) is undertaken by the statutory and non-statutory Boards and Committees and focuses on parochial mission and ministry and the three themes of Going Deeper into God, Making New Disciples and Transforming Communities.

#### **Bishop's Council**

The impact of the COVID-19 pandemic dominated the business of the Council during the year.

- In early January, a Joint meeting with the Council and the Diocesan Board of Finance took place to discuss the common vision for the life of the Diocese, following the end of the second phase of Living God's Love. It was agreed that there appeared to be little desire to change the vision, but that stakeholders wished to embed the vision further to make a real difference in the life of the churches, chaplaincies and schools. Unfortunately, following the introduction of COVID-19 restrictions, further discussions were postponed. However, it was agreed that the main challenge to be faced as the Diocese emerged from the pandemic, was how to build upon the new modes of worshipping and to adapt and incorporate these into the strategy for the future. It was also decided that the Youth Development strategy should be updated to suit the online and home streaming climate.
- Early in Lockdown, the Council were briefed on steps that had been taken before and during Lockdown and noted the advice that had been received from the National Church during the early part of the first Lockdown. The Council had acknowledged the impressive amount of work that had been done to ensure that everyone followed the guidelines.
- Diocesan Finances - The Council acknowledged the many hours of meetings that had taken place with Clergy and Treasurers to address the financial issues arising from the pandemic, thanking all those involved. In October, the Council noted that St Albans were sixth in the table (out of 42 Dioceses) in Parish Share collection rates for 2020.
- Safeguarding:- During the year, the Council received regular reports and noted that the Safeguarding Team continued to promote Safeguarding policies and practice whilst dealing with a substantial workload in spite of the part-time staff being furloughed, at different times. The Council acknowledged that the outstanding Safeguarding Team were driving a cultural change, where the victim would always be at the centre of any recommendations going forward, and whilst this cultural change was likely to be a very painful process, there was a determination to push this through. The Council noted that there had been no major issues as a result of the Past Cases Review 2, completed before Lockdown restrictions began.
- The Council received regular reports from the Mission and Pastoral Executive Committee and considered draft proposals for pastoral reorganisation to promote appropriate models of ministry to support mission in each part of the Diocese. The Council approved the Stodden Churches Scheme to establish a joint PCC and recommended the Bishop's Mission Order and Memorandum of Understanding for Oak Church Stevenage to the Bishop; this took effect on 1 September.
- The Council received updates on the work of the Development Plans Monitoring Group which included progress reports on new housing developments in the Diocese and parish responses to new opportunities for growth.
- BAME Charter:- The Council endorsed an Ethnic Minorities Charter for the Diocese, committing itself *inter alia* to the appointment of a Bishop's Officer for ethnic minorities ministry, a three-year action plan, promoting diversity in diocesan structures and ministry and improving training. It also commissioned a 'Lessons Learnt' review on the handling of appointments.

## **Members' report** Year to 31 December 2020

- Covenant for Clergy Care and Wellbeing:- In July, the Council unanimously recommended that the Covenant should be discussed at separate meetings of the Houses of Clergy and Laity, with feedback given at the virtual Diocesan Synod meeting on 17 October 2020.
- The Council received a presentation from the Diocesan Environment Officer, Mrs Rachel Johnston, on 'Becoming an Eco Diocese: Working together in the face of a climate emergency' and unanimously approved the constitution and terms of reference for a Diocesan Environment Group. They also supported a proposal from St Albans Deanery Synod for a debate at the Diocesan Synod in October 2020 as a result of which Synod agreed to work toward net zero emissions and for the Diocese to register with A Rocha UK for the Eco Diocese Programme to seek to achieve a bronze award by the end of 2022.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### ***Going Deeper into God***

**Despite the numerous changes of 2020, the DAC continued to assist parishes in developing proposals through site visits and advice on applications to encourage parishes to consider the potential for their church buildings to assist in carrying out their Mission Action Plan priorities. Advice given during the year included:**

- Improving accessibility and facilities at Ickleford and St Albans, St Peters' as part of continued support and development of proposals.
- Re-ordering to enhance worship, such as at King's Langley.

**The DBE, through the creation of Christian communities committed to a shared life together, recognised the outstanding work undertaken by the school leaders, staff, governors and communities of its 138 schools, who had ensured that the re-organisation of learning and staffing had been maintained throughout the year.**

- Throughout the first period of lockdown and the subsequent re-opening of schools to all pupils in a COVID secure manner, a deep sense of Christian community sustained and nurtured church schools as they sought to Live God's Love in new ways.
- During lockdown, collective worship was moved online and streamed to class bubbles and, as restrictions were eased, innovative ways were found to worship together and to ensure that community bonds remained strong.
- When Townsend CE School returned to the new academic year, it was felt important to provide for all within their community an opportunity to share their experiences of being away from school and ways to move forward together. Led by the Well-being Team and Head Students, a physical space, *One Voice Shared, One Community Connected*, was created at the heart of the building to share the worries, losses and hopes experienced by all.
- During 2020, parish priests continued to support virtual acts of collective worship in schools, whilst mastering online worship in churches and developed new creative ways for school communities to worship together.
- In 2020, St Augustine's Academy, Dunstable, saw its first ever 'Wild Worship' at a Harvest Festival. The whole school met, socially distanced, in the school field and Forest School areas and the Reverend Ricky Turner lead an act of collective worship. Families and staff donated food items and the local foodbank was overwhelmed with the generosity shown by the community.
- In addition, the team supported the creation and the publication of a resource entitled 'aspects of *Faith at Home*' - [www.churchofengland.org/faith-action/faith-home](http://www.churchofengland.org/faith-action/faith-home).
- A key achievement was the delivery of '*Lent 2020 - God in this Place*', a diocesan-wide programme of prayer and worship for schools.

**The Board for Mission and Ministry (BMM), through the Ministry Department (Vocations Team and Ministry Development Team) supported development of the ten signs of growth within the three strands of Going Deeper into God, Transforming Communities and Making New Disciples encouraging the growth of all Christians as disciples of Jesus Christ, enabling mission-focused ministry throughout the Diocese and equipping all God's people to discern and fulfil their vocation and ministry.**

#### **Vocations Team**

- During 2020, the Team, having successfully negotiated the impact and challenges of COVID-19, made suitable alternative arrangements for the ordinations of 14 Deacons and 13 Priests, and moved on-line to engage with candidates, events and national selection.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### ***Going Deeper into God***

- During 2020, Ministry staffing was reorganised, with the Reverend Philip Waller working full-time for eight months as Diocesan Director of Ordinations, and the Reverend Canon Dr Tim Bull assuming the role of Director of Vocations.

#### **Continuing Ministerial Development (CMD)**

- During the year, the roll out of Unconscious Bias training continued and was adapted to take place online with 143 trained across the Diocese from October 2019 to December 2020.
- In addition to the regular regional training for First Incumbents, New to Post leaders and those preparing for retirement, imaginative and inspiring training took place, with a rich variety of events, including Christianity and Democracy, Conflict Training and Faith in the Public Square with Bishop Rose Hudson-Wilkin.
- The One-to-One coaching, mentoring and consultancy continued to be offered, with the pool of coaches expanded to meet demand.

#### **Initial Ministerial Education (IME) Phase 2**

- In 2020, additional training of Deacons and Training Incumbents was undertaken, using the Myers Brigg approach to focus on the effectiveness of working relationships; and
- Bespoke training was provided for final year curates, again using Myers Brigg and leadership, and 'moving on' skills, with particular attention paid to applications and interviews.

#### **Lay Training including Reader Training**

- During 2020, the inauguration of the 1 year Foundations Course saw numbers that far exceeded expectations, with 39 participants on the course beginning training for various ministerial roles such as Discipleship Enablers, Pastoral Enablers and Mission Enablers. The 1 year Foundations Course was a pre-requisite to explore a vocation to either Reader or Ordained Ministry.
- Approval was given to the removal of Reader PTO status, and transfer of those with PTO to licenced status in order to provide parity of recognition to all Readers regardless of their age.

The **Mission and Ministry Development Reviews (MMDRs)** were paused during the first lockdown, but when restrictions were lighter, they were continued online, over the telephone and, where possible, through socially distanced meetings. In the Autumn, the process of the recruitment of a new cohort of MMDR consultants began.

#### **Support in your Ministry (SIM)**

- Throughout 2020, Support in your Ministry (SIM) continued to provide confidential support to around 100 ministers through 50 volunteer Assistants, who worked through lockdown using a combination of telephone, video and socially-distanced face-to-face meetings.
- The Wellbeing Forum, which began informally in late 2019, produced a new booklet 'Flourishing in Ministry' which was circulated to all lay and ordained ministers in the Diocese.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### ***Making New Disciples***

**The DAC assisted parishes to reach new members of their communities through the emergence of the increased use of livestreamed services, including the following examples:**

- The installation of fixed livestreaming cameras in several churches to enable parishes to continue to livestream after the pandemic, including Luton, St Anne; Linslade, St Barnabas and Watford, St John.
- The installation of broadband to enable worship to be streamed in places such as Rickmansworth; Watford, St Peter and Bovington.
- In order to make buildings more welcoming, proposals were agreed to install external handrails at Barley and Whipsnade.

**The DBE noted the way in which Church Schools in the Diocese continued to serve the communities in which they were located:**

- The team supported the creation and the publication of a resource entitled '*Worship at Home*' - a suite of materials for teachers, children and families that included collective worship plans and ideas, videos, and '*Journeying with Jacob*', a set of reflective stations for use in school or church and part of the Lent 2020 prayer initiative;
- During the year, a key achievement was working with the diocesan Youth & Children's Work Team to produce worship resources, including regular acts of collective worship for schools, 'Worship at Home' guidance, and Leavers', Harvest Festival and Christmas virtual services.

**The Board for Mission and Ministry (BMM), through the work of the Mission Department, continued to resource churches to respond to God's mission to help develop flourishing Christ-centred communities where people are inspired to grow as disciples of Jesus Christ.**

#### **Flourishing Churches Team**

- Early in 2020, the Flourishing Churches Team quickly adapted to the challenges that Lockdown brought. Contact was increased with parishes and churches through Zoom Cafes, Roundtable meetings and Webinars, with a significant number of leaders supported and encouraged by this approach.
- A wide range of 'How to....' Guides were provided, covering finance, online giving, online worship, seasonal worship, with each one centred around missional opportunities and support.

