

THE CHESTER DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 248968

Details

Status Registered

Legal form Charitable company

Company number [00007826](#)

Registered 1966-09-16

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: TO MAINTAIN AND PROMOTE THE SPIRITUAL TEACHING OF THE CHURCH OF ENGLAND AND TO ACT AS THE DIOCESAN BOARD OF FINANCE FOR THE DIOCESE OF CHESTER.

Activities: Church of England Diocesan Board of Finance. Funding of clergy stipends, housing, pensions. Advice to clergy and parishes.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF CHESTER
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£14,986,000	£16,413,000	£153,514,000	46
2023-12-31	£15,144,000	£15,462,000	£170,847,000	63
2022-12-31	£14,568,000	£14,901,000	£151,258,000	42
2021-12-31	£14,594,000	£14,054,000	£146,103,000	37
2020-12-31	£14,481,000	£15,446,000	£30,693,000	48

Trustees

Name	Role	Appointed
Canon David Anthony Hermitt		2022-11-28
DR GRAHAM CAMPBELL		
Dr Alan Downen		2013-10-31
Dr Peter Jonathon Marshall		2021-12-02
Esme Angela Hammer		2018-12-06
Gillian White		2024-11-27
JOHN JEREMY COLLIER FREEMAN		
JOHN STEPHEN HASLAM		2021-12-02
John Philip Mason		2013-10-31
Julie Withers		2018-12-06
Peter Ball-Foster		2021-12-02
REVD MICHAEL IAN ANTONY SMITH		
Rev Anna Louise Leyden		2024-11-27
Rev Christina Phoebe Upton		2018-12-06
Rev Daud Gill		2024-11-27
Rev David Andrew Vestergaard		2021-12-02
Rev Gabrielle Clair Jaquiss		2024-11-27
Rev George Crowder		2021-12-02
Rev Hana Jane Amner		2024-11-27
Rev Lesley Sarah Currie		2022-10-06
Rev Michael Laurence Ridley		2014-05-21
Rev NIGEL TERENCE ATKINSON		2024-11-27
Rev Ruth Elizabeth Mock		2024-11-27
Rev Samuel Jon Clint Corley		2021-09-28
Rev Stephen Dunton		2024-11-27
Rt Revd Julie Anne Conalty		2021-09-28
Samuel Harvey Wilson		2024-11-27

Name	Role	Appointed
THE RT REVD DR MARK SIMON AUSTIN TANNER		2020-07-15
The Ven Jane Proudfoot		2024-04-28
The Very Reverend Dr TIMOTHY RICHARD STRATFORD		2018-09-29
VEN DR MICHAEL GILBERTSON		

Linked charities

- CHESTER DIOCESAN RETIRED CLERGY, WIDOWS AND DEPENDANTS FUND (248968-1)
- STEEL AND WILLIAM FLETCHER ROGERS FUND (CHESTER DBF SHARE) (248968-2)

Accounts

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2024

Company limited by guarantee registered in England no 00007826

Registered charity no 248968

Bankers

National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG
The Charity Bank Limited, Fosse House, 182 High Street, Tonbridge, Kent, TN9 1BE.

Investment managers

CCLA Investment Management Limited, One Angel Lane, London, EC4R 3AB.

Solicitors

Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG
HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS

Auditors

HaysMac LLP, 10 Queen Street Place, London EC4R 1AG

Chester Diocesan Board of Finance Annual Report and Financial Statements
2024

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington
WA4 4GE.

Telephone: (01928) 718 834

Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 00007826) and is a registered charity (no 248968).

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester
Chair: Mr Ian N Scott-Dunn (until 26th November 2024)
Canon David A Hermitt (from 27th November 2024)

Trustees/Directors:

Rt Revd Julie A Conalty	Bishop of Birkenhead
Rt Revd Samuel J C Corley	Bishop of Stockport
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Jane E Proudfoot	Archdeacon of Macclesfield (from 28 Apr 2024)
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Revd Simon Drew	Chair, House of Clergy, Diocesan Synod (until 26 th Nov 2024)
Revd Christina P Upton	Chair, House of Clergy, Diocesan Synod (from 26 th Nov 2024)
Ms Julie H Withers	Chair, House of Laity, Diocesan Synod

Revd Hana Amner (from 27th November 2024)
Revd Joshua C Askwith (until 26th November 2024)
Revd Nigel Atkinson (from 27th November 2024)
Mr Peter Ball-Foster
Dr J Graham Campbell
Revd George T Crowder
Revd Lesley S Currie
Dr Alan Downen
Revd Stephen Dunton (from 27th November 2024)
Mr John J C Freeman
Revd Simon R Gales (until 26th November 2024)
Revd Daud Gill (from 27th November 2024)
Revd Andrew Q Greenhough (until 26th November 2024)
Mrs Esme A Hammer
Mr John S Haslam
Revd Clair Jaquiss (from 27th November 2024)
Revd Gary Kennaugh (until 26th November 2024)
Revd Anna Leyden (from 27th November 2024)
David G Lowcock (until 26th November 2024)
Dr Peter J Marshall
Canon Dr John P Mason

Chester Diocesan Board of Finance
Year ended 31 December 2024

Revd Ruth E Mock (from 27th November 2024)
Mrs Julie Okundaye (until 26th November 2024)
Revd Richard L Pennystan (until 26th November 2024)
Revd Michael L Ridley
Revd Michael I A Smith
Revd David A Vestergaard
Dr Christine E Wetherell (until 26th November 2024)
Mrs Gill White (from 27th November 2024)
Mr Sam Wilson (from 27th November 2024)

Key Management Personnel

Canon George B Colville	Diocesan Secretary (until 30 Aug 2024)
Canon Christopher R Penn	Interim Diocesan Secretary (from 4 Sept 2024)
Revd Jennifer C Bridgman	Interim Executive Officer (from 4 Sept 2024)
Mrs Elizabeth A Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Canon Simon Chesters	Director of Ministry
Mr Sean Augustin	Diocesan Safeguarding Adviser
Revd Peter M Froggatt	Director of Outreach
Mr Jon Pocock	Strategic Programme Director
Mr Nigel Strange	Head of Finance
Mrs Harriet M Roberts	Interim Director of Communications (from 22 Jul 2024)

Chair's Statement

I am pleased to present the Chair's Statement for Chester Diocesan Board of Finance. The organisation continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the diocese to continue to operate effectively, by collecting contributions from the parishes, funding and housing the clergy, and through providing a number of support services.

I took over as Chair of the Board of Directors at the November meeting of Diocesan Synod. I thank my predecessor, Ian Scott-Dunn, for his nine years of enthusiasm and hard work. He has provided a thorough hand-over process for which I am very grateful.

I also thank George Colville, who left in the summer after 25 years working for the Diocese, latterly as Diocesan Secretary. We are grateful that Canon Christopher Penn has agreed to act as our interim Diocesan Secretary supported by Revd Jennifer Bridgman as Interim Executive Officer. Plans for recruiting a successor are well underway.

We welcome the Ven Jane Proudfoot, who previously served in Grappenhall parish, as the new Archdeacon of Macclesfield.

In addition to its ongoing core functions, other events and processes involved the DBF and will influence its future. Work has progressed on developing the diocesan strategy, with the aim of delivering the vision of reaching the 1.5 million people in the diocese who haven't yet encountered Jesus. This work is taking place through four working groups under the themes of growing disciples, growing leaders, growing communities, and growing connections.

I thank the staff of the DBF, who provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome new members to the team at Daresbury and at Foxhill. These include Richard Walker, Bishop's Adviser for the Diocesan Discernment of Ordained Ministry, together with new staff in Finance, Safeguarding, Outreach, and the Diocesan Advisory Committee.

Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

Chester Diocesan Board of Finance
Year ended 31 December 2024

The DBF's day-to-day financial performance showed a deficit, but in challenging circumstances, parish share collection has stabilized. We continue to be very grateful to parishes who are the bedrock of the Diocese's mission.

Investments gained a little in value. Most of these investments are endowment funds whose primary function is to generate income for stipends, so maintenance of dividends continues to be of higher importance than end of year valuations. CCLA, with whom the DBF's investments are held, again increased its main dividend rate.

Economic circumstances for parishes and their parishioners remain challenging. In addition, safeguarding and other issues face the church both locally and nationally. Plans for the future, and the risks to be faced, will be continuously kept under review.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Canon David A Hermitt
Chair

Trustees' Report

Purposes and Aims

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with this purpose.

Ensuring our work delivers our aims

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society.

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering diocese-wide services and projects.

The focus of our work

Our main activities aim to deliver benefit in the following ways:-

- **Clergy** - providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial** - assisting Parochial Church Councils to provide churches, sacred spaces and worship services; assisting with effective accounting and administration
- **Outreach** - assisting parishes as they live out God's love for the world, as expressed in the Anglican Communion's Five Marks of Mission
- **Education** - contributing to the spiritual and moral education of children and young people
- **Ministry Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence

- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands

The majority of the DBF's activity takes place in the Diocese of Chester, which comprises Cheshire, the Wirral, and parts of Greater Manchester.

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2022 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code (see page 28) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Strategic Report

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. With approximately 213 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 31 of whom are curates, this responsibility is by far its largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels

are set nationally with some slight regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service but generally have part time roles and are not usually asked to take charge of a parish.

Clergy in the Diocese are paid under the terms of Common Tenure.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese and we continue to be able to appoint good clergy to benefices to fill most vacancies as they arise.

Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in 5-yearly inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving the overall standard of housing within the constraints of available funding.

Improvement projects continued, including the replacement of kitchens and bathrooms. Some of the improvement work has been grant funded by Benefact Trust, the owner of Ecclesiastical Insurance.

Vicarages at Birkenhead St James, Cheadle St Mary and Frodsham were replaced. A replacement for the vicarage at Bowdon was purchased. The former vicarage was Runcorn Weston was sold; a replacement having been purchased in the prior year. The vicarage at St John, Chester was sold, pending a replacement. The vicarage at Compstall was sold following a pastoral reorganisation. The development at Poynton was completed and the vicar had moved in.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

Archdeacons

Archdeacons have the role of pastoral care of the clergy and their families, and oversight of church buildings and vicarages, together with supporting the bishops.

There are two Archdeacons in the Diocese. The Ven Dr Michael Gilbertson is the Archdeacon of Chester. The Ven Jane Proudfoot, formerly vicar at Grappenhall, was appointed Archdeacon of Macclesfield in April 2024.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee (DAC). It provides informal feedback to parishes and provides formal advice to the Diocesan Chancellor in respect of faculty applications.

The DAC dealt with faculty applications and other permissions, together with site visits where necessary. In addition, policy issues relating to Net Zero, Martyn's Law – the Terrorism (Protection of Premises) Bill, and the Heritage at Risk register.

The Treasurer Support Network continued to grow, At the end of 2024 more than 90 parishes were trained and using the Data Developments accounting package MyFundAccounting - the Church of England's package of choice. The network met throughout the year for discussion, support and training, online and face to face, with the involvement of over 70 treasurers. Over 20 parishes were supported on a regular one to one basis throughout the year with many more receiving assistance with accounting, governance and other issues.

A multidisciplinary vacancy support group now assists parishes with the complexities and opportunities that arise.

Outreach

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The DBF is guided by the Anglican Communion's "Five Marks of Mission" in its approach: -

1. To proclaim the Good News of the Kingdom.
2. To teach, baptise and nurture new believers.
3. To respond to human need by loving service
4. To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
5. To strive to safeguard the integrity of creation and sustain and renew the life of the earth.

The DBF continued work in a wide range of areas, in part nationally funded, including: -

Collaborative youth work in Runcorn.

The nationally funded Flourish project which is establishing partnerships between schools or further education colleges and their local churches.

Following the appointment of a Diocesan Environment Adviser, making progress in the Diocesan structures and in parishes in the Eco Diocese and Eco Church initiatives run by A Rocha UK.

Following the appointment of a Diocesan Racial Justice Officer, assisting parishes with engaging with the diaspora communities they serve; and helping tackle issues of racial justice, identified in From Lament to Action, the national churches response to the death of George Floyd in 2021.

Assisting parishes in accessing national church grants for church building maintenance and accessibility, and to progress developments towards Net Zero Carbon.

Continuing to assist parishes with introducing digital methods of giving,

Counselling and supporting clergy and pastoral workers.

Education

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work. Together with the DBE the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report.

Ministry Development

The DBF administers vocational discernment, selection, initial training, and in-service training for lay and ordained licensed ministries.

In 2024, 10 people were ordained deacon, 7 started ordination and 6 started training for Licensed Lay Ministry. 10 new Lay Ministers were licensed, and 10 curates completed their post ordination training.

The majority of ordinands train with Emmanuel Theological College, alongside residential training at other colleges around the country. Reader training is also delivered by Emmanuel College.

A new scheme of Ministerial Development Review has been well received. We have been piloting a new approach to curate training, where a curate is deployed across several related parishes. A new scheme of training has been introduced for Occasional Worship Leaders.

Cross departmental support to parishes in vacancy including ministry, safeguarding and finance is well received. Collaboration with the safeguarding team continues with the aim of building safer church cultures.

Pastoral supervision and other support for lay and ordained ministers continues.

Grants

The DBF makes certain grants to support clergy and parishes in their work. The Diocese of Chester is also a part of the wider Church of England. In this capacity the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Retreats and Christian conferences

Foxhill House and Woodlands is a Centre for Prayer and Discipleship for the Diocese of Chester. Foxhill supports the parishes, schools and chaplaincies of the diocese as they implement the diocesan strategy, making a difference to the 1.5 million people who do not know Christ."

2024 saw a marked increase in our use, which was very encouraging. Many groups and individuals came to us for the first time, often on the recommendation of a previous guest.

As well as being a place for conferences and retreats for the diocese of Chester, Foxhill is being increasingly used by neighbouring dioceses that no longer have a retreat house of their own.

Publicity around the bursary scheme has gained momentum, and so last year we were able to offer many more people who would not otherwise have been able to afford to do so – individuals as well as some parish groups – the opportunity to engage with all that Foxhill has to offer. It is a huge joy and a blessing to be able to bless others as they seek to grow closer to Jesus and deepen their own discipleship.

We sought, in the programme for the year, to offer a range of individual and group retreats, providing a variety of opportunities for people to encounter God.

Safeguarding

Safeguarding advice and expertise continued to be vital element of support offered to parishes, and central to the functioning of the diocese.

Following the publication of the National Safeguarding Report Past Cases Review 2 (PCR2) by the Church of England, implementation of the three-year plan continued.

2024 saw the launch of the Church of England National Safeguarding Standards, and its implementation by the DBF. The delivery of training has expanded, now including all employed DBF staff.

Capacity to support parishes including through the network of Parish Safeguarding Officers has increased, and Parish Safeguarding Dashboards are coming into use, allowing parishes to easily track their compliance with national safeguarding standards. The Safeguarding Hub now assists parishes with safer recruitment.

Strategy

Over 2024, we been developing our strategy for delivering the collectively discerned diocesan vision of being Together in Christ, Sharing Hope, so that we can Bless the 1.5 Million People within our diocese who currently have no opportunity to hear the good news of Jesus Christ.

Our strategic programme is centred on four key areas to help us do that:

- **Growing Disciples:** Missional Health
Helping each worshipping community to develop deeper and broader faith through personal and new discipleship.
- **Growing Leaders:** Missional Leadership
Developing and training the leaders we have, and spotting and growing the leaders, we need.
- **Growing Communities:** New Worshipping Communities
Revitalising some of our urban areas and inspiring every setting to consider how they can create at least one missionally focussed way for new people to be drawn into a worshipping community so they can encounter Jesus.
- **Growing Connections:** Expanding Reach and Collaboration
Further developing networks and learning communities across our parishes and broadening our engagement with the full demographic of our diocese, to increase how we partner with others in mission.

The DBF has secured Archbishops' Council funding for two additional 3-year fixed term posts to assist with this work.

Net Zero 2030

The DBF secured a number of streams of funding from Archbishops Council to assist in delivering the call from General Synod for all parts of the Church to be net zero carbon by 2030 including: -

Demonstrator Vicarage Funding - £63,458 to retrofit a vicarage and carry out Energy Performance Surveys

Energy audits for the top 600 churches in England with highest carbon usage in 2023 and the next 600 in 2024 - Chester have had free Energy audits for 26 churches in the year following which churches can apply for a £3,000 grant towards a carbon reduction scheme identified in the audit.

Quick Wins Funding - £58,850 towards straightforward improvements in churches such as the installation of LED lighting. £15,000 was allocated in the year.

Work during the year included: -

Creation of a NZC30 Action Plan for the Diocese

Appointment of a Net Zero Carbon Officer, funded by Archbishops' Council

Appointment of an Environmental Advisor

Carbon literacy Training for parishes

Financial Review

Net expenditure after investment gains amounted to £1,145k (2023 net income after investment gains £714k). Investments gained in value by £282k (2023 gain £1,032k), though it should be noted that valuations have declined since the accounting date. The dividend income on which the DBF relies to supplement parish share income, also continued to increase.

Contributions received from parishes rose to £11.3m (2023 £11.0m), and the parish share collection rate was stable at approximately 87%.

There were a number of parsonage replacements, but with the completion of a number of projects, cash generated by sales outweighed that used for purchases. As a result, cash again rose during the period. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though on occasions, surpluses on the sale and replacement of parsonages are also being used to support day to day activities. While cash rose, it should be noted that funding arising from the replacement of parsonages or disposal of parsonages no longer

Chester Diocesan Board of Finance
Year ended 31 December 2024
Trustees' Report

required, will not continue at the same rate into the future. The total valuation of parsonages declined, though this was mainly due to a progression from desktop review to periodic on site valuations.

The DBF received a grant from Benefact Trust of £129,430, which has been applied to continued support to parishes in respect of using church buildings for mission, and the provision of improved clergy housing.

The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, which declined slightly to £10.7m (2023 £10.9m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

Following earlier changes to accounting policy, and the inclusion of benefice property on the balance sheet, all property has been subject to at least a desktop review of valuation on at least a five-year rolling basis, and more frequently where appropriate. Property showed a fall in value, in part due to fluctuations as a result of moving from desktop reviews to on-site reviews of valuation at the same time as inspections.

The DBF has investments and cash deposits with the CBF Church of England Funds administered by CCLA. Holdings in the CBF Church of England Investment Fund showed a gain of 2.3% in capital value. The dividend yield at the end of the year was 2.73%. The return on cash in the CBF Church of England Deposit account declined to 4.6% (2023 5.3%).

The Defined Benefits Scheme section of the Church Workers Pension Fund for lay staff closed during the year while in surplus. The small number of remaining members in the scheme were transferred to the Pension Builder Classic Scheme section. As the Defined Benefits Scheme was in surplus at the time of closure, employers pension contributions for the Pension Builder Classic Scheme for next few years will be met from that surplus, rather than by payment by the DBF.

The majority of the DBF's investment assets are held by endowment funds and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their

current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

The basis of this approach includes budgets and forecasts for the following year together with keeping the economic environment and other potential sources of funds under review.

2025 and beyond

The purpose of Chester DBF is "to maintain and promote the spiritual teaching of the Church of England", not least by continuing to facilitate the healthy functioning of the parishes of the diocese.

Challenges for the next few years include: -

- moving to the strategy and implementation phase of the diocesan vision process
- implementing changes to the provision of safeguarding in line with the National Church of England Safeguarding Standards
- operating in the context of financial concerns and uncertainty

While the DBF faces challenges, it continues to be helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks. In addition, it

is currently reviewing its process of identifying risks.

The Board considers that its principal risks at present are: -

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained.
- The impact of ongoing societal, economic and political upheaval. The cost of living and other economic issues are sources of continuing uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a reasonable financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. The key priority is to ensure, as far as possible, that the DBF's services to parishes continue as effectively as possible.
- Loss of relevance and failure to adapt to changes in society together with declining electoral rolls and ageing congregations in parishes. The Diocese has approved vision themes and priorities is seeking to clarify its vision for the future and is now working towards a strategy to bring that vision to fruition.
- A number of challenging and complex issues where a very wide range of views are held with some risk of polarisation, possibly with financial impact.

There continues to be some risk relating to the DBF's ability to continue to fund increasing stipends, housing, salary, and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. Parish share collection rates declined a little during the year, something reflected in other diocesan boards of finance, and in levels of donations in the secular charity sector.

The Central Services Committee, together with a parish share specific sub-committee, keeps arrears of parish share under review. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs,

Chester Diocesan Board of Finance
Year ended 31 December 2024
Trustees' Report

these being the chief items of expenditure.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.

Structure, governance, and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance within it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the governing body of a parish. It is made up of the incumbent (who is the chairperson) plus any other clergy licensed to the Benefice, the churchwardens, and elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCCs are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2022 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect

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decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

Diocesan Synod

The Diocesan Synod is the statutory governing body of a diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met twice 2024, in March and November. The usual business was completed at both meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2023, approval of the 2025 budget, and receipt of General Synod reports.

At the March Synod, the Bishops and Diocesan Secretary responded to written questions. Synod received a report on the February session of General Synod which highlighted issues including the future of work, Living Love and Faith, Clergy pensions, and Racial Justice. A detailed update was received on the Lament to Action report. An update was received the Net Zero Action Plan, and the Diocesan Strategy process.

At the November Synod, Bishop Mark gave a presidential address in the context of the difficult issues facing the Church of England. The synod received a report on the July session of General Synod covering Living in Love and Faith, safeguarding, clergy well-being, registrar fees, the National Church Governance Measure, and foodbanks and Social Security. The Annual Report and Financial Statements for 2023 were received, and the budget for 2025 was approved. There was some concern that a significant deficit was anticipated. Synod was informed of a 12-month trial of a Complementary Parish Share Scheme internal to the DBF as an alternative to the Ephesians

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Fund. There was an update on the progress towards appointment of a new Diocesan Secretary / Chief Executive Officer, and the Diocesan Strategy process.

National Church institutions

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod, they were responsible for making decisions on doctrine, services, and relations with other churches.

Archbishops' Council is the Church of England's policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops' Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses.

The financial transactions of General Synod, the Church Commissioners, and Archbishops' Council do not form part of these accounts.

Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from Chester Cathedral Office, 9 Abbey Square, Chester, CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian

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County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is approximately 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 264 parishes, about 100 of which can be described as rural. Compared with many dioceses, there are few teams, and few multi-parish benefices. There are approximately 213 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 230 licensed. The role of licensed self-supporting ministers is substantial, with over 60 in post at present.

The Archdeaconry of Macclesfield approximately covers the part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester approximately covers the rest of the diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton.

The financial affairs of the Diocese are conducted through two registered charities:- Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790).

Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the

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Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations and grants have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs) in the Diocese of Chester. None of these is a connected charity.

Bishop's Council

Bishop's Council has the following functions:

- to plan the business of Diocesan Synod, to prepare the agenda for its sessions, and to circulate to members information about matters for discussion;
- to initiate proposals for action by Diocesan Synod;
- to advise Diocesan Synod on matters of policy;

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- to advise the President on any matters which he may refer to Bishop's Council;
- subject to the directions of Diocesan Synod, to transact the business of the Synod when it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as Diocesan Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Central Services Committee deals with all the financial transactions of the DBF except for

- approval of the annual report and financial statements;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure;
- major capital expenditure;
- staff remuneration.

The Central Services Committee also oversees matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative and support work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of everyone concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the

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Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in November 2023. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day-to-day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

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The Archidiaconal Mission and Pastoral Committees conducted business relating to parish vacancies, appointments, and pastoral reorganisations.

In addition, the committees received reports on and discussed numerous issues including:- the Diocesan Strategy process, digital giving, unconscious bias training, missional strategy resources, the Wirral Waters initiative, the Flourish initiative – encouraging new intergenerational worshipping communities that meet in schools, the Treasure the treasurer roadshow, and the Growing Faith Learning Hub – resources for parents to encourage faith with children at home using plastic building blocks.

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

Work is continuing on planning consents and other matters relating to St Pauls Boughton. Major work to repair a wall at St John the Baptist Godley is now complete. The redundant church at St Luke Dukinfield has been sold, with the net sale proceeds granted to the parish to put towards the cost of a new place of worship. Proposals are being explored to bring Crewe Christ Church back into community use. The sale of St John Altrincham remains dependant on moving a war memorial to St Margaret, Dunham Massey.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.4m at 31 December 2024 (£5.4m at 31 December 2023). Most of these trusts are held on behalf of Parishes whose charitable purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

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The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

Reserves Policy

Unrestricted funds:- For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. To cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves. Free unrestricted reserves (excluding fixed assets) of £3m represent approximately 3 months expenditure. Taking account of the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is adequate to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes,

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particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds:- The DBF's restricted funds totalling £11.7m (2023 £9.8m) are shown in note 20, together with an explanation of the purpose of those funds. The Board uses the pastoral account mainly to reinvest funds from the sale of surplus parsonage houses for the improvement of other parsonage houses. Where not required for this purpose, it can be used to meet the DBF's wider objects.

Endowment funds:- The DBF's endowment funds totalling £131.5m (2023 £150.4m) are shown in note 19 together with an explanation of the purpose of those funds. The majority of this balance (£117.0m (2023 £134.1m)) is benefice property included on the balance sheet as an expendable endowment fund. The gain in the year is due to improved valuation of benefice property (onsite at the same time as quinquennial inspection rather than desktop review) together with some investment gains. In addition to benefice property, the major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Related party

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity. Staff working for Chester Diocesan Board of Education are employed on joint contracts of employment and are processed through the DBF's payroll, with costs recharged.

Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to

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several key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop's Council – the board of trustees - is clear about the DBF's purpose – "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester" and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day-to-day decision making within that direction to senior employees. The board retains responsibility for, and oversight of, those decisions.

Board effectiveness – because of the requirement of adequate representation of the various parts of the diocese, the board of trustees is somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Openness and accountability – the trustees and senior staff seek to foster

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open relationships, particularly with the parishes and clergy of the diocese.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as they are aware, there is no information needed by the charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- The directors of the charity have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report, incorporating the strategic report, was approved by the Board on 30th June 2025 and signed by order of the Board.

M R Gilbertson

Ven Dr Michael R Gilbertson
Archdeacon of Chester

Independent Auditor's Report to the Members of the Chester Diocesan Board of Finance

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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statements are authorised for issue.

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with

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laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

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

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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.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of
HaysMac LLP,
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date 15 September 2025

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2024

Income and Expenditure

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000	Total 2023 £'000
Income and endowments from						
Parochial contributions		11,348	-	-	11,348	11,021
Grants and other donations	3	132	907	-	1,039	1,027
Investment income	4	289	359	-	648	519
Rental income		250	77	-	327	341
Income from charitable activities						
Statutory clergy fees		-	595	-	595	671
Retreat and Conference Centre		250	-	-	250	215
Other income from operating activities		186	248	345	779	1,350
Total		<u>12,455</u>	<u>2,186</u>	<u>345</u>	<u>14,986</u>	<u>15,144</u>
Expenditure on raising funds						
Generating voluntary income		22	-	-	22	20
Investment and Rental costs		-	95	-	95	98
Charitable Activities						
National church responsibility		355	-	-	355	377
Parochial clergy and archdeacons		9,741	948	-	10,689	10,904
Parsonage improvements		-	733	-	733	561
Support to clergy and parishes		2,189	1,091	-	3,280	2,775
Retreat and Conference Centre		443	-	-	443	422
Other expenditure on operating activities		-	-	796	796	305
Total	6	<u>12,750</u>	<u>2,867</u>	<u>796</u>	<u>16,413</u>	<u>15,462</u>
Net income/(expenditure) before investment gains/(losses)		<u>(295)</u>	<u>(681)</u>	<u>(451)</u>	<u>(1,427)</u>	<u>(318)</u>
Net (losses)/gains on investments	14	5	91	186	282	1,032
Net (expenditure)/income		<u>(290)</u>	<u>(590)</u>	<u>(265)</u>	<u>(1,145)</u>	<u>714</u>
Transfers between funds	22	13	2,476	(2,489)	-	-
Other recognised gains/(losses)						
Gains on revaluation of fixed assets	13	(209)	(22)	(15,957)	(16,188)	18,875
Net movement in funds		<u>(486)</u>	<u>1,864</u>	<u>(18,711)</u>	<u>(17,333)</u>	<u>19,589</u>
Reconciliation of funds:						
Total funds brought forward		10,613	9,802	150,432	170,847	151,258
Total funds carried forward		<u>10,127</u>	<u>11,666</u>	<u>131,721</u>	<u>153,514</u>	<u>170,847</u>

The notes on pages 40 to 61 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible assets	13	131,667	149,027
Investments	14	13,039	12,729
		144,706	161,756
Current assets			
Debtors	15	754	1,939
Cash at bank on deposit and in hand	16	8,972	7,997
		9,726	9,936
Creditors: amounts falling due within one year	17	(835)	(762)
Net current assets		8,891	9,174
Total assets less current liabilities		153,597	170,930
Creditors: amounts falling due after more than one year	18	(83)	(83)
Total net assets		153,514	170,847
Endowment funds	19	131,721	150,432
Restricted income funds	20	11,666	9,802
Unrestricted funds		10,127	10,613
Total charity funds		153,514	170,847

The notes on pages 40 to 61 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 30 June 2025 and signed on its behalf by



Mr D A Hermitt
Chairman



Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2024

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Note	2024	2023
		£'000	£'000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		(1,145)	714
(Gains)/Losses on investments	14	(282)	(1,032)
Dividends, interest and royalties from investments		(648)	(519)
(Profit)/loss on the disposal of fixed assets		418	(764)
Decrease/(Increase) in debtors		1,185	(414)
Increase/(Decrease) in creditors		74	(1,025)
Net cash (used in) operating activities		(398)	(3,040)

Statement of Cash Flows

	2024	2023
	£'000	£'000
Net cash (used in) operating activities	(398)	(3,040)
Cashflows from investing activities		
Dividends, interest and royalties from investments	648	518
Payments to acquire fixed assets	(2,965)	(1,744)
Payments to acquire investments	(28)	(25)
Receipts from disposal of tangible fixed assets	3,718	4,967
	<u>1,373</u>	<u>3,716</u>
Increase in cash in the year	<u>975</u>	<u>676</u>

Reconciliation of net cash flow to movement in cash and cash equivalents

	2024	2023
	£'000	£'000
Increase in cash in the year	975	676
Cash and cash equivalents at the beginning of the reporting period	<u>7,997</u>	<u>7,321</u>
Cash and cash equivalents at the end of the reporting period	<u>8,972</u>	<u>7,997</u>

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception that tangible fixed assets are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All income is included in the Statement of Financial Activities (SoFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment from parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2011 census. Parish share is accounted for in the period to which it relates. Provisions are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF. Also other ad-hoc items of income that do not fall into the other income categories.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were signed. Having performed the assessment, the Trustees conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Chester DBF is heavily supported by Parish Share contributions, and collection rates are under some pressure in the current economic environment. In extreme conditions, the DBF has reasonable reserves, could apply the Capital Reserve Stipends Fund to the payment of stipends, and a number of properties could potentially be mortgaged.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

Allocation of support costs

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number of staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. Restricted income is added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 20.

Endowment Funds

Some of these funds are investments held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant restricted fund. In addition, benefice property, that is, vicarages used to house parish clergy, are also included at fair value in endowment funds. The Board's endowment funds are shown in note 19.

Fixed Assets

Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Fixed assets are valued on a rolling five year basis.

Glebe property

Diocesan Glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. It comprises a small number of houses the majority of which are occupied by clergy, together with a range of agricultural and other holdings. These are mainly historical in nature, for example a field adjacent to a vicarage. Any income generated by Glebe property is restricted for the payment of stipends.

Parsonages

Parsonages for the housing of parish clergy are included in fixed assets at fair value. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent's official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust, so they form part of the DBF's restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included in the same expendable endowment fund.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

Depreciation

Depreciation is not provided on buildings as any provision would not be material due to the long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Investment property

Property is held by the DBF for long term charitable use, or to protect another charitable asset. As such, the DBF does not hold any investment property.

Fixtures and Fittings

The cost of replacing fixtures, fittings, computers and other office equipment is generally immaterial. As a result, such items are not capitalised and are written off in the year of purchase.

Investments

Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SoFA as net gains/(losses) on investments.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The company 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 their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes

The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

The Board entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions were discounted and resulted in a liability being reflected in the balance sheet. The interest cost of the debt was reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability. No further deficit contribution payments are required beyond 31 December 2022, so the liability at the balance sheet date is nil.

Further detail is provided in notes 24 and 25.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property – freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) – provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.
- Other – there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in these areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2024	2023
	£'000	£'000
Statutory audit	38	35
	38	35

3. Grants and other donations

	2024	2023
	£'000	£'000
Donations to Foxhill Conference Centre	2	2
Grant from Benefact Trust	129	150
Grant to Clergy Sustentation Fund	5	11
Archbishops Council Grant - Past Cases Review 2	-	6
Archbishops Council Grant - Strategy	89	91
Archbishops Council Grant - Wirral Waters	51	45
Archbishops Council Grant - Net Zero 2030	-	15
Archbishops Council Grant - Net Zero Quick Wins	30	-
Archbishops Council Grant - Net Zero Capacity	76	-
Archbishops Council Grant - Minor Repairs and Improvements	54	-
Archbishops Council Grant - Flourish project	42	-
Archbishops Council Grant - Growing Faith Learning Hub	10	-
Archbishops Council Grant - Giving Advisor	48	-
Archbishops Council Grant - Diocesan Investment	46	-
Jesus Shaped People	12	-
Birkenhead legacy	-	28
Donations to Outreach department	1	1
Church Commissioners Resourcing Ministerial Education block grant	18	217
Diocesan Stipends Fund (housing allowances and Emmanuel Theological College)	60	86
Chester Diocesan Board of Education recharge	366	375
	1,039	1,027

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

4. Investment Income	2024	2023
	£'000	£'000
Investment and fixed interest funds	369	357
CBF deposits and bank interest	274	154
Other income including interest on loans to parishes	5	7
	648	518

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2024 100% £'000
Church House	3	26	96	4	129
Central services	3	29	110	4	146
Central staff	13	136	509	20	678
Legal, financial	2	19	86	3	110
Governance	1	14	53	2	70
	22	224	854	33	1,133

Prior year comparative

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2023 100% £'000
Church house	3	28	104	4	139
Central services	3	28	103	4	138
Central staff	12	121	454	18	605
Legal, financial	1	13	62	2	78
Governance	1	14	51	2	68
	20	204	774	30	1,028

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

6. Expenditure	Note	Total 2024 £'000	Total 2023 £'000
Generating voluntary income			
Central Services & support costs		22	20
Investment and rental costs			
Rental costs		95	91
Value linked loan interest paid		-	7
		95	98
Charitable Activities			
National church responsibility		355	377
Parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		8,234	8,082
Maintenance of clergy housing		1,487	1,678
National ministry training and ordinands grants		744	940
Central Services & support costs		224	204
		10,689	10,904
Parsonage improvements		733	561
Support to clergy and parishes			
Ministry		420	345
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		272	224
Education		428	375
Outreach		411	348
Safeguarding		335	231
Vision & strategy		115	90
Discretionary and one off items (EIG)		4	12
Clergy/Lay conferences		11	1
Grants to parishes, clergy and others	7	430	349
Change in value of Harrison Legacy receivable		-	26
Central Services & support costs		854	774
		3,280	2,775
Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		410	392
Central Services & support costs		33	30
		443	422
Other expenditure on operating activities			
Loss on disposal of fixed assets		796	305
		16,413	15,462

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

7. Grants to parishes, clergy and others		2024	2023
		£'000	£'000
Grants to parishes			
Pastoral account grants to parishes		237	265
Marton - E J Massey trust		4	4
Minor Repairs and Improvements		52	-
Flourish projects		35	-
Net Zero Quick Wins		9	-
Birkenhead Priory - clerical or lay assistance		5	5
Thornton Hough - Fryer Legacy income		4	4
Twemlow trust - Balterley		3	3
Emmanuel Theological College		40	-
Energy grants		-	24
		389	305
Grants to Individuals and others			
	No. of grants		
Foxhill grants	19	5	4
Clergy Sustentation grants	10	6	2
Retired Clergy, Widows and Dependents Fund grants	12	28	34
Ministry Hardship grants	1	2	4
		41	44
Total grants		430	349

8. Staff and Office holder costs and numbers

Staff costs	2024	2023
	£'000	£'000
Wages & salaries	2,159	1,777
Social security costs	209	173
Pension costs	307	279
	2,675	2,229

Average staff numbers based on full time equivalents	2024	2023
	Number	Number
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5	4.5
Support to clergy and parishes	22	19.2
Diocesan Retreat and Conference Centre	8	8.5
Diocesan administration and central support	11	10.6
	46.5	43.3

The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-	2024	2023
£60,001 - £70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1

These employees accrued benefits in the Church of England Defined Benefits Pension Scheme until its closure on 31 May 2024, and following that, in the Church of England Pension Builder Classic Scheme.