#### **Reaching New People (RNP)**

- In 2020, the first Pioneer Enabler training course, delivered with the Church Missionary Society, was set up and recruited for, with a cohort of 14 people (to begin in January 2021). For each parish represented, this will create new lay pioneer leader capacity.
- During 2020, shared stories were gathered to encourage and promote the amazing work happening in parishes, and to keep dialogue open in new and interesting ways.
- The team provided many creative resources for live-streamed worship, viewed 200-300 times each week, with the Zoom Crib service downloaded over 2,000 times.
- During the year, Zoom cafes, retreats and events for church leaders and for families themselves, were created and facilitated as an online space for people to grieve, to cry, to be frustrated, and also to dream, plan and share creative innovations, equipping dozens of churches with the resources and confidence needed to stay in touch with families and continue to support children as disciples.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### ***Making New Disciples***

##### **Children's Mission Enabler**

##### **Youth Mission Enabler**

- During 2020, ongoing support was provided to clergy, employed workers and volunteers to creatively enable digital discipleship and wellbeing support, as lockdown restrictions disrupted the usual youth provision.
- The Youthscape Youth Ministry Research Project, invited every church in the Diocese to consider youth provision, and has led to the production of an exciting and vital report into how the Diocese supports young people to grow in faith.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### *Transforming Communities*

**The DAC continued to provide advice and support for a range of cases for parishes to transform the wider communities in which they live and worship. These included:**

- In 2020, a temporary re-ordering licence was granted at Luton, All Saints to create a temporary clothes bank for a refugee community which was being housed in local hotels during the COVID-19 outbreak.
- A Faculty granted Cockayne Hatley permission to install equipment on the church tower to provide the village with broadband.
- Site visits were arranged to discuss options for lowering the carbon footprint at Chipping Barnet.
- During the year, projects at detached churchyards to improve community use and conservation were completed at Great Berkhamsted Rectory Lane Cemetery and Leavesden Hospital Cemetery.
- As part of an ongoing project, advice was given for the development of the church hall at East Barnet.

**The Diocesan Board of Education (DBE) continued to support initiatives that promoted transformation in and across communities within the Diocese, nationally and overseas.**

- During 2020, the DBE provided pastoral and spiritual leadership to its schools as they dealt with the significant impact of the COVID-19 pandemic. The outworking of this has been strong pastoral care for Headteachers and Chairs of Governors, combined with high levels of technical and professional support which has enabled them to manage the complex demands placed upon them. Whilst 2020 may not have been a year for flourishing, the church schools across the Diocese remained safe and secure and provided for the educational and spiritual needs of their whole community.
- Church schools within the Diocese remained open throughout the pandemic and sought to *Live God's Love* in new ways. Alongside colleagues in the maintained and academy sectors, they ensured that pupils were cared for, kept safe, fed well and provided with a high-quality education.
- During the period March to June 2020, the DBE contributed to nationally co-ordinated resource creation projects for the benefit of schools and families across England and Wales;
- During April and May 2020, members of the Schools Team collated and disseminated resources from the various national groups in which they participate, including the Directors of Education Network, the Diocesan Governance Group, the Diocesan Admissions Group, the Diocesan School Effectiveness Officers Group and the Diocesan School Buildings Officers Group.
- The team also supported the creation and publication of a resource for schools prepared by the South-Eastern Education and RE Diocesan Advisers Group (SEER) entitled '*Rebuilding Community*';
- The creation of the Poppy Academy Trust, a Church of England trust serving Radlett, and the approval of the Poppy Hill Church of England Trust, serving the area of Central Bedfordshire around Henlow;
- The expansion of the Diocese of St Albans Multi-Academy Trust to include Studham, Ravensden and Northill Church of England schools.

**The Board for Mission and Ministry (BMM) continued to actively engage with the key signs of growth indicated for Transforming Communities.**

#### **Community and Justice Network (CJN)**

- In 2020, money was made available from the CJN Budget and used during lockdown to support parishes, firstly, in areas with notable poverty, to help with food provision for local families, and, secondly, to contribute to the purchase of equipment for live streaming services.
- During lockdown, online training and engagement was offered in two key areas (i) a Freedom and Healing training course and (ii) from July to December, monthly webinars, hosted by the Mental Health Awareness Group giving a professional and safe space to discuss pastoral support and individual needs.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### *Transforming Communities*

##### **Environment Work**

- In the Autumn of 2020, over 7,400 participants attended the first ever National online conference held in the Diocese - 'Eco church: Working together on Net Zero' on Saturday 10 October.
- In October, the Diocese made a significant commitment to sustainability across all operations when Synod voted to register as an 'Eco Diocese' with the aim of reaching a Bronze award level within two years.

**During 2020, the work of the Communications Department supported the priorities of the Diocese's Living God's Love vision, and communicated the Christian message in a variety of ways, responding to the demands of the COVID-19 pandemic.**

##### **Sermons and religious seminars, talks, meetings and conferences**

- Advice for parishes was produced, edited and collated to empower and equip parishes to meet the challenges of delivering church services and other content online.

##### **Charitable religious television and radio broadcasts**

- Opportunities for appearances on radio, commercial and public service were taken during the year.

##### **The provision of religious material via the internet**

- Sermons, talks, prayers and other contributions from bishops, and others were recorded, edited, curated and disseminated online through the diocesan website or social media, providing online worship, prayer and encouragement for worshippers, clergy and lay ministers and the public, including during festivals such as Christmas and Easter.
- Material supporting the continuation of worship and spiritual engagement was added or amended several times a week.
- With the benefit of some additional voluntary input, the provision of information and material via social media was enhanced.

## **STRATEGIC REPORT**

### **FINANCIAL REPORT FOR THE YEAR**

#### **COVID-19**

Lockdown saw the closure of church buildings which resulted in a loss of income for many parishes where there is a reliance on giving through 'the plate' or income from the letting of church property, and therefore on their ability to pay the parish share. Parishes responded, with support from diocesan staff, by introducing innovative ways of engaging with congregations and communities. This and the generosity of many congregations meant that parish share, though reduced from 2019, held up exceptionally well and much better than original forecasts suggested.

Income that the Board receives from properties and listed investments also held up better than was thought possible in the early stages of the pandemic. Steps were also taken to reduce expenditure by furloughing staff and putting on hold expenditure on property improvements. The lockdown also resulted in savings in travel costs, training costs and other events.

Taking all this together meant that the final deficit, though still significant, was much lower than original forecasts indicated and the Diocese is in a stronger position than expected. This is important because we expect the financial impact of the pandemic to continue in to 2021. Parish giving held up in 2020, but the resilience of parishes to withstand further disruptions to income has been weakened and a number of parishes depleted their reserves in order to pay their parish share. This will clearly have an impact on their ability to pay parish share in 2021 and the Board has therefore set the budget for 2021 at a lower level. A deficit is still expected, but the Board considers that it has the resources to manage the impact and the challenges of 2021.

#### **Results for the year**

Total income amounted to £25.7m compared to £30.4m in 2019, a decrease of £4.7m. Last year saw proceeds of £12.8m on the sale of part of the land by the charity's trading subsidiary. There were further sales of £5.3m in 2020.

During 2020, Parish Share contributions amounted to £13.12m (2019 - £13.34m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £36k (2019 - £77k). The collection rate for Parish Share for 2020 (amount received/amount requested) was 90.56% (2019 - 94.32%).

Expenditure totalled £22.0m in the year compared to £19.3m in 2019.

Net income before revaluations and investment asset disposals amounted to £3.8m (2019 - £11.1m). The net realised and unrealised gains on investment properties and listed investments totalled £0.9m (2019 - £12.4m). The net increase in funds for the year was £5.3m (2019 - £24.1m) with the Common Fund showing a decrease of £500k (2019 - £94k increase).

#### **Financial position**

The consolidated balance sheet showed total funds of £191.4m (2019 - £186.1m). This figure included endowment funds of £147.8m (2019 - £141.3m), the principal part of this being the parsonage houses fund amounting to £75.5m (2019 - £75.5m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds were restricted funds totalling £13.4m (2019 - £12.7m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 22 to the financial statements together with an analysis of movements in the year. Funds totalling £23.4m (2019 - £22.2m) had been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 23 to the financial statements.

## Members' report Year to 31 December 2020

### FUTURE PLANS

The Diocesan vision of Living God's Love will continue to be promoted, to encourage churches to engage more missionally. Boards and Committees will continue working to support that vision by resourcing parochial mission and ministry and offering help and guidance to parishes as they seek to Live God's Love.

The theme of 'growing younger' is expected to continue to be an important part of future work, but will now be a priority alongside a need to respond to the challenges and opportunities arising from the impact of COVID-19.

The Bishop's Council will continue to make recommendations about proposals for pastoral reorganisation and support and encourage emerging mission initiatives, and seeking ways to share good practice in parishes and deaneries.

The Diocesan Board of Finance will continue to work with the Investment Managers, Cazenove Capital Management and CCLA, to ensure maximum returns for the benefit of mission and ministry in the Diocese. It will also continue dialogue with parish treasurers over the impact of COVID-19 on parish and diocesan finances.

The Diocesan Advisory Committee will continue to respond to parishes' MAP priorities for church buildings by providing advice in site visits, working with individual parishes to develop maintenance plans and continuing to identify vulnerable churches as priorities for the installation of roof alarms. They will also continue to provide training for those involved in the care and use of church buildings, to enable people to maintain and repair church buildings, access external funding and develop the wider use of churches. Events will have a focus on encouraging churches to be open and engaging.

The Board of Education will continue to support school leaders and governors to strategically plan a post-COVID education to enable pupils and staff to flourish. The work will continue with local partners to expand the Church of England secondary education provision and continue to explore options to widen the scope and nature of the Board's training and development offer to schools.

The Board will collaborate with the Youth & Children's Work team to resource faith at home, in school and in a parish setting. The organisation and management of the Board will continue to be refined through the introduction of the new DBE Measure 2021.

The Board for Mission and Ministry will continue supporting Living God's Love by encouraging the growth of all Christians as disciples, enabling missional ministry throughout the Diocese and equipping all God's people to discern and fulfil their vocation and ministry. The Vocations Team is planning to revise diocesan procedures to work with the introduction of the six new Qualities for Discernment and Selection; and to continue to increase the diversity of candidates across the spectrum, to include, but not be limited to, candidates who are of Black, Asian and Minority Ethnic (BAME) heritage, are younger, and who come from a range of educational backgrounds.

The Board will also oversee the Diocese's response to the General Synod motion setting a target of 2030 to achieve net zero carbon emissions.

The Continuing Ministerial Education team is planning to stay alert and be aware of the training needs of leaders and for a post-pandemic church. The Initial Ministerial Education Training Team plan to have greater integration of 'growing younger' into the IME2 programme and the integration of a 'pioneer ministry' mentality for all curates (both additional specific training and embedded into the existing training).

The Flourishing Churches Team is planning ahead to give support to churches as Mission Action Plans are reviewed, and a new simple and engaging tool has been developed to help this process. Closer collaboration with colleagues in Youth Ministry and Children's Ministry will help parishes prioritise ministry with families and young people.

The RNP Team will create opportunities for closer collaboration with the Youth Missioner and the Children's Mission Enabler to work with local leaders and find new ways of engaging with families, children and young people. The Team intend to develop a Conversations programme in order to support parishes' needs to develop and meet the changing needs of worshipping congregations and wider communities.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board has reviewed the risks faced by the charity. The most significant immediate risk is considered to be the ongoing impact of COVID-19 described above. In addition, it has identified four main risks namely Safeguarding, IT Security, Parish Share and closed churches.

### **Safeguarding**

The Diocesan Safeguarding Advisory Panel (DSAP) continued to be responsible for overseeing the implementation and review of policies and procedures for safeguarding children and adults throughout the Diocese; and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults.

There are already procedures in place for reporting serious safeguarding situations. However, further to this, the Board would consult at that time and obtain independent opinion should the need arise.

The safeguarding team continue to work towards achieving the 3 year strategy and action plan agreed by DSAP in 2020.

### **IT Security**

The Board is aware of the increasing use of, and demand upon, IT services and the increased threat posed by those with malicious intent.

In the last year, the Board was certified by the Government-backed Cyber Essentials Scheme for data security (highly regarded by the Information Commissioner's Office, ICO), having passed the Cyber Essentials Plus which included Vulnerability and Penetration testing.

In order to strengthen our defences against attack, via malicious emails and phishing attacks, staff had been receiving 'test phishing' emails to train them to detect these. Since that time, the standard has improved to represent a low threat level with 95% of users ranked at low risk. The testing will continue to ensure that the staff awareness level is at its highest at all times. There will be annual testing of Cyber Essentials Plus to ensure that the highest levels of defence continue. The Board considers Cyber Security to be a continuing risk. It continues to take professional and government advice and to act upon it to seek to mitigate the risk as far as possible.

### **Parish Share Scheme**

The Board continues to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the Common Fund. The Board regularly discusses the structure of the scheme and assesses the understanding and support of the scheme across parishes in the Diocese. The Board also monitors, on a regular basis, the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share in particular in the light of COVID-19 and its effect on parishes.

### **Closed Churches**

Closed churches may be transferred to become the responsibility of the DBF. It occurs infrequently, but two potential cases arose during the year. Although at this time these are not considered to be a significant risk, the Board will monitor such arrangements carefully and seek to minimise the potential liability to the Board.

## **CUSTODIAN FUNDS**

As at 31 December 2020, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £39.5m (2019 - £37.3m) as Custodian Trustee.

These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## **RAISING FUNDS**

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial councils, donors and supporters. It applies best practice to protect their data and never sells data, never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

### **Liability of the members of the company**

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

### **Organisation**

The members of the Board are empowered by the Articles of Association of the company to act as the company directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its executive committee, the General Committee, or to its sub-committees, the Property Committee, the Glebe Committee and the Assets Committee.

### **Related bodies**

The Board's staff provide administrative and financial services to the Board of Education, the Board for Mission and Ministry as well as the Diocesan Mission and Pastoral Committee and Diocesan Advisory Committee. All these bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day to day business to its standing committee, the Bishop's Council.

## Members' report Year to 31 December 2020

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Members

The members who served during the year (and continuing unless otherwise stated) were as follows:

<b>Members</b>	<b>Sub-committee Membership</b>	<b>Appointed/Resigned</b>
<b>Ex-officio Member</b>		
The Bishop of St Albans (The Rt Revd Dr A G C Smith )		
<b>Clergy elected by the Diocesan Synod</b>		
The Reverend Dr G R Cappleman		
The Reverend Canon Dr P M Ackroyd		
The Reverend Canon D Newstead	1	Resigned 30 June 2020
<b>Lay Members elected by the Deanery Synods</b>		
<i>Archdeaconry of St Albans</i>		
N K Challis	1, 5	
C B Gage	1	
J H Robinson	1, 2, 4, 5	
M Readman	4	
Dr R L V Southern	3	
<i>Archdeaconry of Hertford</i>		
C G Bird	1, 2, 3, 4	
M E Butcher		
J W Butler	1, 2, 4, 5	
P Easterbrook	1, 5	
Dr M Eaton	1	
<i>Archdeaconry of Bedford</i>		
D C Clark	3	
Dr D W Dallinger	2	
K Ebbage	1	
M J Gates		
K Smith		
<b>Members nominated by the Bishop of St Albans</b>		
The Archdeacon of St Albans	1, 2, 3	
The Archdeacon of Bedford	1, 2, 3	
The Archdeacon of Hertford	1, 2, 3	
A Brown OBE (Chair of Glebe Committee)	1, 3, 4	Appointed 11 March 2020
<b>Members co-opted by the Board</b>		
B Crawford	4	
T R Fleming	1, 2, 3, 4, 5	
P R Lindley	1	

1 General Committee, 2 Property Committee, 3 Glebe Committee, 4 Assets Committee, 5 Audit Committee

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Members**

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. No expenses were incurred in the performance of their duties as Board members were reimbursed during the year

### **Member-selection and appointment**

Members can be co-opted to the Board by existing members or they can be elected by a number of different entities including the Diocesan Synod and the Deanery Synods or nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2018 to appoint members for the triennium 1 January 2019 to 31 December 2021 and will be held at the end of 2021 to appoint members for the triennium 1 January 2022 to 31 December 2024.

On agreeing to become a member of the charity, the members are thoroughly briefed by their co-members on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

### **Member induction and training**

An induction pack has been prepared for all members and training has been offered through the Board's auditor.

### **Remuneration of key management personnel**

Key management personnel comprises all the members of the Board, together with the senior executives who are the Diocesan Secretary, the Director of Finance, the Estates Secretary and the Diocesan Pastoral and Advisory Secretary. The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adapted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, approved by the Diocesan Synod. Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow regional benchmarks as agreed annually by the National Church Central Stipends Authority.

### **Members' responsibilities statement**

The members of the St Albans Diocesan Board of Finance (who are directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Members' responsibilities statement

In preparing these financial statements, the members are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in operation.

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- ◆ so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The members are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Trading subsidiary

The charity has a wholly owned trading subsidiary, the St Albans Diocesan Property Company (Company No. 8899302), a company incorporated in England with a share capital of £1,700,000 (2019 – £1,700,000). The principal activity of the company is property development.

During the year the company made a net profit of £2,999k (2019 – £8,235k) and made a charitable donation of £5.5m to the charity. This donation enabled a reduction in the tax liability for 2019.

The members' report, including the strategic report, was approved by the members and signed on their behalf by:



Colin Bird  
Chairman of the Board of Trustees



Susan Pope  
Diocesan Secretary

Approved on: 17 May 2021

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

### Opinion

We have audited the financial statements of The St Albans Diocesan Board of Finance (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 affairs of the group and of the charitable company as at 31 December 2020 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 either the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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.

## **Independent auditor's report to the members of The St Albans Diocesan Board of Finance** Year to 31 December 2020

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

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

- ◆ the information given in the members' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the members' report, including the strategic report, has 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 group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report, including the strategic report.

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

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

### **Responsibilities of members**

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group's and 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 members either intend to liquidate the group or 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.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

### Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company and group through discussions with members and management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company and group, including the Charities Act 2011, the Companies Act 2006 and various Church Measures including the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's and group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ performed substantive testing of expenditure;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members and management and the inspection of regulatory and legal correspondence, if any.

## Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

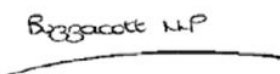
### Auditor's responsibilities for the audit of the financial statements (continued)

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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.



Amanda Francis, Senior Statutory Auditor  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 27 May 2021

## Consolidated statement of financial activities Year to 31 December 2020

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2020 £'000	Total 2019 £'000
<b>Income and endowments from:</b>							
Donations and legacies	1	—	57	13,152	—	13,209	13,433
Investments	2	—	370	1,725	—	2,095	2,260
Trading activities	25	—	—	—	5,264	5,264	12,843
Charitable activities	3	—	4,281	720	—	5,001	1,841
Other sources	4	—	—	169	—	169	72
<b>Total income</b>		<b>—</b>	<b>4,708</b>	<b>15,766</b>	<b>5,264</b>	<b>25,738</b>	<b>30,449</b>
<b>Expenditure on:</b>							
Raising funds	5	9	131	331	2,446	2,917	2,944
Charitable activities							
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	3,639	15,421	—	19,060	16,362
<b>Total expenditure</b>		<b>9</b>	<b>3,770</b>	<b>15,752</b>	<b>2,446</b>	<b>21,977</b>	<b>19,306</b>
<b>Net income before investment gains and losses</b>	9	<b>(9)</b>	<b>938</b>	<b>14</b>	<b>2,818</b>	<b>3,761</b>	<b>11,143</b>
Realised (losses) gains on disposal of investment property and listed investments		(673)	(224)	(192)	—	(1,089)	9,429
Unrealised gains on investment property and listed investments		1,703	201	106	—	2,010	2,940
<b>Net income (expenditure) before transfers and taxation</b>		<b>1,021</b>	<b>915</b>	<b>(72)</b>	<b>2,818</b>	<b>4,682</b>	<b>23,512</b>
Transfers between funds	20	5,422	(261)	755	(5,916)	—	—
Corporation tax credit (charge)	12	—	—	—	597	597	(1,881)
<b>Net income (expenditure) for the year</b>		<b>6,443</b>	<b>654</b>	<b>683</b>	<b>(2,501)</b>	<b>5,279</b>	<b>21,631</b>
<b>Other recognised gains and losses:</b>							
Actuarial gains	30	18	—	—	—	18	2,420
<b>Net movement in funds</b>		<b>6,461</b>	<b>654</b>	<b>683</b>	<b>(2,501)</b>	<b>5,297</b>	<b>24,051</b>
<b>Fund balances brought forward at 1 January 2020</b>		<b>141,343</b>	<b>12,745</b>	<b>24,001</b>	<b>7,972</b>	<b>186,061</b>	<b>162,010</b>
<b>Fund balances carried forward at 31 December 2020</b>		<b>147,804</b>	<b>13,399</b>	<b>24,684</b>	<b>5,471</b>	<b>191,358</b>	<b>186,061</b>

All of the group's activities derived from continuing operations during the above financial period.

## Comparative consolidated statement of financial activities Year to 31 December 2019

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2019 £'000
<b>Income and endowments from:</b>						
Donations and legacies	1	—	67	13,366	—	13,433
Investments	2	—	411	1,849	—	2,260
Trading activities	25	—	—	—	12,843	12,843
Charitable activities	3	—	1,104	737	—	1,841
Other sources	4	70	2	—	—	72
<b>Total income</b>		<b>70</b>	<b>1,584</b>	<b>15,952</b>	<b>12,843</b>	<b>30,449</b>
<b>Expenditure on:</b>						
Raising funds	5	—	207	426	2,311	2,944
Charitable activities						
· Promotion of the work of the Church of England in the Diocese of St Albans	6	—	1,062	15,300	—	16,362
<b>Total expenditure</b>		<b>—</b>	<b>1,269</b>	<b>15,726</b>	<b>2,311</b>	<b>19,306</b>
<b>Net income before investment gains and losses</b>	9	<b>70</b>	<b>315</b>	<b>226</b>	<b>10,532</b>	<b>11,143</b>
Realised gains on disposal of investment property and listed investments		9,288	74	67	—	9,429
Unrealised gains on investment property and listed investments		1,132	1,337	471	—	2,940
<b>Net income before transfers and taxation</b>		<b>10,490</b>	<b>1,726</b>	<b>764</b>	<b>10,532</b>	<b>23,512</b>
Transfers between funds	20	604	(340)	152	(416)	—
Corporation tax payable		—	—	—	(1,881)	(1,881)
<b>Net income for the year</b>		<b>11,094</b>	<b>1,386</b>	<b>916</b>	<b>8,235</b>	<b>21,631</b>
<b>Other recognised gains and losses:</b>						
Actuarial gains	30	2,420	—	—	—	2,420
<b>Net movement in funds</b>		<b>13,514</b>	<b>1,386</b>	<b>916</b>	<b>8,235</b>	<b>24,051</b>
<b>Fund balances brought forward at 1 January 2019</b>		<b>127,829</b>	<b>11,359</b>	<b>23,085</b>	<b>(263)</b>	<b>162,010</b>
<b>Fund balances carried forward at 31 December 2019</b>		<b>141,343</b>	<b>12,745</b>	<b>24,001</b>	<b>7,972</b>	<b>186,061</b>

All of the group's activities derived from continuing operations during the above financial period.