In addition to the above, the charity had the equivalent of 8.3 (2023 6.7) full time employees under joint contracts with Chester Diocesan Board of Education. Their employment costs are borne by the charity and recharged to Chester Diocesan Board of Education (note 12).

Average head count for the year was 65.3 (2023 55.5) while the average head count of employees under joint contracts with Chester Diocesan Board of Education was 8.3 (2023 7.4).

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 190 (2023 191) full time equivalent office holders during the year.

	2024	2023
	£'000	£'000
Clergy Stipends	5,907	5,640
Clergy National Insurance	502	462
Clergy Pension Contributions	1,306	1,420
Other clergy payments	324	365
	8,039	7,887

9. Termination payments

Termination payments totalling £56,690 (2023 42,620) were made or accrued in the year.

10. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing for some or all of the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester	Revd Andrew Q Greenhough
Ven Jane E Proudfoot, Archdeacon of Macclesfield from 28 April 2024	Revd Clair Jaquiss
Revd Hana Amner	Revd Gary Kennaugh
Revd Joshua C Askwith	Revd Anna Leyden
Revd Nigel Atkinson	Revd Ruth Mock
Revd George T Crowder	Revd Richard L Pennystan
Revd Leslie S Currie	Revd Michael L Ridley
Revd Stephen Dunton	Revd Michael I A Smith
Revd Simon Drew, Chair, House of Clergy, Diocesan Synod	Revd Christina P Upton
Revd Simon R Gales	Revd David A Vestergaard
Revd Daud Gill	

The Rt Revd Julie A Conalty, Bishop of Birkenhead, was in receipt of a stipend and housing allowance, the stipend funded by the Church Commissioners and the housing allowance funded by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport, was in receipt of a stipend and provided with housing, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners and housing funded by Chester Cathedral.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £41,750 - £51,175 (2023 £39,477 - £48,389). The stipend, funded by the DBF, paid to Archdeacons was £44,039 (2023 £42,457). The stipend paid to the Dean of Chester was £41,751 (2023 £39,477). Other clergy who were Trustees were paid stipends in the range £30,518 - £32,642 (2023 £28,585 - £30,575).

Trustee expenses

A total of £15,104 (2023 £12,792) was reimbursed to 14 (2023 12) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £513,643 (2022 £492,793), together with pension contributions of £80,465 (2023 £90,211). Of these, the highest paid was Liz Geddes, who received £65,218 (2023 £61,088 excluding employers national insurance, together with pension contributions of £16,880 (2023 £17,771). The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

	2024	2023
	£'000	£'000
Chester Diocesan Board of Education funding of joint employment contracts	366	375

13. Tangible Fixed Assets

	Freehold Land and Buildings			Total 2024	Total 2023
	Board £'000	Glebe £'000	Parsonages £'000	£'000	£'000
Cost or Valuation					
Balance at 1 January	8,966	5,971	134,090	149,027	132,611
Additions	-	-	2,965	2,965	1,744
Disposals	(214)	(35)	(3,469)	(3,718)	(4,967)
Profit/loss on disposals	33	(4)	(448)	(419)	764
Revaluations	(231)	156	(16,113)	(16,188)	18,875
Transfers	716	-	(716)	-	-
Balance at 31 December	9,270	6,088	116,309	131,667	149,027

The Board's property comprises the office at Daresbury park, the conference centre at Foxhill together with associated buildings, a small number of closed churches, together with a small number of residential properties, some of which are used to house diocesan appointees. Glebe property comprises a small number of residential properties together with a range of mainly agricultural holdings. Any income arising from Glebe property is restricted to the funding of stipends.

In addition, parsonages for the housing of parish clergy are included in fixed assets at fair value.

All land and buildings are held at valuation. A full desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. From 31 December 2022 and for following years this, property is being revalued on at least a rolling five year basis with many valuations taking place at the same time as quinquennial inspections.

For each class of property, the average percentage change in the value of revalued properties has been applied to the remaining properties of that class not individually valued that year.

The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

14. Investments	2024	2023
	£'000	£'000
Market Value at 1 January	12,729	11,671
Acquisitions at cost	28	26
Net (losses)/gains on revaluation	282	1,032
Market Value at 31 December	13,039	12,729

Investments at 31 December comprise

	No of shares	2024 Market Value £'000	No of shares	2023 Market Value £'000
CBF Church of England Investment Fund	534,462	12,452	534,462	12,173
CBF Church of England Fixed Interest Fund	30,414	45	30,414	44
CBF Church of England Property Fund	431,768	532	409,765	502
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		13,039		12,729

15. Debtors

	2024	2023
	£'000	£'000
Amounts falling due within one year		
Loans to parishes	35	-
Loan to Liverpool DBF	13	13
Balances held by Church Commissioners	129	
Other debtors	99	206
Prepayments and accrued income	344	1,569
Other loans	-	10
	620	1,798
Amounts falling due after more than one year		
Loans to parishes	11	11
Loan to Liverpool DBF	40	47
Value linked loans to parishes (note 18)	83	83
	134	141
Total debtors	754	1,939

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provided training for the DBF. This activity is now carried out by Emmanuel Theological College.

Balances held by Church Commissioners was inflated by the sale proceeds of a closed church.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

16. Cash at bank, on deposit and in hand

	2024	2023
	£'000	£'000
Balances held by Church Commissioners	-	(3)
Cash in hand, at bank and on bank deposit	1,689	3,936
Charity Bank Deposit	3	3
CBF Church of England Deposit Fund	7,280	4,061
	8,972	7,997

17. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Ordinary creditors	204	290
Accruals	630	454
Other creditors	2	18
	836	762

Creditors are valued at the undiscounted amount payable.

18. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Value linked loans for parishes (note 15)	83	83
	83	83

Creditors are valued at the undiscounted amount payable.

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value Linked Loan interest is charged at interest rates of 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

19. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2024 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2024 £'000
Diocesan Conference Centre	150	-	3	153
Steel & William Fletcher Rogers Fund	91	-	3	94
Retired Clergy, Widows and Dependants Fund	3,065	-	70	3,135
Clergy Sustentation Fund	194	-	4	198
Birkenhead Curacy Fund	185	-	4	189
E J Massey	150	-	3	153
Twemlow trust	91	-	3	94
Glebe Land & Buildings	5,971	-	118	6,089
Diocesan Stipends Fund Capital Account	4,389	-	131	4,520
Benefice property	136,146	-	(19,050)	117,096
	150,432	-	(18,711)	131,721

Prior year comparatives:-

	1 January 2023 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2023 £'000
Diocesan Conference Centre	137	-	13	150
Steel & William Fletcher Rogers Fund	84	-	7	91
Retired Clergy, Widows and Dependants Fund	2,799	-	266	3,065
Clergy Sustentation Fund	177	-	17	194
Birkenhead Curacy Fund	169	-	16	185
E J Massey	137	-	13	150
Twemlow trust	84	-	7	91
Glebe Land & Buildings	5,855	-	116	5,971
Diocesan Stipends Fund Capital Account	4,027	-	362	4,389
Benefice property	117,637	-	18,509	136,146
	131,106	-	19,326	150,432

Permanent Endowment

Diocesan Conference Centre	Held to produce income for the Foxhill Conference Centre
Steel & William Fletcher Rogers Fund	Making of grants for women and girls in need on the Wirral
Retired Clergy, Widows and Dependants Fund	Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions
Clergy Sustentation Fund	Making of grants to members of the clergy in need of assistance.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
E J Massey	For the maintenance and upkeep of church and churchyard at Marton
Twemlow trust	The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

Expendable endowment

Glebe Land & Buildings	Glebe property, the rental income from which is used for funding stipends
Diocesan Stipends Fund Capital Account	The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.
Benefice property	Benefice houses - vicarages/parsonages, together with any parsonage building funds held for specific benefices.

20. Restricted Funds

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

	1 January 2024	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2024
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,895	-	89	3,984
Clergy Sustentation	58	12	(6)	64
UPA Projects	15	1	-	16
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	342	13	-	355
Retired Clergy Widows and Dependants	721	118	(25)	814
Steel & William Fletcher Rogers Fund	43	5	-	48
Twemlow trust	-	3	(3)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,684	200	1,447	5,331
Birkenhead Curacy Fund	-	5	(5)	-
Foxhill Retreat Fund	164	12	(3)	173
RME block grant	190	18	(47)	161
Ministry hardship	14	-	(2)	12
Parish energy grants	10	-	-	10
Harrison legacy	626	-	(34)	592
Diocesan Strategy	-	89	(89)	-
Net Zero Starter	11	-	(4)	7
Net Zero Quick Wins	-	30	(9)	21
Net Zero Capacity	-	76	(39)	37
Minor Repairs and Improvements	-	54	(52)	2
Flourish Chester	-	42	(42)	-
Giving Advisor Fund	-	48	(48)	-
Growing Faith Learning Hub	-	10	-	10
Wirral Waters	-	51	(51)	-
Jesus Shaped People	-	12	(12)	-
Restricted Committee income*	-	1,354	(1,354)	-
	9,802	2,153	(289)	11,666

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

Prior year comparatives:-	1 January 2023	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2023
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,558	-	337	3,895
Clergy Sustentation	42	17	(1)	58
UPA Projects	14	1	-	15
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	339	3	-	342
Retired Clergy Widows and Dependants	658	103	(40)	721
Steel & William Fletcher Rogers Fund	39	4	-	43
Twemlow trust	-	2	(2)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,267	194	223	3,684
Birkenhead Curacy Fund	-	5	(5)	-
Foxhill Retreat Fund	162	-	2	164
RME block grant	188	217	(215)	190
Ministry hardship	18	-	(4)	14
Parish energy grants	34	-	(24)	10
Harrison legacy	652	-	(26)	626
Net Zero	-	15	(4)	11
Wirral Waters	-	45	(45)	-
Restricted Committee income*	-	1,601	(1,601)	-
	9,000	2,207	(1,405)	9,802

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2024

Details of the Restricted funds are as follows:

Capital Reserve Stipends	Fund for payment of stipends
Clergy Sustentation	The charity is endowed (see note 20) The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependants	The charity is endowed (see note 20) Making of grants for relief in need of retired clergy, widows, and spouses of the clergy. In certain circumstances meeting clergy pension contributions.
Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20) Making of grants for women and girls in need on the Wirral.
Twemlow trust	The charity is endowed (see note 20). The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.
Parish Mission and Ministry	Funding from Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Diocesan Stipends Income Fund	Applied towards the payment of stipends
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Foxhill Retreat Fund	The fund arose from a donation from the former Chester Retreat House and is to be used to fund retreats.
Diocesan Pastoral Account	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.
RME Block grant	Archbishops Council funding for the training of ordinands.
Harrison legacy	The DBF is due to receive a legacy for the support of children, young people and families in the Diocese of Chester.
Diocesan Strategy	Archbishops Council funding to develop and implement diocesan strategy.
Ministry hardship	Archbishops Council funding to make cost of living assistance grants to clergy.
Parish energy grants	Archbishops Council funding to make grants to parishes to assist with energy costs.
Net Zero Starter	Archbishops Council funding for initial consultancy work.
Net Zero Quick Wins	Archbishops Council funding for grants to parishes eg for LED lighting.
Net Zero Capacity	Archbishops Council funding for a Net Zero Officer.
Minor Repairs and Improvements	Archbishops Council funding for grant to parishes for minor repairs and improvements.
Flourish Chester	Archbishops Council funding for a small number of projects in partner schools.
Giving Advisor Fund	Archbishops Council funding for part of the costs of a giving advisor.
Growing Faith Learning Hub	Archbishops Council funding for the Growing Faith Learning Hub Project.
Wirral Waters	Archbishops Council funding for the Wirral Waters worshipping community.
Jesus Shaped People	Funding for Jesus Shaped People Champion

21. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2024 Total Net Assets £'000	2023 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,433	53	1,629	(83)	6,032	6,183
Designated						
Office refurbishment	-	489	-	-	489	502
EIG Reserve	-	-	128	-	128	133
Lay Training	-	-	18	-	18	18
Fryer Trust	-	146	-	-	146	143
Bishop of Birkehead house	-	-	678	-	678	678
Bishop of Birkenhead Fund	-	-	28	-	28	28
Diocesan Conference Centre	2,608	-	-	-	2,608	2,928
Total Unrestricted Funds	7,041	688	2,481	(83)	10,127	10,613
Restricted Funds						
Capital Reserve Stipends	-	3,984	-	-	3,984	3,895
Clergy Sustentation	-	-	64	-	64	58
RME block grant	-	-	161	-	161	190
UPA Projects	-	-	16	-	16	15
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	355	-	355	342
Retired Clergy Widows and Dependants	260	-	553	-	813	721
Pastoral Account	1,968	-	3,364	-	5,332	3,684
Parish Mission and Ministry	-	-	27	-	27	27
Net Zero Starter	-	-	7	-	7	11
Foxhill Retreat Fund	-	85	88	-	173	164
Steel & William Fletcher Rogers	-	-	48	-	48	43
Minor Repairs and Improvements	-	-	2	-	2	-
Growing Faith Learning Hub	-	-	10	-	10	-
Net Zero Quick Wins	-	-	21	-	21	-
Net Zero Capacity	-	-	37	-	37	-
Ministry Hardship Fund	-	-	12	-	12	14
Parish Energy grants	-	-	10	-	10	10
Harrison Legacy	-	-	592	-	592	626
Total Restricted Funds	2,228	4,069	5,369	-	11,666	9,802
Endowment Funds						
Diocesan Conference Centre	-	153	-	-	153	150
Steel & William Fletcher Rogers	-	94	-	-	94	91
E J Massey	-	153	-	-	153	150
Twemlow trust	-	94	-	-	94	91
Retired Clergy Widows and Dependants	-	3,135	-	-	3,135	3,065
Clergy Sustentation Fund	-	198	-	-	198	194
Glebe Land & Buildings	6,089	-	-	-	6,089	5,971
Birkenhead Curacy Fund	-	189	-	-	189	185
Diocesan Stipends Fund Capital	-	4,266	254	-	4,520	4,389
Benefice property	116,309	-	787	-	117,096	136,146
Total Endowment Funds	122,398	8,282	1,041	-	131,721	150,432
Total Funds	131,667	13,039	8,891	(83)	153,514	170,847

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Notes to the accounts for the year ended 31 December 2024

Prior year comparatives:-

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2023 Total Net Assets £'000
Unrestricted Funds					
General Funds	4,323	10	1,933	(83)	6,183
Designated					
Office refurbishment	-	502	-	-	502
EIG Reserve	-	-	133	-	133
Lay Training	-	-	18	-	18
Fryer Trust	-	143	-	-	143
Bishop of Birkehead house	-	-	678	-	678
Bishop of Birkenhead Fund	-	-	28	-	28
Diocesan Conference Centre	2,928	-	-	-	2,928
Total Unrestricted Funds	7,251	655	2,790	(83)	10,613
Restricted Funds					
Capital Reserve Stipends	-	3,895	-	-	3,895
Clergy Sustentation	-	-	58	-	58
RME block grant	-	-	190	-	190
UPA Projects	-	-	15	-	15
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	342	-	342
Retired Clergy Widows and Dependants	258	-	463	-	721
Pastoral Account	1,457	-	2,227	-	3,684
Parish Mission and Ministry	-	-	27	-	27
Net Zero	-	-	11	-	11
Foxhill Retreat Fund	-	83	81	-	164
Steel & William Fletcher Rogers	-	-	43	-	43
Ministry Hardship Fund	-	-	14	-	14
Parish Energy grants	-	-	10	-	10
Harrison Legacy	-	-	626	-	626
Total Restricted Funds	1,715	3,978	4,109	-	9,802
Endowment Funds					
Diocesan Conference Centre	-	150	-	-	150
Steel & William Fletcher Rogers	-	91	-	-	91
E J Massey	-	150	-	-	150
Twemlow trust	-	91	-	-	91
Retired Clergy Widows and Dependants	-	3,065	-	-	3,065
Clergy Sustentation Fund	-	194	-	-	194
Glebe Land & Buildings	5,971	-	-	-	5,971
Birkenhead Curacy Fund	-	185	-	-	185
Diocesan Stipends Fund Capital	-	4,170	219	-	4,389
Benefice property	134,090	-	2,056	-	136,146
Total Endowment Funds	140,061	8,096	2,275	-	150,432
Total Funds	149,027	12,729	9,174	(83)	170,847

22. Transfers between funds

Transfers were made to from/to unrestricted funds as follows:-

	2024	2023
	£'000	£'000
To/(from) Restricted funds		
In respect of housing allowances (1)	(70)	(70)
In respect of replacements and, sale of surplus, vicarages (2)	2,489	1,205
Other transfers	57	3
	2,476	1,138
To/(from) Endowment funds		
In respect of replacements and, sale of surplus, vicarages (2)	(2,489)	(1,205)
	(2,489)	(1,205)
Total transfers to from/to unrestricted funds	13	67

(1) A number of housing allowances are paid to clergy living in their own accommodation. These are funded from the pastoral account on the basis that there is no corresponding vicarage to buy and/or maintain.

(2) In 2024 transfers included surpluses on the replacements of Bowdon, Cheadle and Frodsham vicarages, together with additional receipts relating to sales at Compstall, Latchford, and Weston.

23. Staff Pensions Schemes

Chester DBF participates in the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has two sections, and Chester DBF participates in both:

1. the Defined Benefits Scheme, which is now closed for future accrual.
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 section

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

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. 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: £50,357, 2023: £109,509), 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 £50,357 for 2024 (2023: £109,509).

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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 Church Workers Pension Fund.

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

The movement in the provision is set out below:

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

* 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	0.00%

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

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 2024: £70,736 (2023: £165,129).

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

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

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m 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, Chester DBF could become responsible for paying a share of the failed employer's pension liabilities.

24. Church of England Funded Pensions Scheme

Chester 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 scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. 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, which were £1,305,701 in 2024 (2023: £1,413,076), 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 £nil (2023: £nil).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pa 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 from 2013 in line with the CMI 2020 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% p.a. 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:

	% of pensionable stipends
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.

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

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

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

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

25. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2023
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	11,021	-	-	11,021
Grants and other donations	181	846	-	1,027
Investment income	175	344	-	519
Rental income	237	104	-	341
Income from charitable activities				
Statutory clergy fees	-	671	-	671
Diocesan Retreat and Conference Centre	215	-	-	215
Other income from operating activities	38	243	1,069	1,350
Total Income	11,867	2,208	1,069	15,144
Expenditure on raising funds				
Generating voluntary income	20	-	-	20
Investment and Rental costs	11	87	-	98
Charitable Activities				
National church responsibility	377	-	-	377
Funding of parochial clergy and archdeacons	9,615	1,289	-	10,904
Parsonage improvements	-	561	-	561
Support to clergy and parishes	1,918	857	-	2,775
Retreat and Conference Centre	422	-	-	422
Other expenditure on operating activities	22	-	283	305
Change in CEFPS deficit recovery plan	-	-	-	-
Total Expenditure	12,385	2,794	283	15,462
Net income/(expenditure) before investment gains/(losses)	(518)	(586)	786	(318)
Net gains/(losses) on investments	(13)	344	701	1,032
Net income	(531)	(242)	1,487	714
Transfers between funds	67	1,138	(1,205)	-
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	(75)	(94)	19,044	18,875
Net movement in funds	(539)	802	19,326	19,589
Reconciliation of funds:				
Total funds brought forward	11,152	9,000	131,106	151,258
Total funds carried forward	10,613	9,802	150,432	170,847

Accounts

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2023

Company limited by guarantee registered in England (no 00007826)

Registered charity (no 248968)

Bankers

National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG
The Charity Bank Limited, Fosse House, 182 High Street, Tonbridge, Kent, TN9 1BE.

Investment managers

CCLA Investment Management Limited, One Angel Lane, London, EC4R 3AB.

Solicitors

Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG
HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS

Auditors

haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

Chester Diocesan Board of Finance Annual Report and Financial Statements
2023

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington
WA4 4GE.

Telephone: (01928) 718 834

Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 00007826) and is a registered charity (no 248968).

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester

Chairman: Mr Ian N Scott-Dunn

Trustees/Directors:

Rt Revd Julie A Conalty	Bishop of Birkenhead
Rt Revd Samuel J C Corley	Bishop of Stockport
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Ian G Bishop	Archdeacon of Macclesfield (until 29 Sep 2023)
Ven Jane E Proudfoot	Archdeacon of Macclesfield (from 28 Apr 2024)
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Revd Simon Drew	Chair, House of Clergy, Diocesan Synod
Ms Julie H Withers	Chair, House of Laity, Diocesan Synod
Revd Joshua C Askwith	
Mr Peter Ball-Foster	
Dr J Graham Campbell	
Revd Canon Elaine Chegwin Hall (until 15 Nov 2023)	
Revd George T Crowder	
Revd Lesley S Currie	
Dr Alan Downen	
Mr John J C Freeman	
Revd Simon R Gales	
Revd Andrew Q Greenhough	
Mrs Esme A Hammer	
Mr John S Haslam	
Mr David A Hermitt	
Revd Gary Kennaugh (from 18 May 2023)	
Mr David G Lowcock	
Dr Peter J Marshall	
Canon Dr John P Mason	
Revd Dr Robert S Munro (until 2 Feb 2023)	
Mrs Julie Okundaye	
Revd Richard L Pennystan	
Revd Michael L Ridley	
Revd Michael I A Smith	
Revd Christina P Upton	
Revd David A Vestergaard	
Dr Christine E Wetherell	

Key Management Personnel

Mr George B Colville	Diocesan Secretary until 30 Aug 2024
Mr Christopher R Penn	Interim Diocesan Secretary from 4 Sept 2024
Revd Jennifer C Bridgman	Interim Diocesan Secretary from 4 Sept 2024
Mrs Elizabeth A Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Simon Chesters	Director of Ministry
Mr Sean Augustin	Diocesan Safeguarding Adviser from 8 Feb 2023
Mr James M Butterworth	Director of Communications until 31 Jul 2023
Revd Peter M Froggatt	Director of Outreach
Mr Jon Pocock	Strategic Programme Director (from 2 Oct 2023)
Mr Nigel Strange	Head of Finance
Mrs Harriet M Roberts	Director of Development (Vision and Strategy) (until 2 Feb 2024); Interim Director of Communications from 22 Jul 2024

Chairman's Statement

I am pleased to present the Chairman's Statement for Chester Diocesan Board of Finance. The organisation continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the diocese to continue to operate effectively, by collecting contributions from the parishes, funding and housing the clergy, and through providing a number of support services.

In addition to its ongoing core functions, other events and processes involved the DBF and will influence its future.

"Casting the net wide", a process of discerning a vision for the Diocese, came to completion, with a service of celebration in Chester Cathedral. We thank Harriet Roberts for all she has done in facilitating the process through community art, Vision Cafés, poetry, and other creative exercises.

We welcome Jon Pocock who will be assisting us on the way forward as we move to the strategy phase.

Proposals around Living in Love and Faith, a process of discernment and decision-making on questions of identity, sexuality, relationships, and marriage, were considered by General Synod. Prayers of Love and Faith have now been made available for use as part of regular worship.

I thank George Colville, Diocesan Secretary, and the staff of the DBF, who provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome all the new members to the team at Daresbury and Foxhill. Of note, the Revd Jonathon Green completed seven years as Director at Foxhill and has moved on to become the Dean's Vicar at Chester Cathedral. Ian Bishop, formerly Archdeacon of Macclesfield, became Bishop of Thetford in the Diocese of Norwich. New staff have arrived in several areas, in particular, vacancies in the Ministry and Safeguarding teams have been filled. Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

The DBF's day-to-day financial performance showed a deficit, and in challenging circumstances, parish share collection has also declined a little. However, we continue to be very grateful to parishes who are the bedrock of the Diocese's mission.

Investments gained in value, continuing the sideways fluctuations in value over the previous few years. Most of these investments are endowment

funds whose primary function is to generate income for stipends, so maintenance of dividends continues to be of higher importance than end of year valuations. CCLA, with whom the DBF's investments are held, again increased its main dividend rate.

Economic circumstances for parishes and their parishioners remain challenging. Plans for the future, and the risks to be faced, will be continuously kept under review.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Finally, I am shortly to step down as chairman after nine years in the role. I am immensely grateful for relationships built, and assistance received, during that time. I wish my successor well, at a time full of challenge and opportunity.

Ian N Scott-Dunn
Chairman

Trustees' Report

Who we are

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively.

What we do

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering diocese-wide services and projects.

Why we do it

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with this purpose.

How our activities deliver public benefit

With further details provided below, our main activities aim to deliver public benefit in the following ways:

- **Clergy** - providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial** - Church Councils – assisting PCCs to provide churches, sacred spaces and worship services
- **Outreach** - assisting parishes as they live out God's love for the world, as expressed in the Anglican Communion's Five Marks of Mission.
- **Education** - contributing to the spiritual and moral education of children and young people
- **Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence

Chester Diocesan Board of Finance
Year ended 31 December 2023
Trustees' Report

- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands

The majority of the DBF's activity takes place in the Diocese of Chester, which comprises Cheshire, the Wirral, and parts of Greater Manchester.

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code (see page 28) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Vision, and latterly, strategy

During the year "Casting the Net Wide", a process for discerning a vision for the Diocese of Chester, was completed, with funding from the Archbishops' Council Strategic Mission and Ministry Investment Board. The vision narrative is entitled "Together in Christ, sharing hope" and has four core themes which will shape a mission strategy. These are:-

Growing braver, fuller faith
Blessing the 1.5 million, one life at a time
Transformative loving service (in practice)
Engaged locally, working together in loving generosity

To achieve this vision, the following priorities have been agreed which will assisting in planning the way forward:-

We believe in the Gospel.

We believe in the local and seek transformation.

We care about the environment, locally and globally.

We want to engage with young people and the 'disconnected'.

We want to do bigger, better, bolder things together simply.

The 1.5 million people in our diocese matter.

We want to build new communities of faith.

As we progress, the single most important question is:-

Does this make a difference to the lives of the 1.5 million?

Strategic Report

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. With approximately 217 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 43 of whom are curates, this responsibility is by far its largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some slight regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service, but generally have part time roles and are not usually asked to take charge of a parish.

Almost all clergy in the Diocese are paid under the terms of Common Tenure, and all new posts are now appointed in this way.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese and we continue to be able to appoint good clergy to benefices to fill vacancies as they arise.

Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in 5-yearly inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving the overall standard of housing within the constraints of available funding.

Improvement projects including the replacement of a number of kitchens, bathrooms and boilers continued. A number of window replacements were also completed. Some of the improvement work has been grant funding received from Benefact Trust, the owner of Ecclesiastical Insurance.

A replacement for the vicarage at Daresbury was bought on a new development nearby. The vicarage at Bebington was replaced.

The vicar at Prestbury occupied the new vicarage that was built as part of a development on the site of the former vicarage.

The vicarage at Bowdon was sold, with a replacement due to be bought in 2024. A new vicarage was bought at Runcorn Weston with the intention of selling the existing large vicarage.

A development is underway at Poynton, which will result in the provision of a new vicarage, the sale of the existing vicarage, together with sale of part of the large existing garden plot to the developer.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

Archdeacons

Archdeacons have the role of pastoral care of the clergy and their families, and oversight of church buildings and vicarages, together with supporting the

bishops.

There are two Archdeacons in the Diocese. The Ven Dr Michael Gilbertson is the Archdeacon of Chester. During the year, the Ven Ian Bishop, Archdeacon of Macclesfield became Bishop of Thetford in the Diocese of Norwich. In the spring of 2024, the Ven Jane Proudfoot, formerly vicar at Grappenhall, has been appointed the new Archdeacon of Macclesfield.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee (DAC). It provides informal feedback to parishes and provides formal advice to the Diocesan Chancellor in respect of faculty applications.

The DAC dealt with faculty applications and other permissions, together with site visits where necessary. In addition, policy issues relating to reinforced autoclave aerated concrete (RAAC) and churchyard regulation were considered.

Outreach

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The DBF is guided by the Anglican Communion's "Five Marks of Mission" in its approach: -

1. To proclaim the Good News of the Kingdom.
2. To teach, baptise and nurture new believers.
3. To respond to human need by loving service
4. To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
5. To strive to safeguard the integrity of creation and sustain and renew the life of the earth.

Much of the outreach work in the year was shaped by the ongoing development of the Vision for the Diocese, and, latterly moving towards strategy for delivering that vision.

The DBF continued work in a wide range of areas, including: -

Appointed a youth coordinator for Runcorn.

Running the Jesus shaped people project, assisting churches in working towards their outreach goals.

Worked with churches taking part in "Leading your Church into Growth" courses.

Following a Bishop's Mission Order opening the church community "The Well" in the Wirral Waters development.

Continued accessibility audits and ran an "Enabling All" service.

Accessed funding for Minor Works and Improvements at churches and assisted parishes using the Energy Footprint Tool.

Assisted parishes with introducing digital methods of giving,

Counselling and supporting clergy and pastoral workers.

Education

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work. Together with the DBE the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report. The DBF also provided Chester Diocesan Academies Trust (CDAT) with office accommodation and IT services. CDAT has expanded over the last few years to encompass 14 schools at the year end. It moved to its own office premises early in 2024.

Ministry Development

The DBF administers vocational discernment, selection, initial training, and in-service training for lay and ordained licensed ministries.

In 2023, 12 deacons were ordained, and 24 curates completed their post ordination training. 12 people were recommended for ordination, and 12 new lay ministers were licenced.

The majority of ordinands train with Emmanuel Theological College, alongside residential training at other colleges around the country. During the year, reader training has also been moved to Emmanuel.

Following a number of retirements and people moving on, the ministry team was short staffed for much of 2023. Recruitment during the year and into early 2024 means that the ministry team is now refreshed and back to full strength.

Support to parishes in vacancy across a number of areas including ministry, safeguarding and finance is developing. The Foundations for Ministry programme continues to develop, now following the theme of the Diocesan Vision: Together in Christ, Sharing Hope. Training for those who occasionally find themselves leading worship is being developed.

Pastoral supervision and other support for lay and ordained ministers continues.

Grants

The DBF makes certain grants to support clergy and parishes in their work. The Diocese of Chester is also a part of the wider Church of England. In this capacity the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Retreats and Christian conferences

'Foxhill should be a centre of prayer and should work to further the mission of the diocese, while being a blessing to the wider church and world. It should aim to support the church communities and ministers of the diocese in growing Christian disciples, enabling people to love Jesus more and other people more effectively. This support should give particular attention to work with children and young people, and those who have not easily accessed Foxhill in the past.'
Bishop Mark

During the year, a number of staff including Jonathon Green, retired or left. Revd Lucy Brewster took over as director, with her husband, David as chaplain. Some new staff started, and existing staff took on developed roles so that there is now a full team to take on the next few years.

A full program of individual and group retreats took place. Alongside traditional retreats, there were also retreats set around art, icon painting, walking, photography, and music, as well as a retreat for those who don't do retreats.

Some were popular, others had to be cancelled due to limited interest as people perceptions of retreats develop.

Unfortunately, the woodland remains closed following an extensive tree survey. A partnership has been formed with Reaseheath College and work is due to start in 2024 which will lead to the reopening of the woodland.

Safeguarding

Safeguarding advice and expertise continued to be vital element of support offered to parishes, and central to the functioning of the diocese.

Following the publication of the National Safeguarding Report Past Cases Review 2 (PCR2) by the Church of England, a three-year plan was put in place in the diocese.

Sean Augustin was appointed as the new Diocesan Safeguarding Adviser, with a deputy and assistant also appointed. By the end of the year the safeguarding delivery team was close to being complete.

Partnerships are being developed with victims and survivors in order to deliver a better diocesan response in future.

Dashboards have been set up providing a support and recording tool for parishes. These are due to be rolled out in 2024.

The safeguarding team have started to use MyConcern, the national Church of England case recording platform.

The training and records backlog that arose during the years of the pandemic is being cleared.

Constructive partnerships are being developed with statutory bodies such as the police, probation service, social services. Partnerships are also being built with voluntary bodies such as charities working in mental health and domestic abuse.

Cases raised by parishes during PCR2 are now subject to quality assurance by the Diocesan Safeguarding Advisory Panel in order that they can be brought to a conclusion.

All of the work taking place supports the National Safeguarding Standards set by the Church of England nationally.

Financial Review

Net income after investment gains amounted to £714k (2022 net expenditure after investment losses £1,788k). Investments gained in value by £1,032k (2022 loss £1,455k), continuing the fluctuations of the previous few years. The dividend income on which the DBF relies to supplement parish share income, continued to increase.

Contributions received from parishes declined to £11.0m (2022 £11.3m) with the parish share collection rate falling to approximately 87%.

There were a number of parsonage replacements, but with the completion of a number of projects cash generated by sales outweighed that used for purchases. As a result, cash again rose during the period. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though on occasions, surpluses on the sale and replacement of parsonages are also being used to support day to day activities.