## Consolidated balance sheet 31 December 2020

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2020 £'000	Total 2019 £'000
<b>Fixed assets</b>							
Tangible assets	13	76,247	—	12,965	—	89,212	88,516
Investments	14	52,110	11,092	5,839	—	69,041	64,186
		<b>128,357</b>	<b>11,092</b>	<b>18,804</b>	<b>—</b>	<b>158,253</b>	152,702
<b>Current assets</b>							
Stock: land under development	15	—	—	—	11,787	11,787	11,886
Debtors – due within one year	16	57	76	629	816	1,578	1,088
Debtors – due after one year	16	—	—	472	1,605	2,077	483
Short term deposits		11,804	1,555	5,394	1,252	20,005	25,592
Cash at bank and in hand		—	—	2,227	225	2,452	1,643
		<b>11,861</b>	<b>1,631</b>	<b>8,722</b>	<b>15,685</b>	<b>37,899</b>	40,692
<b>Creditors: amounts falling due within one year</b>	17	<b>(178)</b>	<b>(713)</b>	<b>(604)</b>	<b>(463)</b>	<b>(1,958)</b>	<b>(3,510)</b>
<b>Net current assets</b>		<b>11,683</b>	<b>918</b>	<b>8,118</b>	<b>15,222</b>	<b>35,941</b>	37,182
<b>Total assets less current liabilities before eliminating inter-fund balances</b>							
		<b>140,040</b>	<b>12,010</b>	<b>26,922</b>	<b>15,222</b>	<b>194,194</b>	189,884
Inter-fund balances		8,801	1,389	(1,915)	(8,275)	—	—
<b>Total assets less current liabilities</b>		<b>148,841</b>	<b>13,399</b>	<b>25,007</b>	<b>6,947</b>	<b>194,194</b>	189,884
<b>Creditors: amounts falling due after one year</b>	18	<b>(178)</b>	<b>—</b>	<b>(323)</b>	<b>(1,476)</b>	<b>(1,977)</b>	<b>(2,241)</b>
<b>Provisions for liabilities</b>	19	<b>(859)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(859)</b>	<b>(1,582)</b>
<b>Total net assets</b>		<b>147,804</b>	<b>13,399</b>	<b>24,684</b>	<b>5,471</b>	<b>191,358</b>	186,061
<b>Represented by:</b>							
<b>The funds of the group</b>							
Endowment funds	21	147,804	—	—	—	147,804	141,343
Restricted funds	22	—	13,399	—	—	13,399	12,745
Unrestricted funds	23	—	—	24,684	—	24,684	24,001
Non-charitable trading funds	23	—	—	—	5,471	5,471	7,972
		<b>147,804</b>	<b>13,399</b>	<b>24,684</b>	<b>5,471</b>	<b>191,358</b>	186,061

Approved by the members of the Board and signed on their behalf by:



Colin Bird  
Chairman

Approved on: 17 May 2021

The St Albans Diocesan Board of Finance  
Company Registration Number 145227 (England and Wales)

## Comparative consolidated balance sheet 31 December 2019

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2019 £'000
<b>Fixed assets</b>						
Tangible assets	13	76,223	—	12,293	—	88,516
Investments	14	47,124	11,130	5,932	—	64,186
		<u>123,347</u>	<u>11,130</u>	<u>18,225</u>	<u>—</u>	<u>152,702</u>
<b>Current assets</b>						
Stock: land under development	15	—	—	—	11,886	11,886
Debtors – due within one year	16	166	344	526	52	1,088
Debtors – due after one year	16	—	—	483	—	483
Short term deposits		11,424	1,487	5,112	7,569	25,592
Cash at bank and in hand		—	—	1,373	270	1,643
		<u>11,590</u>	<u>1,831</u>	<u>7,494</u>	<u>19,777</u>	<u>40,692</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(178)</u>	<u>(461)</u>	<u>(414)</u>	<u>(2,457)</u>	<u>(3,510)</u>
<b>Net current assets</b>		<u>11,412</u>	<u>1,370</u>	<u>7,080</u>	<u>17,320</u>	<u>37,182</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		134,759	12,500	25,305	17,320	189,884
Inter-fund balances		8,521	245	(977)	(7,789)	—
<b>Total assets less current liabilities</b>		<u>143,280</u>	<u>12,745</u>	<u>24,328</u>	<u>9,531</u>	<u>189,884</u>
<b>Creditors: amounts falling due after one year</b>	18	<u>(355)</u>	<u>—</u>	<u>(327)</u>	<u>(1,559)</u>	<u>(2,241)</u>
<b>Provisions for liabilities</b>	19	<u>(1,582)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,582)</u>
<b>Total net assets</b>		<u>141,343</u>	<u>12,745</u>	<u>24,001</u>	<u>7,972</u>	<u>186,061</u>
<b>Represented by:</b>						
<b>The funds of the group</b>						
Endowment funds	21	141,343	—	—	—	141,343
Restricted funds	22	—	12,745	—	—	12,745
Unrestricted funds	23	—	—	24,001	—	24,001
Non-charitable trading funds	23	—	—	—	7,972	7,972
		<u>141,343</u>	<u>12,745</u>	<u>24,001</u>	<u>7,972</u>	<u>186,061</u>

## Charity balance sheet 31 December 2020

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Total 2019 £'000
<b>Fixed assets</b>						
Tangible assets	13	76,247	—	12,965	89,212	88,516
Investments	14	53,810	11,092	5,839	70,741	65,886
		<u>130,057</u>	<u>11,092</u>	<u>18,804</u>	<u>159,953</u>	<u>154,402</u>
<b>Current assets</b>						
Debtors – due within one year	16	868	76	629	1,573	7,362
Debtors – due after one year	16	6,000	—	472	6,472	483
Short term deposits		11,804	1,555	5,394	18,753	18,023
Cash at bank and in hand		—	—	2,227	2,227	1,372
		<u>18,672</u>	<u>1,631</u>	<u>8,722</u>	<u>29,025</u>	<u>27,240</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(178)</u>	<u>(713)</u>	<u>(604)</u>	<u>(1,495)</u>	<u>(1,053)</u>
<b>Net current assets</b>		<u>18,494</u>	<u>918</u>	<u>8,118</u>	<u>27,530</u>	<u>26,187</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>						
		<u>148,551</u>	<u>12,010</u>	<u>26,922</u>	<u>187,483</u>	<u>180,589</u>
Inter-fund balances		<u>290</u>	<u>1,389</u>	<u>(1,679)</u>	<u>—</u>	<u>—</u>
<b>Total assets less current liabilities</b>		<u>148,841</u>	<u>13,399</u>	<u>25,243</u>	<u>187,483</u>	<u>180,589</u>
<b>Creditors: amounts falling due after one year</b>	18	<u>(178)</u>	<u>—</u>	<u>(323)</u>	<u>(501)</u>	<u>(682)</u>
<b>Provisions for liabilities</b>	19	<u>(859)</u>	<u>—</u>	<u>—</u>	<u>(859)</u>	<u>(1,582)</u>
<b>Total net assets</b>		<u>147,804</u>	<u>13,399</u>	<u>24,920</u>	<u>186,123</u>	<u>178,325</u>
<b>Represented by:</b>						
<b>The funds of the charity</b>						
Endowment funds	21	147,804	—	—	147,804	141,343
Restricted funds	22	—	13,399	—	13,399	12,745
Unrestricted funds	23	—	—	24,920	24,920	24,237
		<u>147,804</u>	<u>13,399</u>	<u>24,920</u>	<u>186,123</u>	<u>178,325</u>

Approved by the members of the Board and signed on their behalf by:



Colin Bird  
Chairman

Approved on: 17 May 2021

The St Albans Diocesan Board of Finance  
Company Registration Number 145227 (England and Wales)

## Comparative charity balance sheet 31 December 2019

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
<b>Fixed assets</b>					
Tangible assets	13	76,223	—	12,293	88,516
Investments	14	48,824	11,130	5,932	65,886
		<u>125,047</u>	<u>11,130</u>	<u>18,225</u>	<u>154,402</u>
<b>Current assets</b>					
Debtors – due within one year	16	6,492	344	526	7,362
Debtors – due after one year	16	—	—	483	483
Short term deposits		11,424	1,487	5,112	18,023
Cash at bank and in hand		—	—	1,372	1,372
		<u>17,916</u>	<u>1,831</u>	<u>7,493</u>	<u>27,240</u>
Creditors: amounts falling due within one year	17	(178)	(461)	(414)	(1,053)
Net current assets		<u>17,738</u>	<u>1,370</u>	<u>7,079</u>	<u>26,187</u>
<b>Total assets less current liabilities before eliminating inter-fund balances</b>					
		142,785	12,500	25,304	180,589
Inter-fund balances		495	245	(740)	—
Total assets less current liabilities		<u>143,280</u>	<u>12,745</u>	<u>24,564</u>	<u>180,589</u>
<b>Creditors: amounts falling due after one year</b>					
	18	(355)	—	(327)	(682)
Provisions for liabilities	19	(1,582)	—	—	(1,582)
Total net assets		<u>141,343</u>	<u>12,745</u>	<u>24,237</u>	<u>178,325</u>
<b>Represented by:</b>					
<b>The funds of the charity</b>					
Endowment funds	21	141,343	—	—	141,343
Restricted funds	22	—	12,745	—	12,745
Unrestricted funds	23	—	—	24,237	24,237
		<u>141,343</u>	<u>12,745</u>	<u>24,237</u>	<u>178,325</u>

## Summary consolidated income and expenditure account Year to 31 December 2020

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	<b>2020</b> <b>£'000</b>	2019 £'000
Total income of continuing operations	<b>25,738</b>	30,379
Total expenditure of continuing operations	<b>(21,968)</b>	(19,306)
Net income for the year before transfers, investment gains and losses and taxation	<b>3,770</b>	11,073
Transfer from endowment funds	<b>(5,422)</b>	(604)
Net income before investment gains and losses and taxation	<b>(1,652)</b>	10,469
Investments (losses)/gains	<b>(109)</b>	1,949
Taxation	<b>646</b>	(1,881)
Net income (expenditure) for the year as defined by the Companies Act 2006	<b>(1,115)</b>	10,537

Total income as defined by the Companies Act 2006 comprises £21,030k (2019 – £28,795k) for unrestricted and non-charitable trading funds and £4,708k (2019 – £1,584k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net expenditure before investment gains and taxation for the year of £1,652k (2019 – net income £10,469k) comprises net expenditure of £2,329k (2019 - net income £10,494k) on unrestricted and non-charitable trading funds and net income of £677k (2019 – net expenditure £25k) on restricted funds.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 29 which, together with the notes to the financial statements provides full information on the movements during the year on all funds of the group.

## Consolidated statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
Net cash (used in) provided by operating activities	A	(1,346)	6,945
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		2,094	2,261
Proceeds from the disposal of tangible fixed assets		—	877
Purchase of tangible fixed assets		(762)	(582)
Proceeds from the disposal of investments		6,840	14,682
Purchase of investments		(10,584)	(5,177)
Taxation paid		(827)	—
Decrease (increase) in cash deposits		5,588	(19,329)
<b>Net cash provided by (used in) investing activities</b>		<b>2,349</b>	<b>(7,268)</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		(4)	(6)
<b>Net cash used in financing activities</b>		<b>(4)</b>	<b>(6)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>999</b>	<b>(329)</b>
<b>Cash and cash equivalents at 1 January 2020</b>	B	<b>2,172</b>	<b>2,501</b>
<b>Cash and cash equivalents at 31 December 2020</b>	B	<b>3,171</b>	<b>2,172</b>

### Notes to the statement of cash flows for the year to 31 December 2020.

#### A Reconciliation of net income to net cash flow (used in) provided by operating activities

	2020 £	2019 £
<b>Net income (as per the statement of financial activities)</b>	<b>4,682</b>	23,512
<b>Adjustments for:</b>		
Depreciation charge	66	48
Gains on investments	(922)	(12,369)
Dividends, interest and rent from investments	(2,094)	(2,261)
Surplus on disposal of tangible fixed assets	—	(68)
Decrease (increase) in stocks	99	(150)
(Increase) decrease in debtors	(2,084)	277
Decrease in creditors	(388)	(1,440)
Pension adjustment	(705)	(604)
<b>Net cash (used in) provided by operating activities</b>	<b>(1,346)</b>	<b>6,945</b>

#### B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,452	1,643
Cash held by investment managers	719	529
<b>Total cash and cash equivalents</b>	<b>3,171</b>	<b>2,172</b>

## Principal accounting policies 31 December 2020

### Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### Basis of preparation

These financial statements have been prepared for the year to 31 December 2020 with comparative information provided for the year to 31 December 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities FRS 102 SORP 2015) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

### Basis of consolidation

The financial statements consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, St Albans Diocesan Property Company Limited, made up to the balance sheet date.

In accordance with the provision of paragraph 24.7 of the SORP, a statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £20,890k (2019 – £18,022k), total expenditure of £19,522k (2019 – £16,995k) and investment gains of £921k (2019 – gains £12,369k), resulting in net income of £2,289k (2019 – £13,396k).

### Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- ◆ the valuation of investment properties;
- ◆ the useful economic life of tangible fixed assets;
- ◆ the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- ◆ the valuation of stock of land under development; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### Going concern

The members of the Board have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements, including consideration of the impact of COVID-19 on the charity's operations and finances. The members of the Board have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

## Principal accounting policies 31 December 2020

### Going concern (continued)

For the charity, the effects of COVID-19 impact its activities both directly and indirectly. The closure of church buildings has resulted in a loss of income for many parishes which rely on giving through 'the plate' or income from lettings of church property, and therefore on their ability to pay the parish share. The charity itself faces a loss of income from its properties as well as its listed investments as well as uncertainty over the current and future value of its assets which have already suffered significant volatility.

Steps have been taken, and will continue, to reduce expenditure by furloughing staff, and putting on hold expenditure on property improvements. The lockdown has also resulted in savings in travel costs, property repairs, training and other events. The high percentage of the Diocesan budget expended on clergy stipends and housing limits the scope for further significant savings. Our forecasts indicate that the charity has sufficient overall cashflow to meet its ongoing liabilities in the near-term, but that the possible income shortfall forecasts mean it may well have to make use of its reserves. Any financial recovery is likely to take some time.

The members of the Board have concluded that despite the challenges of COVID-19, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In addition to those related directly to COVID-19, with respect to the next accounting period the most significant areas of uncertainty that may affect the carrying values of the assets held by the charity are the level of investment return and the performance of the listed and property investment markets.

The members of the Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

### Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed and property (glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Grants receivable on confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.

## Principal accounting policies 31 December 2020

### Income (continued)

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from the Coronavirus Job Retention Scheme is credited to the statement of financial activities once the charitable company and group are entitled to receipt and once the amount to be received has been quantified.

Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold. This means that all costs will be apportioned suitably across each of the sales as they are completed.

### Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

## Principal accounting policies 31 December 2020

### School major repair and capital projects

The charity receives contributions from governors of Church schools in the Diocese in connection with major repair and capital projects to Church schools and also Government grants in connection with the same. Up until 31 March 2020, the charity administered these monies as managing agent under the Local Co-ordinated Voluntary Aided Programme (LCVAP) and made the appropriate payments to contractors for work carried out. This was under the LCVAP scheme where the monies did not belong to the charity and as such the receipts and payments were not treated as income or expenditure in the statement of financial activities. Any monies held at the balance sheet date were treated as creditors on the balance sheet. The funding scheme changed on 1 April 2020 to the School Condition Allocation (SCA). Under this arrangement monies are received before it has been allocated or spent. Projects are agreed by the Diocese, under the statutory and non-statutory guidance provided by the Department for Education (DfE). The change in scheme means that the Diocese has some limited discretion over the application of funds, which is sufficient to change the agency status applied under the LCVAP. From 1 April 2020 all income and expenditure under the SCA has been included in the Diocesan accounts. Any monies held at the balance sheet date are treated as creditors on the balance sheet. Monies given have to be spent within a two-year time period or returned to the DfE.

### Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS 102. All other tangible fixed assets are included in the financial statements at cost.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

## Principal accounting policies 31 December 2020

### Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Members' Report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the Members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### Stock: land under development

Stock is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## Principal accounting policies 31 December 2020

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

The non-charitable trading funds represent the accumulated losses arising on the charity's trading subsidiary.

### Financial instruments

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

### Pension costs

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

### Custodian funds

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

## 1 Income from donations and legacies

	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Total 2019 £'000
Parish Share	—	13,117	13,117	13,339
Specific parochial donations	—	22	22	1
General donations and legacies	57	13	70	93
<b>2020 total funds</b>	<b>57</b>	<b>13,152</b>	<b>13,209</b>	<b>13,433</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Parish Share	—	13,339	13,339
Specific parochial donations	—	1	1
General donations and legacies	67	26	93
<b>2019 total funds</b>	<b>67</b>	<b>13,366</b>	<b>13,433</b>

In addition to the above, the Diocesan Board of Finance received as trustees contributions of £208k (2019 – £457k) from the governors of Church schools in the Diocese in connection with major repair and capital projects (see note 3 below).

## 2 Income from investments

	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Income from listed investments and interest receivable	—	353	873	1,226	1,334
Glebe income	—	—	477	477	456
Income from miscellaneous rents and lettings	—	17	375	392	470
<b>2020 total funds</b>	<b>—</b>	<b>370</b>	<b>1,725</b>	<b>2,095</b>	<b>2,260</b>

	Restricted funds £'000	Un-restricted funds £'000	Total 2019 £'000
Income from listed investments and interest receivable	395	939	1,334
Glebe income	—	456	456
Income from miscellaneous rents and lettings	16	454	470
<b>2019 total funds</b>	<b>411</b>	<b>1,849</b>	<b>2,260</b>

**3 Income from charitable activities**

	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Total 2019 £'000
Grants receivable	269	204	473	374
Fees and chaplaincy income	—	516	516	579
Schools' Service Level Agreements and Project levies	117	—	117	118
Grant funding from Schools Condition Allocation	3,104	—	3,104	—
Other income from courses and conferences	17	—	17	48
Grant from Church Commissioners' Strategic Development Fund	271	—	271	292
National Church allocations	503	—	503	430
<b>2020 total funds</b>	<b>4,281</b>	<b>720</b>	<b>5,001</b>	<b>1,841</b>

	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Grants receivable	221	153	374
Fees and chaplaincy income	—	579	579
Schools' Service Level Agreements and Project levies	118	—	118
Grant funding from Schools Condition Allocation	—	—	—
Other income from courses and conferences	46	2	48
Grant from Church Commissioners' Strategic Development Fund	292	—	292
National Church allocations	427	3	430
2019 total funds	1,104	737	1,841

Grants receivable for the year which exceeded £100,000 from a single organisation were as follows:

	2020 £'000	2019 £'000
All Churches Trust	168	157
Church Commissioners' Strategic Development Fund	271	292

In addition to the above, the Diocesan Board of Finance received as trustee Government grants of £191k (2019 – £1,933k) in connection with major repair and capital projects at Church schools in the Diocese under the LCVAP which ran until 31 March 2021.

These monies, together with the contributions received from school governors (see note 1 above) are used to fund contractor payments also administered by the charity acting as managing agent for the Church schools concerned. During the year, the Board made payments to contractors of £490k (2019 – £2,295k) under this scheme.

This scheme ended on 31 March 2021. From 1 April, the Diocese administers grants under the SCA scheme, which provides the Diocese with greater discretion for allocation. As a result of this, income and expenditure for this scheme are included as part of the Diocesan accounts.

#### 4 Income from other sources

	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000
<b>2020 total funds:</b>				
Coronavirus job retention scheme grant	—	—	169	169
	Endowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2019 £'000
<b>2019 total funds:</b>				
Surplus on disposal of tangible fixed assets	70	2	—	72

#### 5 Expenditure on raising funds

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2020 £'000	Total 2019 £'000
Schools' Service Level Agreements	—	55	—	—	55	90
Schools' Courses	—	15	—	—	15	44
School Capital Projects	—	22	—	—	22	31
Investment management costs	9	39	182	—	230	326
Trading expenditure (note 25)	—	—	—	2,446	2,446	2,311
Glebe expenditure	—	—	149	—	149	142
<b>2020 total funds</b>	<b>9</b>	<b>131</b>	<b>331</b>	<b>2,446</b>	<b>2,917</b>	<b>2,944</b>
			Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2019 £'000
Schools' Service Level Agreements			90	—	—	90
Schools' Courses			44	—	—	44
School Capital Projects			31	—	—	31
Investment management costs			42	284	—	326
Trading expenditure (note 25)			—	—	2,311	2,311
Glebe expenditure			—	142	—	142
<b>2019 total funds</b>			<b>207</b>	<b>426</b>	<b>2,311</b>	<b>2,944</b>

**6 Expenditure on the promotion of the work of the Church of England in the Diocese of St Albans**

	Year ended 31 December 2020			Year ended 31 December 2019		
	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Parochial clergy stipends and related costs						
. Stipends	—	6,451	6,451	—	6,279	6,279
. Pension contributions	—	1,671	1,671	—	1,648	1,648
. National insurance	—	560	560	—	537	537
. Removal and resettlement	—	233	233	—	230	230
. Other clergy costs	—	247	247	—	255	255
	—	9,162	9,162	—	8,949	8,949
Clergy housing costs						
. Parsonages (direct expenditure)	—	1,889	1,889	—	1,934	1,934
. Allocation of support costs	—	528	528	—	513	513
Sub-total	—	2,417	2,417	—	2,447	2,447
. Board of Finance properties (direct expenditure)	—	443	443	—	430	430
	—	2,860	2,860	—	2,877	2,877
Ministry						
. Direct expenditure*	362	1,163	1,525	318	1,212	1,530
. Allocation of support costs	—	601	601	—	584	584
	362	1,764	2,126	318	1,796	2,114
Education						
. Schools Condition Allocation grants (note 22)	2,662	—	2,662	—	—	—
. Direct expenditure	364	1	365	371	(26)	345
. Allocation of support costs	—	347	347	—	336	336
	3,026	348	3,374	371	310	681
Mission						
. Direct expenditure**	49	650	699	49	762	811
. Allocation of support cost	—	347	347	—	336	336
	49	997	1,046	49	1,098	1,147
Grants payable (note 7)	202	290	492	324	270	594
<b>Total funds</b>	<b>3,639</b>	<b>15,421</b>	<b>19,060</b>	<b>1,062</b>	<b>15,300</b>	<b>16,362</b>

\* This figure includes the costs of supporting ordinands in training amounting to £810k (2019 – £857k).