The DBF received a grant from Benefact Trust of £150,500, which has been applied to continued support to parishes in respect of using church buildings for mission, and the provision of improved clergy housing.

The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, amounting to £10.9m (2022 £10.6m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

Following earlier changes to accounting policy, and the inclusion of benefice property on the balance sheet, all property has been subject to at least a desktop review of valuation on at least a five-year rolling basis, and more frequently where appropriate. Property showed a rise in value, in part due to better valuation as a result of moving from desktop reviews to on-site reviews of valuation at the same time as inspections.

Holdings in the CBF Church of England Investment Fund showed a gain of 9.5% in capital value. The dividend yield at the end of the year was 2.73%. The return on

invested cash rose from 3.2% at the start of the year to 5.3% at the end.

The majority of the DBF's investment assets are held by endowment funds and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

The basis of this approach includes budgets and forecasts for the following year together with keeping other potential sources of funds under review.

2024 and beyond

The purpose of Chester DBF is "to maintain and promote the spiritual teaching of the Church of England", not least by continuing to facilitate the healthy functioning of the parishes of the diocese.

Challenges for the next few years include: -

- moving to the strategy and implementation phase of the diocesan vision process
- implementing changes to the provision of safeguarding in line with the National Church of England Safeguarding Standards
- operating in the context of financial concerns and uncertainty

While the DBF faces challenges, it continues to be helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks.

The Board considers that its principal risks at present are: -

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained.
- The impact of ongoing societal, economic and political upheaval. The cost of living and other economic issues are sources of continuing uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a reasonable financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. The key priority is to ensure, as far as possible, that the DBF's services to parishes continue as effectively as possible.
- Loss of relevance and failure to adapt to changes in society together with declining electoral rolls and ageing congregations in parishes. The Diocese has approved vision themes and priorities is seeking to clarify its vision for the future and is now working towards a strategy to bring that vision to fruition.
- A number of challenging and complex issues where a very wide range of views are held with some risk of polarisation, possibly with financial impact.

There continues to be some risk relating to the DBF's ability to continue to fund increasing stipends, housing, salary, and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. Parish share collection rates declined a little during the year, perhaps not surprising in the current societal and economic circumstances.

Chester Diocesan Board of Finance
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Trustees' Report

The Finance and Scrutiny Committee, now merged with the Human Resources Committee to form the new Central Services Committee, keeps arrears of parish share under review. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs, these being the chief items of expenditure.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.

Structure, governance, and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance in it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the governing body of a parish. It is made up of the incumbent (who is the chairman) plus any other clergy licensed to the Benefice, the churchwardens, and several elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCCs are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2022 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect

Chester Diocesan Board of Finance
Year ended 31 December 2023
Trustees' Report

decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

Diocesan Synod

The Diocesan Synod is the statutory governing body of a diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met three times in 2023, in March, June and November. The usual business was completed at both meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2022, approval of the 2024 budget, and receipt of General Synod reports.

The March Synod received a further update on “Living in Love and Faith”, a process of discernment and decision-making on questions of identity, sexuality, relationships, and marriage. Bishop Mark led discussion on this following a letter he had written to clergy. In addition, written questions were answered. It received reports from the Committee for Outreach, the Committee for Ministry, the Diocesan Board of Education, Foxhill House and Woodlands, the Diocesan Advisory Committee and Chester Cathedral. There were updates on safeguarding, and the diocesan vision process.

The June Synod considered the issue of digital exclusion that had been highlighted by experiences during the pandemic. Bishop Mark introduced a more extensive update and discussion on the diocesan vision process, which was followed by its agreement.

Chester Diocesan Board of Finance
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Trustees' Report

At the November Synod, Bishop Mark gave a presidential address focussing on the developing strategy process, and referring to the key question "Does this make a difference to the 1.5 million lives?". Questions relating to Living in Love and Faith were raised. A report of General Synod proceedings was received. The Annual Report and Financial Statements for 2022 were received, and the budget for 2024 was approved. A report on progress of the Route Map to Net Zero Carbon for Chester Diocese was received. An update on the developing strategy process was also received.

National Church institutions

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod, they were responsible for making decisions on doctrine, services, and relations with other churches.

Archbishops' Council is the Church of England's policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops' Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses.

The financial transactions of General Synod, the Church Commissioners, and Archbishops' Council do not form part of these accounts.

Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from Chester Cathedral Office, 9 Abbey Square, Chester, CH1 2HU.

Chester Diocesan Board of Finance
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Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is approximately 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 264 parishes, about 100 of which can be described as rural. Compared with many dioceses, there are few teams, and few multi-parish benefices. There are approximately 225 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 240 licensed. The role of licensed self-supporting ministers is substantial, with over 80 in post at present.

The Archdeaconry of Macclesfield approximately covers the part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester approximately covers the rest of the diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton.

The financial affairs of the Diocese are conducted through two registered charities:- Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790).

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Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs)

Chester Diocesan Board of Finance
Year ended 31 December 2023
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in the Diocese of Chester. None of these is a connected charity.

Bishop's Council

Bishop's Council has the following functions:

- to plan the business of Diocesan Synod, to prepare the agenda for its sessions, and to circulate to members information about matters for discussion;
- to initiate proposals for action by Diocesan Synod;
- to advise Diocesan Synod on matters of policy;
- to advise the President on any matters which he may refer to Bishop's Council;
- subject to the directions of Diocesan Synod, to transact the business of the Synod when it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as Diocesan Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. During the year, the Finance and Scrutiny and Human Resources Committees were merged into a single Central Services Committee. This committee deals with all the financial transactions of the DBF except for

- approval of the annual report and financial statements;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure;
- major capital expenditure;
- staff remuneration.

The Central Services Committee also oversees matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

Chester Diocesan Board of Finance
Year ended 31 December 2023
Trustees' Report

As employer of the staff responsible for the administrative work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of everyone concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in December 2021. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and

Chester Diocesan Board of Finance
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Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day-to-day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

The Archidiaconal Mission and Pastoral Committees conducted business relating to parish vacancies, appointments, and pastoral reorganisations.

In addition, the committees received reports on issues including the recovery in church attendance since the pandemic, the rollout of digital giving devices, the Church of England contact management system, progress of the initiative at Wirral Waters, the Diocesan Vision Process, and better use of church buildings.

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

An offer was accepted for St Pauls Boughton, and work is continuing on planning consents and other matters. Major work is being undertaken to repair a wall at St John the Baptist Godley. An offer is in place for St Luke Dukinfield but is still subject to planning permission. Cheshire East Council are progressing plans to repair the tower and nave at Crewe Christ Church with a view to bringing the areas back into safe community use. The closed church of All Saints Balterley was sold in the year. The sale of St John Altrincham continues to progress, albeit slowly; the current issue is moving the war memorial to St Margaret, Dunham Massey.

Chester Diocesan Board of Finance
Year ended 31 December 2023
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Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.4m at 31 December 2023 (£5.1m at 31 December 2022). Most of these trusts are held on behalf of Parishes whose charitable purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

Chester Diocesan Board of Finance
Year ended 31 December 2023
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Reserves Policy

Unrestricted funds:- For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. To cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves. Free unrestricted reserves (excluding fixed assets) of £3.3m represent approximately 3 months expenditure. Taking account of the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is adequate to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes, particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds:- The DBF's restricted funds totalling £9.8m (2022 £9.0m) are shown in note 20, together with an explanation of the purpose of those funds. The Board uses the pastoral account mainly to reinvest funds from the sale of surplus parsonage houses for the improvement of other parsonage houses. Where not required for this purpose, it can be used to meet the DBF's wider objects.

Endowment funds:- The DBF's endowment funds totalling £150.4m (2022 £131.1m) are shown in note 19 together with an explanation of the purpose of those funds. The majority of this balance (£134.1m (2022 £117.2m)) is benefice property included on the balance sheet as an expendable endowment fund. The gain in the year is due to improved valuation of benefice property (onsite at the same time as quinquennial inspection rather than desktop review) together with some investment gains. In addition to benefice property, the major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Chester Diocesan Board of Finance
Year ended 31 December 2023
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Related party

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity. Staff working for Chester Diocesan Board of Education are employed on joint contracts of employment and are processed through the DBF's payroll, with costs recharged.

Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to several key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop's Council – the board of trustees - is clear about the DBF's purpose – "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester" and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day-to-day decision making within that direction to senior employees. The board retains responsibility for, and oversight of, those decisions.

Board effectiveness – because of the requirement of adequate representation of the various parts of the diocese, the board of trustees is

Chester Diocesan Board of Finance
Year ended 31 December 2023
Trustees' Report

somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Openness and accountability – the trustees and senior staff seek to foster open relationships, particularly with the parishes and clergy of the diocese.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as they are aware, there is no information needed by the charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- The directors of the charity have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

Chester Diocesan Board of Finance
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Trustees' Report

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report, incorporating the strategic report, was approved by the Board on 11 July 2024 and signed by order of the Board.

J. Proudfoot

Ven J E Proudfoot
Archdeacon of Macclesfield

Independent Auditor's Report to the Members of the Chester Diocesan Board of Finance

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Chester Diocesan Board of Finance
Year ended 31 December 2023
Independent Auditor's Report

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Chester Diocesan Board of Finance
Year ended 31 December 2023
Independent Auditor's Report

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with

Chester Diocesan Board of Finance
Year ended 31 December 2023
Independent Auditor's Report

laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

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

Chester Diocesan Board of Finance
Year ended 31 December 2023
Independent 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.



Lee Stokes (Senior Statutory Auditor)

For and on behalf of

Haysmacintyre LLP,

Statutory Auditor

10 Queen Street Place

London

EC4R 1AG

26 September 2024

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2023

Income and Expenditure

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from						
Parochial contributions		11,021	-	-	11,021	11,290
Grants and other donations	3	181	846	-	1,027	1,511
Investment income	4	175	344	-	519	424
Rental income		237	104	-	341	363
Income from charitable activities						
Statutory clergy fees		-	671	-	671	679
Retreat and Conference Centre		215	-	-	215	198
Other income from operating activities		38	243	1,069	1,350	103
Total		<u>11,867</u>	<u>2,208</u>	<u>1,069</u>	<u>15,144</u>	<u>14,568</u>
Expenditure on raising funds						
Generating voluntary income		20	-	-	20	20
Investment and Rental costs		11	87	-	98	79
Charitable Activities						
National church responsibility		377	-	-	377	363
Parochial clergy and archdeacons		9,615	1,289	-	10,904	10,641
Parsonage improvements		-	561	-	561	524
Support to clergy and parishes		1,918	857	-	2,775	2,969
Retreat and Conference Centre		422	-	-	422	428
Other expenditure on operating activities		22	-	283	305	-
CEFPS deficit recovery plan	24	-	-	-	-	(123)
Total	6	<u>12,385</u>	<u>2,794</u>	<u>283</u>	<u>15,462</u>	<u>14,901</u>
Net income/(expenditure) before investment gains/(losses)		<u>(518)</u>	<u>(586)</u>	<u>786</u>	<u>(318)</u>	<u>(333)</u>
Net (losses)/gains on investments	14	(13)	344	701	1,032	(1,455)
Net income/(expenditure)		<u>(531)</u>	<u>(242)</u>	<u>1,487</u>	<u>714</u>	<u>(1,788)</u>
Transfers between funds	22	67	1,138	(1,205)	-	-
Other recognised gains/(losses)						
Gains on revaluation of fixed assets	13	(75)	(94)	19,044	18,875	6,943
Net movement in funds		<u>(539)</u>	<u>802</u>	<u>19,326</u>	<u>19,589</u>	<u>5,155</u>
Reconciliation of funds:						
Total funds brought forward		11,152	9,000	131,106	151,258	146,103
Total funds carried forward		<u>10,613</u>	<u>9,802</u>	<u>150,432</u>	<u>170,847</u>	<u>151,258</u>

The notes on pages 39 to 59 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	13	149,027	132,611
Investments	14	12,729	11,671
		161,756	144,282
Current assets			
Debtors	15	1,939	1,525
Cash at bank on deposit and in hand	16	7,997	7,321
		9,936	8,846
Creditors: amounts falling due within one year	17	(762)	(1,787)
Net current assets		9,174	7,059
Total assets less current liabilities		170,930	151,341
Creditors: amounts falling due after more than one year	18	(83)	(83)
Total net assets		170,847	151,258
Endowment funds	19	150,432	131,106
Restricted income funds	20	9,802	9,000
Unrestricted funds		10,613	11,152
Total charity funds		170,847	151,258

The notes on pages 39 to 59 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 11 July 2024 and signed on its behalf by



I N Scott-Dunn
Chairman



Ven J E Proudfoot
Archdeacon of Macclesfield

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2023

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Note	2023 £'000	2022 £'000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		714	(1,788)
(Gains)/Losses on investments	14	(1,032)	1,455
Dividends, interest and royalties from investments		(519)	(424)
(Profit)/loss on the disposal of fixed assets		(764)	-
(Increase) in debtors		(414)	(372)
(Decrease)/Increase in creditors		(1,025)	833
Net cash (used in) operating activities		(3,040)	(296)

Statement of Cash Flows

	2023 £'000	2022 £'000
Net cash (used in) operating activities	(3,040)	(296)

Cashflows from investing activities

Dividends, interest and royalties from investments	518	424
Payments to acquire fixed assets	(1,744)	(1,633)
Payments to acquire investments	(25)	(25)
Receipts from disposal of tangible fixed assets	4,967	2,299
	<u>3,716</u>	<u>1,065</u>

Increase in cash in the year	<u>676</u>	<u>769</u>

Reconciliation of net cash flow to movement in cash and cash equivalents

	2023 £'000	2022 £'000
Increase in cash in the year	676	769
Cash and cash equivalents at the beginning of the reporting period	<u>7,321</u>	<u>6,552</u>
Cash and cash equivalents at the end of the reporting period	<u>7,997</u>	<u>7,321</u>

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception that tangible fixed assets are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All income is included in the Statement of Financial Activities (SoFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment from parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2011 census. Parish share is accounted for in the period to which it relates. Provisions are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF. Also other ad-hoc items of income that do not fall into the other income categories.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were signed. Having performed the assessment, the Trustees conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Chester DBF is heavily supported by Parish Share contributions, and collection rates are under some pressure in the current economic environment. In extreme conditions, the DBF has reasonable reserves, could apply the Capital Reserve Stipends Fund to the payment of stipends, and a number of properties could potentially be mortgaged.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

Allocation of support costs

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. Restricted income is added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 20.

Endowment Funds

Some of these funds are investments held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant restricted fund. In addition, benefice property, that is, vicarages used to house parish clergy, are also included at fair value in endowment funds. The Board's endowment funds are shown in note 19.

Fixed Assets

Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Fixed assets are valued on a rolling five year basis.

Glebe property

Diocesan Glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. It comprises a small number of houses the majority of which are occupied by clergy, together with a range of agricultural and other holdings. These are mainly historical in nature, for example a field adjacent to a vicarage. Any income generated by Glebe property is restricted for the payment of stipends.

Parsonages

Parsonages for the housing of parish clergy are included in fixed assets at fair value. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent's official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust, so they form part of the DBF's restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included in the same expendable endowment fund.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

Depreciation

Depreciation is not provided on buildings as any provision would not be material due to the long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Investment property

Property is held by the DBF for long term charitable use, or to protect another charitable asset. As such, the DBF does not hold any investment property.

Fixtures and Fittings

The cost of replacing fixtures, fittings, computers and other office equipment is generally immaterial. As a result, such items are not capitalised and are written off in the year of purchase.

Investments

Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SoFA as net gains/(losses) on investments.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The company 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 their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes

The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

The Board entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions were discounted and resulted in a liability being reflected in the balance sheet. The interest cost of the debt was reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability. No further deficit contribution payments are required beyond 31 December 2022, so the liability at the balance sheet date is nil.

Further detail is provided in notes 24 and 25.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property – freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) – provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.
- Other – there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in these areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2023	2022
	£'000	£'000
Statutory audit	35	33
Additional costs relating to 2021 audit	-	7
	35	40

3. Grants and other donations

	2023	2022
	£'000	£'000
Donations to Foxhill Conference Centre	2	2
Grant from Benefact Trust	150	172
Ministry Hardship grant	-	87
Archbishops Council Energy support grants	-	299
Archbishops Council SMMIB grants	91	49
Grant to Clergy Sustentation Fund	11	-
Archbishops Council Grant towards the cost of Past Cases Review 2	6	30
Archbishops Council Grant towards the cost of Wirral Waters project	45	-
Archbishops Council Grant - Net Zero 2030	15	-
Birkenhead legacy	28	-
Donations to Outreach department	1	26
Church Commissioners Resourcing Ministerial Education block grant	217	295
Diocesan Stipends Fund (housing allowances and Emmanuel theological College)	86	184
Chester Diocesan Board of Education recharge	375	367
	1,027	1,511

4. Investment Income

	2023	2022
	£'000	£'000
Investment and fixed interest funds	358	365
CBF deposits and bank interest	154	52
Other income including interest on loans to parishes	7	7
	519	424

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2023 £'000
Church House	3	28	104	4	139
Central services	3	28	103	4	138
Central staff	12	121	454	18	605
Legal, financial	1	13	62	2	78
Governance	1	14	51	2	68
	20	204	774	30	1,028

Prior year comparative

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2022 £'000
Church house	1	15	55	2	73
Central services	3	27	102	4	136
Central staff	13	120	448	18	599
Legal, financial	2	24	104	4	134
Governance	1	14	53	2	70
	20	200	762	30	1,012

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

6. Expenditure	Note	Total 2023 £'000	Total 2022 £'000
Generating voluntary income			
Central Services & support costs		20	20
Investment and rental costs			
Rental costs		91	73
Value linked loan interest paid		7	6
		98	79
Charitable Activities			
National church responsibility		377	363
Parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		8,082	8,016
Maintenance of clergy housing		1,678	1,429
National ministry training and ordinands grants		940	996
Central Services & support costs		204	200
		10,904	10,641
Parsonage improvements		561	524
Support to clergy and parishes			
Ministry		345	347
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		224	244
Education		375	367
Outreach		348	310
Safeguarding		231	301
Vision & strategy		90	49
Discretionary and one off items (EIG)		12	4
Clergy/Lay conferences		1	99
Grants to parishes, clergy and others	7	349	462
Change in value of Harrison Legacy receivable		26	24
Central Services & support costs		774	762
		2,775	2,969
Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		392	398
Central Services & support costs		30	30
		422	428
Other expenditure on operating activities			
Loss on property disposals		305	-
		305	-
Change in Church of England Funded Pension Scheme (CEFPS) agreed deficit recovery plan	26	-	(123)
		15,462	14,901

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

7. Grants to parishes, clergy and others		2023	2022
		£'000	£'000
Grants to parishes			
Bp Birkenhead legacy		-	14
Pastoral account grants to parishes		265	55
Marton - E J Massey trust		4	4
Birkenhead Priory - clerical or lay assistance		5	5
Thornton Hough - Fryer Legacy income		4	4
Twemlow trust - Balterley		3	2
Energy grants		24	265
		305	349
Grants to Individuals and others			
	No. of grants		
Foxhill grants	19	4	13
Clergy Sustentation grants	2	2	1
Retired Clergy, Widows and Dependents Fund grants	13	34	30
Ministry Hardship grants	2	4	69
		44	113
Total grants		349	462

8. Staff and Office holder costs and numbers

Staff costs		2023	2022
		£'000	£'000
Wages & salaries		1,777	1,769
Social security costs		173	174
Pension costs		279	287
		2,229	2,230

Average staff numbers based on full time equivalents		2023	2022
		Number	Number
Cost of generating voluntary income		0.5	0.5
Funding of parochial clergy and archdeacons		4.5	5.1
Support to clergy and parishes		19.2	18.5
Diocesan Retreat and Conference Centre		8.5	8.6
Diocesan administration and central support		10.6	9.6
		43.3	42.3

		2023	2022
The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-			
£60,001 - £70,000		1	-
£70,001 - £80,000		-	1
£80,001 - £90,000		1	-

These employees accrued benefits in the Church of England Defined Benefits Pension Scheme (note 23).

In addition to the above, the charity had the equivalent of 6.7 (2022 7.1) full time employees under joint contracts with Chester Diocesan Board of Education. Their employment costs are borne by the charity and recharged to Chester Diocesan Board of Education (note 12).

Average head count for the year was 55.5 (2022 56.2) while the head count of employees under joint contracts with Chester Diocesan Board of Education was 7.4 (2022 8).

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 191 (2022 196) full time equivalent office holders during the year.

	2023	2022
	£'000	£'000
Clergy Stipends	5,640	5,450
Clergy National Insurance	462	465
Clergy Pension Contributions	1,420	1,808
Other clergy payments	365	310
	<u>7,887</u>	<u>8,033</u>

9. Termination payments

Termination payments totalling £42,620 (2022 98,222) were made or accrued in the year.

10. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing for some or all of the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester	Revd Andrew Q Greenhough
Ven Ian G Bishop, Archdeacon of Macclesfield until 29 Sep 2023	Revd Gary Kennaugh
Revd Joshua C Askwith	Revd Dr Robert S Munro
Revd Canon Elaine Chegwin Hall	Revd Richard L Pennystan
Revd George T Crowder	Revd Michael L Ridley
Revd Leslie S Currie	Revd Michael I A Smith
Revd Simon Drew, Chair, House of Clergy, Diocesan Synod	Revd Christina P Upton
Revd Simon R Gales	Revd David A Vestergaard

The Rt Revd Julie A Conalty, Bishop of Birkenhead, was in receipt of a stipend and housing allowance, the stipend funded by the Church Commissioners and the housing allowance funded by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport, was in receipt of a stipend and provided with housing, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners and housing funded by Chester Cathedral.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £39,477 - £48,389 (2022 £37,955 - £46,525). The stipend, funded by the DBF, paid to Archdeacons was £38,593 (2022 £37,106). The stipend paid to the Dean of Chester was £39,477 (2022 £37,955). Other clergy who were Trustees were paid stipends in the range £28,585 - £30,575 (2022 £27,090 - £28,975).

Trustee expenses

A total of £12,792 (2022 £13,365) was reimbursed to 12 (2022 12) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £492,793 (2022 £460,555 restated), together with pension contributions of £90,211 (2022 £93,752 restated). Of these, the highest paid was George Colville, who received £84,064 (2022 £79,663) excluding employers national insurance, together with pension contributions of £25,042 (2022 £27,322). The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

				2023 £'000	2022 £'000
Chester Diocesan Board of Education funding of joint employment contracts				375	367
13. Tangible Fixed Assets					
		Freehold		Total	Total
		Land and Buildings		2023	2022
	Board	Glebe	Parsonages		
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
Balance at 1 January	9,533	5,855	117,223	132,611	126,334
Additions	302	-	1,442	1,744	1,633
Disposals	(678)	-	(4,289)	(4,967)	(2,299)
Profit/loss on disposals	(22)	-	786	764	-
Revaluations	(169)	116	18,928	18,875	6,943
Balance at 31 December	8,966	5,971	134,090	149,027	132,611

The Board's property comprises the office at Daresbury Park, the conference centre at Foxhill together with associated buildings, a small number of closed churches, together with a small number of residential properties, some of which are used to house diocesan appointees. Glebe property comprises a small number of residential properties together with a range of mainly agricultural holdings. Any income arising from Glebe property is restricted to the funding of stipends.

In addition, parsonages for the housing of parish clergy are included in fixed assets at fair value.

All land and buildings are held at valuation. A full desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. From 31 December 2022 and for following years this, property is being revalued on at least a rolling five year basis with many valuations taking place at the same time as quinquennial inspections. Where valuations have taken place early in the calendar year, they have been indexed to the end of the year using the nationwide house price indices for the north west. For each class of property, the average percentage change in the value of revalued properties has been applied to the remaining properties of that class not individually valued that year.

The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

14. Investments	2023	2022
	£'000	£'000
Market Value at 1 January	11,671	13,101
Acquisitions at cost	26	25
Net (losses)/gains on revaluation	1,032	(1,455)
Market Value at 31 December	12,729	11,671

Investments at 31 December comprise

	No of shares	2023 Market Value £'000	No of shares	2022 Market Value £'000
CBF Church of England Investment Fund	534,462	12,173	534,462	11,118
CBF Church of England Fixed Interest Fund	30,414	44	30,414	42
CBF Church of England Property Fund	409,765	502	389,805	501
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		12,729		11,671

15. Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Loan to Liverpool DBF	13	13
Other debtors	206	359
Prepayments and accrued income	1,569	989
Other loans	10	10
	1,798	1,371
Amounts falling due after more than one year (presentation???)		
Loans to parishes	11	11
Loan to Liverpool DBF	47	60
Value linked loans to parishes (note 18)	83	83
	141	154
Total debtors	1,939	1,525

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provided training for the DBF. This activity is now carried out by Emmanuel Theological College.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

16. Cash at bank, on deposit and in hand

	2023	2022
	£'000	£'000
Balances held by Church Commissioners	(3)	(5)
Cash in hand, at bank and on bank deposit	3,936	3,834
Charity Bank Deposit	3	3
CBF Church of England Deposit Fund	4,061	3,489
	7,997	7,321

17. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	290	338
Accruals	454	503
Other creditors	18	946
	762	1,787

Creditors are valued at the undiscounted amount payable.

18. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Value linked loans for parishes (note 15)	83	83
	83	83

Creditors are valued at the undiscounted amount payable.

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value linked loan interest is charged at interest rates of 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

19. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2023 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2023 £'000
Diocesan Conference Centre	137	-	13	150
Steel & William Fletcher Rogers Fund	84	-	7	91
Retired Clergy, Widows and Dependants Fund	2,799	-	266	3,065
Clergy Sustentation Fund	177	-	17	194
Birkenhead Curacy Fund	169	-	16	185
E J Massey	137	-	13	150
Twemlow trust	84	-	7	91
Glebe Land & Buildings	5,855	-	116	5,971
Diocesan Stipends Fund Capital Account	4,027	-	362	4,389
Benefice property	117,637	-	18,509	136,146
	131,106	-	19,326	150,432

Prior year comparatives:-

	1 January 2022 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2022 £'000
Diocesan Conference Centre	155	-	(18)	137
Steel & William Fletcher Rogers Fund	95	-	(11)	84
Retired Clergy, Widows and Dependants Fund	3,171	-	(372)	2,799
Clergy Sustentation Fund	201	-	(24)	177
Birkenhead Curacy Fund	191	-	(22)	169
E J Massey	155	-	(18)	137
Twemlow trust	-	-	84	84
Glebe Land & Buildings	5,562	-	293	5,855
Diocesan Stipends Fund Capital Account	4,533	-	(506)	4,027
Benefice property	111,750	-	5,887	117,637
	125,813	-	5,293	131,106

Permanent Endowment

Diocesan Conference Centre	Held to produce income for the Foxhill Conference Centre
Steel & William Fletcher Rogers Fund	Making of grants for women and girls in need on the Wirral
Retired Clergy, Widows and Dependants Fund	Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions
Clergy Sustentation Fund	Making of grants to members of the clergy in need of assistance.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
E J Massey	For the maintenance and upkeep of church and churchyard at Marton
Twemlow trust	The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

Expendable endowment

Glebe Land & Buildings	Glebe property, the rental income from which is used for funding stipends
Diocesan Stipends Fund Capital Account	The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.
Benefice property	Benefice houses - vicarages/parsonages, together with any parsonage building funds held for specific benefices.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

20. Restricted Funds

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

	1 January 2023	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2023
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,558	-	337	3,895
Clergy Sustentation	42	17	(1)	58
UPA Projects	14	1	-	15
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	339	3	-	342
Retired Clergy Widows and Dependants	658	103	(40)	721
Steel & William Fletcher Rogers Fund	39	4	-	43
Twemlow trust	-	2	(2)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,267	194	223	3,684
Birkenhead Curacy Fund	-	5	(5)	-
Foxhill Retreat Fund	162	-	2	164
RME block grant	188	217	(215)	190
Ministry hardship	18	-	(4)	14
Parish energy grants	34	-	(24)	10
Harrison legacy	652	-	(26)	626
Net Zero	-	15	(4)	11
Wirral Waters	-	45	(45)	-
Restricted Committee income*	-	1,601	(1,601)	-
	9,000	2,207	(1,405)	9,802

Prior year comparatives:-

	1 January 2022	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2022
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	4,030	-	(472)	3,558
Clergy Sustentation	30	13	(1)	42
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	336	3	-	339
Retired Clergy Widows and Dependants	573	96	(11)	658
Steel & William Fletcher Rogers Fund	36	3	-	39
Twemlow trust	-	2	(2)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,308	67	(108)	3,267
Birkenhead Curacy Fund	7	5	(12)	-
Foxhill Retreat Fund	182	5	(25)	162
RME block grant	142	295	(249)	188
Ministry hardship	-	87	(69)	18
Parish energy grants	-	299	(265)	34
Harrison legacy	676	-	(24)	652
Restricted Committee income*	-	1,664	(1,664)	-
	9,363	2,539	(2,902)	9,000

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

Details of the Restricted funds are as follows:

Capital Reserve Stipends	Fund for payment of stipends
Clergy Sustentation	The charity is endowed (see note 20) The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependants	The charity is endowed (see note 20) Making of grants for relief in need of retired clergy, widows, and spouses of the clergy. In certain circumstances meeting clergy pension contributions.
Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20) Making of grants for women and girls in need on the Wirral.
Twemlow trust	The charity is endowed (see note 20). The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.
Parish Mission and Ministry	Funding from Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Diocesan Stipends Income Fund	Applied towards the payment of stipends
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Foxhill Retreat Fund	The fund arose from a donation from the former Chester Retreat House and is to be used to fund Retreats.
Diocesan Pastoral Account	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.
RME Block grant	Archbishops Council grant funding for the training of ordinands.
Harrison legacy	The DBF is due to receive a legacy for the support of children, young people and families in the Diocese of Chester.
Ministry hardship	Funding from Archbishops Council. Used to make cost of living assistance grants to clergy
Parish energy grants	Funding from Archbishops Council. Used to make grants to parishes to assist with the cost of energy.

21. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2023 Total Net Assets £'000	2022 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,323	10	1,933	(83)	6,183	7,068
Designated						
Office refurbishment	-	502	-	-	502	501
EIG Reserve	-	-	133	-	133	145
Lay Training	-	-	18	-	18	18
Fryer Trust	-	143	-	-	143	130
Bishop of Birkehead house	-	-	678	-	678	-
Bishop of Birkenhead Fund	-	-	28	-	28	-
Diocesan Conference Centre	2,928	-	-	-	2,928	3,290
Total Unrestricted Funds	7,251	655	2,790	(83)	10,613	11,152
Restricted Funds						
Capital Reserve Stipends	-	3,895	-	-	3,895	3,558
Clergy Sustentation	-	-	58	-	58	42
RME block grant	-	-	190	-	190	188
UPA Projects	-	-	15	-	15	14
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	342	-	342	339
Retired Clergy Widows and Dependants	258	-	463	-	721	658
Pastoral Account	1,457	-	2,227	-	3,684	3,267
Parish Mission and Ministry	-	-	27	-	27	27
Net Zero	-	-	11	-	11	-
Foxhill Retreat Fund	-	83	81	-	164	162
Steel & William Fletcher Rogers	-	-	43	-	43	39
Ministry Hardship Fund	-	-	14	-	14	18
Parish Energy grants	-	-	10	-	10	34
Harrison Legacy	-	-	626	-	626	652
Total Restricted Funds	1,715	3,978	4,109	-	9,802	9,000
Endowment Funds						
Diocesan Conference Centre	-	150	-	-	150	137
Steel & William Fletcher Rogers	-	91	-	-	91	83
E J Massey	-	150	-	-	150	137
Twemlow trust	-	91	-	-	91	84
Retired Clergy Widows and Dependants	-	3,065	-	-	3,065	2,800
Clergy Sustentation Fund	-	194	-	-	194	177
Glebe Land & Buildings	5,971	-	-	-	5,971	5,855
Birkenhead Curacy Fund	-	185	-	-	185	169
Diocesan Stipends Fund Capital	-	4,170	219	-	4,389	4,027
Benefice property	134,090	-	2,056	-	136,146	117,637
Total Endowment Funds	140,061	8,096	2,275	-	150,432	131,106
Total Funds	149,027	12,729	9,174	(83)	170,847	151,258

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

Prior year comparatives:-

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2022 Total Net Assets £'000
Unrestricted Funds					
General Funds	4,436	10	2,705	(83)	7,068
Designated					
CEFPS deficit recovery plan	-	-	-	-	-
Office refurbishment	-	501	-	-	501
EIG Reserve	-	-	145	-	145
Lay Training	-	-	18	-	18
Fryer Trust	-	130	-	-	130
Bishop of Birkenhead Fund	-	-	-	-	-
Diocesan Conference Centre	3,290	-	-	-	3,290
Total Unrestricted Funds	7,726	641	2,868	(83)	11,152
Restricted Funds					
Capital Reserve Stipends	-	3,558	-	-	3,558
Clergy Sustentation	-	-	42	-	42
RME block grant	-	-	188	-	188
UPA Projects	-	-	14	-	14
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	339	-	339
Retired Clergy Widows and Dependants	264	-	394	-	658
Pastoral Account	1,543	-	1,724	-	3,267
Parish Mission and Ministry	-	-	27	-	27
Foxhill Retreat Fund	-	77	85	-	162
Steel & William Fletcher Rogers	-	-	39	-	39
Ministry Hardship Fund	-	-	18	-	18
Parish Energy grants	-	-	34	-	34
Harrison Legacy	-	-	652	-	652
Total Restricted Funds	1,807	3,635	3,558	-	9,000
Endowment Funds					
Diocesan Conference Centre	-	137	-	-	137
Steel & William Fletcher Rogers	-	83	-	-	83
E J Massey	-	137	-	-	137
Twemlow trust	-	84	-	-	84
Retired Clergy Widows and Dependants	-	2,800	-	-	2,800
Clergy Sustentation Fund	-	177	-	-	177
Glebe Land & Buildings	5,855	-	-	-	5,855
Birkenhead Curacy Fund	-	169	-	-	169
Diocesan Stipends Fund Capital	-	3,808	219	-	4,027
Benefice property	117,223	-	414	-	117,637
Total Endowment Funds	123,078	7,395	633	-	131,106
Total Funds	132,611	11,671	7,059	(83)	151,258

22. Transfers between funds

Transfers were made to unrestricted funds as follows:-

	2023 £'000	2022 £'000
To/(from) Restricted funds		
In respect of housing allowances (1)	(70)	(70)
In respect of vicarage construction costs (2)	-	(300)
Pastoral scheme releasing parsonage building fund (3)	-	234
In respect of vicarage purchases/sales (4)	1,205	550
Other transfers	3	(6)
	1,138	408
To/(from) Endowment funds		
In respect of vicarage construction costs (2)	-	300
Pastoral scheme releasing parsonage building fund (3)	-	(234)
In respect of vicarage purchases/sales (4)	(1,205)	(551)
	(1,205)	(485)
Total transfers to unrestricted funds	67	77

(1) A number of housing allowances are paid to clergy living in their own accommodation. These are funded from the pastoral account on the basis that there is no corresponding vicarage to buy and/or maintain.

(2) In 2022 this related to a payment to a developer. The existing vicarage at Prestbury was demolished and the developer constructed a new vicarage on part of the site. This was funded by payment of £300,000 together with transfer of part of the site to the developer.

(3) The parsonage building fund relating to the sale of the former vicarage at Liscard St Thomas was released to the Diocesan Pastoral Account by pastoral scheme in 2022.

(4) In 2023 surpluses on the replacements of Daresbury and Bebington vicarages were transfereed to the pastoral account, together with an additional receipts relating development at Prestbury and Poynton. Funds were also transferred from the Pastoral Account to fund the purchase of the replacement vicarage at Runcorn Weston. In 2022, the sale proceeds of the former vicarage at Wybunbury were transferred to the Diocesan Pastoral Account as the replacement had already been purchased. Also, the surplus on the replacement of the vicarage at Burton was transferred to the Diocesan Pastoral Account.

23. Staff Pensions Schemes

Chester DBF participates in the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has two sections, and Chester DBF participates in both:

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. 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 (2023: £109,509, 2022: £107,262), 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 £109,509 for 2023 (2022: £107,262).

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

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 the DBS is carried out once every three years. The most recently finalised 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 actuarial valuation is due at 31 December 2022. The calculations for this are underway.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 35.4% of pensionable salary per year.

The movement in the provision is set out below:

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

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

Where relevant this liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2023	December 2022	December 2021
Discount rate	n/a	0.00%	0.00%

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

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: £165,129, 2022: £164,875).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent 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 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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, Chester DBF could become responsible for paying a share of the failed employer's pension liabilities.

24. Church of England Funded Pensions Scheme

Chester 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 scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. 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, which were £1,413,076 in 2023 (2022: £1,606,271), 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 £nil (2022: £202,000).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation 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 from 2013 in line with the CMI 2020 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% p.a. 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:

	% 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 2023 is nil. The movement in the balance sheet liability over 2022 and 2023 is set out in the table below.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2023

	2023 £'000	2022 £'000
Balance sheet liability at 1 January	-	325
Deficit contribution paid	-	(202)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(123)
Balance sheet liability at 31 December	<u>-</u>	<u>-</u>

* Comprises change in agreed deficit recovery plan, and change in discount rate and inflation 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 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	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, Chester DBF could become responsible for paying a share of that failed Responsible Body's pension liabilities.

25. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2022
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	11,290	-	-	11,290
Grants and other donations	175	1,336	-	1,511
Investment income	79	345	-	424
Rental income	237	126	-	363
Income from charitable activities				
Statutory clergy fees	-	679	-	679
Diocesan Retreat and Conference Centre	198	-	-	198
Other income from operating activities	50	53	-	103
Total Income	12,029	2,539	-	14,568
Expenditure on raising funds				
Cost of generating voluntary income	20	-	-	20
Investment and Rental costs	26	53	-	79
Charitable Activities				
National church responsibility	363	-	-	363
Funding of parochial clergy and archdeacons	9,273	1,368	-	10,641
Parsonage improvements	-	524	-	524
Support to clergy and parishes	2,013	956	-	2,969
Diocesan Retreat and Conference Centre	428	-	-	428
Change in CEFPS deficit recovery plan	(123)	-	-	(123)
Total Expenditure	12,000	2,901	-	14,901
Net income/(expenditure) before investment gains/(losses)	29	(362)	-	(333)
Net gains/(losses) on investments	(85)	(483)	(887)	(1,455)
Net income	(56)	(845)	(887)	(1,788)
Transfers between funds	77	408	(485)	-
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	204	74	6,665	6,943
Net movement in funds	225	(363)	5,293	5,155
Reconciliation of funds:				
Total funds brought forward	10,927	9,363	125,813	146,103
Total funds carried forward	11,152	9,000	131,106	151,258

Accounts

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2022

Company limited by guarantee registered in England (no 00007826)

Registered charity (no 248968)



Bankers

National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG

Charity Bank, 182 High Street, Tonbridge, Kent, TN9 1BE.

Investment managers

CCLA Investment Management Limited, One Angel Lane, London, EC4R 3AB.

Solicitors

Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG

HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS

Auditors

haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

**Chester Diocesan Board of Finance Annual Report and Financial Statements
2022**

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington
WA4 4GE.

Telephone: (01928) 718 834

Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 00007826) and is a registered charity (no 248968).

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester

Chairman: Mr Ian N Scott-Dunn

Trustees/Directors:

Rt Revd Julie A Conalty	Bishop of Birkenhead
Rt Revd Samuel J C Corley	Bishop of Stockport
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Ian G Bishop	Archdeacon of Macclesfield
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Revd Simon Drew	Chair, House of Clergy, Diocesan Synod
Ms Julie H Withers	Chair, House of Laity, Diocesan Synod
Revd Joshua C Askwith	
Mr Peter S Ball-Foster	
Dr J Graham Campbell	
Dr Alan Downen	
Revd Canon Elaine Chegwin Hall	
Revd George T Crowder	
Revd Lesley S Currie (from 6 October 2022)	
Mr John J C Freeman	
Revd Simon R Gales	
Revd Andrew Quentin Greenhough	
Mrs Esme A Hammer	
John S Haslam	
Mr David A Hermitt (from 28 November 2022)	
Revd Gary Kenneagh (from 18 May 2023)	
Mr David G Lowcock	
Dr Peter J Marshall	
Canon Dr John P Mason	
Revd Dr Robert S Munro (until 2 February 2023)	
Mrs Julie Okundaye (from 28 November 2022)	
Revd Richard L Pennystan	
Revd Michael L Ridley	
Revd Michael I A Smith	
Revd Christina P Upton	
Revd David A Vestergaard	
Dr Christine E Wetherell	

Chester Diocesan Board of Finance
Year ended 31 December 2022

Key Management Personnel

Mr George B Colville	Diocesan Secretary
Mrs Elizabeth A Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Simon Chesters	Director of Ministry
Ms Pauline Butterfield	Diocesan Safeguarding Adviser until 10 November 2022
Mr Sean Augustin	Diocesan Safeguarding Adviser from 8 February 2023
Mr James M Butterworth	Director of Communications until 31 July 2023
Revd Peter M Froggatt	Director of Outreach
Mr Nigel Strange	Head of Finance
Mrs Harriet M Roberts	Director of Development (Vision and Strategy) from 6 June 2022

Chairman's Statement

I am pleased to present the Chairman's Statement for Chester Diocesan Board of Finance. The organisation continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the Diocese to continue to operate effectively, by collecting contributions from the parishes, paying and housing the clergy, and through providing a number of support services.

In addition to its ongoing core functions, other events and processes involved the DBF and will influence its future.

Spring 2022 saw the final lifting of all remaining COVID restrictions, freeing parishes to start to return to more normal ways of operating. Other uncertainties continue, notably the issues around the cost of living, which affects clergy, parishes and parishioners alike.

The Church of England published its National Safeguarding Report Past Cases Review 2, (PCR2) and as part of this the Diocese published an extensive Summary Report detailing the findings of its own review of diocesan files that was undertaken as part of the national PCR2 process. In response, the bishops of the Diocese said, "This report touches upon much that is evil, sinful or inadequate. We rightly feel a deep sense of shame, but above all, we are determined to lead the change that is needed and that has already begun. Safeguarding really is at the heart of what it means to be church and at the heart of our mission."

Looking to the future, "Casting the net wide", a process of developing a shared vision for the Diocese, has been consulting with individuals and parishes as widely as possible. Facilitated by Harriet Roberts, the process has included surveys, one to one interviews and approximately 30 Vision Café events in the autumn of 2022, with a further 50 or so planned for the spring of 2023.

Responses provided by parishes to Living in Love and Faith, a process of discernment and decision-making on questions of identity, sexuality, relationships and marriage, were collected in the national report "Listening with Love and Faith".

The Diocesan Routemap to Net Zero 2030 was introduced to the November Diocesan Synod and discussed ways forward following the challenge set by General Synod.

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In Church House at Daresbury, the Human Resources Committee agreed to a continuation of hybrid working following experience gained during the pandemic.

I thank George Colville, Diocesan Secretary, and the staff of the DBF, who provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome all the new members to the team at Daresbury and Foxhill. Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

The DBF's day-to-day financial performance showed a deficit. However, in challenging circumstances, parish share collection has been maintained, with some parishes taking steps to clear arrears that arose during the period of the pandemic. We continue to be very grateful to parishes who are the bedrock of the Diocese's mission.

Investments declined in value, effectively reversing the gains of the previous year. Most of these investments are endowment funds whose primary function is to generate income for stipends, so maintenance of dividends continues to be of higher importance than end of year valuations.

Economic circumstances for parishes and their parishioners remain challenging. We were glad to be able to make grants to parishes to assist with the high cost of energy bills, with funding provided by Archbishop's Council. Plans for the future will be continuously kept under review.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Ian N Scott-Dunn
Chairman

Trustees Report

Who we are, what we do and why we do it

Who we are

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively.

What we do

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering Diocese-wide services and projects.

Why we do it

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with it.

How our activities deliver public benefit

With further details provided below, our main activities aim to deliver public benefit in the following ways:

- **Clergy** - providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial** - Church Councils – assisting PCCs to provide churches, sacred spaces and worship services
- **Outreach** - assisting parishes as they live out God's love for the world, as expressed in the Anglican Communion's Five Marks of Mission.
- **Education** - contributing to the spiritual and moral education of children and young people
- **Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence

Trustees Report

- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands

The majority of the DBF's activity takes place in the Diocese of Chester, which comprises Cheshire, the Wirral, and parts of Greater Manchester.

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code (see page 27) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Strategic Report

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. With approximately 213 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 43 of whom are curates, this responsibility is by far its largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some slight regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service, but generally have less time to offer and in most cases are not asked to take charge of a parish.

Almost all clergy in the Diocese are paid under the terms of Common Tenure, with only a few retaining their freehold. All new posts are now appointed under Common Tenure.

In recent years the DBF has expanded the number of training curates, to respond to the needs of maintaining clergy levels into the future.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese and we continue to be able to appoint good clergy to benefices to fill vacancies as they arise.

Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in 5-yearly inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving

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the overall standard of housing within the constraints of available funding.

Improvement projects including the replacement of a number of kitchens, bathrooms and boilers continued. A number of window replacements were also completed. Some of the improvement work has been funded by a grant received from Benefact Trust, the owner of Ecclesiastical Insurance.

The former vicarages at Wybunbury and Daresbury were sold during the year. A replacement for the vicarage at Daresbury is due to be bought on a new development nearby. The vicarage at Burton was also replaced with a new build.

A new vicarage was built on part of the existing site at Prestbury, with the other part of the site being transferred to the developer.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

Now that the new team of Bishops is complete, they have taken the lead on "Casting the Net Wide", a process of consulting and discerning the future direction of the Diocese. The consultation phase started in 2022, with online surveys, one-to-one interviews, and about 30 Vision Café events, with a further 50 planned for spring 2023.

Archdeacons

There are two Archdeacons in the Diocese - The Ven Dr Michael Gilbertson, Archdeacon of Chester, and the Ven Ian Bishop, Archdeacon of Macclesfield. Archdeacons have the role of pastoral care of the clergy and their families, and oversight of church buildings and vicarages, together with supporting the bishops.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee (DAC).

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As a result of changes to the Faculty Jurisdiction Rules, parishes are now required to demonstrate they have given due regard to Net Zero in their proposals particularly for replacement heating.

Prof Bob Munn retired as chair of the DAC, a role he had occupied since 2008.

Outreach

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the Diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The DBF has been guided by the Anglican Communion's "Five Marks of Mission" in its approach: -

1. To proclaim the Good News of the Kingdom
2. To teach, baptise and nurture new believers
3. To respond to human need by loving service
4. To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation
5. To strive to safeguard the integrity of creation, and sustain and renew the life of the earth

The DBF continued work in a wide range of areas, including: -

Ran the Talking Jesus course to assist with building confidence in evangelism.

Agreed an environmental policy at Diocesan Synod, and assisted churches with exploring green changes to their buildings.

Continued the programme of visiting individual clergy, listening to their stories, and offering advice, where appropriate.

Appointed Sheena Wilson, new Buildings for Mission Adviser who has assisted with procuring grant funding for churches.

Supported the Living in Love and Faith process in parishes.

Provided training including on mental health and wellbeing training to families and youth leaders, and assisted with paid youth leader recruitment.,

Assisted with the roll out of digital giving in parishes.

Expanded counselling services using newly trained volunteer counsellors.

Education

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work. Together with the DBE the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report. The DBF also provides Chester Diocesan Academies Trust with office accommodation and IT services.

Ministry Development

The DBF administers vocational discernment, selection, initial training, and in-service training for lay and ordained licensed ministries.

In 2022, 12 deacons and 12 priests were ordained. In addition, 9 Readers and 7 Pastoral Workers were licensed.

Ordinands train with Emmanuel Theological College, alongside residential training at other colleges around the country.

Numbers in training for licenced lay ministry – readers and pastoral workers – remain healthy, as does participation in the Foundations for Ministry course.

2022 saw a pilot project of training people to offer structured pastoral supervision for those new to incumbency as well as to clergy more widely.

A wide range of events have taken place, including training days for licensed lay workers, another Women's Voces conference, 24 hours with a theologian, the Lay Conference, a course on leading public worship, together with individually guided retreats.

Support for lay and ordained ministers continues.

Grants

The DBF makes certain grants to support clergy and parishes in their work. A focus in recent years has been a concentration on projects which promote mission and development.

The Diocese of Chester is also a part of the wider Church of England. In this

capacity the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Retreats and Christian conferences

Foxhill is a centre of prayer and works to further the mission of the Diocese while being a blessing to the wider church and world.

Following the lifting of pandemic restrictions, the retreat and conference centre is once again taking day and residential bookings from parishes and individuals.

The management of Foxhill House and Woodlands is in a state of handover. Jonathan Green's time as director is drawing to a conclusion and he is in the process of passing the management to Revd Lucy Brewster, with her husband, David as chaplain.

As well as parish weekends and events, a number of guided events have taken place. These have included Encounter Days, led by diocesan and other clergy, and guided individual retreats.

Sadly, the woodlands behind Foxhill remain closed for the time being, following storm damage.

Safeguarding

Safeguarding advice and expertise continued to be vital element of support offered to parishes, and central to the functioning of the Diocese.

The Church of England published its National Safeguarding Report Past Cases Review 2 (PCR2), and as part of this the Diocese published an extensive Summary Report detailing the findings of its own review of diocesan files that was undertaken as part of the national PCR2 process.

In the foreword to the summary report, the bishops said,

"Conducting a Past Cases Review during a global pandemic was never going to be straightforward and we are hugely grateful to our Independent Reviewers for working in such challenging circumstances and for being so diligent. Our thanks also go out to all our parishes who provided information, our Diocesan and

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Cathedral staff who facilitated access to files for the reviewers, the members of the Reference Group who steered the review process and to those victims and survivors who contributed to the review. The full PCR2 report provides extensive evidence of safeguarding failings in the Diocese of Chester and of a very poor safeguarding culture over several decades. It is a robust report, and although it focusses on past cases and recognises the positive changes being made in the Diocese, it also sets out some very helpful recommendations for further improvements as we move forward.

We are appalled and angry regarding some of the past safeguarding practice in Chester Diocese. We also recognise that despite our shared commitment to changing the culture and practice in our Diocese, we may still make mistakes or fall short of the expected standards. None of this is good enough and we are committed to learning from survivors and victims, from past cases and from independent reviews. We are intent upon establishing a healthier culture and a safer church and most of all, upon being more Christ-like in how we respond to victims and survivors and to those who are vulnerable. This report touches upon much that is evil, sinful or inadequate. We rightly feel a deep sense of shame, but above all, we are determined to lead the change that is needed and that has already begun. Safeguarding really is at the heart of what it means to be church and at the heart of our mission."

Following the resignation of the previous Diocesan Safeguarding Adviser, Sean Augustin was appointed to take over following the year end. A further expansion of the Safeguarding Team will follow.

Financial Review

Net expenditure after investment losses amounted to £1,788k (2021 net income after investment gains £2,173k). Investments declined in value, losing £1,455k (2021 gain £1,633k), largely reversing the gains of the prior year. However, the dividend income on which the DBF relies to supplement parish share income, rose.

Contributions received from parishes rose to £11.3m (2021 £10.8m). The parish share collection rate was approximately 90%, with a further 2% relating to recovery of arrears built up during the pandemic years, which had previously been provided for.

There were a few further sales of former parsonage houses during the year, together with some corresponding purchases. As a result, cash rose slightly during the period. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though on occasions, surpluses on the sale and replacement of parsonages are also being used to support day to day activities.

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The DBF received a grant from Benefact Trust, which has been applied to costs of the 2022 Clergy Conference, continued support to parishes in respect of using church buildings for mission, and the provision of improved clergy housing.

The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, amounting to £10.6m (2021 £10.4m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

Following earlier changes to accounting policy, and the inclusion of benefice property on the balance sheet, all property has been subject to at least a desktop review of valuation on at least a five-year rolling basis, and more frequently where appropriate.

Holdings in the CBF Church of England Investment Fund showed a decline of 11.7% in capital value. The dividend yield rose slightly to 2.99%. The return on invested cash rose from 0.2% at the start of the year to 3.2% at the end.

The majority of the DBF's investment assets are held by endowment funds and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

The balance on the plan to fund the deficit on the Church of England Funded Pensions Scheme for stipendiary clergy was cleared in the year.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

The basis of this approach includes budgets and forecasts for the following year together with keeping other potential sources of funds under review.

2023 and beyond

The purpose of Chester DBF is “to maintain and promote the spiritual teaching of the Church of England”, not least by continuing to facilitate the healthy functioning of the parishes of the Diocese.

Challenges for the next few years include: -

- The discernment and implementation phases of the diocesan vision process “Casting the Net Wide”
- continuing to cooperate with the Church of England National Safeguarding Team, particularly following the publication of Past Cases Review 2 nationally and the Diocesan Summary
- absorbing the cost of additional curates to maintain the supply of future clergy.
- operating in the context of the cost-of-living crisis and also the continuing economic, social and spiritual consequences of the coronavirus pandemic.

While the DBF faces challenges, it continues to be helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks.

The Board considers that its principal risks at present are: -

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained.

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- The impact of ongoing societal, economic and political upheaval. The direct effects of the COVID-19 pandemic continue to recede, but the indirect effects remain. The cost of living and other economic issues are sources of continuing uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. The key priority is to ensure, as far as possible, that the DBF's services to parishes continue as effectively as possible.
- Loss of relevance and failure to adapt to changes in society: - Falling electoral rolls, ageing congregations in parishes. In addition, changes in society as a result of Brexit, the coronavirus pandemic, and the cost-of-living crisis. Mitigated by national church task groups and Renewal and Reform agenda, and in Chester Diocese, the DBF Outreach team and others are working with parishes locally.

There continues to be some risk relating to the DBF's ability to continue to fund increasing stipends, housing, salary and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. As a result, arrears of parish share are reviewed regularly. The Finance and Scrutiny Committee meets five times a year and oversees and discusses these reviews at each meeting. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs, these being the chief items of expenditure. At the current time, and in the current societal and economic circumstances, parish share collection rates continue to be healthy.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.

Structure, governance, and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance in it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A Diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several Dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman) plus any other clergy licensed to the Benefice, the churchwardens, and several elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCCs are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2011 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of

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England; to bring together the views of the parishes of the deanery; to effect decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

Diocesan Synod

The Diocesan Synod is the statutory governing body of a Diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its Diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the Diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met twice in 2022, in March and November. The usual business was completed at both meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2021, approval of the 2022 budget, and receipt of General Synod reports. The March Synod considered stipend levels in the context of cost of living pressures and received a further update on "Living in Love and Faith", a process of discernment and decision-making on questions of identity, sexuality, relationships, and marriage. In addition, it received reports from the Committee for Outreach, the Committee for Ministry, the Diocesan Board of Education, Foxhill House and Woodlands, and Chester Cathedral. The November Synod received a report on the Vision and Strategy feedback process, and approved candidates for the membership of the Diocesan Board of Education. It received a report following the completion of the safeguarding Past Cases Review 2 (PCR2). Environmental issues including the Church of England Net Zero 2030 route map were discussed. The meeting closed with a presidential address from Bishop Mark Tanner, who spoke about discerning vision together and being collaborative in mission.

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National Church institutions

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod, they were responsible for making decisions on doctrine, services, and relations with other churches. Elections to General Synod took place during the year.

Archbishops' Council is the Church of England's policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops' Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses (this currently does not include Chester Diocese).

The financial transactions of General Synod, the Church Commissioners, and the Archbishops' Council do not form part of these accounts.

Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from Chester Cathedral Office, 9 Abbey Square, Chester, CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame

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approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is approximately 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 265 parishes, about 100 of which can be described as rural. Compared with many Dioceses, there are few teams, and few multi-parish benefices. There are approximately 213 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 400 licensed. The role of self-supporting ministers is substantial, with over 80 in post at present.

The Archdeaconry of Macclesfield approximately covers the part of the Diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester approximately covers the rest of the Diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton.

The financial affairs of the Diocese are conducted through two registered charities:- Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790).

Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in

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activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs) in the Diocese of Chester. None of these is a connected charity in the sense defined by charity law.

Bishop's Council

Bishop's Council has the following functions:

- to plan the business of Diocesan Synod, to prepare the agenda for its sessions, and to circulate to members information about matters for discussion;
- to initiate proposals for action by Diocesan Synod;
- to advise Diocesan Synod on matters of policy;
- to advise the President on any matters which he may refer to Bishop's Council;

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- subject to the directions of Diocesan Synod, to transact the business of the Synod when it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as Diocesan Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Finance and Scrutiny Committee deals with all financial transactions of the DBF except for the:

- approval of the annual report and accounts;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure.
- Major capital expenditure
- Staff remuneration

The Human Resources Committee oversees matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of everyone concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the

Chester Diocesan Board of Finance
Year ended 31 December 2022
Trustees Report

Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in December 2021. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each Diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day-to-day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

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The Chester archidiaconal committee agreed proposals for the exercise of the patron's right of presentation to the benefice of St Andrew, West Kirby. The archidiaconal committees agreed proposals for the suspension (or resuspension) of the patron's right of presentation to the benefices of St Berteline and St Christopher Norton, Barnton Christ Church, Holy Trinity Northwich, St Luke Northwich, Birkenhead Christ Church, Liscard the Resurrection and Antrobus.

The archidiaconal committees agreed proposals that the suspension of the patron's right of presentation to the benefices of Newton with Flowery Field, Baddiley and Wrenbury with Burleydam, and Offerton St Alban should be allowed to lapse.

The archidiaconal committees also discussed various matters including approaches to pastoral reorganisation, the Wirral Waters development, the diocesan vision process, and a report from the Director of Outreach, together with proposals for pastoral reorganisations.

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

Discussions regarding Christ Church, Crewe continue with Cheshire East Council about possible uses and as part of the Crew Town Centre Regeneration Programme.

Discussions continued on the future of St Johns Godley, and St Pauls Boughton. The sale of St John Altrincham is progressing. Planning permission prior to sale was due to be submitted after the year end for St Luke Dukinfield. All Saints Balterley was closed and due to be sold in 2023.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.1m at 31 December 2022 (£6.4m at 31 December 2021). Most of these trusts are held on behalf of Parishes whose charitable

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Trustees Report

purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

Unrestricted funds

For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. To

Chester Diocesan Board of Finance
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Trustees Report

cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves.

Free unrestricted reserves (excluding fixed assets) represent approximately 3 months expenditure (£3.4m). Taking account of the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is adequate to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes, particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds

The DBF's restricted funds totalling £9.0m (2021 £9.3m) are shown in note 20, together with an explanation of the purpose of those funds. The restatement of the prior year balance is as a result of the effect of changes in accounting policies on the Pastoral Account. The Board uses the pastoral account mainly to reinvest funds it receives from the sale of surplus parsonage houses for the improvement of other parsonage houses. Where not required for this purpose, it can be used to meet the DBF's wider objects.

Endowment funds

Following a change in accounting policy, benefice property is now included on the balance sheet as an expendable endowment fund. The DBF's endowment funds totalling £125m (2021 £126m) are shown in note 19 together with an explanation of the purpose of those funds. The majority of the loss in the year is due to a fall in investment valuations over the year. The major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Related party

Chester Diocesan Board of Education acts as the education authority for the

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Trustees Report

Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity. Staff working for Chester Diocesan Board of Education are employed on joint contracts of employment and are processed through the DBF's payroll, with costs recharged.

Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to several key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop's Council – the board of trustees - is clear about the DBF's purpose – "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester" and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the Diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day-to-day decision making within that direction to senior employees. The board retains responsibility for, and oversight of those decisions.

Board effectiveness – because of the requirement of adequate representation of the various parts of the Diocese, the board of trustees is somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

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Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Openness and accountability – the trustees and senior staff seek to foster open relationships, particularly with the parishes and clergy of the Diocese.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as they are aware, there is no information needed by the charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- The directors of the charity have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements the Trustees are required to:

Chester Diocesan Board of Finance
Year ended 31 December 2022
Trustees Report

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report, incorporating the strategic report, was approved by the Board on 7 September 2023 and signed by order of the Board.

M.R. Gilbertson

Ven Dr M R Gilbertson
Archdeacon of Chester

Independent Auditors Report to the Members of the Chester Diocesan Board of Finance

Opinion

We have audited the financial statements of the Chester Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Chester Diocesan Board of Finance
Year ended 31 December 2022
Independent Auditor's Report

statements are authorised for issue.

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Chester Diocesan Board of Finance
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Independent Auditor's Report

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health

Chester Diocesan Board of Finance
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Independent Auditor's Report

and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

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

Chester Diocesan Board of Finance
Year ended 31 December 2022
Independent 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.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of
Haysmacintyre LLP,
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

18 September 2023

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2022

Income and Expenditure

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from						
Parochial contributions		11,290	-	-	11,290	10,797
Grants and other donations	3	175	1,336	-	1,511	2,239
Investment income	4	79	345	-	424	344
Rental income		237	126	-	363	359
Income from charitable activities						
Statutory clergy fees		-	679	-	679	710
Retreat and Conference Centre		198	-	-	198	75
Other income from operating activities		50	53	-	103	70
Total		12,029	2,539	-	14,568	14,594
Expenditure on raising funds						
Generating voluntary income		20	-	-	20	18
Investment and Rental costs		26	53	-	79	108
Charitable Activities						
National church responsibility		363	-	-	363	407
Parochial clergy and archdeacons		9,273	1,368	-	10,641	10,457
Parsonage improvements		-	524	-	524	500
Support to clergy and parishes		2,013	956	-	2,969	2,332
Retreat and Conference Centre		428	-	-	428	300
CEFPS deficit recovery plan	24	(123)	-	-	(123)	(68)
Total	6	12,000	2,901	-	14,901	14,054
Net income/(expenditure) before investment gains/(losses)		29	(362)	-	(333)	540
Net (losses)/gains on investments	14	(85)	(483)	(887)	(1,455)	1,633
Net (expenditure)/income		(56)	(845)	(887)	(1,788)	2,173
Transfers between funds	22	77	408	(485)	-	-
Other recognised gains/(losses)						
Gains on revaluation of fixed assets	13	204	74	6,665	6,943	12,108
Net movement in funds		225	(363)	5,293	5,155	14,281
Reconciliation of funds:						
Total funds brought forward		10,927	9,363	125,813	146,103	131,822
Total funds carried forward		11,152	9,000	131,106	151,258	146,103

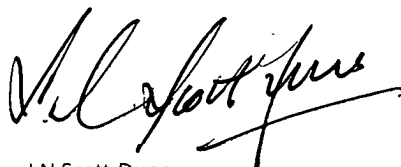
The notes on pages 38 to 58 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	13	132,611	126,334
Investments	14	11,671	13,101
		144,282	139,435
Current assets			
Debtors	15	1,525	1,153
Cash at bank on deposit and in hand	16	7,321	6,552
		8,846	7,705
Creditors: amounts falling due within one year	17	(1,787)	(954)
Net current assets		7,059	6,751
Total assets less current liabilities		151,341	146,186
Creditors: amounts falling due after more than one year	18	(83)	(83)
Total net assets		151,258	146,103
Endowment funds	19	131,106	125,813
Restricted income funds	20	9,000	9,363
Unrestricted funds		11,152	10,927
Total charity funds		151,258	146,103

The notes on pages 38 to 58 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 7 September 2023 and signed on its behalf by



I N Scott-Dunn
Chairman



Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2022

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Note	2022 £'000	2021 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(1,788)	2,173
Losses/(Gains) on investments	14	1,455	(1,633)
Dividends, interest and royalties from investments		(424)	(344)
Decrease/(Increase) in debtors		(372)	(515)
Increase/(Decrease) in creditors		833	(488)
Net cash (used in) operating activities		(296)	(807)

Statement of Cash Flows

	2022 £'000	2021 £'000
Net cash (used in) operating activities	(296)	(807)

Cashflows from investing activities

Dividends, interest and royalties from investments	424	344
Payments to acquire fixed assets	(1,633)	-
Payments to acquire investments	(25)	(24)
Receipts from disposal of tangible fixed assets	2,299	2,861
	<u>1,065</u>	<u>3,181</u>

Increase in cash in the year	<u>769</u>	<u>2,374</u>

Reconciliation of net cash flow to movement in cash and cash equivalents

	2022 £'000	2021 £'000
Increase in cash in the year	769	2,374
Cash and cash equivalents at the beginning of the reporting period	<u>6,552</u>	<u>4,178</u>
Cash and cash equivalents at the end of the reporting period	<u>7,321</u>	<u>6,552</u>

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception that tangible fixed assets are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All income is included in the Statement of Financial Activities (SoFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment from parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2011 census. Parish share is accounted for in the period to which it relates. Provisions are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF. Also other ad-hoc items of income that do not fall into the other income categories.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were signed. Having performed the assessment, the Trustees conclude that Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Chester DBF is heavily supported by Parish Share contributions, and collection rates have held up well during and after the pandemic. In extreme conditions, the DBF has reasonable reserves, could apply the Capital Reserve Stipends Fund to payment of stipends, and a number of properties could potentially be mortgaged.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2022

Allocation of support costs

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. For example, a donation to the Outreach Department would be added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 20.

Endowment Funds

Some of these funds are investments held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant restricted fund. In addition, benefice property, that is, vicarages used to house parish clergy, are also included at fair value in endowment funds. The Board's endowment funds are shown in note 19.

Fixed Assets

Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Fixed assets are valued on a rolling five year basis.

Glebe property

Diocesan Glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. It comprises a small number of houses the majority of which are occupied by clergy, together with a range of agricultural and other holdings. These are mainly historical in nature, for example a field adjacent to a vicarage. Any income generated by Glebe property is restricted for the payment of stipends.

Parsonages

Parsonages for the housing of parish clergy are included in fixed assets at fair value. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent's official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust, so they form part of the DBF's restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included in the same expendable endowment fund.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Depreciation

Depreciation is not provided on buildings as any provision would not be material due to the long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Investment property

Property is held by the DBF for long term charitable use, or to protect another charitable asset. As a result, the DBF does not hold any investment property.

Fixtures and Fittings

The cost of replacing fixtures, fittings, computers and other office equipment is generally immaterial. As a result, such items are not capitalised and are written off in the year of purchase.

Investments

Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SOFA as net gains/(losses) on investments.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The company 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 their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes

The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

The Board entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions were discounted and resulted in a liability being reflected in the balance sheet. The interest cost of the debt was reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability. No further deficit contribution payments are required beyond 31 December 2023, so the liability at the balance sheet date is nil.

Further detail is provided in notes 24 and 25.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property – freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) – provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.
- Other – there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in these areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2022 £'000	2021 £'000
Statutory audit	33	29
Additional costs relating to 2021 audit	7	-
	40	29

3. Grants and other donations

	2022 £'000	2021 £'000
Church Commissioners' sustainability funding	-	500
Donations to Foxhill Conference Centre	2	3
Grant from Benefact Trust	172	169
Ministry Hardship grant	87	-
Archbishops Council Energy support grants	299	-
Archbishops Council Capacity Funding for Vision process	49	-
Grant to Clergy Sustentation Fund	-	5
Archbishops Council Grant towards the cost of Past Cases Review 2	30	-
Church Commissioners recharge (Suffragan Bishops personal assistants)	-	65
Donations to Outreach department	26	1
Church Commissioners Resourcing Ministerial Education block grant	295	301
Diocesan Stipends Fund (housing allowances and Emmanuel theological College)	184	172
Chester Diocesan Board of Education recharge	367	347
Harrison legacy	-	676
	1,511	2,239

4. Investment Income

	2022 £'000	2021 £'000
Investment and fixed interest funds	365	336
CBF deposits and bank interest	52	2
Other income including interest on loans to parishes	7	6
	424	344

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2022 100% £'000
Church House	1	15	55	2	73
Central services	3	27	102	4	136
Central staff	12	120	448	18	598
Legal, financial	2	24	104	4	134
Governance	1	14	53	2	70
	19	200	762	30	1,011

Prior year comparative

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2021 100% £'000
Church house	1	12	45	2	60
Central services	3	27	99	4	133
Central staff	11	108	407	16	542
Legal, financial	2	20	87	3	112
Governance	1	17	67	3	88
	18	184	705	28	935

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

6. Expenditure	Note	Total 2022 £'000	Total 2021 £'000
Generating voluntary income			
Central Services & support costs		20	18
Investment and rental costs			
Rental costs		73	102
Value linked loan interest paid		6	6
		79	108
Charitable Activities			
National church responsibility		363	407
Parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		8,016	8,090
Maintenance of clergy housing		1,429	1,173
National ministry training and ordinands grants		996	1,010
Central Services & support costs		200	184
		10,641	10,457
Parsonage improvements		524	500
Support to clergy and parishes			
Ministry		347	385
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		244	276
Education		367	342
Outreach		310	388
Safeguarding		301	108
Vision & strategy		49	-
Discretionary and one off items (EIG)		4	13
Clergy/Lay conferences		99	13
Grants to parishes, clergy and others	7	462	102
Change in value of Harrison Legacy receivable		24	-
Central Services & support costs		762	705
		2,969	2,332
Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		398	272
Central Services & support costs		30	28
		428	300
Change in Church of England Funded Pension Scheme (CEFPS) agreed deficit recovery plan	26	(123)	(68)
		14,901	14,054

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

7. Grants to parishes, clergy and others	2022	2021
	£'000	£'000
Grants to parishes		
Post lockdown reopening grants	-	-
Bp Birkenhead legacy	14	23
Pastoral account grants to parishes	55	39
Marton - E J Massey trust	4	4
Birkenhead Priory - clerical or lay assistance	5	5
Thornton Hough - Fryer Legacy income	4	4
Twemlow trust - Balterley	2	-
Energy grants	265	-
	349	75

Grants to Individuals and others	No. of grants		
Foxhill grants	34	13	1
Clergy Sustentation grants	3	1	4
Retired Clergy, widows and dependents fund grants	16	30	22
Ministry Hardship grants	38	69	-
		113	27

Total grants	462	102

8. Staff and Office holder costs and numbers

Staff costs	2022	2021
	£'000	£'000
Wages & salaries	1,769	1,617
Social security costs	174	152
Pension costs	287	249
	2,230	2,018

Average staff numbers based on full time equivalents	2022	2021
	Number	Number
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5.1	5.0
Support to clergy and parishes	18.5	17.6
Diocesan Retreat and Conference Centre	8.6	5.1
Diocesan administration and central support	9.6	8.6
	42	36.8

The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-	2022	2021
£70,001 - £80,000	1	1
This employee accrued benefits in the Church of England Defined Benefits Pension Scheme (note 23).		