\*\* Unrestricted fund expenditure in respect to mission includes £271k (2019 - £291k) that has been funded by the Strategic Development Funding receivable from the Church Commissioners. Such funding has been credited to restricted funds. A transfer from restricted funds to unrestricted funds has been made at 31 December 2020 and 2019 to reflect the utilisation of the monies for the purposes intended (note 20).

## Notes to the financial statements 31 December 2020

### 7 Grants payable

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Year ended 31 December 2020			Year ended 31 December 2019		
	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
<b>Church Schools</b>						
Other grants to schools	5	—	5	56	—	56
<b>Parishes</b>						
To assist with repairs or rebuilding costs	13	—	13	61	—	61
Pastoral Aid Support Grants to assist in meeting Parish Share contributions	—	200	200	—	173	173
Mission Initiatives	17	85	102	15	87	102
<b>External charities</b>						
For humanitarian relief mission and evangelism	55	—	55	63	—	63
<b>Clergy and clergy widows</b>						
Ordinands' support	68	—	68	73	—	73
Discretionary grants for the relief of financial hardship	44	5	49	56	10	66
<b>Total funds</b>	<b>202</b>	<b>290</b>	<b>492</b>	<b>324</b>	<b>270</b>	<b>594</b>

### 8 Support costs

	Unrestricted funds	
	Total 2020 £'000	Total 2019 £'000
Support staff costs	911	821
Support office costs	293	313
Governance costs	140	153
General Synod Requirement	479	482
	<b>1,823</b>	<b>1,769</b>
Reallocated to charitable activities as follows:		
Clergy housing	528	513
Ministry	601	584
Education	347	336
Mission	347	336
	<b>1,823</b>	<b>1,769</b>

**9 Net income before investment gains and losses**

This is stated after charging:

	<b>Total 2020 £'000</b>	Total 2019 £'000
Staff costs (note 10)	<b>2,452</b>	2,461
Auditor's remuneration		
. Statutory audit services	<b>28</b>	27
Depreciation	<b>66</b>	48

**10 Staff costs and employees**

	<b>Total 2020 £'000</b>	Total 2019 £'000
Staff costs during the year were as follows:		
Wages and salaries	<b>1,835</b>	1,816
Social security costs	<b>172</b>	181
Other pension costs	<b>445</b>	464
	<b>2,452</b>	2,461

	<b>Total 2020 £'000</b>	Total 2019 £'000
Staff costs per function were as follows:		
Direct promotion of the work of the Church of England in the Diocese of St Albans	<b>1,687</b>	1,760
Other support staff	<b>765</b>	701
	<b>2,452</b>	2,461

The average number of employees and office holders, analysed by function, was:

	<b>2020 Full-time</b>	<b>2020 Part-time</b>	2019 Full-time	2019 Part-time
Direct promotion of the work of the Church of England in the Diocese of St Albans	<b>20</b>	<b>24</b>	23	21
Other support staff	<b>11</b>	<b>7</b>	11	6
	<b>31</b>	<b>31</b>	34	27

The 31 (2019 – 27) part-time posts are equivalent to 15 full-time posts (2019 – 14).

**10 Staff costs and employees** (continued)

The number of employees who earned over £60,000 (excluding employer's pension contributions) during the year was as follows:

	2020	2019
£60,001 - £70,000	1	1
£70,001 - £80,000	1	—
£80,001 - £90,000	1	1

Employer contributions are also paid into a pension scheme in respect of the employees who earned over £60,000.

Key management personnel remuneration (including employer's pension and national insurance contributions) totalled £553k in the year to 31 December 2020 (2019 – £570k) including stipends and related employer's pension and national insurance contributions in respect to Board members of £204k (2019 – £230k).

**11 Board members' remuneration**

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2019 – none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £191k (2019 – £216k) including pension contributions of £41k (2019 – £55k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2019 – none). No travel expenses were incurred in the performance of their duties as Board members (2019 – none).

Five clergy members benefited from clergy housing provided by the Board (2019 – five members).

The Board's insurance policy includes cover for Trustee Indemnity.

**12 Taxation**

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity's subsidiary company paid corporation tax as result of the profit on the completion of the sale of a portion of the glebe land in 2019. The corporation tax liability was reduced as the subsidiary company made a charitable donation to the charity in 2020. Further land was sold in 2020 and the subsidiary company may make a further charitable donation should sufficient funds be available.

### 13 Tangible fixed assets

Group and charity 2020	Parsonage houses £'000	Other freehold land and buildings £'000	Office equipment £'000	Total £'000
<b>Cost or deemed cost</b>				
At 1 January 2020	76,223	12,475	282	88,980
Additions	24	712	26	762
At 31 December 2020	76,247	13,187	308	89,742
<b>Depreciation</b>				
At 1 January 2020	—	297	167	464
Charge for year	—	20	46	66
At 31 December 2020	—	317	213	530
<b>Net book values</b>				
At 31 December 2020	76,247	12,870	95	89,212
At 31 December 2019	76,223	12,178	115	88,516

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years. These valuations are now regarded as the deemed cost of the properties under the transitional provisions of FRS 102.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their cost.

The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost.

The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS 102.

It is likely that the open market values of the group's and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

In accordance with FRS 102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

## 14 Investments

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Glebe property	27,652	—	—	27,652	26,506
Listed investments and cash	24,458	11,092	5,839	41,389	37,680
	<b>52,110</b>	<b>11,092</b>	<b>5,839</b>	<b>69,041</b>	<b>64,186</b>

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2019 £'000
Glebe property	26,506	—	—	26,506
Listed investments and cash	20,618	11,130	5,932	37,680
	<b>47,124</b>	<b>11,130</b>	<b>5,932</b>	<b>64,186</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Glebe property	27,652	—	—	27,652	26,506
Listed investments and cash	24,458	11,092	5,839	41,389	37,680
Investment in subsidiary undertaking	1,700	—	—	1,700	1,700
	<b>53,810</b>	<b>11,092</b>	<b>5,839</b>	<b>70,741</b>	<b>65,886</b>

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2019 £'000
Glebe property	26,506	—	—	26,506
Listed investments and cash	20,618	11,130	5,932	37,680
Investment in subsidiary undertaking	1,700	—	—	1,700
	<b>48,824</b>	<b>11,130</b>	<b>5,932</b>	<b>65,886</b>

Movements in the group's and charity's investments during 2020, excluding those in subsidiary companies, were as follows:

	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2020	26,506	37,151	63,657
Additions at cost	—	10,584	10,584
Disposals at book value (proceeds: £6,840k; net losses: £1,089k)	—	(7,929)	(7,929)
Net unrealised investment gains	1,146	864	2,010
Market value at 31 December 2020	27,652	40,670	68,322
Cash awaiting investment	—	719	719
	<b>27,652</b>	<b>41,389</b>	<b>69,041</b>

The cost at 31 December 2020 of listed investments was £33,516 (2019 – £29,938k).

## 14 Investments (continued)

### *Glebe property*

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2020 comprised the following:

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Agricultural land	22,317	21,406	22,317	21,406
Residential property	5,335	5,100	5,335	5,100
	<b>27,652</b>	26,506	<b>27,652</b>	26,506

### *Listed investments*

Listed investments comprise units in funds held by Schroder and Company Limited, by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, together with a holding in M&G Charifund, a common investment fund managed by M&G Securities Limited.

At 31 December 2020, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2020		2019	
	Percentage of portfolio %	Market value £'000	Percentage of portfolio %	Market value £'000
CBF Investment fund income unit	8.6	3,515	10.6	3,926
Schroder Fidelity Global Dividend Fund	7.9	3,207	8.2	3,041
Schroder Vanguard S&P 500 UCITS ETF	6.4	2,590	6.2	2,316
Schroder Real Estate Fund	5.9	2,390	6.2	2,312
Schroder Property Fund	5.5	2,238	6.0	2,247
Schroder QEP Global	5.4	2,178	3.0	1,103
Schroder Charities Property Fund	5.3	2,166	6.5	2,247
HSBC FTSE All-World Index Fund	4.5	1,831	3.1	1,079
M&G Charifund	4.1	1,655	16.1	5,983

All listed investments are held within the United Kingdom.

**14 Investments** (continued)

***Investment in subsidiary company***

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2020 and financial position as at that date are given in note 25 to these financial statements.

**15 Stock: land under development**

<b>Group</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
At 1 January 2020	<b>11,886</b>	11,736
Development costs	<b>2,192</b>	1,751
Borrowing costs	<b>25</b>	31
Disposals	<b>(2,316)</b>	(1,632)
At 31 December 2020	<b>11,787</b>	11,886

Land under development relates to a parcel of land that is being developed by the charity's wholly owned trading subsidiary, St Albans Diocesan Property Company Limited. On 20 December 2017 St Albans Diocesan Property Company Limited signed a Collaboration and Equalisation Agreement with the owners and co-developers of adjacent land to its own near Houghton Regis. This agreement is pursuant to an existing Collaboration and Equalisation Agreement in place ("Heads of Agreement") with the same owners. The new agreement sets out detailed terms and conditions of the financial and operational obligations of each member to the Houghton Regis Consortium which will manage the development and sales of land owned by each member of the Consortium. During the five years to 31 December 2020, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. The first major sale of land was made in February 2019 with further sales in 2020. The profits on these sales have been included in the group financial statements in the year appropriate to the transactions.