In addition to the above, the charity had the equivalent of 7.1 (2021 6.6) full time employees under joint contracts with Chester Diocesan Board of Education. Their employment costs are borne by the charity and recharged to Chester Diocesan Board of Education (note 12).

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 196 (2021 204) office holders during the year.

	2022	2021
	£'000	£'000
Clergy Stipends	5,450	5,516
Clergy National Insurance	465	457
Clergy Pension Contributions	1,808	2,059
Other clergy payments	310	245
	8,033	8,277

9. Termination payments

Termination payments totalling £98,222 (2021 nil) were made or accrued in the year.

10. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing for some or all of the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester	Revd Andrew Q Greenhough
Ven Ian G Bishop, Archdeacon of Macclesfield	Revd Christopher J P Hobbs
Revd Joshua C Askwith	Revd Dr Robert S Munro
Revd Canon Elaine Chegwin Hall	Revd Richard L Pennystan
Revd George T Crowder	Revd Michael L Ridley
Revd Leslie S Currie	Revd Michael I A Smith
Revd Simon Drew, Chair, House of Clergy	Revd Christina P Upton
Revd Simon R Gales	Revd David A Vestergaard

The Rt Revd Julie A Conalty, Bishop of Birkenhead, was in receipt of a stipend and housing allowance, the stipend funded by the Church Commissioners and the housing allowance funded by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport, was in receipt of a stipend and provided with housing, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners and housing funded by Chester Cathedral

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,955 - £46,525 (2021 £37,670 - £46,180). The stipend, funded by the DBF, paid to Archdeacons was £37,106 (2021 £36,830). The stipend paid to the Dean of Chester was paid £37,765 (2021 £37,670). Other clergy who were Trustees were paid stipends in the range £27,090 - £28,975 (2021 £26,558 - £28,406).

Trustee expenses

A total of £13,365 (2021 £7,672) was reimbursed to 12 (2021 5) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £423,204 (2021 £399,784), together with pension contributions of £90,427 (2021 £74,515). Of these, the highest paid was George Colville, who received £79,663 (2021 £78,101) excluding employers national insurance, together with pension contributions of £27,322 (2021 £19,603). The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

	2022 £'000	2021 £'000
Contribution re joint employment contracts and other recharges to Chester Diocesan Board of Education	367	347

13. Tangible Fixed Assets

	Freehold Land and Buildings			Total 2022	Total 2021
	Board £'000	Glebe £'000	Parsonages £'000	£'000	£'000
Cost or Valuation					
Balance at 1 January	9,255	5,563	111,516	126,334	117,088
Additions	-	-	1,633	1,633	-
Disposals	-	-	(2,299)	(2,299)	(2,861)
Revaluations	278	292	6,373	6,943	12,107
Balance at 31 December	9,533	5,855	117,223	132,611	126,334

The Board's property comprises the office at Daresbury park, the conference centre at Foxhill together with associated buildings, a small number of closed churches, together with a small number of residential properties, some of which are used to house diocesan appointees. Glebe property comprises a small number of residential properties together with a range of mainly agricultural holdings. Any income arising from Glebe property is restricted to the funding of stipends.

All land and buildings are held at valuation. A full desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. At 31 December 2022 and for following years this, property will be revalued on at least a rolling five year basis. For each class of property, the average percentage change in value of revalued properties will be applied to the remaining properties of that class not individually valued that year.

The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

14. Investments	2022	2021
	£'000	£'000
Market Value at 1 January	13,101	11,444
Acquisitions at cost	25	24
Net (losses)/gains on revaluation	(1,455)	1,633
Market Value at 31 December	11,671	13,101

Investments at 31 December comprise

	No of	2022	No of	2021
	shares	Market	shares	Market
		Value		Value
		£'000		£'000
CBF Church of England Investment Fund	534,462	11,034	534,462	12,499
CBF Church of England Fixed Interest Fund	30,414	42	30,414	48
CBF Church of England Property Fund	389,805	501	373,670	544
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		11,587		13,101

15. Debtors	2022	2021
	£'000	£'000
Amounts falling due within one year		
Loan to Liverpool DBF	13	6
Other debtors	359	101
Prepayments and accrued income	989	886
Other loans	10	10
	1,371	1,003
Amounts falling due after more than one year		
Loans to parishes	11	-
Loan to Liverpool DBF	60	67
Value linked loans to parishes (note 18)	83	83
	154	150
Total debtors	1,525	1,153

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provided training for the DBF. This activity is now carried out by Emmanuel Theological College.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

16. Cash at bank, on deposit and in hand	2022	2021
	£'000	£'000
Balances held by Church Commissioners	(5)	(4)
Cash in hand, at bank and on bank deposit	3,834	3,510
Charity Bank Deposit	3	2
CBF Church of England Deposit Fund	3,489	3,044
	7,321	6,552

17. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	338	120
Accruals	503	505
Other creditors	946	4
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	-	325
	1,787	954

Creditors are valued at the undiscounted amount payable.

18. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Value linked loans for parishes (note 15)	83	83
	83	83

Creditors are valued at the undiscounted amount payable.

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value linked loan interest is charged at interest rates of 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

19. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2022 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2022 £'000
Diocesan Conference Centre	155	-	(18)	137
Steel & William Fletcher Rogers Fund	95	-	(11)	84
Retired Clergy, Widows and Dependants Fund	3,171	-	(372)	2,799
Clergy Sustentation Fund	201	-	(24)	177
Birkenhead Curacy Fund	191	-	(22)	169
E J Massey	155	-	(18)	137
Twemlow trust	-	-	84	84
Glebe Land & Buildings	5,562	-	293	5,855
Diocesan Stipends Fund Capital Account	4,533	-	(506)	4,027
Benefice property	111,750	-	5,887	117,637
	125,813	-	5,293	131,106

Prior year comparatives:-

	1 January 2021 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2021 £'000
Diocesan Conference Centre	135	-	20	155
Steel & William Fletcher Rogers Fund	83	-	12	95
Retired Clergy, Widows and Dependants Fund	2,773	-	398	3,171
Clergy Sustentation Fund	176	-	25	201
Birkenhead Curacy Fund	167	-	24	191
E J Massey	135	-	20	155
Glebe Land & Buildings	5,328	-	234	5,562
Diocesan Stipends Fund Capital Account	3,773	-	760	4,533
Benefice property	101,512	-	10,238	111,750
	114,082	-	11,731	125,813

Permanent Endowment

Diocesan Conference Centre	Held to produce income for the Foxhill Conference Centre
Steel & William Fletcher Rogers Fund	Making of grants for women and girls in need on the Wirral
Retired Clergy, Widows and Dependants F	Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions
Clergy Sustentation Fund	Making of grants to members of the clergy in need of assistance.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
E J Massey	For the maintenance and upkeep of church and churchyard at Marton
Twemlow trust	The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

Expendable endowment

Glebe Land & Buildings	Glebe property, the rental income from which is used for funding stipends
Diocesan Stipends Fund Capital Account	The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.
Benefice property	Benefice houses - vicarages/parsonages, together with any parsonage building funds held for specific benefices.

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2022

20. Restricted Funds

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

	1 January 2022	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2022
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	4,030	-	(472)	3,558
Clergy Sustentation	30	13	(1)	42
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	336	3	-	339
Retired Clergy Widows and Dependants	573	96	(11)	658
Steel & William Fletcher Rogers Fund	36	3	-	39
Twemlow trust	-	2	(2)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,308	67	(108)	3,267
Birkenhead Curacy Fund	7	5	(12)	-
Foxhill Retreat Fund	182	5	(25)	162
RME block grant	142	295	(249)	188
Ministry hardship	-	87	(69)	18
Parish energy grants	-	299	(265)	34
Harrison legacy	676	-	(24)	652
Restricted Committee income*	-	1,664	(1,664)	-
	9,363	2,539	(2,902)	9,000

Prior year comparatives:-

	1 January 2021	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2021
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,522	-	508	4,030
Clergy Sustentation	27	7	(4)	30
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	336	-	-	336
Retired Clergy Widows and Dependants	491	86	(4)	573
Steel & William Fletcher Rogers Fund	34	2	-	36
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	2,550	25	733	3,308
Birkenhead Curacy Fund	7	5	(5)	7
Foxhill Retreat Fund	181	-	1	182
RME block grant	91	301	(250)	142
Harrison legacy	-	676	-	676
Restricted Committee income*	-	1,617	(1,617)	-
	7,282	2,719	(638)	9,363

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Details of the Restricted funds are as follows:

Capital Reserve Stipends	Fund for payment of stipends
Clergy Sustentation	The charity is endowed (see note 20) The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependants	The charity is endowed (see note 20) Making of grants for relief in need of retired clergy, widows, and spouses of the clergy. In certain circumstances meeting clergy pension contributions.
Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20) Making of grants for women and girls in need on the Wirral.
Twemlow trust	The charity is endowed (see note 20). The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.
Parish Mission and Ministry	Funding from Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Diocesan Stipends Income Fund	Applied towards the payment of stipends
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Foxhill Retreat Fund	The fund arose from a donation from the former Chester Retreat House and is to be used to fund Retreats.
Diocesan Pastoral Account	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.
RME Block grant	Archbishops Council grant funding for the training of ordinands.
Harrison legacy	The DBF is due to receive a legacy for the support of children, young people and families in the Diocese of Chester

21. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2022 Total Net Assets £'000	2021 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,436	10	2,705	(83)	7,068	7,128
Designated						
CEFPS deficit recovery plan	-	-	-	-	-	(325)
Office refurbishment	-	501	-	-	501	544
EIG Reserve	-	-	145	-	145	149
Lay Training	-	-	18	-	18	18
Fryer Trust	-	130	-	-	130	147
Bishop of Birkenhead Fund	-	-	-	-	-	14
Diocesan Conference Centre	3,290	-	-	-	3,290	3,252
Total Unrestricted Funds	7,726	641	2,868	(83)	11,152	10,927
Restricted Funds						
Capital Reserve Stipends	-	3,558	-	-	3,558	4,030
Clergy Sustentation	-	-	42	-	42	30
RME block grant	-	-	188	-	188	142
UPA Projects	-	-	14	-	14	14
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	339	-	339	336
Retired Clergy Widows and Dependents	264	-	394	-	658	573
Pastoral Account	1,543	-	1,724	-	3,267	3,308
Parish Mission and Ministry	-	-	27	-	27	27
Birkenhead Curacy Fund	-	-	-	-	-	7
Foxhill Retreat Fund	-	77	85	-	162	182
Steel & William Fletcher Rogers	-	-	39	-	39	36
Ministry Hardship Fund	-	-	18	-	18	-
Parish Energy grants	-	-	34	-	34	-
Harrison Legacy	-	-	652	-	652	676
Total Restricted Funds	1,807	3,635	3,558	-	9,000	9,363
Endowment Funds						
Diocesan Conference Centre	-	137	-	-	137	155
Steel & William Fletcher Rogers	-	83	-	-	83	95
E J Massey	-	137	-	-	137	155
Twemlow trust	-	84	-	-	84	-
Retired Clergy Widows and Dependents	-	2,800	-	-	2,800	3,171
Clergy Sustentation Fund	-	177	-	-	177	201
Glebe Land & Buildings	5,855	-	-	-	5,855	5,562
Birkenhead Curacy Fund	-	169	-	-	169	191
Diocesan Stipends Fund Capital	-	3,808	219	-	4,027	4,533
Benefice property	117,223	-	414	-	117,637	111,750
Total Endowment Funds	123,078	7,395	633	-	131,106	125,813
Total Funds	132,611	11,671	7,059	(83)	151,258	146,103

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Prior year comparatives:-

	Tangible Fixed Assets	Investments	Net Current Assets	Long term Liabilities	2021 Total Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds					
General Funds	4,270	10	2,931	(83)	7,128
Designated					
CEFPS deficit recovery plan	-	-	(325)	-	(325)
Office refurbishment	-	544	-	-	544
EIG Reserve	-	-	149	-	149
Lay Training	-	-	18	-	18
Fryer Trust	-	147	-	-	147
Bishop of Birkenhead Fund	-	-	14	-	14
Diocesan Conference Centre	3,252	-	-	-	3,252
Total Unrestricted Funds	7,522	701	2,787	(83)	10,927
Restricted Funds					
Capital Reserve Stipends	-	4,030	-	-	4,030
Clergy Sustentation	-	-	30	-	30
RME block grant	-	-	142	-	142
UPA Projects	-	-	14	-	14
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	336	-	336
Retired Clergy Widows and Dependents	245	-	328	-	573
Pastoral Account	1,489	-	1,819	-	3,308
Parish Mission and Ministry	-	-	27	-	27
Birkenhead Curacy Fund	-	-	7	-	7
Foxhill Retreat Fund	-	88	94	-	182
Steel & William Fletcher Rogers	-	-	36	-	36
Harrison Legacy	-	-	676	-	676
Total Restricted Funds	1,734	4,118	3,511	-	9,363
Endowment Funds					
Diocesan Conference Centre	-	155	-	-	155
Steel & William Fletcher Rogers	-	95	-	-	95
E J Massey	-	155	-	-	155
Retired Clergy Widows and Dependents	-	3,171	-	-	3,171
Clergy Sustentation Fund	-	201	-	-	201
Glebe Land & Buildings	5,562	-	-	-	5,562
Birkenhead Curacy Fund	-	191	-	-	191
Diocesan Stipends Fund Capital	-	4,314	219	-	4,533
Benefice property	111,516	-	234	-	111,750
Total Endowment Funds	117,078	8,282	453	-	125,813
Total Funds	126,334	13,101	6,751	(83)	146,103

22. Transfers between funds

Transfers were made to unrestricted funds as follows:-

	2022 £'000	2021 £'000
To/(from) Restricted funds		
In respect of housing allowances (1)	(70)	(70)
In respect of vicarage construction costs (2)	(300)	-
Pastoral scheme releasing parsonage building fund (3)	234	
In respect of vicarage purchases/sales (4)	550	1,141
Other transfers	(6)	(5)
	408	1,066
To/(from) Endowment funds		
In respect of vicarage construction costs (2)	300	-
Pastoral scheme releasing parsonage building fund (3)	(234)	
In respect of vicarage purchases/sales (4)	(551)	(1,141)
	(485)	(1,141)
Total transfers to unrestricted funds	77	75

(1) A number of housing allowances are paid to clergy living in their own accommodation. These are funded from the pastoral account on the basis that there is no corresponding vicarage to buy and/or maintain.

(2) In 2022 this relates to a payment to a developer. The existing vicarage at Prestbury was demolished, the developer has constructed a new vicarage on part of the site, funded by payment of £300,000 together with transfer of part of the site to the developer.

(3) The parsonage building fund relating to the sale of the former vicarage at Liscard St Thomas was released to the Diocesan Pastoral Account by pastoral scheme.

(4) In 2022, this relates to two properties. The sale proceeds of the former vicarage at Wybunbury were transferred to the Diocesan Pastoral Account as the replacement had already been purchased. Secondly, the surplus on the replacement of the vicarage at Burton was transferred to the Diocesan Pastoral Account.

23. Staff Pensions Schemes

Chester DBF participates in the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has two sections, and Chester DBF participates in both:

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. 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 (2022: £107,262, 2021: £127,181), 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 £107,262 for 2022 (2021: £127,181).

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.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

A valuation of the DBS is carried out once every three years. The most recently finalised 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 actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 35.4% of pensionable salary per year.

The movement in the provision is set out below:

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

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2022	December 2021	December 2020
Discount rate	0.00%	0.00%	0.00%

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

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: £164,875, 2021: £136,894).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent 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, Chester DBF could become responsible for paying a share of the failed employer's pension liabilities.

24. Church of England Funded Pensions Scheme

Chester 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 scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. 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: £1,606,271, 2021: £1,697,890), plus the figures in relation to the Scheme's deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,483,271 for 2022 (2021: £1,631,890).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation 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 CMI 2020 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% p.a. and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

As at 31 December 202 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 January 2021 to December 2020 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 22 is nil. The movement in the balance sheet liability over 2021 and 2022 is set out in the table below.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

	2022	2021
	£'000	£'000
Balance sheet liability at 1 January	325	760
Deficit contribution paid	(202)	(368)
Interest cost (recognised in SoFA)	-	1
Remaining change to the balance sheet liability* (recognised in SoFA)	(123)	(68)
Balance sheet liability at 31 December	<u>-</u>	<u>325</u>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	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, Chester DBF could become responsible for paying a share of that failed Responsible Body's pension liabilities.

25. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2021
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	10,797	-	-	10,797
Grants and other donations	672	1,567	-	2,239
Investment income	38	306	-	344
Rental income	254	105	-	359
Income from charitable activities				
Statutory clergy fees	-	710	-	710
Diocesan Retreat and Conference Centre	75	-	-	75
Other income from operating activities	39	21	-	60
Parsonage and redundant church sales/transfers	-	10	-	10
Total Income	11,875	2,719	-	14,594
Expenditure on raising funds				
Cost of generating voluntary income	18	-	-	18
Investment and Rental costs	25	83	-	108
Charitable Activities				
National church responsibility	407	-	-	407
Funding of parochial clergy and archdeacons	9,111	1,346	-	10,457
Parsonage purchases and major improvements	-	500	-	500
Support to clergy and parishes	1,823	509	-	2,332
Diocesan Retreat and Conference Centre	300	-	-	300
Change in CEFPS deficit recovery plan	(68)	-	-	(68)
Total Expenditure	11,616	2,438	-	14,054
Net income/(expenditure) before investment gains/(losses)	259	281	-	540
Net gains/(losses) on investments	84	508	1,041	1,633
Net income	343	789	1,041	2,173
Transfers between funds	75	1,066	(1,141)	-
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	51	226	11,831	12,108
Net movement in funds	469	2,081	11,731	14,281
Reconciliation of funds:				
Total funds brought forward	10,458	7,282	114,082	131,822
Total funds carried forward	10,927	9,363	125,813	146,103

Accounts

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2021

Company limited by guarantee registered in England (no 7826)

Registered charity (no 248968)

Bankers

National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG
Charity Bank, 182 High Street, Tonbridge, Kent, TN9 1BE.

Investment managers

CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Solicitors

Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG
HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS

Auditors

haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

Chester Diocesan Board of Finance Annual Report and Financial Statements
2021

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington
WA4 4GE.

Telephone: (01928) 718 834

Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 00007826) and is a registered charity (no 248968).

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester

Chairman: Mr Ian N Scott-Dunn

Trustees/Directors:

Rt Revd Keith Sinclair	Bishop of Birkenhead until 8 th March 2021
Rt Revd Julie A Conalty	Bishop of Birkenhead from 28 th September 2021
Rt Revd Samuel J C Corley	Bishop of Stockport from 28 th September 2021
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Ian G Bishop	Archdeacon of Macclesfield
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Canon Dr John P Mason	Chairman, House of Laity
Revd Dr Robert S Munro	Chairman, House of Clergy
Revd David T Brewster until 2 December 2021	
Revd Christine J Broad until 2 December 2021	
Revd Canon Elaine Chegwin Hall	
Revd Simon Drew	
Revd Canon David R Felix until 31 July 2021	
Revd Andrew Quentin Greenhough	
Revd Dr Mark Hart until 2 December 2021	
Revd Dr David J Page until 2 December 2021	
Revd Christopher J P Hobbs until 2 December 2021	
Revd Michael L Ridley	
Revd Michael I A Smith	
Revd Christina P Upton	
Revd Joshua C Askwith from 2 December 2021	
Revd George T Crowder from 2 December 2021	
Revd Simon R Gales from 2 December 2021	
Revd Richard L Pennystan from 2 December 2021	
Revd David A Vestergaard from 2 December 2021	
Canon Elizabeth Renshaw MBE until 2 December 2021	
Dr J Graham Campbell	
Dr Alan Downen	
Mr John J C Freeman	
Miss Fiona Goode until 2 December 2021	
Mrs Esme A Hammer	
Mr David G Lowcock	
Mr John R Scrivener until 2 December 2021	
Ms Julie H Withers	
Dr Peter J Marshall from 2 December 2021	
Mr Peter S Ball-Foster from 2 December 2021	
Dr Christine E Wetherell from 2 December 2021	
John S Haslam from 2 December 2021	

Key Management Personnel

Mr George Colville	Diocesan Secretary
Mrs Liz Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Simon Chesters	Director of Ministry from 13 th September 2021
Revd Canon Dr Christopher Burkett	Director of Ministry until 31 st July 2021
Ms Pauline Butterfield	Diocesan Safeguarding Adviser
Mr James Butterworth	Director of Communications
Revd Peter Froggatt	Director of Outreach from 18 th January 2021
Mr Nigel Strange	Head of Finance

Chairman's Statement

I am pleased to present the Chairman's Statement for Chester Diocesan Board of Finance for its 150th year. The organisation continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the diocese to continue to operate effectively, through collecting contributions from the parishes, paying and housing the clergy, and through providing a number of additional services.

2021 saw the continuation of a period of change on many fronts. Along with society generally, the diocese started to emerge from the sequence of lockdowns and restrictions that characterised the pandemic. Other uncertainties are now arising, not least, issues around the cost of living, which affects clergy, parishes and parishioners alike.

Bishop Keith Sinclair retired as Bishop of Birkenhead in March 2021, a post he had occupied since 2007. Before retirement, he was also acting Bishop of Chester, until the appointment of Bishop Mark Tanner. The parishes and staff of the diocese are grateful for his huge contribution over that time.

Following the announcement that Mark Tanner would become the new Bishop of Chester and the commencement of his public ministry in 2020, he was enthroned at Chester Cathedral in June 2021. This paved the way for the appointment of two new suffragan bishops.

Julie Conalty became Bishop of Birkenhead, having previously been Archdeacon of Tonbridge and the Bishop of Rochester's Lead for Safeguarding.

Sam Corley became the Bishop of Stockport, having previously been Rector of the parish of Leeds City.

Together, they complete the team of three new bishops for the Diocese and we look forward to working with them in God's work.

Over the period of lockdown restrictions, we were inevitably forced online and into the homes of members of staff. A partial return to normal office working has resumed, and possible hybrid working is being considered.

I thank George Colville, Diocesan Secretary and the staff of the DBF, who provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome all the new members to the team at Daresbury and Foxhill. Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

The numbers in the accounts look quite different this year. This is due mainly to a change in accounting policy, whereby the value of benefice property, that is, vicarages that house parish clergy, is now shown on the balance sheet of the DBF. This brings Chester into line with the accounting policy adopted in other dioceses.

Chester Diocesan Board of Finance
Year ended 31 December 2021

The DBF's day to day financial performance showed a smaller deficit than anticipated for the year, for reasons including continuing healthier than anticipated parish share collection, for which we are very grateful to parishes who have been able to support our mission in this way.

The economic effect of the coronavirus pandemic and more recently, the cost of living crisis, on the DBF, parishes and the UK economy more widely, means that plans for the future will be continuously kept under review.

Investments showed continued gains, though these have moderated since the year end. Most of these investments are endowment funds whose primary function is to generate income for stipends, so maintenance of dividends continues to be of higher importance than end of year valuations. In addition, the increase in cash holdings over the year is the result of the sale of a small number of former vicarages without a corresponding purchase of new vicarages.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Ian N Scott-Dunn
Chairman

Trustees Report

Who we are, what we do and why we do it

Who we are

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively.

What we do

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering diocese-wide services and projects.

Why we do it

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with it.

How our activities deliver public benefit

With further details provided below, our main activities aim to deliver public benefit in the following ways:

- **Clergy** - providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial** - Church Councils – assisting PCCs to provide churches, sacred spaces and worship services
- **Outreach** - assisting parishes as they live out God's love for the world, as expressed in the Anglican Communion's Five Marks of Mission.
- **Education** - contributing to the spiritual and moral education of children and young people
- **Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence
- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands

The majority of the DBF's activity takes place in the Diocese of Chester, which comprises Cheshire, the Wirral, and parts of Greater Manchester.

Trustees Report

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code (see page 27) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Strategic Report

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. With approximately 227 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 46 of whom are curates, this responsibility is by far its largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some slight regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service, but generally have less time to offer and in most cases are not asked to take charge of a parish.

Almost all clergy in the Diocese are paid under the terms of Common Tenure, with only a few retaining their freehold. All new posts are now appointed under Common Tenure.

In recent years the DBF has expanded the number of training curates, to respond to the needs of maintaining clergy levels into the future.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese and we continue to be able to appoint good clergy to benefices to fill vacancies as they arise.

Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in 5-yearly inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving the overall standard of housing within the constraints of available funding.

Improvement projects including the replacement of a number of kitchens, bathrooms and boilers continued. A number of window replacements were also completed including at Wallasey St Hilary. Some of the improvement work has been

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funded by a grant received from Benefact Trust (formerly Allchurches Trust), the owner of Ecclesiastical Insurance.

Former vicarages at Holmes Chapel, Wallasey St Nicholas, Wistaston (Crewe) and Congleton St Peter were sold during the year.

The existing vicarage at Prestbury was demolished, in preparation for the construction of replacement vicarage together with another property to be sold by the developer.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

Keith Sinclair, Bishop of Birkenhead, retired in March 2021 a post he had occupied since 2007. Latterly, he was acting Bishop of Chester until the appointment of Mark Tanner.

Following the announcement that Mark Tanner would become the new Bishop of Chester and the commencement of his public ministry in 2020, he was enthroned at Chester Cathedral in June 2021. The diocese welcomed two new suffragan bishops who were installed at the Cathedral in September. Julie Conalty became Bishop of Birkenhead, and Sam Corley, became Bishop of Stockport.

Archdeacons

Archdeacons have the role of pastoral care of the clergy and oversight of church buildings and vicarages. There are two in Chester Diocese: The Ven Dr Michael Gilbertson, Archdeacon of Chester, and the Ven Ian Bishop, Archdeacon of Macclesfield. With the arrival of new bishops and the upheaval of the last few years, they have been pivotal to the functioning of the diocese.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes in care and development of their church buildings. Much of this support has been online during the pandemic; as restrictions have been lifted, this support has returned to being more face to face.

Support has continued to be given to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee.

Outreach

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The DBF has been guided by the Anglican Communion's "Five Marks of Mission" in its approach:-

1. To proclaim the Good News of the Kingdom
2. To teach, baptise and nurture new believers
3. To respond to human need by loving service
4. To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation
5. To strive to safeguard the integrity of creation, and sustain and renew the life of the earth

Outdoor Connections, led by Caring for God's Acre, helped 25 parishes to make the most of their churchyards, socially and ecologically.

Support continues to be provided to individual clergy, clergy chapters, and parishes. We have developed 'Cultivating Church' – an introduction to becoming more intentional in mission and church life generally. Churches have been encouraged and assisted to use programmes including "Leading your Church into Growth" and "Jesus Shaped People" as ways of becoming more intentional in evangelism and in discipleship.

Support has been provided to parishes about Christian giving, Gift Aid, digital giving, legacies and setting up Friends' Schemes.

Work of the Disability Forum continued. A series of webinars helped churches respond to the needs of people with disabilities. Disability audits resumed as parishes reopened and people looked with fresh eyes at their facilities.

Work of the Diocesan Counselling Service continued, returning to more in-person counselling as restrictions were lifted. The increased pressures of the pandemic mean that services are in high demand.

The Mental Health Forum focussed on recovery from the pandemic and ran a day conference in October, with keynote speakers the Revd Dr Carla Grosch-Miller and the Revd Lesley Currie.

Support has been given to those who minister with children and young people in parishes, including in conjunction with the Living in Love and Faith process. Training included ministering with children and young people with autism, making the most of school assemblies, and mental health first aid and recruiting leaders.

Using Buildings for Mission

The DBF continued to assist parishes with developing and improving their church buildings, halls and grounds, funded by grants from Historic England, and more recently, Benefact Trust (formerly Allchurches Trust), the owners of Ecclesiastical Insurance. Areas of support included developing a Godly vision for the church building, project development and fundraising.

At the end of the year, Emily Allen left her role as Buildings Adviser. She had worked in the diocese for seven years and her expertise, thoroughness and commitment to mission in local churches were greatly and widely appreciated. Through 2021 she helped churches access grants from a variety of funders, over £230,000 in total; she provided advice on project management; and formed and sustained the Cafes in Churches and the Houses of Prayer Groups. In this, and much more, she made sure that churches saw their buildings through a missional lens. We hold this principle in mind as we look for someone to continue the excellent work that she has done.

Education

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work. Together with the DBE the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report. The DBF also provides Chester Diocesan Academies Trust with office accommodation and IT services.

Ministry Development

The DBF administers vocational discernment, selection, initial training, and in-service training for lay and ordained licensed ministries.

In July 2021 11 deacons and 21 priests were ordained. In October 9 Readers, one Pastoral Worker and two lay pioneer ministers were licensed. Numbers in training and exploring calling remain encouraging.

Emmanuel Theological College started, superseding the previous regional training partners, All Saints Centre for Mission and Ministry, and St Mellitus Northwest. A significant number of ordinands train with Emmanuel, alongside residential training at other colleges around the country.

Numbers in training for licenced lay ministry – readers and pastoral workers – remain healthy, as does participation in the Foundations for Ministry course.

Support for lay and ordained ministers continues. Continuing Ministerial Development and Ministerial Development Review, online for much of the pandemic, are returning to more face-to-face working. Working across departments continues, on such projects as Everyday Faith.

Grants

The DBF makes certain grants to support clergy and parishes in their work. A focus in recent years has been a concentration on projects which promote mission and development.

The Diocese of Chester is also a part of the wider Church of England. In this capacity, the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Retreats and Christian conferences

Foxhill is the centre of prayer, discipleship and mission for the Diocese of Chester.

As 2021 started, the conference centre remained closed. During the closure, some of the staff were furloughed.

It was agreed that more discussion was needed about the process of reopening. Also, there were wider and longer-term questions concerning the way that Foxhill fits into the mission of the Diocese. As part of this, there were a number of staff changes, with a small number accepting voluntary redundancy.

A working group prepared looked at both issues. It agreed that the conference centre should continue to be a place of prayer and should aim to support the church communities and ministers of the diocese in growing Christian disciples. Particular attention should be given to working with children and young people and those who have not easily accessed Foxhill in the past.

Safeguarding

Safeguarding advice and expertise continued to be a vital element of support offered to parishes.

The independent report "A Betrayal of Trust", into the Church's handling of the allegations concerning the late Hubert Victor Whitsey, former Bishop of Chester was republished following the resolution of a legal issue. The review was carried out by His Hon David Pearl and independent safeguarding consultant Kate Wood.

Following a review in 2018 of the first Church of England Past Cases Review, a second

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review has been taking place in all the Dioceses. In Chester, most of the work, undertaken by two independent reviewers, both former senior police officers, was completed during the year. Since the year end, review work completed in Chester Diocese has been submitted to the national church, and the resulting report is expected to be published during 2022.

Following a review of safeguarding provision in the Diocese, it was concluded that the safeguarding staff needed to be expanded, to cope with the growing workload. An additional Assistant Diocesan Safeguarding Adviser has since been appointed.

Coronavirus (COVID-19)

Restrictions remained in place for much of 2021. Parish churches were allowed to reopen to a limited extent, with restrictions on numbers and what activities could take place. The DBF assisted in ensuring that parishes had access to guidance from both the government and the national church. There was also a limited return to working at Church House, Daresbury. A full lifting of restrictions was not in place until after the end of the year.

Financial Review

Changes to accounting policies

Following a change of auditor and subsequent review of accounting policies, several policies have been changed, and the comparative figures quoted below are restated to take account of those changes.

The accounting policies changed are as follows: -

Accounting treatment of Parsonages

Following a change of auditor and a review of accounting policies, the directors have included benefice property, that is parsonages for the housing of parish clergy, in fixed assets at fair value, where previously they were not. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent's official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of the sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of other parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust,

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so they form part of the DBF's restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included within the same expendable endowment fund.

Depreciation

Depreciation is no longer provided on buildings as any provision would not be material due to the long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Diocesan office at Daresbury Park

For consistency, the Diocesan office at Daresbury Park is now held in the balance sheet at valuation, as with all other property. It was previously held at cost less accumulated depreciation.

Results for the year

Net income after investment gains amounted to £1,497k (2020 net expenditure after investment gains £280k restated). Investments continued to gain in value, £1,633k (2020 £482k), though these have since fallen back a little in 2022. Benefice properties continued to rise in value, accounting for the majority of the gain on fixed assets, £12,108k (2020 £7,771k restated).

Contributions received from parishes stabilised as the Diocese emerged from the pandemic, £10.8m (2020 £10.8m), though this remains below pre-pandemic levels. The parish share collection rate remained at approximately 90%.

There were several sales of former parsonage houses during the year, which accounts for the majority of the rise in cash over the period. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though on occasions, surpluses on the sale and replacement of parsonages are also being used to support day to day activities.

The result for the year was also supported by a sustainability funding from the church commissioners of £500k. In addition to this, the DBF received a grant from Benefact Trust (formerly Allchurches Trust), which has been applied to preparations for the 2022 Clergy Conference, continued support to parishes in respect of using church buildings for mission, and the provision of improved clergy housing.

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The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, amounting to £10.4m (2020 £10.2m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

Following changes to accounting policy, and the inclusion of benefice property on the balance sheet, all property has been subject to at least a desktop review of valuation. The exercise has indicated significant gains in values during the year.

The return on holdings in the CBF Church of England Investment Fund was a 14.4% gain in capital value together with a 2.9% income return. The return on invested cash rose marginally from 0.15% at the start of the year to 0.2% at the end, though it has risen further since.

The majority of the DBF's investment assets are held by endowment funds and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

A plan is in place to fund the deficit on the Church of England Funded Pensions Scheme for stipendiary clergy. The balance outstanding on this plan is due to clear during 2022.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

In more normal times, the basis of this approach would include budgets and forecasts for the following year. This year, as economies and organisations adapt to the effect of the coronavirus pandemic, this has been supplemented by reviewing other potential sources of funds.

2022 and beyond

The purpose of Chester DBF is “to maintain and promote the spiritual teaching of the Church of England”, not least by continuing to facilitate the healthy functioning of the parishes of the diocese.

Challenges for the next few years include: -

- changes in senior staff – the team of three new bishops is now complete, and they are now setting direction for the future
- continuing to cooperate with the Church of England National Safeguarding Team
- absorbing the cost of additional curates to maintain the supply of future clergy.
- operating in the context of the emerging cost of living crisis and also the economic, social and spiritual consequences of the coronavirus pandemic.

While the DBF faces challenges, it is helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks.

The Board considers that its principal risks at present are: -

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with the impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained, Diocese of Chester Safeguarding Commission overseeing work.
- The impact of the ongoing societal upheaval. As the COVID-19 pandemic recedes in the UK, the cost of living and other economic issues is replacing it as a source of continuing uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. The key priority is to ensure, as far as possible, that the DBF’s services to parishes continue as effectively as possible.

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- Loss of relevance and failure to adapt to changes in society: - Falling electoral rolls, ageing congregations in parishes. In addition, changes in society as a result of Brexit, the coronavirus pandemic, and now the cost of living crisis. Mitigated by national church task groups and Renewal and Reform agenda, and in Chester Diocese, the DBF Outreach team and others are working with parishes locally.

Additionally, there remains some risk relating to the DBF's ability to continue to fund increasing stipends, housing, salary and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. Arrears of parish share are reviewed monthly, and in some senses these reviews fulfil a similar role to monthly management accounts in more commercial enterprises. The Finance and Scrutiny Committee meets five times a year and oversees and discusses these reviews at each meeting. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs, these being the chief items of expenditure. At the current time, parish share collection rates continue to be healthy, so this is not an immediate concern.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.

Structure, governance and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance in it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman) plus any other clergy licensed to the Benefice, the churchwardens, and several elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCC's are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2011 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

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Diocesan Synod

The Diocesan Synod is the statutory governing body of a diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met three times during 2021, remotely in March and June, and at Chester Cathedral in November. The usual business was completed at both meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2020 and the approval of the 2021 budget. In June, Diocesan Synod received an update on “Living in love and Faith”, a process of discernment and decision-making on questions of identity, sexuality, relationships and marriage. In November, the new suffragan bishops Julie Conalty and Sam Corley were introduced. Elections to Diocesan Synod also took place during the year.

National Church institutions

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod they were responsible for making decisions on doctrine, services and relations with other churches. Elections to General Synod took place during the year.

Archbishops’ Council is the Church of England’s policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops’ Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses (this currently does not include Chester Diocese).

The financial transactions of General Synod, the Church Commissioners, and the Archbishops’ Council do not form part of these accounts.

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Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from Chester Cathedral Office, 9 Abbey Square, Chester CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is around 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 265 parishes, about 100 of which can be described as rural. Compared with many dioceses, there are few teams, and few multi-parish benefices. There are approximately 236 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 400 licensed. The role of self-supporting ministers is increasing, with over 80 in post at present.

Roughly speaking, the Archdeaconry of Macclesfield covers that part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester covers the rest of the diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton. Both work from Church House, Daresbury.

The financial affairs of the Diocese are conducted through two registered charities:- Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790)

Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

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It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in activity during the year.

As a registered charity, the DBF is not liable for Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs) within the Diocese of Chester. None of these is a connected charity in the sense defined by charity law.

Bishop's Council

Bishop's Council has the following functions:

- to plan the business of Diocesan Synod, to prepare the agenda for its sessions, and to circulate to members information about matters for discussion;
- to initiate proposals for action by Diocesan Synod;
- to advise Diocesan Synod on matters of policy;

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- to advise the President on any matters which he may refer to Bishop's Council;
- subject to the directions of Diocesan Synod, to transact the business of the Synod when it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as Diocesan Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Finance and Scrutiny Committee deals with all financial transactions of the DBF except for the:

- approval of the annual report and accounts;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure.
- Major capital expenditure
- Staff remuneration

The Human Resources Committee and the Staffing Review Committee oversee matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of all concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the

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DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in December 2021. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day to day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

The archidiaconal committees agreed proposals for the suspension (or resuspension) of the patron's right of presentation to the benefices of Dunham Massey St Margaret and St Mark, Over Tabley, St Paul Macclesfield, Crewe All Saints and St Paul with St Peter, Barthomley, Barnton Christ Church, Bickley, Leasowe St Chad, Backford and Capenhurst, St Thomas Liscard, Moulton St Stephen, Great Saughall, St Paul with St Luke Tranmere, Christ church Latchford

The archidiaconal committees agreed proposals that the suspension of the patron's right of presentation to the benefices of Stalybridge St Paul, Partington

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and Carrington, Bredbury St Barnabas, and Gee Cross Holy Trinity should be allowed to lapse.

The Chester Archidiaconal Mission and Pastoral Committee discussed "Everyday Faith". A draft Pastoral Scheme for the benefices of St Paul with St Luke, Tranmere; Christ Church Higher Bebington; St Peter Rock Ferry; and St. Catherine Tranmere was published by the Church Commissioners. The committee agreed that the office of Priest-in-Charge of Christ Church Latchford; and St. James Latchford, should be an interim post.

The Macclesfield Archidiaconal Mission and Pastoral Committee had discussions on a number of possible pastoral reorganisations.

Both Archidiaconal Mission and Pastoral Committees discussed "Everyday Faith" a series of reflections, prayers and stories to help people find and follow God in everyday life

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

Christ Church, Crewe. The unlisted portion of the original church closed in 2014. Discussions are ongoing with Cheshire East with regards to possible uses and as part of a proposed wider redevelopment of the surrounding area. The building remains closed.

Discussions continued on the future of Christ Church Crewe, St John Altrincham, St Luke Dukinfield, St Johns Godley, and St Pauls Boughton. The former church site at St Luke, Winnington was sold with planning permission during the year.

The Dioceses of Manchester and Chester, Historic England and the Church Commissioners continue to work together on the "Find a use Manchester" project which aims to find future uses for redundant historic churches in the two dioceses.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £6.4m at 31 December 2021 (£5.9m at 31 December 2020). Most of these trusts are held on behalf of Parishes whose charitable purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no

Chester Diocesan Board of Finance
Year ended 31 December 2021
Trustees Report

right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

The Board also has a deposit with Charity Bank in support of the work it does in making available loans to churches and other charities in the Diocese.

Unrestricted funds

For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. The major factors considered are the foreseeable decline in the number of stipendiary clergy available to the Diocese, the increased cost of the stipend, national insurance and pension contributions associated with employing even that reducing number. In order to cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves.

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Free unrestricted reserves (excluding fixed assets) represent approximately 3 months expenditure (£3.6m). Taking account of the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is adequate to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes, particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds

The DBF's restricted funds totalling £8.7m (2020 £7.3m restated) are shown in note 20, together with an explanation of the purpose of those funds. The restatement of the prior year balance is as a result of the effect of changes in accounting policies on the Pastoral Account. The Board uses the pastoral account mainly to reinvest funds it receives from the sale of surplus parsonage houses for the improvement of other parsonage houses. Where not required for this purpose, it can be used to meet the DBF's wider objects.

Endowment funds

Following a change in accounting policy, benefice property is now included on the balance sheet as an expendable endowment fund. The DBF's endowment funds totalling £126m (2020 £114m restated) are shown in note 19 together with an explanation of the purpose of those funds. The gain in the year is due to a rise in benefice and glebe property values of £8.7m together with a gain of £360k in the capital value of investments. The major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Related party

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity. Staff working for Chester Diocesan Board of Education are employed on joint contracts of employment and are processed through the DBF's payroll, with costs recharged.

Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to several

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Year ended 31 December 2021
Trustees Report

key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England, with results of job evaluation reviewed by the Staffing Review Committee, a subcommittee of Bishops Council. Where key management personnel are clergy, they are paid a stipend and housed within guidelines set nationally by the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop’s Council – the board of trustees - is clear about the DBF’s purpose – “to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester” and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day to day decision making within that direction to senior employees. The board retains responsibility for, and oversight of those decisions.

Board effectiveness – because of the requirement of adequate representation of the various parts of the diocese, the board of trustees is somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Openness and accountability – the trustees and senior staff seek to foster open relationships, particularly with the parishes and clergy of the diocese.

Chester Diocesan Board of Finance
Year ended 31 December 2021
Trustees Report

Auditors

In respect of each director at the date the directors' report is signed:

- So far as we are aware, there is no information needed by the Charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- As the directors of the Charity we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BDO LLP resigned as auditors towards the end of 2020. Following a selection exercise, haysmacintyre were proposed and appointed at the Annual General Meeting.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are

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Year ended 31 December 2021
Trustees Report

sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report, incorporating the strategic report, was approved by the Board on 8 September 2022 and signed by order of the Board.

M. R Gilbertson

[M. R Gilbertson \(Sep 8, 2022 17:57 GMT+1\)](#)

Ven Dr M R Gilbertson
Archdeacon of Chester

Independent Auditors Report to the Members of the Chester Diocesan Board of Finance

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the trustees with respect to going

Chester Diocesan Board of Finance
Year ended 31 December 2021
Independent Auditor's Report

concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the

Chester Diocesan Board of Finance
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trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

Because of the inherent limitations of an audit, there is a risk that we will not detect all

Chester Diocesan Board of Finance
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Independent Auditor's Report

irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date: 8 September 2022

Chester Diocesan Board of Finance
Year ended 31 December 2021
Independent Auditor's Report

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2021

Income and Expenditure	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Restated Total 2020 £'000
Income and endowments from						
Parochial contributions		10,797	-	-	10,797	10,775
Grants and other donations	3	672	1,567	-	2,239	1,102
Investment income	4	38	306	-	344	369
Rental income		254	105	-	359	378
Income from charitable activities						
Statutory clergy fees		-	710	-	710	612
Diocesan Retreat and Conference Centre		75	-	-	75	34
Other income from operating activities		39	21	-	60	131
Parsonage and redundant church sales/transfers		-	10	-	10	3
Total		11,875	2,719	-	14,594	13,404
Expenditure on raising funds						
Cost of generating voluntary income		18	-	-	18	18
Investment and Rental costs		25	83	-	108	76
Charitable Activities						
National church responsibility		407	-	-	407	437
Funding of parochial clergy and archdeacons		9,111	1,346	-	10,457	10,181
Parsonage purchases, improvements and transfers		-	500	-	500	339
Support to clergy and parishes		1,823	509	-	2,332	2,746
Diocesan Retreat and Conference Centre		300	-	-	300	325
Change in CEFPS deficit recovery plan	24	(68)	-	-	(68)	44
Total	6	11,616	2,438	-	14,054	14,166
Net income/(expenditure) before investment gains/(losses)		259	281	-	540	(762)
Net gains on investments	14	84	508	1,041	1,633	482
Net income/(expenditure)		343	789	1,041	2,173	(280)
Transfers between funds	22	75	1,066	(1,141)	-	-
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets	13	51	226	11,831	12,108	7,771
Net movement in funds		469	2,081	11,731	14,281	7,491
Reconciliation of funds:						
Total funds brought forward		10,458	7,282	114,082	131,822	124,331
Total funds carried forward		10,927	9,363	125,813	146,103	131,822

The notes on pages 38 to 55 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2021

		2021 £'000	Restated 2020 £'000
	Note		
Fixed assets			
Tangible assets	13	126,334	117,088
Investments	14	13,101	11,444
		139,435	128,532
Current assets			
Debtors	15	1,153	638
Cash at bank on deposit and in hand	16	6,552	4,178
		7,705	4,816
Creditors: amounts falling due within one year	17	(954)	(1,047)
Net current assets		6,751	3,769
Total assets less current liabilities		146,186	132,301
Creditors: amounts falling due after more than one year	18	(83)	(479)
Total net assets		146,103	131,822
Endowment funds	19	125,813	114,082
Restricted income funds	20	9,363	7,282
Unrestricted funds		10,927	10,458
Total charity funds		146,103	131,822

The notes on pages 38 to 55 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 8th September 2022 and signed on its behalf by

Ian N Scott-Dunn
 Ian N Scott-Dunn (Sep 8, 2022 16:40 GMT+1)

I N Scott-Dunn
 Chairman

M. R Gilbertson
 M. R Gilbertson (Sep 8, 2022 17:57 GMT+1)

Ven Dr M R Gilbertson
 Archdeacon of Chester

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2021

Reconciliation of net income/(expenditure) to net cash flow from operating activities		2021	Restated
	Note	£'000	2020
			£'000
Net income for the reporting period (as per the statement of financial activities)		2,173	(280)
Depreciation	14	-	6
Losses/(Gains) on investments	15	(1,633)	(482)
Dividends, interest and royalties from investments		(344)	(369)
Decrease/(Increase) in debtors		(515)	42
(Decrease) in creditors		(488)	(445)
Net cash (used in)/provided by operating activities		(807)	(1,528)
Statement of Cash Flows			
		2021	2020
		£'000	£'000
Net cash (used in) operating activities		(807)	(1,528)
Cashflows from investing activities			
Dividends, interest and royalties from investments		344	369
Payments to acquire fixed assets		-	(1,055)
Payments to acquire investments		(24)	(29)
Receipts from disposal of tangible fixed assets		2,861	-
Receipts from disposal of investments		-	560
		3,181	(155)
Increase/(Decrease) in cash in the year		2,374	(1,683)
Reconciliation of net cash flow to movement in cash and cash equivalents			
		2021	2020
		£'000	£'000
Increase/(Decrease) in cash in the year		2,374	(1,683)
Cash and cash equivalents at the beginning of the reporting period		4,178	5,861
Cash and cash equivalents at the end of the reporting period		6,552	4,178

1. Accounting policies and format of accounts

Changes to accounting policies

Following a change of auditors and a review of accounting policies, the directors have changed the policies relating to Fixed Assets as described below. Prior year figures are restated to reflect this.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception that tangible fixed assets are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Charities SORP (FRS102) 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All income is included in the Statement of Financial Activities (SOFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment from parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2011 census. Parish share is accounted for in the period to which it relates. Provisions are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF. Also other ad-hoc items of income that do not fall into the other income categories.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were signed. Having performed the assessment, the Trustees conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Chester DBF is heavily supported by Parish Share contributions, and collection rates have held up well during and after the pandemic. In extreme conditions, the DBF has reasonable reserves, could apply the Capital Reserve Stipends Fund to payment of stipends, and a number of properties could potentially be mortgaged.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

Allocation of support costs

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number of staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2021

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. For example, a donation to the Committee for Social Responsibility would be added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 20.

Endowment Funds

Some of these funds are investments held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant unrestricted or restricted. In addition, and following a change in accounting policy, benefice property, that is, vicarages housing parish clergy, are now also included at fair value in endowment funds. The Board's endowment funds are shown in note 19.

Fixed Assets

Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Fixed assets are valued on a rolling five year basis.

Glebe property

Diocesan Glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. It comprises a small number of houses the majority of which are occupied by clergy, together with a range of agricultural and other holdings. These are mainly historical in nature, for example a field adjacent to a vicarage. An income generated by Glebe property is restricted for the payment of stipends.

Parsonages

Following a change of auditor and a review of accounting policies, the directors have included benefice property, that is parsonages for the housing of parish clergy, in fixed assets at fair value. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent's official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust, so they form part of the DBF's restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included within the same expendable endowment fund.

Depreciation

Again following a change of auditor and a review of accounting policies, depreciation is no longer provided on buildings as any provision would not be material due to their long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Diocesan office at Daresbury Park

The diocesan office at Daresbury was previously held at cost less depreciation, and was the only building accounted for in this way. Further to accounting policy change to bring benefice property on to the balance sheet, and the change in policy on depreciation, the office is now also included at fair value.

Investment property

Property is held by the DBF for long term charitable use, or to protect another charitable asset. As a result, the DBF does not hold any investment property.

Fixtures and Fittings

Computers less than £5,000, and fixtures and office equipment less than £2,500, are not capitalised and written off in the year of purchase.

Investments

Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SOFA as net gains/(losses) on investments.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The company 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 their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes

The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

The Board has entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions have been discounted and have resulted in a liability being reflected in the balance sheet. The interest cost of the debt is reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability.

Further detail is provided in notes 24 and 25.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property - freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation mortality rates and the selection of appropriate discount rates.
- Pension scheme deficit reduction payments - As explained at note 25, there is a deficit reduction plan in place in respect of Church of England Funded Pension Scheme for stipendiary clergy. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the selection of an appropriate discount rate.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) - provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.
- Other - there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in the areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2021	2020
	£'000	£'000
Statutory audit	29	32
	29	32

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2021

3. Grants and other donations

	2021	2020
	£'000	£'000
Church Commissioners' sustainability funding to mitigate the financial impact of the pandemic	500	-
Donations to Foxhill House and Woodlands Conference Centre	3	2
Grant from Benefact Trust (formerly Allchurches Trust)	169	165
Grant to Clergy Sustentation Fund	5	5
Donations to Social Responsibility	-	5
Church Commissioners recharge (Suffragan Bishops personal assistants)	65	61
Transforming Lives Together recharge	-	32
Donations to Outreach department	1	-
Church Commissioners Resourcing Ministerial Education block grant	301	393
Diocesan Stipends Fund recharges (housing allowances and St Mellitus training institution)	172	101
Chester Diocesan Board of Education recharge	347	338
Harrison legacy	676	-
	2,239	1,102

4. Investment Income

	2021	2020
	£'000	£'000
Investment and fixed interest funds	336	344
CBF deposits and bank interest	2	19
Other income including interest on loans to parishes	6	6
	344	369

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2021 100% £'000
Church house costs	1	12	45	2	60
Central services	3	27	99	4	133
Central staff costs	11	108	407	16	542
Legal, financial costs	2	20	87	3	112
Governance costs	1	17	67	3	88
	18	184	705	28	935

Prior year comparative (restated)

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2020 100% £'000
Church house costs	1	13	49	2	65
Central services	2	18	67	3	90
Central staff costs	12	118	441	17	588
Legal, audit	2	14	66	2	84
Governance costs	1	12	48	2	63
	18	175	671	26	890

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2021

			Restated
6. Expenditure	Note	Total	Total
		2021	2020
		£'000	£'000
Cost of generating voluntary income			
Central Services & support costs		18	18
Investment and rental costs			
Rental costs		102	70
Value linked loan interest paid		6	6
		108	76
Charitable Activities			
National church responsibility		407	437
Funding of parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		8,090	7,706
Maintenance of clergy housing		1,173	1,259
National ministry training and ordinands grants		1,010	1,041
Central Services & support costs		184	175
		10,457	10,181
Parsonage improvements		500	339
Support to clergy and parishes			
Ministry		385	433
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		276	244
Education		342	329
Social Responsibility		-	272
Mission		-	132
Outreach		388	-
Safeguarding		108	
Discretionary and one off items (EIG)		13	3
Clergy/Lay conferences		13	(4)
Grants to parishes, clergy and others	7	102	634
Transforming Lives Together		-	32
Staff defined benefit pension scheme deficit contribution		-	-
Central Services & support costs		705	671
	2,332	2,332	2,746
Diocesan Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		272	299
Central Services & support costs		28	26
		300	325
Change in Church of England Funded Pension Scheme (CEFPS) agreed deficit recovery plan	26	(68)	44
		14,054	14,166
7. Grants to parishes, clergy and others		2021	2020
		£'000	£'000
Grants to parishes			
Post lockdown reopening grants		-	520
Bp Birkenhead legacy		23	-
Pastoral account grants to parishes		39	-
Marton - E J Massey trust		4	4
Birkenhead Priory - clerical or lay assistance		5	65
Thornton Hough - Fryer Legacy income		4	4
		75	593
Grants to Individuals	No. of grants		
Foxhill grants	48	1	-
Clergy Sustentation grants	8	4	2
Retired Clergy, widows and dependents fund grants	18	22	39
		27	41
Total grants		102	634

8. Staff and Office holder costs and numbers

Staff costs:	2021	2020
	£'000	£'000
Wages & salaries	1,617	1,707
Social security costs	152	158
Pension costs	249	265
	2,018	2,130

Average staff numbers based on full time equivalents	2021	Restated 2020
	Number	Number
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5.0	5.0
Support to clergy and parishes	17.6	19.7
Diocesan Retreat and Conference Centre	5.1	6.3
Diocesan administration and central support	8.6	9.1
	36.8	40.6

	2021	2020
The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-		
£70,001 - £80,000	1	1

This employee accrued benefits in the Church of England Defined Benefits Pension Scheme (note 11).

In addition to the above, the charity had the equivalent of 6.6 (2020 7.2) full time employees under joint contracts with Chester Diocesan Board of Education. Their employment costs are borne by the charity and recharged to Chester Diocesan Board of Education (note 12).

9. Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 204 (2020 199) office holders during the year.

	2021	2020
	£'000	£'000
Clergy Stipends	5,516	5,408
Clergy National Insurance	457	443
Clergy Pension Contributions	2,059	2,001
Other clergy payments	245	248
	8,277	8,100

10. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing for some or all of the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester	Revd Christopher J P Hobbs
Ven Ian G Bishop, Archdeacon of Macclesfield	Revd Dr David J Page
Revd Dr Robert S Munro, Chair, House of Clergy	Revd Michael L Ridley
Revd David Brewster	Revd Michael I A Smith
Revd Christine J Broad	Revd Christina P Upton
Revd Canon Elaine Chegwin Hall	Revd Joshua C Askwith
Revd Simon Drew	Revd George T Crowder
Revd Canon David R Felix	Revd Simon R Gales
Revd Andrew Q Greenhough	Revd Richard L Pennystan
Revd Dr Mark Hart	Revd David A Vestergaard

The Rt Revd Keith Sinclair, Bishop of Birkenhead until 8 March 2021, was in receipt of a stipend and provided with housing, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Rt Revd Julie A Conalty, Bishop of Birkenhead from 28 September 2021, was in receipt of a stipend and housing allowance, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport from 28 September 2021, was in receipt of a stipend and provided with housing, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners, with housing funded by Chester Cathedral.

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,670 - £46,180 (2020 £37,485 - £45,953). The stipend, funded by the DBF, paid to Archdeacons was £36,830 (2020 £36,648). The stipend paid to the Dean of Chester was £37,670 (2020 £37,485). Other clergy who were Trustees were paid stipends in the range £26,558 - £28,406 (2020 £26,428 - £28,267).

Trustee expenses

A total of £7,672 (2020 £9,147) was reimbursed to 5 (2020 13) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £399,784 (2020 £382,395 restated), together with pension contributions of £74,515 (2020 £72,759 restated). Of these, the highest paid was George Colville, who received £78,101 (2020 £77,718) excluding employers national insurance, together with pension contributions of £19,603 (2020 £19,507). The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

				2021	Restated
				£'000	2020
				£'000	£'000
Contribution re joint employment contracts and other recharges to Chester Diocesan Board of Education				347	339

	Freehold			Total	Total
	Land and Buildings			2021	2020
	Board	Glebe	Parsonages		
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
Balance at 1 January	10,481	5,329	101,278	117,088	108,377
Additions	-	-	-	-	1,055
Disposals	(1,503)	(216)	(1,142)	(2,861)	
Revaluations	277	450	11,380	12,107	7,771
Balance at 31 December	9,255	5,563	111,516	126,334	117,203
Accumulated depreciation					
Balance at 1 January 2021	-	-	-	-	109
Depreciation charge for the year	-	-	-	-	6
Revaluations	-	-	-	-	-
Balance at 31 December 2021	-	-	-	-	115
Net Book Value at 1 January	10,481	5,329	101,278	117,088	108,268
Net Book Value at 31 December	9,255	5,563	111,516	126,334	117,088

The Board's property comprises the office at Daresbury park, the conference centre at Foxhill together with associated buildings, a small number of closed churches, together with a small number of residential properties, some of which are used to house diocesan appointees. Glebe property comprises a small number of residential properties together with a range of mainly agricultural holdings. Any income arising from Glebe property is restricted to the funding of stipends. Further to a change in accounting policy, benefice property (vicarages housing parish clergy) is now shown on the balance sheet, with the prior year restated to reflect this.

All land and buildings are held at valuation. A desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. Retrospective valuations of benefice property for the purpose of restatement of the prior year figures were obtained by reference to the Nationwide House Price Index for the northwest. The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

Included in the prior year is a small balance of fixtures and fittings at the Daresbury office held at cost less depreciation; this was fully depreciated at the end of 2020.

14. Investments

	2021	2020
	£'000	£'000
Market Value at 1 January 2021	11,444	11,493
Acquisitions at cost	24	29
Disposals at market value	-	(560)
Net gains on revaluation at 31 December 2021	1,633	482
Market Value at 31 December 2021	13,101	11,444

Investments at 31 December 2021 comprise

	No of shares	2021 Market Value £'000	No of shares	2020 Market Value £'000
CBF Church of England Investment Fund	-	12,499	564,362	10,928
CBF Church of England Fixed Interest Fund	30,414	48	30,414	51
CBF Church of England Property Fund	373,670	544	357,111	455
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		13,101		11,444

15. Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Loan to Liverpool DBF	6	6
Other debtors	101	228
Prepayments and accrued income	210	214
Other loans	10	12
	327	460
Amounts falling due after more than one year		
Loans to parishes	-	21
Loan to Liverpool DBF	67	74
Value linked loans to parishes (note 18)	83	83
	150	178
Total debtors	477	638

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provides training for the DBF.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

16. Cash at bank, on deposit and in hand

	2021	Restated 2020
	£'000	£'000
Balances held by Church Commissioners	(4)	(2)
Cash in hand, at bank and on bank deposit	3,510	1,000
Charity Bank Deposit	2	335
CBF Church of England Deposit Fund	3,044	2,845
	6,552	4,178

17. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	120	130
Accruals	505	454
Other creditors	4	99
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	325	364
	954	1,047

Creditors are valued at the undiscounted amount payable.

18. Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Value linked loans for parishes (note 15)	83	83
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	-	396
	83	479

Creditors are valued at the undiscounted amount payable.

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2021

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value linked loan interest charged interest at 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

19. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2021 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2021 £'000
Diocesan Conference Centre	135	-	20	155
Steel & William Fletcher Rogers Fund	83	-	12	95
Retired Clergy, Widows and Dependants Fund	2,773	-	398	3,171
Clergy Sustentation Fund	176	-	25	201
Birkenhead Curacy Fund	167	-	24	191
E J Massey	135	-	20	155
Glebe Land & Buildings	5,328	-	234	5,562
Diocesan Stipends Fund Capital Account	3,773	-	760	4,533
Parsonages	101,512	-	10,238	111,750
	114,082	-	11,731	125,813

Prior year comparatives:-

	Restated 1 January 2020 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	Restated 31 December 2020 £'000
Diocesan Conference Centre	130	-	5	135
Steel & William Fletcher Rogers Fund	78	-	5	83
Retired Clergy, Widows and Dependants Fund	2,635	-	138	2,773
Clergy Sustentation Fund	167	-	9	176
Birkenhead Curacy Fund	159	-	8	167
E J Massey	129	-	6	135
Glebe Land & Buildings	4,884	-	444	5,328
Diocesan Stipends Fund Capital Account	3,586	-	187	3,773
Parsonages	93,221	-	8,291	101,512
	104,989	-	9,093	114,082

Permanent Endowment

Diocesan Conference Centre	Held to produce income for the Foxhill Conference Centre
Steel & William Fletcher Rogers Fund	Making of grants for women and girls in need on the Wirral
Retired Clergy, Widows and Dependants Fund	Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions
Clergy Sustentation Fund	Making of grants to members of the clergy in need of assistance.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
E J Massey	For the maintenance and upkeep of church and churchyard at Marton

Expendable endowment

Glebe Land & Buildings	Representing the value of glebe property. Glebe rental income is used for funding stipends
Diocesan Stipends Fund Capital Account	The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.
Benefice property	Benefice houses - vicarages/parsonages, together with any parsonage building funds held for specific benefices

20. Restricted Funds

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

	1 January 2021	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2021
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,522	-	508	4,030
Clergy Sustentation	27	7	(4)	30
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	336	-	-	336
Retired Clergy Widows and Dependants	491	86	(4)	573
Steel & William Fletcher Rogers Fund	34	2	-	36
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	2,550	25	733	3,308
Birkenhead Curacy Fund	7	5	(5)	7
Foxhill Retreat Fund	181	-	1	182
RME block grant	91	301	(250)	142
Harrison legacy	-	676	-	676
Restricted Committee income*	-	1,617	(1,617)	-
	7,282	2,719	(638)	9,363

Prior year comparatives:-

	1 January 2020	Income	(Expenditure), Gains, (Losses) & Transfers	Restated 31 December 2020
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,858	-	(336)	3,522
Clergy Sustentation	24	6	(3)	27
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	335	1	-	336
Retired Clergy Widows and Dependants	821	86	(416)	491
Steel & William Fletcher Rogers Fund	31	3	-	34
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	4,000	21	(1,471)	2,550
Birkenhead Curacy Fund	79	5	(77)	7
Foxhill Retreat Fund	175	3	3	181
RME block grant	12	393	(314)	91
Restricted Committee income*	-	1,535	(1,535)	-
	9,378	2,053	(4,149)	7,282

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Details of the Restricted funds outstanding are as follows:

Capital Reserve Stipends	Fund for payment of stipends
Clergy Sustentation	The charity is endowed (see note 20) The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependants	The charity is endowed (see note 20) Making of grants for relief in need of retired clergy, widows, spouses of the clergy. In certain circumstances meeting clergy pension contributions
The Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20) Making of grants for women and girls in need on the Wirral From Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Parish Mission and Ministry	Applied towards the payment of stipends
Diocesan Stipends Income Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Birkenhead Curacy Fund	The fund arose from a donation from Chester Retreat House and is to be used to fund Retreats.
Foxhill Retreat Fund	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Commissioners.
Diocesan Pastoral Account	If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.
RME Block grant	Unspent national church grant funding for the training of ordinands
Harrison legacy	A legacy receivable in the year for support of children, young people and families within the Diocese of Chester

Chester Diocesan Board of Finance is also trustee to the Twemlow Trust. The trust is endowed and has a total capital value of £94,623. The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

21. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2021 Total Net Assets £'000	Restated 2020 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,270	10	2,931	(83)	7,128	6,850
Designated						
CEFPS deficit recovery plan	-	-	(325)	-	(325)	(760)
Office refurbishment	-	544	-	-	544	455
EIG Reserve	-	-	149	-	149	163
Lay Training	-	-	18	-	18	18
Fryer Trust	-	147	-	-	147	129
Bishop of Birkenhead Fund	-	-	14	-	14	38
Diocesan Conference Centre	3,252	-	-	-	3,252	3,565
Total Unrestricted Funds	7,522	701	2,787	(83)	10,927	10,458
Restricted Funds						
Capital Reserve Stipends	-	4,030	-	-	4,030	3,522
Clergy Sustentation	-	-	30	-	30	27
RME block grant	-	-	142	-	142	91
UPA Projects	-	-	14	-	14	14
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	336	-	336	336
Retired Clergy Widows and Dependents	245	-	328	-	573	491
Pastoral Account	1,489	-	1,819	-	3,308	2,550
Parish Mission and Ministry	-	-	27	-	27	27
Birkenhead Curacy Fund	-	-	7	-	7	7
Foxhill Retreat Fund	-	88	94	-	182	181
Steel & William Fletcher Rogers	-	-	36	-	36	34
Harrison Legacy	-	-	676	-	676	-
Total Restricted Funds	1,734	4,118	3,511	-	9,363	7,282
Endowment Funds						
Diocesan Conference Centre	-	155	-	-	155	135
Steel & William Fletcher Rogers	-	95	-	-	95	83
E J Massey	-	155	-	-	155	135
Retired Clergy Widows and Dependents	-	3,171	-	-	3,171	2,773
Clergy Sustentation Fund	-	201	-	-	201	176
Glebe Land & Buildings	5,562	-	-	-	5,562	5,328
Birkenhead Curacy Fund	-	191	-	-	191	167
Diocesan Stipends Fund Capital	-	4,314	219	-	4,533	3,773
Benefice property	111,516	-	234	-	111,750	101,512
Total Endowment Funds	117,078	8,282	453	-	125,813	114,082
Total Funds	126,334	13,101	6,751	(83)	146,103	131,822

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2021

Prior year comparatives:-

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	Restated 2020 Total Net Assets £'000
Unrestricted Funds					
General Funds	4,330	10	2,593	(83)	6,850
Designated					
CEFPS deficit recovery plan	-	-	(364)	(396)	(760)
Office refurbishment	-	455	-	-	455
EIG Reserve	-	-	163	-	163
Lay Training	-	-	18	-	18
Fryer Trust	-	129	-	-	129
Bishop of Birkenhead Fund	-	-	38	-	38
Diocesan Conference Centre	3,565	-	-	-	3,565
Total Unrestricted Funds	7,895	594	2,448	(479)	10,458
Restricted Funds					
Capital Reserve Stipends	-	3,522	-	-	3,522
Clergy Sustentation	-	-	27	-	27
RME block grant	-	-	91	-	91
UPA Projects	-	-	14	-	14
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	336	-	336
Retired Clergy Widows and Dependents	220	-	271	-	491
Pastoral Account	2,367	-	183	-	2,550
Parish Mission and Ministry	-	-	27	-	27
Birkenhead Curacy Fund	-	-	7	-	7
Foxhill Retreat Fund	-	86	95	-	181
Steel & William Fletcher Rogers	-	-	34	-	34
Total Restricted Funds	2,587	3,608	1,087	-	7,282
Endowment Funds					
Diocesan Conference Centre	-	135	-	-	135
Steel & William Fletcher Rogers	-	83	-	-	83
E J Massey	-	135	-	-	135
Retired Clergy Widows and Dependents	-	2,773	-	-	2,773
Clergy Sustentation Fund	-	176	-	-	176
Glebe Land & Buildings	5,328	-	-	-	5,328
Birkenhead Curacy Fund	-	167	-	-	167
Diocesan Stipends Fund Capital	-	3,773	-	-	3,773
Benefice property	101,278	-	234	-	101,512
Total Endowment Funds	106,606	7,242	234	-	114,082
Total Funds	117,088	11,444	3,769	(479)	131,822

22. Transfers between funds

Transfers were made to unrestricted funds as follows:-

	2021 £'000	Restated 2020 £'000
To/from Restricted funds		
In respect of housing allowances	(70)	(70)
In respect of Glebe	-	(24)
In respect of vicarage construction costs	-	(573)
In respect of vicarage purchases/sales	1,141	(484)
Other transfers	(5)	-
	1,066	(1,151)
To/from Endowment funds		
In respect of vicarage construction costs	-	573
In respect of vicarage purchases/sales	(1,141)	484
	(1,141)	1,057
Total transfers to unrestricted funds	75	94

A number of housing allowances are paid to clergy living in their own accommodation. These are funded from the pastoral account on the basis that there is no corresponding vicarage to buy and/or maintain.