## 16 Debtors

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Due within one year</b>				
Amounts due from Parochial Church Councils				
. Building loans	4	4	4	4
. Parochial contributions (note (a) below)	81	119	81	119
	<b>85</b>	123	<b>85</b>	123
Church School buildings and maintenance (note (b) below)	—	224	—	224
Church Commissioners – Pastoral Account (note (c) below)	16	16	16	16
Investment income receivable	140	283	140	283
Staff loans	13	12	13	12
Loan to subsidiary company (note 25)	—	—	—	6,000
Due from subsidiary company (note (d) below)	—	—	811	325
Sundry debtors and prepayments	1,324	430	508	379
	<b>1,578</b>	1,088	<b>1,573</b>	7,362

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Due after one year</b>				
Amounts due from Parochial Church Councils:				
. Building loans	157	161	157	161
. Equity loans to finance the purchase of curates' houses (note (e) below)	298	304	298	304
. Other loans	17	18	17	18
Loan to subsidiary company (note 25)	—	—	6,000	—
Amount due in respect to sale of land	1,605	—	—	—
	<b>2,077</b>	483	<b>6,472</b>	483

### Notes

- (a) The debtor for parochial contributions represents monies in respect of parish share for 2020 received subsequent to the year-end but prior to 14 January 2021 (2019 - 10 January 2020).
- (b) Amounts due in connection with church school buildings and maintenance represented amounts refundable from the Department for Education, and from School Governors, in respect to work and maintenance to school properties held by the charity as custodian trustee in 2019. This scheme ended on 31 March 2020. There is no associated debtor at this year-end 2020.
- (c) Amount due from the Church Commissioners represents proceeds from the sale of a redundant church.
- (d) In 2019 and 2020, the amount due from the subsidiary company includes accrued interest on the loan to the company (note 25).
- (e) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

**17 Creditors: amounts falling due within one year**

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Church School buildings and maintenance	593	341	6	341
Grants committed	33	47	620	47
Corporation tax payable	456	1,881	—	—
Promotion fee payable by subsidiary company	—	576	—	—
Sundry creditors and accruals	876	665	869	665
	<b>1,958</b>	<b>3,510</b>	<b>1,495</b>	<b>1,053</b>

Church schools buildings and maintenance represents receipts held and allocated to a project but not yet spent.

**18 Creditors: amounts falling due after more than one year**

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts due to the Central Board of Finance in respect of parish property loans	7	11	7	11
Amounts due to the Church Commissioners				
. Variable deposit rate and equity loans for the purchase of curates' houses	316	316	316	316
Amount due to consortium development partners	1,476	1,559	—	—
Other creditors	178	355	178	355
	<b>1,977</b>	<b>2,241</b>	<b>501</b>	<b>682</b>

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 7.19% and 8.2% during the year. The other creditors of £178k (2019 – £355k) are payable by annual instalments of £178k within the next two to four years.

**19 Provisions for liabilities**

Group and Charity	2020 £'000	2019 £'000
Clergy pension scheme deficit contribution liability (see note 30)	859	1,582

## 20 Gross transfers between funds

The inter-fund transfers during the year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	705	—	(705)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(121)	121	—
Net movement on parsonage benefice fund in year	18	—	(18)	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(271)	271	—	—
Transfers from operational reserves	63	—	(325)	262	—
Transfers from glebe to cover provisions	(275)	—	—	275	—
Common fund transfer to School work	—	10	(10)	—	—
Transfers of unused funds on parsonage houses	(678)	—	—	678	—
Transfer of income from Glebe Endowment to unrestricted	89	—	(89)	—	—
Transfer of interest payable on loan to subsidiary company	—	—	416	—	(416)
Charitable donation from subsidiary company to parent charity	5,500	—	—	—	(5,500)
	<b>5,422</b>	<b>(261)</b>	<b>(581)</b>	<b>1,336</b>	<b>(5,916)</b>

The inter-fund transfers during the previous year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	604	—	(604)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(121)	121	—
Accumulated interest on general restricted funds transferred to the common fund	—	(28)	28	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(292)	292	—	—
Transfer to support curates in training	—	—	(15)	15	—
Transfer from City Church Fund to support curate	—	(55)	—	55	—
Common fund transfer to School work	—	35	(35)	—	—
Transfers from operational reserves	—	—	(232)	232	—
Transfer of interest payable on loan to subsidiary company	—	—	416	—	(416)
	<b>604</b>	<b>(340)</b>	<b>(271)</b>	<b>423</b>	<b>(416)</b>

## 21 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

Group and charity	At 1 January 2020 £'000	Income and Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Endowment funds				
. Stipends Capital Fund	23,224	—	(284)	22,940
. Pension reserve	(1,582)	—	723	(859)
	<b>21,642</b>	<b>—</b>	<b>439</b>	<b>22,081</b>
. Parsonage Houses Fund	75,487	(13)	—	75,474
. Parsonage Benefice Fund	2,674	—	(629)	2,045
. Glebe Fund	41,540	4	6,660	48,204
	<b>141,343</b>	<b>(9)</b>	<b>6,470</b>	<b>147,804</b>

Group and charity	At 1 January 2019 £'000	Income £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Endowment funds				
. Stipends Capital Fund	21,577	—	1,647	23,224
. Pension reserve	(4,606)	—	3,024	(1,582)
	<b>16,971</b>	<b>—</b>	<b>4,671</b>	<b>21,642</b>
. Parsonage Houses Fund	75,417	70	—	75,487
. Parsonage Benefice Fund	2,483	—	191	2,674
. Glebe Fund	32,958	—	8,582	41,540
2019 amounts	<b>127,829</b>	<b>70</b>	<b>13,444</b>	<b>141,343</b>

The endowment funds were established as follows:

### ◆ Parsonage Houses Fund and Parsonage Benefice Fund

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land which are not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938 (as amended by the Church Property Measure 2018), these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

## 21 Endowment funds (continued)

### ◆ **Parsonage Houses Fund and Parsonage Benefice Fund (continued)**

The parsonage house belongs to the benefice (not to the Parochial Church Council nor the DBF) and the ownership is vested in the “incumbent for the time being”. During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Church Property Measure 2018. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and insure benefice houses, thereby relieving the incumbent of this responsibility.

### ◆ **Glebe Fund**

The Glebe Fund represents the value of the Glebe Property plus net current assets of £14,650k (2019 – £13,333k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income derived from this fund is included within Glebe Rents shown in the Common Fund.

### ◆ **Stipends Capital Fund**

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

## 22 Restricted funds

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

Group and charity	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Consolidated Fund for Statutory Education	8,567	3,614	(3,163)	(229)	8,789
Church Commissioners' Strategic Development Fund	—	271	—	(271)	—
Committee for Social Responsibility funds	629	18	(17)	40	670
Creed Fund	89	2	—	5	96
Trust for London (CCFS)	553	133	(11)	—	675
Bishop's Harvest Appeal	20	57	(55)	—	22
Church Repairs Fund	326	10	(2)	21	355
Parker Fund	654	20	(18)	42	698
Archdeacons' Discretionary	503	18	(22)	30	529
Yapp Fund	668	18	—	43	729
Historic Buildings Fund	(57)	26	(43)	—	(74)
Ordinands' Training Fund	41	502	(363)	—	180
Grimthorpe Fund	204	6	(4)	6	212
Other restricted funds	548	13	(72)	29	518
	12,745	4,708	(3,770)	(284)	13,399

**22 Restricted funds (continued)**

Group and charity	At 1 January 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Consolidated Fund for Statutory Education	7,684	570	(625)	947	8,576
Church Commissioners' Strategic Development Fund	—	292	—	(292)	—
Committee for Social Responsibility funds	536	18	(58)	90	586
Creed Fund	76	2	—	11	89
Trust for London (CCFS)	527	115	(34)	(55)	553
Bishop's Harvest Appeal	23	61	(64)	—	20
Church Repairs Fund	296	10	(37)	48	317
Parker Fund	563	20	(24)	95	654
Archdeacons' Discretionary	439	23	(28)	69	503
Yapp Fund	571	18	—	79	668
Historic Buildings Fund	(21)	9	(2)	—	(14)
Ordinands' Training Fund	6	427	(390)	—	43
Grimthorpe Fund	177	6	(4)	25	204
Other restricted funds	482	13	(3)	54	546
<b>2018 amounts</b>	<b>11,359</b>	<b>1,584</b>	<b>(1,269)</b>	<b>1,071</b>	<b>12,745</b>

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

**22 Restricted funds** (continued)

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

Group and Charity	2020 £'000	2019 £'000
<b>Income</b>		
Donation	1	1
Investment income	251	292
Grants received	107	97
Rental income from school properties	17	17
Service Level Agreement income	79	79
School Courses	17	45
Grant funding from SCA	3,104	—
School Building Projects levy	38	39
<b>Total income</b>	<b>3,614</b>	570
<b>Expenditure</b>		
Education	(3,163)	(625)
<b>Net income (expenditure) before investment gains and transfers</b>	<b>451</b>	(55)
<b>Investment (losses) gains and transfers</b>	<b>(229)</b>	947
<b>Net income</b>	<b>222</b>	892

The fund is represented by the following net assets:

	2020 £'000	2019 £'000
Investments	7,632	7,879
Debtors	75	660
SCA Funds held for future use	442	
Short term deposits	679	658
Creditors: amounts falling due within one year	(1,089)	(403)
Inter fund balances	1,050	(218)
<b>Total net assets</b>	<b>8,789</b>	8,576

Historically the Consolidated Fund for Statutory Education acted as agent for school governors in relation to school building works and the purchase of IT equipment for schools. It acted as the agent of school governors in helping to arrange funding through the DfE and local authorities and in paying professional fees and building costs on behalf of school governors. The SCA (Schools Condition Allocation) system changed in April 2020. It was not previously reflected in the Statement of Financial Activities as the transactions were those of the school governors and the Board acted simply as an agent or facilitator. The grant funding received has now been brought into the SOFA along with the related expenditure. The unspent balance is represented as part of the surplus for the CFSE at the year-end. It has to be spent for the purposes detailed under the SCA agreement and the unspent amount at the end of the year has to be spent by 31 March 2022 or returned to the DfE.