When a surplus vicarage is sold, the net sale proceeds are transferred to the Diocesan Pastoral Account, resulting in the transfers above.

23. Staff Pensions Schemes

Chester DBF participates in the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has two sections, and Chester DBF participates in both:

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute 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: £127,181, 2020: £116,421). No deficit contributions were made in either year as highlighted in the table below.

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

A valuation of the DBS is carried out once every three years. The most 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 a contribution rate of 35.4% of pensionable salary.

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

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

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.0%	0.0%

The legal structure of the scheme is such that if another employer fails, the employer could become liable 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 bonuses 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 experience 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. The scheme pensions costs charged to the SoFA in the year are the contributions payable (2021: £136,894, 2020: £145,172).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2019. The next valuation is due at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.82m 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, Chester DBF could become responsible for paying a share of the failed employer's pension liabilities.

24. Church of England Funded Pensions Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,697,890, 2020: £1,414,385), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,631,890 for 2021, (2020: £1,470,385).

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

* An average discount rate of 3.2% p.a.;

* RPI inflation of 3.4% p.a. (and pension increases consistent with this);

* Increase in pensionable stipends of 3.4% p.a.;

* Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

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.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2021

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

	2021	2020
	£'000	£'000
Balance sheet liability at 1 January	760	1,306
Deficit contribution paid	(368)	(601)
Interest cost (recognised in SoFA)	1	11
Remaining change to the balance sheet liability* (recognised in SoFA)	(68)	44
Balance sheet liability at 31 December	<u>325</u>	<u>760</u>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. 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.

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

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

25. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Restated Total 2020
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	10,775	-	-	10,775
Grants and other donations	168	934	-	1,102
Investment income	54	315	-	369
Rental income	274	104	-	378
Income from charitable activities				
Statutory clergy fees	-	612	-	612
Diocesan Retreat and Conference Centre	34	-	-	34
Other income from operating activities	56	75	-	131
Parsonage and redundant church sales/transfers	-	3	-	3
Total Income	11,361	2,043	-	13,404
Expenditure on raising funds				
Cost of generating voluntary income	18	-	-	18
Investment and Rental costs	16	60	-	76
Charitable Activities				
National church responsibility	437	-	-	437
Funding of parochial clergy and archdeacons	8,027	2,154	-	10,181
Parsonage purchases and major improvements	-	339	-	339
Support to clergy and parishes	2,137	609	-	2,746
Diocesan Retreat and Conference Centre	325	-	-	325
Change in CEFPS deficit recovery plan	44	-	-	44
Total Expenditure	11,004	3,162	-	14,166
Net income/(expenditure) before investment gains/(losses)	357	(1,119)	-	(762)
Net gains/(losses) on investments	(31)	156	357	482
Net income	326	(963)	357	(280)
Transfers between funds	94	(1,151)	1,057	-
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	75	18	7,678	7,771
Net movement in funds	495	(2,096)	9,092	7,491
Reconciliation of funds:				
Total funds brought forward	9,963	9,378	104,990	124,331
Total funds carried forward	10,458	7,282	114,082	131,822

26. Restatement of comparative figures

Following a review of accounting policies and change of auditor, a number of accounting policies have changed as described in note 1. In addition, an error has come to light which has been corrected. As a result the comparative figures of the prior period have been restated. The following tables summarise the effects on the primary financial statements:-

Statement of Financial Activities

	As previously reported 2020	Adjustments	Restated 2020
Income and endowments from			
Parochial contributions	10,775	-	10,775
Grants and other donations	1,102	-	1,102
Investment income	369	-	369
Rental income	378	-	378
Income from charitable activities			
Statutory clergy fees	612	-	612
Diocesan Retreat and Conference Centre	34	-	34
Other income from operating activities	131	-	131
Parsonage and redundant church sales/transfers	1,028	(1,025)	3
Total	14,429		13,404
Expenditure on raising funds			
Cost of generating voluntary income	19	(1)	18
Investment and Rental costs	128	(52)	76
Charitable Activities		-	-
National church responsibility	437	-	437
Funding of parochial clergy and archdeacons	10,197	(16)	10,181
Parsonage purchases, improvements and transfers	1,420	(1,081)	339
Support to clergy and parishes	2,825	(79)	2,746
Diocesan Retreat and Conference Centre	376	(51)	325
Change in Staff DBS deficit recovery plan		-	-
Change in CEFPS deficit recovery plan	44	-	44
Total	15,446		14,166
Net income/(expenditure) before investment gains/(losses)	(1,017)	255	(762)
Net (losses)/gains on investments	482	-	482
Net income/(expenditure)	(535)		(280)
Transfers between funds			
Other recognised gains/(losses)			
Gains/(losses) on revaluation of fixed assets	712	7,059	7,771
Net movement in funds	177		7,491
Reconciliation of funds:			
Total funds brought forward	30,516	93,815	124,331
Total funds carried forward	30,693		131,822

Balance sheet	As previously reported 2020	Adjustments	As restated
Fixed assets			
Tangible assets	16,193	100,895	117,088
Investments	11,444	-	11,444
	27,637		128,532
Current assets			
Debtors	638	-	638
Cash at bank on deposit and in hand	3,945	233	4,178
	4,583		4,816
Creditors: amounts falling due within one year	1,048	(1)	1,047
Net current assets	3,535		3,769
Total assets less current liabilities	31,172		132,301
Creditors: amounts falling due after more than one year	479	-	479
Total net assets	30,693		131,822
Endowment funds	12,570	101,512	114,082
Restricted income funds	7,722	(440)	7,282
Unrestricted funds	10,401	57	10,458
Total charity funds	30,693		131,822

The restatements are as follows:-

Change to depreciation policy

Depreciation is no longer charged on buildings as any provision would not be material due to the long expected remaining useful economic lives. As a result, depreciation charged in the prior year has been reversed. As the previous policy was to depreciate opening valuations and then revalue at the end of the accounting period, corresponding gains have also been reversed.

Valuation of office at Daresbury

The office at Daresbury Park is now restated at valuation, having previously been disclosed at cost less accumulated depreciation, bringing it into line with other tangible fixed assets.

Parsonages

Benefice property is now included at valuation in expendable endowment funds, and included in tangible fixed assets on the balance sheet. Similarly, any parsonage building funds are now included in cash at bank on the balance sheet. Any new vicarage purchase and/or construction costs are now disclosed as additions to fixed assets. Gains and/or losses on benefice property valuations are now included in gains/losses on fixed assets

Correction of error in tangible fixed assets

Tangible assets in the prior period has been restated at £585,000 higher to reflect property that was omitted from the balance sheet.

The main effects on the primary statements as tabled above are as follows:-

Statement of Financial Activities

Parsonage and redundant church sales/transfers are restated £1,025,000 lower reflecting benefice property previously shown as transferred in during the year now being restated as already on the balance sheet at the start of the year.

Parsonage purchases, improvements and transfers are restated at £1,081,000 lower reflecting the purchase of benefice property and build costs previously shown as expenditure the majority of which is now restated as additions to benefice property in fixed assets.

Gains/(losses) on revaluation of fixed assets are restated £7,654,000 higher reflecting gains on benefice property in the period.

Total funds brought forward are restated at £93,220,000 higher reflecting benefice property included on the balance sheet at the start of the period.

The other smaller restatements to expenditure are mainly as a result of the change in depreciation policy.

Balance Sheet

Tangible fixed assets are restated £100,895,000 higher reflecting benefice property now included on the balance sheet, together with two properties that were previously omitted.

Cash at bank and in hand is restated at £233,000 higher, reflecting a parsonage building fund now included on the balance sheet.

Accounts

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2020

Company limited by guarantee registered in England
(no 00007826)

Registered charity (no 248968)

Bankers

National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG
Charity Bank, 182 High Street, Tonbridge, Kent, TN9 1BE.

Investment managers

CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Solicitors

HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS
Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG
Cullimore Dutton, 20 White Friars, Chester, CH1 1XS.

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT.

Chester Diocesan Board of Finance Annual Report and Financial Statements
2020

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington
WA4 4GE.

Telephone: (01928) 718 834

Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 7826) and is a registered charity (no 248968).

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester
from 15th July 2020

Chairman: Mr Ian N Scott-Dunn

Trustees/Directors:

Rt Revd Keith Sinclair	Bishop of Birkenhead until 8 th March 2021
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Ian G Bishop	Archdeacon of Macclesfield
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Canon Dr John P Mason	Chairman, House of Laity
Revd Dr Robert S Munro	Chairman, House of Clergy
Revd David Brewster	
Revd Christine J Broad	
Revd Canon Elaine Chegwin Hall	
Revd Simon Drew	
Revd Canon David R Felix	
Revd Andrew Q Greenhough	
Revd Dr Mark Hart	
Revd Dr David J Page	
Revd Christopher J P Hobbs	
Revd Michael L Ridley	
Revd Michael I A Smith	
Revd Christina P Upton	
Canon Elizabeth Renshaw MBE	
Dr J Graham Campbell	
Dr Alan Dowen	
Mr John J C Freeman	
Miss Fiona Goode	
Mrs Esme A Hammer	
Mr David G Lowcock	
Mr John R Scrivener	
Ms Julie H Withers	

Key Management Personnel

Mr George Colville
Mrs Liz Geddes

Diocesan Secretary
Director of Human Resources
and Deputy Diocesan Secretary

Revd Canon Dr Christopher Burkett
Mr James Butterworth
Revd Debbie Dalby
Revd Peter Froggatt
Mr Nigel Strange

Director of Ministry
Director of Communications
Director of Social Responsibility until 30th Sept 2020
Director of Outreach from 18th Jan 2021
Head of Finance

Chairman's Statement

I am pleased to present the Chairman's Statement for Chester Diocesan Board of Finance. The DBF continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the diocese to continue to operate effectively, through collecting contributions from the parishes, paying and housing the clergy, and through providing a number of additional services.

On the 12th May, it was announced that Mark Tanner would be the new Bishop of Chester. His confirmation of election took place online due to the Coronavirus pandemic on 12th July at which he legally became the Bishop of Chester. He started his public ministry on the 20th September. We welcome Mark and his family to our Diocese and look forward with anticipation and excitement to his ministry in the years to come.

We are hugely grateful to Bishop Keith Sinclair who served as the acting Bishop of Chester in the first half of the year, in addition to being Bishop of Birkenhead. Bishop Keith announced his retirement in October 2020 and retired on 8th March 2021. He is deeply loved in the Diocese and we will all miss him.

The story of our Diocese in 2020 and continuing into 2021 has been dominated by the entire world being engulfed in the Coronavirus pandemic. This has impacted the work of the Diocese in many significant ways. Churches in the Diocese have had significant periods with no public worship in their buildings. Other activities have been difficult to maintain. They have however adapted marvelously to online provision and other imaginative ways to continue our worship and work for the Gospel. Some of what we have all learned will no doubt continue to be used in service of our Lord.

Since the lockdown in March 2020, Diocesan Staff have continued in their work supporting parishes with most working exclusively from home and a few working in the Diocesan office to maintain essential services that needed to be carried out at Church House. Following significant work to allow safe occupation of Church House, there was a brief wider reopening in September, but this had to be reversed due to a change in Government guidance very shortly afterwards.

I thank the staff of the DBF, who have continued to provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome all the new members to the team. Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

Financially, the DBF has been significantly impacted with both Parish Share and Fees falling well below budget leading to a greater than budgeted deficit for the year. We give thanks to God however for the extraordinary effort parishes have made in continuing to pay what parish share they can despite some facing very considerable financial challenges. The result has been a deficit considerably smaller than might otherwise have been the case and this has enabled us to continue to fund our core

Chester Diocesan Board of Finance
Year ended 31 December 2020

work without having to resort to urgent and unwelcome measures.

Investments showed gains, however, most of these investments are endowment funds whose primary function is to generate income for stipends, so maintenance of dividends continues to be of higher importance than end of year valuations.

We were also able to make grants to all our parishes of £2,000 to support them in their mission and ministry as they navigated the pandemic and reopened in the summer and we used over £500,000 of investments to support this.

Our priority is to continue to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Ian N Scott-Dunn
Chairman

Who we are, what we do and why we do it

Who we are

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively.

What we do

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering diocese-wide services and projects.

Why we do it

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with it.

How our activities deliver public benefit

With further details provided below, our main activities aim to deliver public benefit in the following ways:

- **Clergy** - providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial** - Church Councils – assisting PCCs to provide churches, sacred spaces and worship services
- **Outreach, Social Responsibility and Mission** - assisting parishes in social action, developing their mission, and linking with Anglican Dioceses in Melanesia and Congo
- **Education** - contributing to the spiritual and moral education of children and young people
- **Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence
- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands

The majority of the DBF's activity takes place in the Diocese of Chester, which

Chester Diocesan Board of Finance
Year ended 31 December 2020
Trustees Report

comprises Cheshire, the Wirral, and parts of Greater Manchester.

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code (see page 29) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Strategic Report

Coronavirus (COVID-19)

2020 has been dominated by the Coronavirus pandemic. Churches in the Diocese have had significant periods with no public worship in their buildings. Other activities have been difficult to maintain. Parishes, Clergy and Diocesan staff have adapted to online provision and other imaginative ways to continue our worship and work for the Gospel. Since the lockdown in March 2020, Diocesan Staff have continued in their work supporting parishes with most working exclusively from home and a few working in the Diocesan office to maintain essential services that needed to be carried out at Church House.

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. This responsibility is by far its largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some slight regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service, but generally have less time to offer and in most cases are not asked to take charge of a parish.

Almost all clergy in the Diocese are paid under the terms of Common Tenure, with only a few retaining their freehold. All new posts are now appointed under Common Tenure.

In recent years the DBF has expanded the number of training curates in the Diocese, to respond to the needs of maintaining clergy levels into the future.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese and we have been able to appoint good clergy to benefices to fill vacancies throughout the pandemic.

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Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in 5-yearly inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving the overall standard of housing within the constraints of available funding.

This work has been impacted by the pandemic with periods when only emergency work was undertaken but as the various restrictions and lockdowns have allowed, we have continued to support our clergy in the provision of good quality housing.

Improvement projects to kitchens, bathrooms and boilers and continued and a complete refurbishment took place of the parsonage for Runcorn St Michael. Some of the improvement work has been funded by a grant received from Allchurches Trust, the owner of Ecclesiastical Insurance.

A new parsonage has been purchased at Audlem.

Construction work took place during the year on replacement parsonages for Wallasey St Nicholas and Holmes Chapel. Work on a new parsonage for Prestbury continued during the year.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

On the 12th May it was announced that Mark Tanner would be the new Bishop of Chester. His confirmation of election took place online due to the Coronavirus pandemic on 12th July at which he legally became the Bishop of Chester.

He started his public ministry on the 20 September at a Crozier Service in the Cathedral. The service of welcome for the new bishop had to be altered to conform with the coronavirus restrictions. This meant just 30 people were able to attend and witness the beginning of Bishop Mark's ministry. In his sermon, Bishop Mark reflected on life's struggles and reminded us that people have worshipped at Chester Cathedral for centuries and have continually brought their burdens before God as "the one still peaceful point of calm in the midst of the storm."

"I cannot tell you what the future holds, but, as the hymn writers put it, I can tell you who holds the future. And I can tell you that if we resolve even here and now, that,

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at this phase, indeed for every day of the life of this diocese, we will look in two directions: at Christ and at the lost.

"He will shape and form us, that we continue to be his beautiful bride, ever fit for purpose however the world might change around us. Looking at Christ, in order that daily, as we feed on his word and join together in worship, we are shaped in his image and filled with love which goes far beyond our human capacity.

"As we partner with people and agencies of peace and seek to serve those around us, particularly focusing on those who are most vulnerable, those who are abandoned and abused, overlooked and oppressed, we will find, that, as we serve them, we serve Christ, and that we are always shaped for relevant mission in this world.

"We look at Christ and we look at the lost because that is what Christ himself did: 'I did not come for those who are well, I came for the sick'"

We welcome Mark and his family to our Diocese and look forward with anticipation and excitement to his ministry in the years to come.

Bishop Keith announced his retirement in October 2020 and he stepped down on the 14th anniversary of his consecration on 8 March 2021.

Writing to the Diocese as he announced his retirement he said "It has been the greatest joy to serve the Lord in this diocese, and I know the time will come when I can express my thanks to so many for so much. I am so thankful to God that he has called Mark to be the next Bishop of Chester, and welcoming him and Lindsay, even though the constraints of lockdown have been many, has been a delight. My chief object now is to do all I can to enable him to begin this ministry to which the Lord has called him and to support him in every way I can. I am hoping that by making this announcement now, it will help the process for the appointment of two new suffragan bishops of Stockport and Birkenhead to go forward.

Thank you for continued prayer for Rosie and me in these days of transition. The challenges to the diocese over recent years have been immense not least with the impact of the global pandemic; it has been inspiring to see the way so many have stepped up and continue to walk in faith, hope and love even in all the uncharted territory of these times. I pray we may all continue to trust God for our keeping and his leading. The Psalm for today as I write this letter is Psalm 23, which could not be more appropriate for me or us all."

We are hugely grateful to Bishop Keith Sinclair who served as the acting Bishop of Chester in the first half of the year, in addition to being Bishop of Birkenhead. He is deeply loved in the Diocese and we will all miss him.

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We look forward to the appointment of new Bishops of Stockport and Birkenhead in 2021.

Archdeacons

Archdeacons have the role of pastoral care of the clergy and oversight of church buildings and vicarages. There are two in Chester Diocese: The Ven Dr Michael Gilbertson, Archdeacon of Chester, and the Ven Ian Bishop, Archdeacon of Macclesfield. With the vacancies in Bishops and the additional burdens of the pandemic they have carried a significant load during 2020, and we are deeply grateful to them.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes. The vast majority being provided online during the year.

Regular Coronavirus briefings were sent to parishes to ensure they had the advice they needed. A series of “Back to Better” webinars covered a range of topics including ministry online and in church, and how we can live out our faith in our everyday lives.

Support has continued to be given to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee

Outreach, Social Responsibility and Mission

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The launch of the full programme of Everyday Faith was delayed by the pandemic, but the work continues, as has the support to parishes involved in Lead Academy. The learning communities have continued to meet following previous courses. More recently we supported those who ran Fruitfulness on the Front line, an initiative by the London Institute of Contemporary Christianity, (LICC) giving people from across the diocese an experience of this highly regarded discipleship course, with a view to churches taking on and running it for themselves.

Across the Church of England, and many other denominations as well, there is a recognition that we need to do much to encourage a new generation. Efforts to help churches to do this have continued through the year with advice on appointments and developments, and overseeing a network of those working with children, young people and families, the Leaders of Young Generations network, with specific sessions on children's spirituality and Missional Youth Church.

We have continued our work encouraging inclusion and work with those on the margins. This has involved helping with accessibility audits of parish churches, advising

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on adaptations to buildings, worship resources and encouraging PCC's to include disabled people in leadership positions. Training events for parishes have been offered on accessibility. A new Diocesan Race and Ethnicity Forum was formed during the year.

The Church Buildings Missioner, funded by Allchurches Trust, the owner of Ecclesiastical Insurance, has continued to be highly appreciated. This has involved helping churches with fundraising for urgent repairs, new equipment, such as audio visual to assist with livestreaming, and helping with longer term plans for major repairs and improvements such as heating, access and environmental sustainability. During the COVID pandemic, many churches have asked for help in applying for additional COVID-response funding opportunities. At the same time, the usual work has continued, helping churches with developing capital projects and visitor engagement. Around 90 churches have received 1:1 support with fundraising or capital project development. During this year, and despite the constraints, the Houses of Prayer Group has continued of 40+ churches looking to see how church buildings and grounds as liminal spaces for encounter with God can be used missionally to connect with more people in our communities. In response to the challenges of the pandemic, a Café Churches Group of 30+ churches was formed, offering advice and support to churches with significant hospitality enterprises on their premises. A Case Study Report of church building projects was finalised, based on research from Building God's Kingdom, a research and development paper mapping the landscape of Diocesan church buildings.

The Diocesan Christian Giving and Pastoral Reorganisation Missioner has continued to provide parishes with support and advice to parishes about Christian giving and stewardship. He has also provided the diocese with links to national church initiatives and resources to help parishes encourage generous giving: this has been particularly important as COVID forced significant changes on churches regarding the way many parishioners were able to give.

The work of the Head of Counselling Services oversees the work of twelve volunteer counsellors who make up the Diocesan Counselling service, all of whom have worked remotely since March 2020. The Service received 65 referrals in 2020; 39 of these people have now been seen within the service. 5 have since found support elsewhere, and the remainder are still on our waiting list. Some of these people are waiting to see counsellors 'in person' once restrictions are lifted.

The various Forums of the Diocese have continued including the Environment Forum; the Mental Health Forum; the Criminal Justice Group; the Rural Committee and the Urban Committee, although some of these have met less frequently during the year, due to the restrictions.

Education

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work. Together with the DBE, the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report. The DBF has also provided Chester Diocesan Academies Trust with office accommodation and IT services in its early years.

Ministry Development

Work has continued on vocational discernment, selection, and initial training, and in-service training for all licensed ministries, whether lay or ordained. That work is most obviously evidenced in newly recognised ministers: in this year 4 Pastoral Workers, 13 Readers, 23 Deacons and 22 Priests were admitted to office or ordained.

We have also worked to encourage the every-day discipleship of every believer – working with the notion of vocation in its widest sense. Our intention is to make Everyday Faith principles prominent in all areas.

The Foundations for Ministry Course ran wholly online. Numbers completing the course were similar to earlier years and what was lost in physical cohort interaction seems to have been compensated for by the ease of internet access for most people. The same was also true on Higher Education Certificate and Foundation Degree courses that were rapidly converted to online only teaching. Similarly, the new Spiritual Accompaniment course had to be adapted to circumstances. As plans for the academic year that began in September 2020 were put in place it soon became clear that the temporary measures implemented in the previous year were still required. Staff therefore reframed teaching and other aspects of our provision to make best use of the new kind of learning environment. All users of our courses have responded positively, and together a new synergy and purposefulness has been achieved. We all long, however, for a return to face-to-face encounter not mediated entirely through a computer screen.

We continue to work collaboratively with the Dioceses of Liverpool, Manchester and Blackburn via the part-time ordination courses offered by the All Saints Centre for Mission and Ministry, as well as with St Mellitus North West for contextual ordination training. We look forward to these relationships re-expressing themselves in a new theological college called Emmanuel for the whole of the north-west from September 2021. Organisational and legal changes to make that possible have begun. Bishop Mark will be Chair of Trustees of the new college.

We have continued to provide access to in-service learning for experienced ministers. As well as training opportunities offered internally through the work of all the departments in Church House, ministers are supported in programmes offered by appropriate outside providers. The take-up was limited by the pandemic during most

of the year.

Amongst popular learning opportunities implemented online were Trauma Informed Ministry; Using Circle as Process and Set-up for Peace; Induction Session for new Training Incumbents; Reading the Bible with New Eyes in a Time of Uncertainty; Women's Voices 6; a Practical Theology Reading Group; and monthly poetry breaks. The Headway Course finished in December.

We continue to produce a Diocesan Cycle of Prayer. Currently the publication is in an 'emergency format' published monthly on the web. Whether it will be possible to return to the much loved termly booklet has yet to be determined.

Grants

The DBF makes certain grants to support clergy and parishes in their work. A focus in recent years has been a concentration on projects which promote mission and development.

All parishes in the Diocese of Chester received a grant of £2,000 during the year. Parishes were free to do with the money what they wished in furthering their charitable objects, but it was the strong expectation of Chester Diocesan Board of Finance that parishes would use it prayerfully in helping with some of the new challenges they faced in proclaiming and advancing the Gospel of Christ during the year.

The Diocese of Chester is also a part of the wider Church of England. In this capacity the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Retreats and Christian conferences

Foxhill is the House of prayer, study, and mission for the Diocese of Chester.

At the start of 2020 we were delighted that we had a very full diary and a programme of retreats and events which were also booking well. Then Foxhill had to close due to Coronavirus on Wednesday 18th March.

As the year progressed, we supported the diocese in prayer, with a team of confidential intercessors praying for all our parishes and receiving prayer requests from them. There were also many personal prayer requests which have been prayed by the intercessors. We produced a prayer briefing for parishes and individuals to use focusing on a variety of topics including the Diocesan links in Melanesia and Democratic Republic of Congo. The parishes were contacted monthly to assure them of our prayers and to receive their prayer requests. One of the positives has been the number of situations where we have seen answered prayer, and this continues to be so.

When the government restrictions eased, we were able to open Foxhill for individual

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guests in late September and to offer individual quiet days for clergy and laity. These were simple but well received. Sadly, the quiet days had to be cancelled in November due to the second lockdown but we were able to offer them again in early December.

Safeguarding

Safeguarding advice and expertise continued to be vital element of support offered to parishes. 2020 saw significant work associated with reviewing Past Cases as part of the National Church PCR2 program.

2021 saw

- The publication of “A Betrayal of Trust”, the independent report into the Church's handling of the allegations concerning the late Hubert Victor Whitsey, former Bishop of Chester. The learning lessons review was carried out by His Hon David Pearl and independent safeguarding consultant Kate Wood.
- The completion of the Independent inquiry into child sexual abuse of its inquiry into the extent of any institutional failures to protect children from sexual abuse within the Anglican Church in England and the Church in Wales

Both made for incredibly difficult reading. Our thoughts and prayers are with all those who have suffered as a result of the actions highlighted.

Bishop Mark Tanner, the Cathedral Dean and the Diocesan Secretary commissioned a review of safeguarding provision in the Diocese following on the publication of A Betrayal of Trust which reported in February 2021.

Financial Review

Net movement in funds amounted to £177k (2019 net movement in funds £3,662k).

The impact of the pandemic has been significant. Contributions received from parishes fell to £10.8m (2019 £11.2m), the parish share collection rate falling back to around 90%. Diocesan Statutory clergy fees reduced to £612k (2019 £691k) and income from the Diocesan Conference Centre reduced to £34k (2019 £236k). This was offset to some extent by staff vacancies, reduced expenditure on clergy housing £1.4m (2019 £1.9m) and reduced expenditure in many areas as work moved online.

In response to the pandemic the DBF:-

- Spent £400,000 from the Retired Clergy Widows and Dependents fund to support clergy pensions.
- Sold investments in the Capital Reserve stipends fund to support stipend payments in the year thereby releasing £500,000 of unrestricted funds that would otherwise have been spent on stipends to support parish grants.
- Put considerable time and effort into maintaining relationships with parish treasurers, providing them with support and explaining the financial challenges we collectively faced.

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As described earlier in the report the Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though at the current time and the immediate years to come surpluses on the sale and replacement of parsonages will also be used to support day to day activities.

The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, amounting to £10.2m (2019 £10.2m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

The Statement of Financial Activities shows gains in investment values despite the pandemic although much reduced on the prior year £483k (2019 £1.8m).

Property values were reviewed, resulting in gains, though the property market in general has now entered a period of uncertainty and flux.

The return on holdings in the CBF Church of England Investment Fund was a 5.2% gain in capital value together with a 2.9% income return. The return on invested cash dropped from 0.75% at the start of the year to 0.15% at the end.

The majority of the DBF's investment assets are held by endowment funds and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

A plan is in place to fund the deficit on the Church of England Funded Pensions Scheme for stipendiary clergy.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

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In more normal times, the basis of this approach would include budgets and forecasts for the following year. This year, as economies and organisations adapt to the effect for the coronavirus pandemic, this has been supplemented by reviewing other potential sources of funds.

2021 and beyond

The purpose of Chester DBF is “to maintain and promote the spiritual teaching of the Church of England”, not least by continuing to facilitate the healthy functioning of the parishes of the diocese.

Challenges for the next few years include: -

- changes in senior staff – the search for a new Bishops of Stockport and Birkenhead are underway. In addition, there a number of long-standing staff retiring in 2021.
- continuing to cooperate with the Church of England National Safeguarding Team and others in strengthening safeguarding provision in the Diocese.
- Dealing with the continuing impacts financial and otherwise of the Coronavirus pandemic.

While the DBF faces challenges, it is helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Most importantly we hope to enable all to hear and respond to the Good News that we have in Christ.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks.

The Board considers that its principal risks at present are: -

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained, Diocese of Chester Safeguarding Commission overseeing work.
- The impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the DBF faces a prolonged period of uncertainty. The continuing evolving nature of the situation means it is not possible to fully quantify the longer term financial impact, but the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to

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allow staff to work remotely and the key priority is to ensure, as far as possible, that the DBF's services to parishes continue as effectively as possible.

- Significant vacancies in key senior posts. The posts of Bishop of Stockport and Bishop of Birkenhead are currently vacant, but work has commenced on making new appointments.
- Loss of relevance and failure to adapt to changes in society: - Falling electoral rolls, ageing congregations in parishes. In addition, changes in society as a result of Brexit, and more recently, the coronavirus pandemic. Mitigated by national church task groups and Renewal and Reform agenda, and in Chester Diocese, the DBF Outreach team is working with parishes locally.

Additionally, there remains some risk relating to the DBF's ability to continue to fund increasing stipends, housing, salary and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. Arrears of parish share are reviewed monthly, and in some senses these reviews fulfil a similar role to monthly management accounts in more commercial enterprises. The Finance and Scrutiny Committee meets five times a year and oversees and discusses these reviews at each meeting. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs, these being the chief items of expenditure. Although parish share collection has dropped as a result of the pandemic this has been less than might have been expected in the circumstances and we remain hopeful of a return to previous levels of collection in the coming years.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities and the impact of increasingly divisive issues in wider society.

Structure, governance and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance in it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman) plus any other clergy licensed to the Benefice, the churchwardens, and several elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCC's are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2011 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

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Diocesan Synod

The Diocesan Synod is the statutory governing body of a diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met online in November 2020 after the March meeting had been cancelled due to the initial lockdown. The usual business was completed at the meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2019 and the approval of the 2021 budget. Other matters considered included Safeguarding, the creation of a new synodical committee for Outreach, a new scheme for the inspection of Churches, the Clergy Covenant for Wellbeing, arrangements for Diocesan Synod Elections in 2021, everyday faith, and delegation by the Bishop of Chester in certain matters relating to the Clergy Discipline Measure to Suffragan and Assistant Bishops. Bishop Mark also gave his first Presidential Address to Synod as Bishop of Chester.

General Synod

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod they were responsible for making decisions on doctrine, services and relations with other churches.

Archbishops' Council is the Church of England's policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops' Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses (this currently does not include Chester Diocese).

The financial transactions of General Synod, the Church Commissioners, and the Archbishops' Council do not form part of these accounts.

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Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from The Cathedral Office, 9 Abbey Square, Chester CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is around 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 265 parishes, about 100 of which can be described as rural. Compared with many dioceses, there are few teams, and few multi-parish benefices. There are approximately 236 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 400 licensed. The role of self-supporting ministers is increasing, with over 80 in post at present.

Roughly speaking, the Archdeaconry of Macclesfield covers that part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester covers the rest of the diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton. Both work from Church House, Daresbury.

The financial affairs of the Diocese are conducted through two registered charities:- Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790).

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Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs) within the Diocese of Chester. None of these is a connected charity in the sense defined by charity law.

Bishop's Council

Bishop's Council has the following functions:

- to plan the business of Diocesan Synod, to prepare the agenda for its sessions, and to circulate to members information about matters for discussion;

Chester Diocesan Board of Finance
Year ended 31 December 2020
Trustees Report

- to initiate proposals for action by Diocesan Synod;
- to advise Diocesan Synod on matters of policy;
- to advise the President on any matters which he may refer to Bishop's Council;
- subject to the directions of Diocesan Synod, to transact the business of the Synod when it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as Diocesan Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Finance and Scrutiny Committee deals with all financial transactions of the DBF except for the:

- approval of the annual report and accounts;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure.
- Major capital expenditure
- Staff remuneration

The Human Resources Committee and the Staffing Review Committee oversee matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of all concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

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Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in December 2018. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day to day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

The archidiaconal committees agreed proposals for the suspension (or resuspension) of the patron's right of presentation to the benefices of Chester St Oswald & St Thomas of Canterbury, Alvanley St Thomas Liscard, St Stephen the Martyr Moulton, Great Saughall, St Paul with St Luke Tranmere, Stalybridge St Paul, Whaley Bridge, Pott Shrigley, Crewe St Andrew with St John the Baptist, St John the Evangelist Macclesfield with St Thomas Henbury, St Margaret and St Mark, Over Tabley, St Paul Macclesfield, and Crewe all Saints and St Paul with St Peter. The archidiaconal committees agreed proposals that the suspension of the patron's right of presentation to the benefices of St Peter's Chester should be allowed to lapse.

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The Macclesfield Archidiaconal Mission and Pastoral Committee made recommendations to the Bishop for a Pastoral Scheme for the closure for public worship of All Saints Church Balterley, and when local agreement had been reached for pastoral reorganisation of the benefices of Crewe St. Andrew with St John the Baptist; and Crewe All Saints and St Paul with St Peter. They agreed a proposal from the Diocesan Closed Churches Uses Committee concerning a draft Pastoral (Church Buildings Disposal) Scheme to appropriate the closed church building of St. Luke, Dukinfield and the land annexed thereto for residential purposes; and empower the Church Commissioners to sell the property for these purposes. They agreed that St John the Baptist Godley be disposed of for residential purposes if this option were available. They agreed proposals for an interim post at Chelford and Lower Withington with Marthall and St John the Evangelist, Macclesfield with St Thomas Henbury

The committees also considered and reflected on the pandemic.

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

Discussions continued on the future of Christ Church Crewe, St Luke Winnington, St John Altrincham, St Luke Dukinfield, St Johns Godley, and St Pauls Boughton.

The Dioceses of Manchester and Chester, Historic England and the Church Commissioners are working together on the "Find a use Manchester" project which aims to find future uses for redundant historic churches in the two dioceses.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.9m at 31 December 2020 (£5.9m at 31 December 2019). Most of these trusts are held on behalf of Parishes whose charitable purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure

Chester Diocesan Board of Finance
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Trustees Report

segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Finally, when a vicarage is sold, the proceeds form a parsonage building fund, held on behalf of the relevant benefice. These funds can be used for the purchase of a replacement vicarage, or where a surplus vicarage is sold, the proceeds can be transferred to the Pastoral Account of the DBF, subject to the relevant consents. Parsonage building funds are held by the DBF, but do not form part of the DBF accounts. At 31st December 2020, the DBF held a parsonage building fund on behalf of the benefice of Liscard the Resurrection.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

The Board also has a deposit with Charity Bank in support of the work it does in making available loans to churches and other charities in the Diocese.

Unrestricted funds

For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. The major factors considered are the foreseeable decline in the number of stipendiary clergy available to the Diocese, the increased cost of the stipend, national insurance and pension contributions associated with employing even that reducing number. This year there has been significant consideration of the levels of reserves in relation to the financial impact of the pandemic restrictions on the DBF in 2020 and likely in

Chester Diocesan Board of Finance
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Trustees Report

future years. Considerable uncertainty remains in this respect and we expect to use a significant amount of unrestricted reserves supporting our parishes through the crisis and its immediate aftermath.

Free unrestricted reserves (excluding fixed assets) have decreased over the year and now represent approximately 2.2 months expenditure (£2.9m). This excludes the long-term element of the Clergy Pension Scheme deficit recovery plan. Taking account of the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is adequate to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes.

Restricted funds

The DBF's restricted funds totalling £7.7m (2019 £8.8m) are shown in note 21, together with an explanation of the purpose of those funds.

Jane Hannah Graham and Canon White. Reserve levels are maintained to meet the need for loans for the church buildings specified in the Trusts. The Board believes the current level of funds is enough to meet the needs referred to in the trust documents.

Pastoral Account. The Board uses the pastoral account mainly to reinvest funds it receives from the sale of parsonage houses for the improvement of parsonage houses. Currently, however, it is also being used to meet the DBF's wider objects as permitted by the measure. Some of the Capital Reserve Stipends has been used this year also to support stipends releasing unrestricted funds for parish grants. We may need to use further this fund to support stipend payments in the next few years.

Endowment funds

The DBF's endowment funds totalling £12.6m (2019 £11.8m) are shown in note 20 together with an explanation of the purpose of those funds. The gain is due to the rise in capital value of the investments in the funds. The major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Chester Diocesan Board of Finance
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Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to several key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England, with results of job evaluation reviewed by the Staffing Review Committee, a subcommittee of Bishops Council. Where key management personnel are clergy, they are paid a stipend and housed within guidelines set nationally by the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop’s Council – the board of trustees - is clear about the DBF’s purpose – “to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester” and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day-to-day decision making within that direction to senior employees. The board retains responsibility for, and oversight of those decisions.

Board effectiveness – because of the requirement of adequate representation of the various parts of the diocese, the board of trustees is somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Chester Diocesan Board of Finance
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Openness and accountability – the trustees and senior staff seek to foster open relationships, particularly with the parishes and clergy of the diocese.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as we are aware, there is no information needed by the Charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- As the directors of the Charity we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BDO LLP were proposed and reappointed at the Annual General Meeting.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board and signed by order of the Board on 4th November 2021.



Ven Dr M R Gilbertson
Archdeacon of Chester

Independent Auditor Report to Members of Chester Diocesan Board of Finance

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2020 and of its incoming resources and application of resources 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.

We have audited the financial statements of Chester Diocesan Board of Finance ("the Charitable Company") for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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).

Basis for opinion

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

Chester Diocesan Board of Finance
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Independent Auditor's Report

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The other information comprises: the Chairman's Statement, Who we are, what we do and why we do it and the Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

Chester Diocesan Board of Finance
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Independent Auditor's Report

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding and accumulated knowledge of the Charitable Company, and the sector in which they operate, we considered the risk of acts by the Charitable Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice (including FRS102 and the Charities Statement of Recommended Practice) and the UK Companies Act 2006. All audit team members

Chester Diocesan Board of Finance
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were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper incoming resources recognition.

Our audit procedures in response to the above included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of properties, the recoverability of debtors including parish share arrears, and the assumptions used to calculate the present value of future contributions payable under the terms of the deficit recovery plan;
- Procedures to test incoming resources including agreement of incoming resources recognised to supporting documentation on a sample basis and testing incoming resources recorded around the year end to check the appropriate year end cut-off;
- Identifying and testing journal entries identified as potentially unusual. This testing included, but was not limited to, any journal entries posted with specific keywords, journals posted by unexpected users, and journals posted to least used accounts;
- Discussions with management, and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions with management, and those charged with governance to understand if there has been any Serious Incident Reports made to the Charity Commission either during the period or post year end;
- A review of trustees' meeting minutes both during the period, and post year end, for any known or suspected instances of non-compliance with laws and regulation, Serious Incident Reports made to the Charity Commission or fraud;
- Enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

Chester Diocesan Board of Finance
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A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester, UK
Date: 04 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2020

Income and Expenditure

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from						
Parochial contributions		10,775	-	-	10,775	11,163
Grants and other donations	3	168	934	-	1,102	1,153
Investment income	4	54	315	-	369	359
Rental income		274	104	-	378	357
Income from charitable activities						
Statutory clergy fees		-	612	-	612	691
Diocesan Retreat and Conference Centre		34	-	-	34	236
Other income from operating activities		56	75	-	131	155
Parsonage and redundant church sales/transfers		-	1,028	-	1,028	1,015
Total		11,361	3,068	-	14,429	15,129
Expenditure on raising funds						
Cost of generating voluntary income		19	-	-	19	19
Investment and Rental costs		16	112	-	128	128
Charitable Activities						
National church responsibility		437	-	-	437	436
Funding of parochial clergy and archdeacons		8,043	2,154	-	10,197	10,183
Parsonage purchases, improvements and transfers		-	1,420	-	1,420	1,907
Support to clergy and parishes		2,216	609	-	2,825	2,431
Diocesan Retreat and Conference Centre		376	-	-	376	477
Change in Staff DBS deficit recovery plan		-	-	-	-	-
Change in CEFPS deficit recovery plan	26	44	-	-	44	(2,228)
Total	6	11,151	4,295	-	15,446	13,353
Net income/(expenditure) before investment gains/(losses)		210	(1,227)	-	(1,017)	1,776
Net (losses)/gains on investments	15	(31)	156	357	482	1,809
Net income/(expenditure)		179	(1,071)	357	(535)	3,585
Transfers between funds	23	94	(42)	(52)	-	-
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets	14	173	42	497	712	77
Net movement in funds		446	(1,071)	802	177	3,662
Reconciliation of funds:						
Total funds brought forward		9,955	8,793	11,768	30,516	26,854
Total funds carried forward		10,401	7,722	12,570	30,693	30,516

The notes on pages 40 to 55 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2020

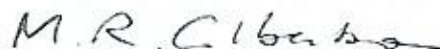
	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	14	16,193	14,687
Investments	15	<u>11,444</u>	<u>11,493</u>
		27,637	26,180
Current assets			
Debtors	16	638	680
Cash at bank on deposit and in hand	17	<u>3,945</u>	<u>5,628</u>
		4,583	6,308
Creditors: amounts falling due within one year	18	<u>1,048</u>	<u>1,153</u>
Net current assets		3,535	5,155
Total assets less current liabilities		31,172	31,335
Creditors: amounts falling due after more than one year	19	479	819
Total net assets		<u>30,693</u>	<u>30,516</u>
Endowment funds	20	12,570	11,768
Restricted income funds	21	7,722	8,793
Unrestricted funds		<u>10,401</u>	<u>9,955</u>
Total charity funds		<u>30,693</u>	<u>30,516</u>

The notes on pages 40 to 55 form part of these financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf on 4th November 2021 by



I N Scott-Dunn
Chairman



Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2020

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Note	2020	2019
		£'000	£'000
Net income for the reporting period (as per the statement of financial activities)		(535)	3,585
Depreciation	14	231	243
Losses/(Gains) on investments	15	(482)	(1,809)
Dividends, interest and royalties from investments		(369)	(359)
Tangible fixed assets transferred in		(1,025)	-
Decrease/(Increase) in debtors		42	66
(Decrease) in creditors		(445)	(2,800)
Net cash (used in)/provided by operating activities		(2,583)	(1,074)

Statement of Cash Flows

	2020	2019
	£'000	£'000
Net cash (used in) operating activities	(2,583)	(1,074)

Cashflows from investing activities

Dividends, interest and royalties from investments	369	359
Payments to acquire fixed assets	-	(62)
Payments to acquire investments	(29)	(1,340)
Receipts from disposal of tangible fixed assets	-	158
Receipts from disposal of investments	560	-
	900	(885)

Increase in cash in the year	(1,683)	(1,959)

Reconciliation of net cash flow to movement in cash and cash equivalents

	2020	2019
	£'000	£'000
Decrease in cash in the year	(1,683)	(1,959)
Cash and cash equivalents at the beginning of the reporting period	5,628	7,587
Cash and cash equivalents at the end of the reporting period	3,945	5,628

The notes on pages 40 to 55 form part of these financial statements.

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception certain classes of tangible fixed assets which are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: 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) (effective 1st January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the income can be quantified with reasonable accuracy. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment by parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2011 census. Parish share is accounted for in the period to which it relates. Provisions are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF.

Parsonage and redundant church sales/transfers - proceeds following the sale of surplus parsonages and redundant churches, together with the transfer of unsold surplus parsonages and redundant churches to the DBF, to the extent that the DBF is entitled to the assets.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. In making the assessment, the trustees consider the financial impact of Covid-19 and on the cash flow forecast and perform stress testing of the plans.

Having performed the assessment, the Trustees conclude that Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Charity's ability to continue as a going concern.

The financial statements have been prepared on the going concern basis, as the trustees consider that the Board has sufficient reserves to continue operations.

Allocation of support costs

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2020

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. For example, a donation to the Committee for Social Responsibility would be added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 21.

Endowment Funds

These funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant unrestricted or restricted fund. The Board's endowment funds are shown in note 20.

Fixed Assets

The office at Daresbury Park, fixtures and office equipment are held at historic cost less depreciation. Depreciation is calculated so as to write off the cost over its expected economic life. The office is depreciated at 3.3% of cost per annum, and other fixtures and equipment are depreciated at 15% of cost per annum. Computers less than £5,000, and fixtures and office equipment less than £2,500, are not capitalised and written off in the year of purchase.

Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Buildings are depreciated using the National matrix of property components published by the National Housing Federation, unless the unique nature of a building renders a different approach more appropriate. With the exception of Foxhill Conference Centre, depreciation is applied using the "non-traditional house" column of the matrix to allocate proportions of total property value to each component as follows:-

	Useful life (years)	Depreciation
Main fabric	100	73%
Roof structure and covering	70	8%
Windows and external doors	30	4%
Gas boilers/fires	15	2%
Kitchen	20	5%
Bathroom/WCs	30	2%
Mechanical systems (heating, ventilation, plumbing)	30	3%
Electrics	40	3%

Similarly, in the case of Foxhill Conference Centre, depreciation is applied using the "flat - medium rise (average 25 dwellings) column of the matrix as follows:-

	Useful life (years)	Depreciation
Main fabric	100	69%
Roof structure and covering	70	6%
Windows and external doors	30	3%
Gas boilers/fires	15	3%
Kitchen	20	6%
Bathroom/WCs	30	3%
Mechanical systems (heating, ventilation, plumbing)	30	3%
Electrics	40	3%
Lift	20	4%

Land is not depreciated. The amount of depreciation charged in the year is shown in note 14. Revaluation gains or losses (which are not considered to be impairment losses) are included in the SOFA under the section for other recognised gains and losses.

Parsonages

It is the policy of the board not to capitalise parsonage houses. However, parsonage houses are capitalised when the DBF can expect entitlement to the value of the property, for example once a replacement has been purchased, or if pastoral reorganisation is about to result in the transfer to the DBF. Parsonages are benefice properties. Benefice property is vested in the incumbent as an ecclesiastical corporation sole. The corporate property of an ecclesiastical corporation does not constitute a charity for the purposes of the Charities Act 2011, section 10(2)(a). Chester Diocesan Board of Finance has the financial liabilities of insurance, repair and maintenance of benefice houses under the Repair of Benefice Buildings Measure 1972, but does not have discretion as to the use of the properties, which are the living accommodation of the incumbent.

A parsonage house can only be sold subject to agreement by a wide number of parties including the incumbent, and the patron of the benefice. The first call on proceeds is towards a replacement parsonage house, but with agreement of the various parties surpluses may be transferred to the Diocesan Pastoral Account.

There were 208 parsonage houses in the Diocese insured at a value of £120 million at 31 December 2020.

The SOFA and note 6 to these accounts show details of major parsonage sales, purchases and improvements.

Investments

Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SOFA as net gains/(losses) on investments.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The company 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 their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes

The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

The Board has entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions have been discounted and have resulted in a liability being reflected in the balance sheet split between creditors due less than one year and creditors due in more than one year in line with FRS 102. The interest cost of the debt is reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability.

Further detail is provided in notes 25 and 26.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property - certain classes of freehold property are held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.
- Pension scheme deficit reduction payments - As explained at note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Scheme for stipendiary clergy. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas including the selection of an appropriate discount rate.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) - provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.
- Other - there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in these areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2020	2019
	£'000	£'000
Statutory audit	32	25
	<u>32</u>	<u>25</u>

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2020

3. Grants and other donations	2020	2019
	£'000	£'000
Donations to Foxhill House and Woodlands Conference Centre	2	4
Grant from Allchurches Trust	165	162
Grant to Clergy Sustentation Fund	5	5
Birkenhead legacy	-	54
Donations to Social Responsibility	5	9
Church Commissioners recharge (Suffragan Bishops personal assistants)	61	53
Transforming Lives Together recharge	32	26
English Heritage grant re Church Buildings Officer	-	12
Church Commissioners Resourcing Ministerial Education block grant	393	407
Additional ordination training support grants	-	2
Diocesan Stipends Fund recharges (housing allowances and St Mellitus training institution)	101	99
Chester Diocesan Board of Education recharge	338	320
E J Massey trust receipt of endowment	-	-
	1,102	1,153

4. Investment Income	2020	2019
	£'000	£'000
Investment and fixed interest funds	344	302
CBF deposits and bank interest	19	51
Other income including interest on loans to parishes	6	6
	369	359

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2020 100% £'000
Church house costs	4	33	122	5	164
Central services	2	18	67	3	90
Central staff costs	11	118	441	18	588
Legal, audit, depreciation	2	22	98	3	125
	19	191	728	29	967

Prior year comparative

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2019 100% £'000
Church house costs	4	35	132	5	176
Central services	2	17	62	2	83
Central staff costs	11	116	436	18	581
Legal, audit, depreciation	2	19	83	3	107
	19	187	713	28	947

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2020

6. Expenditure	Note	Total 2020 £'000	Total 2019 £'000
Cost of generating voluntary income			
Central Services & support costs		19	19
Investment and rental costs			
Rental costs		122	122
Value linked loan interest paid		6	6
		128	128
Charitable Activities			
National church responsibility		437	436
Funding of parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		7,706	7,548
Maintenance of clergy housing		1,259	1,350
National ministry training and ordinands grants		1,041	1,098
Central Services & support costs		191	187
		10,197	10,183
Parsonage purchases, improvements and transfers		1,420	1,907
Support to clergy and parishes			
Ministry		433	530
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		244	259
Education		329	313
Social Responsibility		272	244
Mission		132	185
Discretionary and one off items (EIG)		3	21
Clergy/Lay conferences		(4)	64
Grants to parishes, clergy and others	7	634	76
Transforming Lives Together		32	26
Staff defined benefit pension scheme deficit contribution		-	-
Central Services & support costs		750	713
		2,825	2,431
Diocesan Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		347	449
Central Services & support costs		29	28
		376	477
Change in Church of England Funded Pension Scheme (CEFPS) agreed deficit recovery plan	26	44	(2,228)
		15,446	13,353
7. Grants to parishes, clergy and others		2020 £'000	2019 £'000
Grants to parishes			
Post lockdown reopening grants		520	-
Liscard		-	17
Marton - E J Massey trust		4	4
Birkenhead Priory - clerical or lay assistance		65	5
Thornton Hough - Fryer Legacy income		4	3
		593	29
Grants to Individuals	No. of grants		
Foxhill grants	-	-	7
Clergy Sustentation grants	1	2	12
Retired Clergy, widows and dependents fund grants	82	39	28
		41	47
Total grants		634	76

8. Staff and Office holder costs and numbers

Staff costs:	2020	2019
	£'000	£'000
Wages & salaries	1,707	1,680
Social security costs	158	157
Pension costs	265	262
	2,130	2,099

Average staff numbers based on full time equivalents	2020	2019
	Number	Number
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5.0	5.1
Support to clergy and parishes	26.9	25.3
Diocesan Retreat and Conference Centre	6.3	6.3
Diocesan administration and central support	9.1	9.3
	47.8	46.5

	2020	2019
The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-		
£70,001 - £80,000	1	1

This employee accrued benefits in the Church of England Defined Benefits Pension Scheme (note 11).

In addition to the above, the charity had the equivalent of 7.2 (2019 7.3) full time employees under joint contracts with Chester Diocesan Board of Education. Their employment costs are borne by the charity and recharged to Chester Diocesan Board of Education (note 12).

9. Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 199 (2019 201) full time equivalent office holders during the year.

	2020	2019
	£'000	£'000
Clergy Stipends	5,408	5,252
Clergy National Insurance	443	426
Clergy Pension Contributions	2,001	1,325
Other clergy payments	248	263
	8,100	7,266

10. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing during the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester	Revd Andrew Q Greenhough
Ven Ian G Bishop, Archdeacon of Macclesfield	Revd Dr Mark Hart
Revd Dr Robert S Munro, Chair, House of Clergy	Revd Christopher J P Hobbs
Revd David Brewster	Revd Dr David J Page
Revd Christine J Broad	Revd Michael L Ridley
Revd Canon Elaine Chegwin Hall	Revd Michael I A Smith
Revd Simon Drew	Revd Christina P Upton
Revd Canon David R Felix	

The Rt Revd Keith Sinclair, Bishop of Birkenhead was in receipt of a stipend and provided with housing during the year, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners, with housing funded by Chester Cathedral.

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,485 - £45,953 (2019 £37,305 - £46,062). The stipend, funded by the DBF, paid to Archdeacons was £36,310 (2019 £35,925). The stipend paid to the Dean of Chester was £37,485 (2019 £37,305). Other clergy who were Trustees were paid stipends in the range £26,428 - £28,267 (2019 £25,909 - £27,712).

Trustee expenses

A total of £9,147 (2019 £20,267) was reimbursed to 13 (2019 17) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £328,854 (2019 £369,503), together with pension contributions of £66,177 (2019 £70,760). Of these, the highest paid was George Colville, who received £77,718 (2019 £76,194) excluding employers national insurance, together with pension contributions of £19,507 (2019 £19,125). The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

	2020	2019
	£'000	£'000
Contribution re joint employment contracts and other recharges to Chester Diocesan Board of Education	<u>339</u>	<u>320</u>

13. All Saints Centre for Mission and Ministry Ltd

Chester DBF is one of the three founding members of the All Saints Centre for Mission and Ministry and there are currently four members. All Saints Centre trains lay and ordained ministers to university standards for the Church of England. If the All Saints Centre for Mission and Ministry were to be wound up whilst Chester DBF were still a member or within 12 months of ceasing to be a member, then it promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the DBF was a member. During 2011, Chester DBF along with Liverpool and Manchester Diocesan Boards of Finance each authorised a £50,000 interest free loan to provide sufficient cash flow due to the phasing in of student numbers over a 3-year period. A further loan has been provided for £10,000 in 2020 and currently there is a balance of £10,000 (2019: £nil). Chester DBF makes an annual payment to All Saints of £36,000 (2019: £36,000) for the training of its Reader Candidates. Historically, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, Chester DBF now receives funding from the National Church to pay for the training of ordinands. In 2020 Chester DBF paid All Saints £79,380 (2019: £91,916) for the training of ordinands. Chester DBF receives monies from All Saints towards the work which the Director of Studies does in training ordinands at All Saints. Each member diocese provides a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at All Saints. The payment equates to the equivalent of a 0.7 full time equivalent post to the diocese and in 2020 the amount received was £31,772 (2019: £31,277). The Director of Studies left in June 2020, and as a result, Chester DBF also paid All Saints for teaching costs in 2020 amounting to £16,000 (2019: £nil).

The Statement of Financial Activities for All Saints for the period 1 September 2019 to 31 August 2020 showed:

	£'000
Income	769
Expenditure	<u>643</u>
Net Income	<u>126</u>

Any surplus monies will be transferred to reserves to set aside funds for special purposes or as reserves against future expenditure.

The Revd Canon Dr Christopher Burkett and the Revd Canon David Rhys Felix served as Trustees of All Saints Centre for Mission and Ministry during 2020.

14. Tangible Fixed Assets

	Office	Freehold Land and Buildings	Glebe	Fixtures and Office Equipment	Total 2020
	£'000	Board £'000	£'000	£'000	£'000
Cost or valuation					
Balance at 1 January 2020	1,436	8,782	4,934	115	15,267
Additions	-	1,025	-	-	1,025
Revaluations	-	(35)	394	-	359
Balance at 31 December 2020	<u>1,436</u>	<u>9,772</u>	<u>5,328</u>	<u>115</u>	<u>16,651</u>
Accumulated depreciation					
Balance at 1 January 2020	296	125	50	109	580
Depreciation charge for the year	47	126	52	6	231
Revaluations	-	(251)	(102)	-	(353)
Balance at 31 December 2020	<u>343</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>458</u>
Net Book Value at 1 January 2020	1,140	8,657	4,884	6	14,687
Net Book Value at 31 December 2020	<u>1,093</u>	<u>9,772</u>	<u>5,328</u>	<u>-</u>	<u>16,193</u>

The DBF's office at Daresbury Park is shown at cost and depreciated over 30 years. Other DBF properties and Glebe properties are held at valuation. Valuations are determined by an independent, professionally qualified valuer, for each property at regular intervals, and specifically in any year where the Trustees believe there has been a material change in value. A desk top valuation was performed by Fisher German LLP as at 31 December 2020. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. The directors consider the values presented in the financial statements to accurately reflect their fair value as at the balance sheet date. The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

Included in the above were properties being actively marketed worth £1,625,000 (2019 £nil).

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2020

15. Investments	2020	2019
	£'000	£'000
Market Value at 1 January 2020	11,493	8,344
Acquisitions at cost	29	1,340
Disposals at market value	(560)	-
Net gains on revaluation at 31 December 2020	482	1,809
Market Value at 31 December 2020	11,444	11,493

Investments at 31 December 2020 comprise

	No of	2020	No of	2019
	shares	Market	shares	Market
		Value		Value
		£'000		£'000
CBF Church of England Investment Fund	534,462	10,928	564,362	10,970
CBF Church of England Fixed Interest Fund	30,414	51	30,414	51
CBF Church of England Property Fund	357,111	455	340,241	462
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		11,444		11,493

16. Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Loan to Liverpool DBF	6	6
Other debtors	214	254
Prepayments and accrued income	228	234
Other loans	12	1
	460	495
Amounts falling due after more than one year		
Loans to parishes	21	21
Loan to Liverpool DBF	74	81
Other loans	-	-
Value linked loans to parishes (note 19)	83	83
	178	185
Total debtors	638	680

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provides training for the DBF.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

17. Cash at bank, on deposit and in hand	2020	2019
	£'000	£'000
Balances held by Church Commissioners	(2)	(2)
Cash in hand, at bank and on bank deposit	1,000	720
Charity Bank Deposit	335	333
CBF Church of England Deposit Fund	2,612	4,577
	3,945	5,628

18. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Ordinary creditors	130	77
Sundry creditors and accruals	554	506
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	364	570
	1,048	1,153

Creditors are valued at the undiscounted amount payable.

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

	2020	2019
	£'000	£'000
Value linked loans for parishes (note 16)	83	83
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	396	736
	479	819

Creditors are valued at the undiscounted amount payable.

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value linked loan interest charged interest at 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

20. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2020 £'000	Incoming Resources	(Expenditure) gains/(losses) and transfers £'000	31 December 2020 £'000
Diocesan Conference Centre	130	-	5	135
Steel & William Fletcher Rogers Fund	78	-	5	83
Retired Clergy, Widows and Dependants Fund	2,635	-	138	2,773
Clergy Sustentation Fund	167	-	9	176
Birkenhead Curacy Fund	159	-	8	167
E J Massey	129	-	6	135
Glebe Land & Buildings	4,884	-	444	5,328
Diocesan Stipends Fund Capital Account	3,586	-	187	3,773
	11,768	-	802	12,570

Prior year comparatives:-

	1 January 2019 £'000	Incoming Resources	(Expenditure) gains/(losses) and transfers £'000	31 December 2019 £'000
Diocesan Conference Centre	105	-	25	130
Steel & William Fletcher Rogers Fund	64	-	14	78
Retired Clergy, Widows and Dependants Fund	2,154	-	481	2,635
Clergy Sustentation Fund	136	-	31	167
Birkenhead Curacy Fund	130	-	29	159
E J Massey	105	-	24	129
Glebe Land & Buildings	4,716	-	168	4,884
Diocesan Stipends Fund Capital Account	3,118	-	468	3,586
	10,528	-	1,240	11,768

Permanent Endowment

Diocesan Conference Centre

Held to produce income for the Foxhill Conference Centre

Steel & William Fletcher Rogers Fund

Making of grants for women and girls in need on the Wirral

Retired Clergy, Widows and Dependants Fund

Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions

Clergy Sustentation Fund

Making of grants to members of the clergy in need of assistance.

Birkenhead Curacy Fund

Fund for clerical or lay assistance at Birkenhead Priory Parish

E J Massey

For the maintenance and upkeep of church and churchyard at Marton

Expendable endowment

Glebe Land & Buildings

Representing the value of glebe property. Glebe rental income is used for funding stipends

Diocesan Stipends Fund Capital Account

The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.

21. Restricted Funds

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

	1 January 2020	Incoming Resources	(Expenditure), Gains, (Losses) & Transfers	31 December 2020
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,858	-	(336)	3,522
Clergy Sustentation	24	6	(3)	27
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	335	1	-	336
Retired Clergy Widows and Dependents	821	86	(416)	491
Steel & William Fletcher Rogers Fund	31	3	-	34
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,415	1,046	(1,471)	2,990
Birkenhead Curacy Fund	79	5	(77)	7
Foxhill Retreat Fund	175	3	3	181
RME block grant	12	393	(314)	91
Restricted Committee income*	-	1,535	(1,535)	-
	8,793	3,078	(4,149)	7,722

Prior year comparatives:-

	1 January 2019	Incoming Resources	(Expenditure), Gains, (Losses) & Transfers	31 December 2019
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,151	-	707	3,858
Clergy Sustentation	26	10	(12)	24
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	333	2	-	335
Retired Clergy Widows and Dependents	755	85	(19)	821
Steel & William Fletcher Rogers Fund	29	2	-	31
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	4,648	1,069	(2,302)	3,415
Birkenhead Curacy Fund	66	5	8	79
Foxhill Retreat Fund	173	2	-	175
RME block grant	-	407	(395)	12
Restricted Committee income*	-	1,593	(1,593)	-
	9,224	3,175	(3,606)	8,793

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Details of the Restricted funds outstanding are as follows:

Capital Reserve Stipends	Fund for payment of stipends
Clergy Sustentation	The charity is endowed (see note 20) The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependents	The charity is endowed (see note 20) Making of grants for relief in need of retired clergy, widows, spouses of the clergy. In certain circumstances meeting clergy pension contributions
The Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20) Making of grants for women and girls in need on the Wirral
Parish Mission and Ministry	From Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Diocesan Stipends Income Fund	Applied towards the payment of stipends
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Foxhill Retreat Fund	The fund arose from a donation from Chester Retreat House and is to be used to fund Retreats.
Diocesan Pastoral Account	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.

Chester Diocesan Board of Finance is also trustee to the Twemlow Trust. The trust is endowed and has a total capital value of £82,727. The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

22. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2020 Total Net Assets £'000	2019 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,273	10	2,593	(83)	6,793	6,925
Designated						
CEFPS deficit recovery plan	-	-	(364)	(396)	(760)	(1,306)
Office refurbishment	-	455	-	-	455	462
EIG Reserve	-	-	163	-	163	166
Lay Training	-	-	18	-	18	18
Fryer Trust	-	129	-	-	129	123
Bishop of Birkenhead Fund	-	-	38	-	38	37
Diocesan Conference Centre	3,565	-	-	-	3,565	3,530
Total Unrestricted Funds	7,838	594	2,448	(479)	10,401	9,955
Restricted Funds						
Capital Reserve Stipends	-	3,522	-	-	3,522	3,858
Clergy Sustentation	-	-	27	-	27	24
RME block grant	-	-	91	-	91	12
UPA Projects	-	-	14	-	14	14
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	336	-	336	335
Retired Clergy Widows and Dependants	220	-	271	-	491	821
Pastoral Account	2,807	-	183	-	2,990	3,415
Parish Mission and Ministry	-	-	27	-	27	27
Birkenhead Curacy Fund	-	-	7	-	7	79
Foxhill Retreat Fund	-	86	95	-	181	175
Steel & William Fletcher Rogers	-	-	34	-	34	31
Total Restricted Funds	3,027	3,608	1,087	-	7,722	8,793
Endowment Funds						
Diocesan Conference Centre	-	135	-	-	135	129
Steel & William Fletcher Rogers	-	83	-	-	83	79
E J Massey	-	135	-	-	135	128
Retired Clergy Widows and Dependants	-	2,773	-	-	2,773	2,636
Clergy Sustentation Fund	-	176	-	-	176	167
Glebe Land & Buildings	5,328	-	-	-	5,328	4,884
Birkenhead Curacy Fund	-	167	-	-	167	159
Diocesan Stipends Fund Capital	-	3,773	-	-	3,773	3,586
Total Endowment Funds	5,328	7,242	-	-	12,570	11,768
Total Funds	16,193	11,444	3,535	(479)	30,693	30,516

Prior year comparatives:-

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2019 Total Net Assets £'000
Unrestricted Funds					
General Funds	4,286	10	2,712	(83)	6,925
Designated					
CEFPS deficit recovery plan	-	-	(570)	(736)	(1,306)
Office refurbishment	-	462	-	-	462
EIG Reserve	-	-	166	-	166
Lay Training	-	-	18	-	18
Fryer Trust	-	123	-	-	123
Bishop of Birkenhead Fund	-	-	37	-	37
Diocesan Conference Centre	3,530	-	-	-	3,530
Total Unrestricted Funds	7,816	595	2,363	(819)	9,955
Restricted Funds					
Capital Reserve Stipends	-	3,858	-	-	3,858
Clergy Sustentation	-	-	24	-	24
RME block grant	-	-	12	-	12
UPA Projects	-	-	14	-	14
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	335	-	335
Retired Clergy Widows and Dependants	200	-	621	-	821
Pastoral Account	1,787	-	1,628	-	3,415
Parish Mission and Ministry	-	-	27	-	27
Birkenhead Curacy Fund	-	72	7	-	79
Foxhill Retreat Fund	-	84	91	-	175
Steel & William Fletcher Rogers	-	-	31	-	31
Total Restricted Funds	1,987	4,014	2,792	-	8,793
Endowment Funds					
Diocesan Conference Centre	-	129	-	-	129
Steel & William Fletcher Rogers	-	79	-	-	79
E J Massey	-	128	-	-	128
Retired Clergy Widows and Dependants	-	2,636	-	-	2,636
Clergy Sustentation Fund	-	167	-	-	167
Glebe Land & Buildings	4,884	-	-	-	4,884
Birkenhead Curacy Fund	-	159	-	-	159
Diocesan Stipends Fund Capital	-	3,586	-	-	3,586
Total Endowment Funds	4,884	6,884	-	-	11,768
Total Funds	14,687	11,493	5,155	(819)	30,516

23. Transfers between funds

Transfers were made to unrestricted funds as follows:-

	2020 £'000	2019 £'000
From Restricted funds		
In respect of housing allowances	70	70
In respect of improvement work at Conference Centre	-	62
In respect of Glebe	(28)	-
Other transfers	-	35
	42	167
From Endowment funds		
In respect of Glebe	52	-
Total transfers to unrestricted funds	94	167

24. Financial Instruments

The DBF's Financial Instruments may be analysed as follows:-

	2020	2019
	£'000	£'000
Financial assets		
Financial assets measured at fair value through Statement of Financial Activities	11,444	11,493
Financial assets measured at amortised cost	4,583	6,308
Financial liabilities		
Financial liabilities measured at amortised cost	1,527	1,972

Financial assets measured at fair value through the Statement of Financial Activities comprise fixed asset investments in unlisted common investment funds.

Financial assets measured at amortised cost comprise cash and debtors.

Financial liabilities measured at amortised cost comprise creditors including the Church of England Funded Pension Scheme agreed deficit recovery plan.

25. Staff Pensions Schemes

Defined Benefit Scheme

Chester DBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund 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.

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute 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 £116,421, 2019 £114,290). No deficit contributions were made in either year as highlighted in the table below.

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

A valuation of the DBS is carried out once every three years. The most 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 a contribution rate of 30.1% of pensionable salary and expenses of £7,700 per year.

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

	2020	2019
	£'000	£'000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2020	December 2019	December 2018
Discount rate	0.0%	0.0%	0.0%

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

Pension Builder Scheme

Chester DBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund 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.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and 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 contributions payable (2020: £145,172, 2019: £137,243).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was underway as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m 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, Chester DBF could become responsible for paying a share of that employer's pension liabilities.

26. Church of England Funded Pensions Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £1,415,385, 2019: £1,345,787), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,470,385 for 2020, (2019: negative charge of £803,213).

Chester Diocesan Board of Finance

Notes to the accounts for the year ended 31 December 2020

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

* An average discount rate of 3.2% p.a.;

* RPI inflation of 3.4% p.a. (and pension increases consistent with this);

* Increase in pensionable stipends of 3.4% p.a.;

* Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

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 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025

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.

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 2020 is set out in the table below:-

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	1,306	4,025
Deficit contribution paid	(601)	(570)
Interest cost (recognised in SoFA)	11	79
Remaining change to the balance sheet liability* (recognised in SoFA)	44	(2,228)
Balance sheet liability at 31 December	760	1,306

* 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:

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

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

27. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2019
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	11,163	-	-	11,163
Grants and other donations	220	933	-	1,153
Investment income	77	282	-	359
Rental income	242	115	-	357
Income from charitable activities				
Statutory clergy fees	-	691	-	691
Diocesan Retreat and Conference Centre	236	-	-	236
Other income from operating activities	16	139	-	155
Parsonage and redundant church sales/transfers	-	1,015	-	1,015
Total Income	11,954	3,175	-	15,129
Expenditure on raising funds				
Cost of generating voluntary income	19	-	-	19
Investment and Rental costs	10	68	50	128
Charitable Activities				
National church responsibility	436	-	-	436
Funding of parochial clergy and archdeacons	8,778	1,405	-	10,183
Parsonage purchases and major improvements	-	1,907	-	1,907
Support to clergy and parishes	1,884	547	-	2,431
Diocesan Retreat and Conference Centre	477	-	-	477
Change in CEFPS deficit recovery plan	(2,228)	-	-	(2,228)
Total Expenditure	9,376	3,927	50	13,353
Net income/(expenditure) before investment gains/(losses)	2,578	(752)	(50)	1,776
Net gains/(losses) on investments	10	727	1,072	1,809
Net income	2,588	(25)	1,022	3,585
Transfers between funds	167	(167)	-	-
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	98	(239)	218	77
Net movement in funds	2,853	(431)	1,240	3,662
Reconciliation of funds:				
Total funds brought forward	7,102	9,224	10,528	26,854
Total funds carried forward	9,955	8,793	11,768	30,516