**22 Restricted funds** (continued)

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

Fund	Application/purpose
Church Commissioners Strategic Development Fund	Grant funding received from Church Commissioners co-funding the Reaching New People project
Consolidated Fund for Statutory Education	Application of net sales proceeds of closed church schools under section 17 of the Education Act 1993.
Committee for Social Responsibility Funds	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Mission and Ministry
Creed Fund	Evangelism and mission at the discretion of the Bishop
Trust for London (CCFS)	For the support of parishes in the Metropolitan Police area. Monies are applied to support specific qualifying projects where expenditure occurs irregularly.
Bishop's Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Fund	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Historic Buildings Fund	This is a jointly funded project with Historic England to build the capacity of local communities to conserve and develop the use of their church buildings. Grants are received once a year, whilst expenditure supported by those grants occurs evenly throughout the year.
Ordinands' Training Fund	This fund receives block grants from the Archbishops' Council Ministry Division intended to meet the tuition costs for Ordinands at accredited Training institutions. Grants are received termly, to meet termly payments throughout the year.
Grimthorpe Fund	Monies applied for the repair of churches within the Archdeaconries of Hertford and St Albans.
Other restricted funds	Sundry specific purposes

## 23 Unrestricted funds

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Common Fund	2,015	16,150	(15,650)	(1,000)	1,515
Other unrestricted funds					
. Tangible fixed asset fund	13,323	—	—	—	13,323
. Property ring-fenced fund	6,064	—	—	438	6,502
. Special Designations	2,164	32	(101)	813	2,908
.. Operational Reserve	1,027	—	(6)	266	1,287
.. Mission	380	28	(39)	81	450
.. Other	757	4	(56)	466	1,171
. Pastoral Account	673	—	(1)	—	672
	<b>22,224</b>	<b>32</b>	<b>(102)</b>	<b>1,251</b>	<b>23,405</b>
Unrestricted funds	24,239	16,182	(15,752)	251	24,920
Elimination of Intra group profit	(236)	(416)	—	416	(236)
Non-charitable trading	7,972	5,264	(2,446)	(5,319)	5,471
	<b>31,975</b>	<b>21,030</b>	<b>(18,198)</b>	<b>(4,652)</b>	<b>30,155</b>

	At 1 January 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Common Fund	1,921	16,168	(15,412)	(662)	2,015
Other unrestricted funds					
. Tangible fixed asset fund	13,323	—	—	—	13,323
. Property ring-fenced fund	5,571	196	(78)	375	6,064
. Special Designations	1,778	6	(236)	616	2,164
.. Operational Reserve	874	—	(175)	328	1,027
.. Mission	329	2	(32)	81	380
.. Other	575	4	(29)	207	757
. Pastoral Account	728	—	—	(55)	673
	<b>21,400</b>	<b>202</b>	<b>(314)</b>	<b>936</b>	<b>22,224</b>
Unrestricted funds	23,321	16,368	(15,726)	274	24,237
Elimination of Intra group profit	(236)	(416)	416	—	(236)
Non-charitable trading	(263)	12,843	(4,608)	—	7,972
2019 amounts	<b>22,822</b>	<b>28,795</b>	<b>(19,918)</b>	<b>274</b>	<b>31,973</b>

## 23 Unrestricted funds (continued)

### ◆ **Common Fund**

The Common Fund, whose primary source of income are the amounts collected from Parochial Church Councils via the Parish Shares scheme, is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

### ◆ **Tangible Fixed Assets Fund**

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

### ◆ **Special Designated Funds**

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

### ◆ **Pastoral Account**

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

## 24 Unrealised gains

The total unrealised gains as at 31 December 2020 constitutes a revaluation reserve and are as follows:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Unrealised gains on listed investments at 31 December 2020</b>	<b>7,151</b>	7,214
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2020	<b>7,214</b>	4,180
Less: in respect to disposals in the year	<b>(928)</b>	(372)
Net gains arising on revaluation arising in the year	<b>865</b>	3,406
<b>Total unrealised gains at 31 December 2020</b>	<b>7,151</b>	7,214

## 25 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its current directors are Mr C G Bird, Mr A C Brown, The Ven D Middlebrook, Mr J W Butler and Mr C B Gage who are also members and directors of the Board of Finance and, Mr E M Wood, The Hon H T Holland-Hibbert and Mr J B Watkiss who are independent directors.

St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development.

As explained in note 15, the company has signed an agreement with the owners and co-developers of adjacent land to its own near Houghton Regis and a consortium has been formed to manage the development and sales of land. During 2019 the consortium completed its first significant sale of land. Two further parcels of land were sold in the year, which resulted in net sales proceeds of around £2.2 million and are included in the accounts of the company and the consolidated accounts of the charity. The sales were completed prior to the impact of COVID-19. Tax has been calculated on them and is included in the financial statements. 2021 saw the continuation of this process, generating net sales proceeds of around £1 million.

During 2018, the company entered into an agreement for a loan of £7 million from its parent charity, repayable in two years. In 2019, £1 million of the net sales proceeds were utilised to repay part of this loan. The loan was due to be repaid in July 2020, but following the year-end, the St Albans Diocesan Board of Finance agreed to extend the loan facility by a further two years. Interest is payable at a commercial rate of interest which is at a lower rate than that charged by the consortium partners and therefore benefits both the company and ultimately the parent charity.

## 25 St Albans Diocesan Property Company Limited (continued)

The corporation tax liability was reduced following a charitable donation from the subsidiary company to the charity. The charitable donation has been accounted for as a distribution in the accounts of the property company in line with FRS102. The reduction in the tax liability has resulted in a tax recharge as a result of the write-back for the tax provision from 2019.

A summary of the company's statement of income and retained earnings for the year and balance sheet at 31 December 2020 is given below. Audited accounts will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	2020 £'000	2019 £'000
<b>Income and expenditure</b>		
Turnover	5,264	12,843
Cost of sales	(2,354)	(2,170)
Operating costs	(91)	(111)
Interest payable	(417)	(446)
Taxation	597	(1,881)
<b>Profit for the year</b>	<b>2,999</b>	<b>8,235</b>

	2020 £'000	2019 £'000
<b>Balance sheet</b>		
Current assets	15,921	20,013
Creditors: amounts falling due within one year	(1,274)	(8,782)
Creditors: amounts falling due after one year	(7,476)	(1,559)
<b>Total net assets</b>	<b>7,171</b>	<b>9,672</b>

	2020 £'000	2019 £'000
<b>Capital and reserves</b>		
Called up share capital	1,700	1,700
Profit and loss account	5,471	7,972
<b>Total shareholder's funds – equity interests</b>	<b>7,171</b>	<b>9,672</b>

## 26 Custodian funds

As at 31 December 2020 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £39.5m (2019 – £37.3m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

## 27 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

## 28 Related party transactions

### ***Hockerill Education Foundation – registered charity number 311018***

Four (2019 - Three) member of the Board are trustees of the Hockerill Educational Foundation. In 20120 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £107k (2019 – £97k) and £92k (2019 – £111k) was spent during the year.

### ***Eastern Region Ministry Course – registered charity number 1090989***

Two members (2019 – one member) of the Board are trustees of the Eastern Region Ministry Course. In 2020 the St Albans Diocesan Board of Finance made payments to the Ministry Course totalling £1171k (2019 – £97k), for academic fees for Student Readers.

### ***Associated committees***

Details of all associated committees can be found in the Diocesan Directory available at the registered office.

### ***Donations from Board members***

No donations were received from Board members in the year (2019 – £none).

Other than those transactions stated above there were no other related party transactions during the year (2019 – none).

## 29 Connected entities

As explained in the Members' Report attached to these accounts, the St Albans Diocesan Board of Education (DBE) is a Board of the St Albans Diocesan Synod. Whilst it has certain functions and responsibilities imposed by statute (the Diocesan Boards of Education Measure 1991 (as amended 2006)) and reports directly to the Diocesan Synod, it has no legal personality separate from the DBF. A key function of the DBE is to assist in the promotion of education in the Diocese, such education being consistent with the faith and practice of the Church of England. It promotes or assists also in the promotion of religious education and religious worship in schools in the Diocese.

Following the enactment of The Academies Act 2010, the DBE established The Diocese of St Albans Educational Trust, a company limited by guarantee (Company Registration No. 8223185 (England and Wales)) to assist Church of England Academy Trusts in the Diocese as they seek to provide a high quality education for pupils and students in their schools. This company is a member of each of the Academy Trusts formed in the Diocese since 1 September 2012. Five of the seven directors of the company are appointed from the DBE with two non-DBE appointments.

**29 Connected entities** (continued)

In response to the Education and Adoption Bill 2015, the Diocese of St Albans Multi Academy Trust was incorporated on 27 October 2016 as a company limited by guarantee (Company Registration No. 10449374). The five members of the Multi Academy Trust are appointed by The Diocese of St Albans Educational Trust. These members are responsible for appointing the seven directors of the Multi Academy Trust who have responsibility for its day to day management. The Multi Academy Trust has been established to provide for schools within the Diocese requiring rapid improvement having been placed in Special Measures and subject to a directive Academy Order, good or outstanding schools where no natural cluster of local Church of England provision exists, and new schools within new housing provision where the Diocese is the identified sponsor.

During the year, there have continued to be a limited number of transactions between the Multi Academy Trust and the DBF in respect of a recharge of staff salaries by the DBF. The amounts involved are not material to these financial statements.

**30 Pension commitments**

***Lay workers scheme***

St Albans DBF 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.

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

***Defined Benefits Scheme***

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

For funding purposes, 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.

### 30 Pension commitments (continued)

#### *Lay workers scheme (continued)*

##### *Defined Benefits Scheme (continued)*

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020 - £10,200; 2019 - £10,200). There were no deficit recovery payments in 2019 or 2020.

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 DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £10,200 per year.

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.

#### **Clergy scheme**

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

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

### 30 Pension commitments (continued)

#### *Clergy scheme* (continued)

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020 - £2,421k; 2019 - £2,415k), including the figures highlighted in the table below as being recognised in the SoFA.

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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- ◆ An average discount rate of 3.2% p.a;
- ◆ RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- ◆ Increase in pensionable stipends of 3.4% p.a.; and
- ◆ Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 core projections with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%.

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

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

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

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

**30 Pension commitments** (continued)

**Clergy scheme** (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	<b>2020</b> <b>£'000</b>	2019 £'000
Balance sheet liability at 1 January	<b>1,582</b>	4,606
Deficit contribution paid	<b>(718)</b>	(693)
Interest cost (recognised in SOFA)	<b>13</b>	89
Remaining change to the balance sheet liability* (recognised in SOFA)	<b>(18)</b>	(2,420)
Balance sheet liability at 31 December	<b>859</b>	1,582

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	<b>December 2020</b>	December 2019	December 2018
Discount rate	0.2%	1.1%pa	2.1% pa
Price inflation	3.1%	2.8%pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3%pa	1.6% pa

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

**Other schemes**

Contributions are also made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme. Total contributions to these schemes in the year were £13k (2019 – £12k).

## Reference and administrative information

### Board members

Chairman C G Bird

Vice Chairman T R Fleming

Other Members  
The Bishop of St Albans  
The Archdeacon of St Albans  
The Archdeacon of Bedford  
The Archdeacon of Hertford  
The Reverend Canon Dr P Ackroyd  
The Reverend Dr G R Cappleman  
A Brown OBE  
M E Butcher  
J W Butler  
N K Challis  
D C Clark  
B Crawford  
Dr D W Dallinger  
P E Easterbrook  
Dr M Eaton  
K Ebbage  
C B Gage  
M J Gates  
P R Lindley  
M Readman  
J H Robinson  
K Smith  
Dr R L V Southern

**Secretary to the Board** Miss S E Pope

**Registered office** Holywell Lodge  
41 Holywell Hill  
St Albans  
Herts  
AL1 1HE

Telephone 01727 854532

Facsimile 01727 844469

**Company registration no.** 145227 (England and Wales)

**Charity registration no.** 248887

The governance structure of the charity is more fully discussed on page 21.

## Reference and administrative information

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
<b>Diocesan Registrar and Solicitors</b>	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
<b>Legal Advisers</b>	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW
<b>Investment managers – listed investments</b>	Schroder & Company Limited trading as Cazenove Capital Management 12 Moorgate London EC2R 6DA  CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
<b>Diocesan Surveyor</b>	Rumball Sedgwick Chartered Surveyors, Valuers and Estate Agents 58 St Peter's Street St Albans Herts AL1 3HG
<b>Glebe property agents</b>	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD