

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED

England & Wales · Charity number 249318

Details

Other names	DIOCESE OF NORWICH, THE MRS R J COLMAN TRUST, THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED
Status	Registered
Legal form	Charitable company
Company number	00088175
Registered	1966-11-11
Register	View on the Charity Commission register

Contact

Address	Diocesan House 109 Dereham Road Easton Norwich Norfolk NR9 5ES
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Website	www.dioceseofnorwich.org

Activities

Objects: TO ASSIST AND PROMOTE THE WORK OF THE CHURCH OF ENGLAND IN THE DIOCESE OF NORWICH AND ELSEWHERE (FOR FURTHER DETAILS SEE CLAUSE 3 OF THE MEMORANDUM)

Activities: Norwich Diocesan Board of Finance Limited was set up to promote, facilitate and assist with the work of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission.

Classification

- **How:** Makes Grants To Organisations, Provides Buildings/facilities/open Space, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** Education/training, Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF NORWICH
- Norfolk
- Suffolk

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£13,438,000	£13,006,000	£164,877,000	51
2023-12-31	£13,046,000	£12,860,000	£163,221,000	51
2022-12-31	£13,681,000	£12,229,000	£162,226,000	45
2021-12-31	£14,278,000	£12,755,000	£151,566,000	43
2020-12-31	£12,287,000	£12,315,000	£147,669,000	50

Trustees

Name	Role	Appointed
Mark Jeffries	Chair	2021-03-20
Angela Shireen Robson		2014-10-21
Catherine Howe		2023-07-13
Kandara Rachelle KAMMOUN		2018-10-15
Mark Allbrook		2021-10-06
Paul Cracknell		2021-10-06
Rev Matthew James Price BEM		2021-10-06
Rev Simon Stokes		2016-02-11
Rev Stephen Thorp		2021-10-06
Revd. Dr. Patrick Richmond		2019-12-19
Rt Revd Graham Usher		2019-06-17
Susan Gail Martin		2016-02-11
The Rt Revd Dr Jane Steen		2021-10-06
The Rt Revd Ian Bishop		2023-09-29
The Ven Catherine Dobson		2022-10-01
The Ven Keith James		2022-04-04
The Ven STEVEN JAMES BETTS		
The Very Revd Andrew Braddock		2023-01-28
Thompson Zulu		2021-10-06
Virginia Edgecombe		2021-10-06

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 249318

Accounts

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

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NORWICH DIOCESAN BOARD OF FINANCE LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

**The Bishop's Council of Trustees
(Board of Directors)
as at 17 June 2025**

Mark Jeffries (Chairman)
Mark Allbrook (resigned 9 January 2025)
The Ven. Steven Betts
The Rt. Revd. Ian Bishop
Nick Bolton (appointed 2 November 2024)
The Very Revd. Dr Andrew Braddock
Lindsey Rix-Broom (resigned 25 January 2024)
Paul Cracknell
The Ven. Catherine Dobson
Virginia Edgecombe
Catherine Howe
Caroline Hutton (appointed 9 January 2025)
The Ven. Keith James
Kandara Kammoun
Susan Martin (resigned 2 November 2024)
Michael Newey (appointed 2 November 2024)
The Revd. Matthew Price
The Revd. Dr Patrick Richmond
Angela Robson
The Rt. Revd. Dr Jane Steen
The Revd. Canon Simon Stokes
Patricia Temple-Crowe
The Revd. Stephen Thorp (resigned 2 November 2024)
The Rt. Revd. Graham Usher
Thompson Zulu (resigned 2 November 2024)

Diocesan Secretary (Chief Executive)

Tim Sweeting

Director of Finance

Susan Bunting BFP FCA (to 23 December 2024)
Don McCallum (from 2 January 2025)

Registered Office

Diocesan House, 109 Dereham Road, Easton, Norwich NR9 5ES

Norwich Diocesan Board of Finance Ltd
Spire Support Services Ltd
NDBF Easton Ltd
Norwich Glebe Property Ltd

Company Registration Number

00088175

Charity Registration Number

249318

Auditor

Lovewell Blake LLP, Bankside 300, Peachman Way,
Broadland Business Park, Norwich, NR7 0LB

Bankers

Barclays Bank plc, 3 St James Court, Norwich, NR3 1RJ

Insurers

Ecclesiastical Insurance (Benefact Group), Benefact House,
2000 Pioneer Avenue, Gloucester Business Park, Brockworth
Gloucester, GL3 4AW

Solicitors

Birketts LLP, Kingfisher House, 1 Gilders Way, Norwich, NR3 1UB
Anthony Collins Solicitors LLP, 134 Edmund Street,
Birmingham. B3 2ES

**Investment Advisors and
Stockbrokers**

LGT, 14 Cornhill, London EC3V 3NR
CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6EE
JM Finn & Co, 4 Coleman Street, London, EC2R 5TA

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises of dioceses of which there are 42 in England.

Each diocese in England is divided into parishes. Each parish is overseen ecclesiastically by a parish priest if not an 'incumbent' (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords making a major contribution to Parliament's work. They are known as Lords Spiritual.

The Church of England is episcopally-led (there are some 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The National Church Institutions

There are seven national administrative bodies that work together to support the mission and ministries of the Church. These are called National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, today spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Lambeth Palace is the NCI accommodating the home and office of the Archbishop of Canterbury.

Bishopthorpe Palace is the NCI accommodating the home and office of the Archbishop of York.

The National Society for Promoting Religious Education is the Education Department for the Church of England.

The Church of England Central Services look after the national HR, Finances and Resources, IT, Legal, Communications, and Record Centre.

The Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, the Cathedral, Norwich.

The information about General Synod, the Church Commissioners, the Archbishops' Council, the other NCI's and Norwich Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND (continued)

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation from across the diocese. The Synod has broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- where appropriate, give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council (now a function of the Bishop's Council of Trustees) has the following functions:

- To act as the Standing Committee of Diocesan Synod and to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy, including effective communication of priorities, strategies and policies;
- To oversee and co-ordinate the work of all Diocesan Boards, Committees, Forums, Working Groups and responsible individuals; to ensure regular reporting to the Bishop's Council and/or Diocesan Synod as appropriate;
- To receive an annual report from the Independent Chair of the Diocesan Safeguarding Advisory Panel about the panel's work and an assessment of all aspects of safeguarding within the diocese;
- To oversee and review the workings of the Synodical process, with particular attention to the connection between Deanery, Diocesan and General Synods;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which - broadly - is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a corporate charity, and all those not exceeding £100,000 annual gross income are currently excepted from registration with the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent in holy orders who as such is a Church beneficiary and typically receives a stipend and the benefit of free occupation and use of a parsonage house at the behest of the Bishop for the purpose of carrying out specified spiritual duties.

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. The diocese is then the principal pastoral and, by means of its Board of Finance, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2024

Introduction

It is always pleasing to report a set of financial results which improve on the previous year's performance. That we are able to do so reflects not only relentless work in parishes to ensure they have the wherewithal to meet parish share, but also the great work across our highly talented Parish Support Team. Both are much appreciated.

The end of the 2024 financial year coincided with our long-standing Director of Finance, Susan Bunting, leaving the team to take up a new role with the World Land Trust. We owe her a huge debt of gratitude for all she did, first in her role as auditor and subsequently leading the finance team where she ensured the sound management of the Diocese's finances. The Director of Finance baton has been passed to Don McCallum whom we are delighted to welcome to the team. We look forward to him bringing to bear his wide range of previous financial experience to build on Susan's substantial legacy.

Having recorded the improvement in the financial position in 2024, it is important to note that the reduction in operating deficit reflects the benefits of implementing the residential property review. There were also savings against the clergy stipends budget as a result of not filling some vacancies despite valiant efforts to do so.

Income and expenditure

Parish Share is the primary source of income to facilitate mission and ministry across the Diocese. This is invested in resourcing front line ministry – primarily clergy stipends, training, pensions and housing costs. The full annual cost of ministry in the Diocese in 2025 is £72,595 for each stipendiary incumbent status clergy post. In contributing to the cost of ministry through the parish share, parishes are not simply buying in a service or paying someone to take services, but are helping to meet the cost of a ministry to the whole parish, including those who come to church regularly and those who do not.

In 2024 the Diocese received a total of £6.7m in Parish Share, some 80.6% of the amount requested. This is an impressive achievement and an increase on 2023 but remains below the pre-pandemic level of £7m and was a lower proportion of the amount requested than in 2023 (82.4%). In common with other dioceses, we continue to feel the impact of financial uncertainty and the rising cost of living which are particularly apparent at parish level.

The Diocesan Board of Finance invests heavily in future ministry through vocational discernment, training and equipping ordained and lay ministers for the future, as well as supporting parishes in many areas such as safeguarding, mission and ministry, finance, HR, care of church buildings, property and housing, Generous Giving, education, youth, children and families. The support available to our parishes is extensive and we encourage them to contact members of the Parish Support Team for help and advice.

The Diocesan financial statements are complex and include the consolidation of trading subsidiaries, large year-end pension revaluations, and stock market movements. This makes it difficult to see the true operating position. We have therefore included a summary on page 7 in the appendix to this report which shows that the operating deficit for 2024, excluding year end pension scheme revaluations, movement in stock market valuations, property sales, support of restricted projects, and subsidiary company results, is £77k (2023: £87k).

The results reflect the continuing efforts to put the finances of the Diocese on a sustainable footing, but some caution is required. I highlight the following:

- Average stipendiary clergy numbers were 18 posts below budget because we have more vacancies in stipendiary posts than planned. This has reduced costs temporarily until the posts are filled. Every effort is being made to fill vacant posts, and we expect to see an increase in costs attributable to them. Had we filled the posts during 2024, then we would have seen a significant deficit, as income has not increased to match the cost of vacant posts.
- Housing expenses for our clergy remained at an elevated level of £2,093k (2023: £2,127k). Part of this relates to catch-up work after the pandemic. It also reflects increased prices for materials and labour. A condition survey of all our housing stock undertaken in 2024 will inform future long-term plans for investment.
- Increased investment in housing for our clergy in 2024 was supported through the sale of properties that have been deemed surplus to ministry requirements, which generated £373k in the year (2023: £765k).
- The procurement of new service providers and contracts in 2024 including telephones, website and IT provision has enabled considerable future cost savings. Although the search for further cost savings will continue, there will be more limited opportunities in the short-term.

We have three subsidiary companies which were formed to provide additional sources of income for the Diocese. The first, Spire Support Services Limited, incurred increased costs during 2024 to ensure the company is adequately staffed and can grow in accordance with its revised business plan. It generated a small profit of £23k (2023: £1k loss). We are hopeful that the additional investment will prove fruitful in 2025 and beyond. Our other trading subsidiaries, NDBF (Easton) Limited and Norwich Glebe Property Limited, also delivered trading surpluses. Details are in note 33 on page 45 of these statements. Surpluses will be transferred to the Diocese under the corporate gift aid scheme.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2024

We saw better returns on the Diocese's investments during 2024 with dividends and interest receivable rising to £881k (2023: £692k). This relieves some of the pressure on Parish Share. Returns will always remain volatile as the markets react to UK and worldwide events, especially during the first quarter of 2025. The Asset Management Committee continues to identify opportunities to increase the return on the assets under the control of the Board of Finance.

Assets and liabilities

An independent actuary valued the staff pension scheme (which was closed to new members in 2001), at £1.797m (2023: £1.441m), an increase of £356k. This is not a cash asset. We have a professional trustee on the Pension Trustee Board with a view to buying out the scheme's liabilities through an insurer. Full details of pension costs are shown in note 28, on pages 40 to 43. Such large adjustments in our financial statements are required by accounting regulations and can be seen in the summary on page 7 of this report.

The value of net assets at 31 December 2024, excluding the contribution from trading subsidiaries, is set out in the balance sheet on page 22 and amounts to £163.2m. The increase of £1.6m relates mainly to an increase in the value of stock market investments.

The summary on page 7 also shows the realised gains on the disposal of properties of £373k. This is the difference between the frozen values reflected on our balance sheet and the proceeds of sale of two properties. In addition, we purchased one property, and these movements are reflected on the balance sheet.

Finance Strategy

A high-level finance strategy for the Diocesan Board of Finance was agreed by the Bishop's Council of Trustees in May 2023. Further detail was agreed in January 2024, including the approach to the use of unapplied total return to support delivery of the Vision and Priorities, Net Zero Carbon priorities and the recommendations from the report of the Church Buildings Commission. The unapplied total return was not utilised in 2024, but we anticipate this funding will be deployed to deliver our strategy in 2025 and beyond.

Parish Giving Scheme and Digital Rollout

We launched the Parish Giving Scheme in our Diocese early in 2022 and again commend it to all parishes. Currently, PCCs in 207 (2023: 152) parishes have resolved to offer the Parish Giving Scheme to their congregation and wider community. This national scheme to support stewardship is now used in over three-quarters of dioceses as a key part of efforts to improve the financial sustainability of parishes by supporting annual income growth and reducing the burden on parish treasurers and planned giving officers.

External Funding

We support our charitable purpose through securing external funding to reduce reliance on Parish Share. In 2024, grants from the Church Commissioners funded a significant number of 'Minor Works and Improvements' grants for local church building projects, administered by our similarly funded Church Buildings Support Officer.

External funds also covered the costs of a Diocesan Environment Officer and a Net Zero Carbon Officer to help improve the environmental performance of parsonages, churches and schools, in line with the fifth Mark of Mission. In 2024, wider mission and ministry benefited from an investment by the national church in staffing to enable us to develop plans for the delivery of our Vision. Most notably, this enabled the recruitment of a Director of Mission and Ministry, Revd Richard Lamey, to lead efforts in this area. We expect to apply for Diocesan Investment Programme funding in 2026. This will include engagement with churches on how we can support their plans for mission at a local level.

Thanks

On behalf of the Trustees, I thank the Parish Support Team for their tireless work and enthusiasm. Their considerable skills ensure that the highest quality support is available to our parishes. We are also deeply grateful to all those who give their time so generously to serve on the various committees of the Diocesan Board of Finance. We renew our thanks to them all.

MARK JEFFRIES

17 June 2025

APPENDIX TO CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2024

The table below summarises the main features of the year and my explanation of them. The figures are extracted from note 38 on page 48 of the financial statements and are prior to the consolidation of Subsidiaries.

	Board 2024 £'000	Board 2023 £'000	Variances £'000
Income	12,514	11,687	827
Expenditure	<u>(12,480)</u>	<u>(11,800)</u>	<u>(680)</u>
Operating (deficit)/surplus	34	(113)	147
Realised gains on sale of properties - Board	<u>373</u>	<u>765</u>	<u>(392)</u>
Net income	407	652	(245)
Adjustment of value linked loans	(2)	22	(24)
Actuarial (loss)/gain on defined benefit pension scheme	378	(296)	674
Gains on investment assets:			
Sale of glebe property (realised gains)	312	647	(335)
Revaluation of glebe holding	-	-	-
Quoted and unquoted investments			
Realised	471	31	440
Unrealised	<u>12</u>	<u>378</u>	<u>(366)</u>
Increase in funds	<u>1,578</u>	<u>1,434</u>	<u>144</u>
Reconciliation of Management accounts operating position			
Net income (shown above)	407	652	(245)
FRS102 Pension disclosure - Company Scheme	22	(102)	124
Donated property	(215)	-	
DBF contribution to CPR project	-	128	(128)
Sale of surplus property	82		
Realised gains on sale of properties - Board	<u>(373)</u>	<u>(765)</u>	<u>392</u>
Operating deficit	<u>(77)</u>	<u>(87)</u>	<u>10</u>

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The Trustees' who are also directors for the purposes of company law, present their combined trustees' and directors' report and strategic report together with the audited financial statements, for the year ended 31 December 2024.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Objectives

Norwich Diocesan Board of Finance Limited aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. These activities have been undertaken during the year and there have been no significant changes in its policies.

Structure, governance and management

The Diocese of Norwich was founded in 1094 and took broadly its present form in 1906. It covers an area of 1,841 square miles. The population was 928,331 at the time of the 2021 census and the demographics are as follows: the diocese is the 9th largest in England in geographical area but only 32nd in terms of density of population. The city of Norwich (census population 144,000, urban area 192,000) is the area's key centre of economic activity. Apart from Norwich there are four other significant conurbations which spread around the periphery: Kings Lynn, Great Yarmouth, Lowestoft and Thetford. The rural areas contain a scattered population living in communities ranging from market towns (of which Norfolk has many, most of them growing) to smaller villages and remote hamlets.

The Diocese is arranged in three archdeaconries being Norwich, Thetford and Lynn. In total there are some 560 parishes and 650 church buildings.

Diocesan governance

The Diocese is governed by Standing Orders approved by Diocesan Synod. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay members elected by the house of laity in Deanery Synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee which is the Bishop's Council.

Company status

The company, Norwich Diocesan Board of Finance Limited, is established to manage the financial affairs, and hold legal title to the assets, of the Diocese of Norwich. It was incorporated on 28 March 1906 as a charitable company limited by membership guarantee (No. 00088175), and its governing documents are the Memorandum and Articles of Association (as amended on 28 April 1970, 5 May 1970, 19 June 2010 and 10 June 2017). Norwich Diocesan Board of Finance Limited is registered with the Charity Commission (No. 249318).

Every member of Diocesan Synod is a member of Norwich Diocesan Board of Finance Limited for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Decision-making structure

Within the supervisory powers of the Diocesan Synod certain diocesan functions are now undertaken by the Bishop's Council of Trustees acting as the Bishop's Council, the Executive Committee, the Diocesan Mission and Pastoral Committee and the Parsonage Board.

The Bishop's Council is the Standing Committee of Diocesan Synod and its functions are listed on page 4.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Structure, governance and management (continued)

The Executive Committee act as Trustees' and are also directors for the purposes of company law, their functions in pursuit of Norwich Diocesan Board of Finance Limited's charitable objects are:

- Management of the funds and property of the Diocese;
- Consideration and approval of the Financial Policy and Strategy for the Diocese as prepared by the Finance Committee;
- Preparation of annual estimates of expenditure and budgets, including advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- Statutory filings to the Charity Commission and Companies House;
- Fulfilling employer's responsibilities and compliance with any legal duties to which the Diocese may be subject;
- Holding responsibility for payment of clergy stipends;
- Carrying out any other functions delegated by Diocesan Synod.

The Diocesan Mission and Pastoral Committee, is responsible for the review of ministry deployment which may include pastoral reorganisation, sharing agreements or mission planning, taking account of finance, clergy numbers and new patterns of ministry. The Committee advises the Bishop and Diocesan Synod on proposed strategy. It is also responsible for church buildings other than matters for the consistory court or the work of the Diocesan Advisory Committee for the Care of Churches.

The Bishop's Council of Trustees acts as the Parsonages Board and provides for the responsibilities of the board to be undertaken by a committee known as the Property Committee.

The Bishop's Council of Trustees has delegated responsibility for the day-to-day management of the Board to the Diocesan Secretary who is supported by a senior management team and their staff.

All members of the Bishop's Council of Trustees give their time voluntarily and receive no benefits from the Board. During the year Norwich Diocesan Board of Finance Limited made payments to the Archbishops' Council for stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

Committee structure

Those that follow are statutory committees:

Glebe Committee is responsible for overseeing policy and making major decisions concerning the management of Glebe property and Glebe investments for the benefit of the Diocesan Stipends Fund of the Diocese of Norwich.

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

The Board of Education is established under the Diocesan Boards of Education Measure 2021. Its functions include: the promotion of education consistent with the faith and practice of the Church of England; the promotion of religious education and religious worship in schools and academies; the promotion of Church schools and academies in the diocese; and advice to school governors on any matter affecting Church schools and academies.

The Board of Patronage is constituted under Schedule 3 of the Patronage (Benefices) Measure 1986. The exercise of Patronage, i.e., the right to present a priest to a benefice, is an historic foundation element of the Church of England carried over from the pre-Reformation Church. Today it forms part of a system of checks and balances which ensures the continuance of a broad spectrum of belief and practice within that Church, not least traditional orthodoxy.

The Vacancy in See Committee, the requirement for, and role, functions and constitution of, a diocesan Vacancy in See Committee is set out in the Vacancy in See Regulation 1993 (as amended). It only meets when the post of diocesan bishop is vacant.

In addition to the statutory committees, currently there are also the following committees:

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Structure, governance and management (continued)

Agenda Planning Group sets the agenda for the Bishop's Council of Trustees and produces a draft agenda for Diocesan Synod for the Bishop's Council of Trustees to approve.

Asset Management Committee, brings together matters to do with diocesan property, investments and Glebe, including strategic development proposals. It takes an integrated approach to maximise the effective management and growth of all types of diocesan assets.

Audit Risk and Assurance Committee, reviews the work, policies and procedures of the Board, to ensure integrity in all its activities, and compliance with legal, financial and reporting requirements, and to have oversight of risk management processes.

Finance Committee has delegated responsibility for much of the work of the Executive Committee. It is responsible for developing a financial policy and strategy for the Diocese for approval by the Bishop's Council of Trustees.

Nominations Committee makes recommendations to the Bishop's Council of Trustees for the appointment of candidates for non-elected membership of the Diocesan Synod, the Bishop's Council of Trustees, and other committees of the Diocese of Norwich. It also approves, on behalf of the Bishop's Council of Trustees, a number of specific appointments, namely the Diocesan Secretary, staff at Director level, and the Chairs of some of the boards and committees.

Property Committee undertakes the responsibilities and work of the Parsonages Board. This includes provision, maintenance, upkeep and improvement of Parsonage houses; considerations (in consultation with the Asset Management Committee) of acquisition and disposal or exchange of Parsonage houses and letting such houses during vacancies. The Committee also deals with corporate property.

Remuneration Committee makes recommendations to the Bishop's Council of Trustees, for remuneration of stipendiary clergy licensed in the Diocese of Norwich, and of staff employed by the Norwich Diocesan Board of Finance Limited and its subsidiaries.

Safeguarding Advisory Panel, provides a source of independent advice and expertise on safeguarding policies, procedures and practices to the diocesan bishop and other senior clergy and officials, and ensures the implementation of the current House of Bishops' policy and practice guidance.

Recruitment and appointment of Trustees

The Bishop's Council of Trustees members listed on page 2 are the directors of the company for the purposes of company law and in accordance with the Articles of Association shall be the following persons:

- The Chair of the Board, to be nominated by the Bishop's Council;
- The Deputy Chair of the Board, to be nominated by the Bishop's Council;
- The Treasurer of the Board, to be nominated by the Bishop's Council;
- An Archdeacon, to be nominated by the Bishop's Council;
- The Clerical Vice-President of the Diocesan Synod;
- The Lay Vice-President of the Diocesan Synod;
- Three lay members of the Diocesan Synod and three clerical members of the Diocesan Synod to be elected by the Diocesan Synod;
- Up to three additional persons as may be co-opted by the Executive Committee from time to time.

Induction and training of Trustees

The Trustees are aware of the 2011 Charities Act requirement to ensure that all members receive appropriate induction and training. Periodically members attend talks on charity governance.

Remuneration of key management personnel

Emoluments of higher paid personnel, including the Diocesan Secretary, are determined by the Remuneration Committee. All employees including key management personnel have regular appraisals and remuneration is based on salary scales which are regularly benchmarked and reviewed.

Related parties/Connected charities

Norwich Diocesan Board of Finance Limited has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024- continued

Structure, governance and management (continued)

In pursuit of its charitable objectives, the Board acts as agent for a number of Diocesan Boards including the Board of Education.

The Diocese of Norwich Education and Academies Trust, St Benet's Multi-Academy Trust and The Diocese of Norwich Education Support Company are connected charities/companies of the Norwich Diocesan Board of Finance Limited. Church academies have a clause written into their funding agreements which requires the Academy Trust to ensure that the quality of Religious Education and the contents of the Academy's collective worship are given in accordance with the tenets and practice of the Church of England.

The Diocese of Norwich Churches Trust was established during 2015 and is a connected charity of the Norwich Diocesan Board of Finance Ltd. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs, this became active during 2017.

In addition, the Board acts as managing or custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. All trust assets are recorded and maintained separately from the Board's own assets. It also co-operates with and provides advice to Parochial Church Councils, the Chapter of Norwich Cathedral, the Horstead Centre and other church bodies.

The Board is required by Measure to be custodian trustee in relation to Parochial Church Council property, but has no control over Parochial Church Councils, which are independent charities. The accounts of Parochial Church Councils and deaneries do not form part of these financial statements.

Parochial Church Councils are able to influence the decision-making within Norwich Diocesan Board of Finance Limited and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Pension scheme

Norwich Diocesan Board of Finance Limited is the sponsoring employer of the Norwich Diocesan Board of Finance Pension Scheme. This is a pension fund for the benefit of employees of Norwich Diocesan Board of Finance Limited. One trustee of the scheme is an employee of the Board and member of the scheme. The scheme has been closed to new entrants.

The Board also participates in the Church of England Funded Pension Scheme. Further details are contained in note 28 to the financial statements.

Subsidiary undertakings

The Board's subsidiaries are considered to be The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The Board has three trading subsidiaries, Spire Support Services Limited, Norwich Glebe Property Limited and NDBF Easton Limited (see note 33).

Strategic Report - Key performance indicators are shown in the relevant sections of this report.

a) Activities, Benefits and Achievements

Norwich Diocesan Board of Finance Limited's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people across the Diocese.

The key activities may be summarised as:

- To seek a constructive and positive relationship with the people of the Diocese;
- To communicate effectively across all areas of Diocesan activity;
- To exercise and promote good stewardship of Diocesan resources to support growth;
- To provide mechanisms for evaluating performance through a regular programme of reflection and review.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

a) Activities, Benefits and Achievements (continued)

Public benefit

The Trustees are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Trustees believe that, by promoting the work of the Church of England in the Diocese of Norwich, the Board helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public.

Norwich Diocesan Board of Finance Limited supports the clergy through the payment of stipends, the management of parsonages, and clergy training. This provides a benefit to members of the general public in each parish. The Church also carries out marriages, baptisms and funerals which are attended by the general public and enriches local communities by the provision of other services across the Diocese.

The Board of Education provides support services and capital expenditure support for schools and academies, thus benefiting the pupils, and the improvement of the buildings benefits the local community.

Norwich Diocesan Board of Finance Limited also makes grants to connected charities and to other charitable projects in support of the above objectives.

The benefits outlined above are related to the aims of the Diocese in helping to promote, carry on and assist the work of the Church of England in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. They also relate to a large section of the general public whose opportunity to benefit is not unreasonably affected by geographical or financial restrictions.

Achievements and performance

Plans and achievements for 2024

The ongoing Cost-of-living crisis had an impact on finances during 2024, for both the Norwich Diocesan Board of Finance Ltd and our parish incomes and expenditure. In particular, rising energy costs in church buildings and people's ability to give. This in turn has impacted on the ability to pay parish share.

Norwich Diocesan Board of Finance Ltd saw a slight increase in parish share income during 2024, but this was a significant decrease in real terms on pre-pandemic levels (see later operational performance on page 13).

We carried an average of 18 unplanned vacancies in clergy posts (i.e. below budget), this is partly due to a lack of available people to apply for the positions. This has led to a temporary reduction in expenditure, which will not continue as the posts are filled, which we are starting to see happen during 2025.

Mission and Ministry

- Launched a new Bishop's Certificate in Christian Learning;
- Supported 75 clients with 591 sessions of Counselling;
- Graduated 5 individuals from the 'Catalyst' programme, in partnership with Ridley Hall Theological College;
- Engaged 37 young people in 'Soulshaper', a residential youth activity and discipleship weekend;
- Provided over 200 mission resources to 45 organisations through our Mission Resource Centre;
- Exceeded income expectations with contactless giving, reaching £114,672 in 2024 (forecast £70,000).

Church Buildings

- Supported over 160 PCCs with tailored advice on caring for their church buildings;
- Provided property assistance to 21 PCCs for their parish-owned buildings;
- Awarded circa £140,000 in grant funding to parishes through the Church Buildings Council's Minor Repairs and Improvements scheme;
- Approved 64 faculty applications through the Chancellor and 223 'List B' applications via the Archdeacons;
- Assisted 18 churches through the Diocese of Norwich Churches Trust.

Environment and Net Zero

- Launched the first Net Zero Carbon 'demonstrator church' project in the Church of England;
- Invested £43,000 to support 12 churches in upgrading their heating or lighting;
- Engaged 187 churches in the A Rocha UK 'Eco Church' programme with 105 churches achieving 'Bronze or Silver awards'.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Achievements and performance (continued)

Property

- Managed 2,057 work orders across 253 properties, averaging 8 per working day;
- Welcomed 10 new incumbents and 2 newly appointed curates into suitable new homes and moved 8 clergy within the Diocese;
- Completed a stock condition survey of all residential property to inform a new 30-year maintenance plan.

Operational performance

Norwich Diocesan Board of Finance Limited received 80.7% of parish share requested for the year of £8.305m, a shortfall of £1.607m. This is an increase of £54k or 0.81% when compared with 2023 receipts. The operating deficit at company level for 2024 is £77k (2023 £87k) (after adjusting for FRS102 pension adjustments and non-operational property surpluses, see page 7).

Parish Support Team vacancies carried during 2023 were filled during 2024. As previously mentioned, there were an average of 18 unplanned clergy vacancies, which when the posts are filled, will increase costs by up to £1.3m creating a significant operating deficit. Investment in clergy housing repair and maintenance remained high at £1,388k (2023 £1,512k), reflecting the continued commitment to catch-up of works required and environmental improvements.

Other steps taken to mitigate the level of deficit were:

- Worked with new investment advisors to receive improved returns, the impact of which was seen in 2024;
- The new telephone system continued to deliver significant cost savings and first line IT support was insourced;
- Procurement savings are actively sourced;
- Income and expenditure is reported monthly, with detailed variance analysis to enable timely action and decisions.

Investment performance – overall performance

The overall value of Diocesan investment assets increased by £812,000 during 2024, as compared with an increase of £1,125,000 in 2023. The increases in 2023 and 2024 related to equity and fixed interest funds. In 2024 the operational activities of the Diocese were financed by £881,000 from interest and dividends (2023: £692,000).

Glebe investments

£47 million of the Board's investments are in glebe land, primarily to generate a sustainable income to continue funding clergy stipends. The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022 and resulted in an increase in value of £10 million. This valuation, which represents an average £8,146 per acre, will be updated every five years. Rents receivable amounted to £792,000 (2023: £816,000).

Investment in equity and fixed interest funds were valued at £10.7 million at 31 December 2024 (2023: £10.6 million) The unrealised loss in the value of investments during the year amounted to £353,000 (2023: unrealised gain £211,000). Dividends and interest receivable amounted to £361,000 (2023: £298,000).

General and other fund investments

Other investments are held on behalf of restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £9.1 million at 31 December 2024 (2023: £8.1 million), an increase of £1,000,000 or 12.3%. Dividends and interest receivable amounted to £521,000 (2023: £394,000).

Value linked loans

As detailed in note 18, freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and as part of the agreement all or part of the sale proceeds are repayable on final disposal. The Board is committed to repay the outstanding value linked loans in the short term as funds become available. Total value linked loans at 31 December 2024 were £396,000 (2023: £394,000).

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Achievements and performance (continued)

Statutory functions

Norwich Diocesan Board of Finance Limited has responsibility for the management of glebe property and investments to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. The trustees are custodian trustees in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of Norwich Diocesan Board of Finance Limited's objects.

Volunteers

Norwich Diocesan Board of Finance Limited is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church.

The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Trustees greatly value the considerable time given by all the volunteers across the diocese in pursuit of the mission of the Norwich Diocesan Board of Finance Limited.

b) Financial review

The results for the year shown in the Statement of Financial Activities on page 20 and the year end position shown in the balance sheet on page 22 are considered to be satisfactory. Results and highlights for the year and future prospects are given in the Chairman's Statement on pages 5 to 7.

Financial performance

Income before revaluation adjustments totalled £13.4 million (2023: £13 million) and expenditure amounted to £13 million (2023: £12.9 million).

The Statement of Financial Activities (SOFA) for the year shows net income of £432,000 (2023: net income £186,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets, and actuarial losses on the defined benefit pension scheme.

The accounts show an increase in the balance sheet total of £1,656,000. During the year, total fund balances increased to £164.9 million.

Principal funding sources

Around 54% of the income of the Board comes from the Parish Share, 16% from Archbishops' Council for Low Income Communities (LINC), transition funding and other grants, 13% from investment income (including glebe rent), and 4% from statutory fees.

Going concern

After making enquiries the Trustees are satisfied that Norwich Diocesan Board of Finance Limited has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policy

The Board's aim is to gain the best return from their assets to help sustain the ministry of the Church, without undue risk. Their portfolio includes fixed interest, bank and stock market investments, freehold properties and glebe land.

The Trustees have delegated the functions and duties in relation to Investment Management to the Asset Management Committee.

The members of the Asset Management Committee are appointed by the Bishop's Council of Trustees and are made up of the Chairs of the Board of Finance, Property Committee, Glebe Committee, a member of Bishop's Staff, two people agreed by the Nominations Committee, qualified by ability and practical experience in matters relating to investments and up to two others co-opted when required, in consultation with the Nominations Committee. The members of the Asset Management Committee are guided by the best practice advice issued by the Charity Commission for the investment of Charitable Funds.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Financial review (continued)

Investment policy (continued)

The Board's investment policies include the following key policies:

Long-term responsibilities and growth – the Trustees are aware of their long-term responsibilities and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. The overarching investment objective is to at least maintain the real value of assets whilst generating a return sufficient to finance annual expenditure in the region of 3.0% after expenses. To achieve this, the investment portfolio has a target return of CPI+3.5%. The Diocese will adopt a total return approach to investment under the Diocesan Stipends fund (Amendment) Measure 2016, generating the investment return from income and capital growth (or losses). It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the assets will be maintained in accordance with the objective above.

Responsible investment – the Trustees adopt a responsible investment policy that follows the Church of England Ethical Investment Advisory Group (EIAG) guidelines, this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. In accordance with the directions of Diocesan Synod investment in fossil fuel companies is excluded from the portfolio.

Reserves policy

Norwich Diocesan Board of Finance Limited has considerable responsibilities including the remuneration of up to 160 parochial stipendiary clergy, the upkeep of approximately 250 houses, and the employment of 52 full or part time staff, and it is therefore essential that the Board carries an appropriate level of reserves to meet these responsibilities.

The free reserves of the Board at 31 December 2024, comprising the income funds freely available for general purposes (and which are not yet spent, committed or restricted) amounted to £6.3 million as compared with £5.8 million at the end of the previous year. Free reserves include free designated reserves of £108,000. Stock market values are volatile as they react to worldwide situations. The Trustees do not consider it necessary to make plans to spend additional reserves due to the volatility of the markets.

The Trustees have reviewed the reserves policy and recommend that the free reserves are approximately £4 million being four and a half months expenditure within the Capital and General fund and designated funds, including future stipend payments.

As stated in note 27, the Diocesan Secretary is sanctioned by the Bishop of Norwich to use monies from the Benefice Buildings and Pastoral Fund - this is mainly called upon when there are insufficient resources within the General Fund. The Benefice Building and Pastoral Fund is regarded as an expendable endowment (a restricted fund). The investments and net current assets within this fund at 31 December 2024 amounted to £3.1 million (2023: £3.2 million). Total other restricted funds excluding tangible assets and long-term liabilities but including Glebe land at 31 December 2024 amounted to £65 million (2023: £64 million).

Trust (Capital and Income) Act 2013

During the period ending 31 December 2024 the Trustees used the above Act to release capital from the Stipends fund. In identifying the value of the portion of the permanent endowment fund that represented unapplied total return, the Trustees first identified the value of the initial investments (being Glebe land and investments) based on their 1994 values plus indexation. A figure of £23,586k was agreed by the Trustees as being the value of these investments as of 1 January 2024. From this date, subject to further indexation adjustments, anything above this amount represents the unapplied total return. The Trustees can release funds which are transferred to the income fund to fund stipends. This enables other funds which would have normally been used for the funding of stipends to be used as the Board sees fit. The transfer of UTR from the Glebe to the General Fund was £0.7m (2023 £nil) but none of this was expended to reduce the General Fund support of clergy stipends. The Trustees have taken relevant professional advice when setting the level of unapplied total return and the amounts to be drawn down.

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that the activities of the Board of Finance must be continually reviewed.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Financial review (continued)

c) Plans for the future

- Develop a strategy to deliver the Diocesan Vision and Priorities for the diocese;
- Implement the financial strategy for the use of unapplied Total Returns to support investment in our charitable purpose;
- Continue to promote and encourage the benefits of the Parish Giving Scheme to enhance income to our parishes;
- Implement the residential property policies and strategy, to improve the quality and energy efficiency of our housing stock;
- Continue to implement the National Safeguarding Standards across the Diocesan Board of Finance and diocese;
- Support the Church of England's intention to achieve Net Zero Carbon by 2030;
- Continue to review all areas of expenditure to maximise value for money offered;
- Collaborate with other dioceses to enhance the quality and resilience of our services;
- Continue to support the Diocesan Churches Trust, to help to discover an appropriate solution for Churches in very small communities, including the implementation of the recommendations from the Church Buildings Commission;
- Continue to support and develop the trading subsidiary companies and implementation of business plans.

d) Principal Risks and Uncertainties

The Trustees confirm that the major risks to which Norwich Diocesan Board of Finance Limited is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. Risks are reviewed and managed as part of the risk management strategy.

A risk register is compiled covering potential governance and management risks, operational risks, financial risks, environmental/external risks, and compliance risks. Potential risks are explained with their likely impact, and procedures to mitigate the risks are listed. The register and implementation processes are currently being reviewed and a training programme for committees is being established. The Trustees review the risk register at least annually as part of the risk management strategy.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. Work continues on financial strategy and an affordable plan for the delivery of the charity's main objectives in the long term.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Trustees.

Funds held as custodian trustee for others

The Board is custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. The Board also holds Parochial Church Council property as custodian trustee. Each PCC is a separate charity and the assets are held separately from those of Norwich Diocesan Board of Finance Limited.

Fixed Assets

The movements in fixed assets are set out in notes 18 to 20 in the accounts. All of the Board's properties were re-valued at 31 December 2012 in accordance with the Board's accounting policy at that time, of re-valuing every five years.

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

The Glebe holdings were revalued as at 31 December 2022, in accordance with the policy set out on page 27. Glebe land was valued by FPD Savills, Property Consultants, at market value at 31 December 2022.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 - continued

Fundraising standards information

The Board supports raising funds from the public in relation to the annual Lent appeal. No professional fundraisers or third-party commercial participators are used. The Board is registered with the Fundraising Regulator.

No direct contact is made with the public regarding fundraising activities. All advertising is carried out via Diocesan publications, social media or websites. No complaints were received regarding fundraising activities.

Statement of Trustees' Responsibilities

The Bishop's Council of Trustees (acting as the Executive Committee) who are also directors of Norwich Diocesan Board of Finance Limited for the purposes of company law, are responsible for preparing the Trustees report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the Bishop's Council of Trustees

Members of the Bishop's Council of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2. Nick Bolton and Michael Newey were appointed on 2 November 2024. Lindsey Rix-Broom resigned on 25 January 2024. Susan Martin, The Revd. Stephen Thorp and Thompson Zulu resigned on 2 November 2024.

Auditor

A resolution to re-appoint Lovewell Blake LLP as auditor of the Board will be proposed at the Annual General Meeting on 1 July 2025.

The Trustees' report (incorporating Strategic Report) was approved by the Board on 17 June 2025.

Signed by Order of the Board

TIM SWEETING, Secretary

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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:

INDEPENDENT AUDITOR'S REPORT (continued)

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

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement (set out on page 17), the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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

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

- Enquiry of management and those charged with governance;
- Enquiry of entity staff compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors-responsibilities>. 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.

Mark Proctor FCA DChA (Senior Statutory Auditor)

For and on behalf of

LOVEWELL BLAKE LLP

Chartered Accountants & Statutory Auditor

Bankside 300, Peachman Way, Broadland Business Park, Norwich, Norfolk NR7 0LB

19 June 2025

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2024

	Note	* Restricted Funds			* Other	Total Funds 2024 £'000	Total Funds 2023 £'000
		Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Restricted Funds £'000		
Income and endowments from							
Donations	2						
Parish contributions		6,698	-	-	-	6,698	6,644
Archbishops' Council		447	-	1,169	330	1,946	1,767
Other donations		739	-	23	8	770	361
Charitable activities	3	654	1	2	1	658	788
Other activities	4	796	2	-	519	1,317	1,211
Investments	5	311	181	1,152	29	1,673	1,508
Other sources	6	-	82	291	3	376	767
Total income		9,645	266	2,637	890	13,438	13,046
Expenditure on							
Raising funds	7	-	-	195	480	675	728
Charitable activities	8	9,924	24	2,116	267	12,331	12,132
Total expenditure		9,924	24	2,311	747	13,006	12,860
Net income/(expenditure) before investment gains		(279)	242	326	143	432	186
Net gains on investments	13	91	209	497	51	848	1,083
Net income/(expenditure)	14	(188)	451	823	194	1,280	1,269
Transfers between funds	15	700	-	(700)	-	-	-
Other recognised gains/(losses)							
Adjustment of value linked loans	26	(2)	-	-	-	(2)	22
Actuarial gain / (loss) on defined benefit pension scheme	28	378	-	-	-	378	(296)
Net movement in funds		888	451	123	194	1,656	995
Reconciliation of funds							
Total funds at 1 January 2024		10,447	83,355	67,492	1,927	163,221	162,226
Total funds at 31 December 2024		11,335	83,806	67,615	2,121	164,877	163,221

The fund-analysis of the comparative figures is shown in note 37 to the accounts.

The notes on pages 25 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2024

	2024 £'000	2023 £'000
Total income (note 1 below)	12,822	12,104
Expenditure	<u>(13,006)</u>	<u>(12,860)</u>
Operating deficit for the year	(184)	(756)
Interest receivable	243	177
Net gains on investment assets	<u>848</u>	<u>1,083</u>
Surplus for the year	907	504
Other comprehensive income:		
Revaluation of fixed assets	(2)	22
Net assets transferred from endowments	373	765
Defined benefit scheme actuarial gains/(losses)	<u>378</u>	<u>(296)</u>
Total comprehensive income for the year	<u>1,656</u>	<u>995</u>

All income and expenditure relates to continuing activities

Total income comprises £9,405k for unrestricted funds and £3,417k for restricted funds, including subsidiaries and quasi subsidiaries. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 2 to 6 to the accounts. Detailed analysis of the expenditure is provided in the Statement of Financial Activities and notes 7 to 12 to the accounts.

The net surplus for the year of £907k comprises £188k net deficit of Unrestricted Funds and £1,095k net surplus of Restricted Funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 20, which together with the notes to the financial statements on pages 25 to 48, provides full information on the movements during the year on all the funds in the group.

All income and expenditure derives from continuing activities.

Note 1 Reconciliation of Summary Income and Expenditure to Statement of Financial Activities

	2024 £'000	2023 £'000
Total income per page 20	13,438	13,046
Less interest receivable	(243)	(177)
Less total endowment additions	<u>(373)</u>	<u>(765)</u>
Total income per above	<u>12,822</u>	<u>12,104</u>

The notes on pages 25 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
COMPANY BALANCE SHEET
At 31 December 2024

			* Restricted Funds		*		
		Unrestricted	Benefice	Stipends	Other	2024	2023
	Notes	Funds	Buildings	Fund	Restricted	Total	Total
		£'000	& Pastoral	£'000	Funds	£'000	£'000
Fixed Assets							
Tangible assets	18	3,621	80,749	4,597	-	88,967	89,082
Investment assets							
Glebe holding	19	-	-	46,706	-	46,706	47,018
Investments	20	3,511	4,777	10,696	-	18,984	17,909
		7,132	85,526	61,999	-	154,657	154,009
Current Assets							
Debtors	22	2,413	18	1,075	6	3,512	2,712
Balances with Church Commissioners		-	15	-	-	15	14
Central Board of Finance Deposit Fund		205	333	-	-	538	506
Cash /(overdrawn balance) at bank		1,315	(2,027)	4,643	872	4,803	5,083
		3,933	(1,661)	5,718	878	8,868	8,315
Creditors - Amounts							
falling due within one year	24	1,131	60	103	468	1,762	1,785
Net Current Assets		2,802	(1,721)	5,615	410	7,106	6,530
Total Assets Less current liabilities		9,934	83,805	67,614	410	161,763	160,539
Creditors - Amounts falling due after more than one year	25	396	-	-	-	396	394
Net Assets excluding pension scheme asset		9,538	83,805	67,614	410	161,367	160,145
Defined benefit pension scheme asset	28	1,797	-	-	-	1,797	1,441
Net assets after pensions asset		11,335	83,805	67,614	410	163,164	161,586
Fund Balances							
At 31 December 2024	27	11,335	83,805	67,614	410	163,164	161,586

The net movement in funds at company level was £1,578k (2023: £1,434k)

Approved by the Bishop's Council of Trustees on 17 June 2025

and signed on its behalf by

Chair

Mark Jeffries

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Diocesan Secretary

Tim Sweeting

.....

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2024

			* Restricted Funds		* Other		
	Notes	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Restricted Funds £'000	2024 Total £'000	2023 Total £'000
Fixed Assets							
Tangible assets	18	3,621	80,749	4,597	520	89,487	89,599
Investment assets							
Glebe holding	19	-	-	46,706	-	46,706	47,018
Investments	20	3,511	4,777	10,696	854	19,838	18,714
		7,132	85,526	61,999	1,374	156,031	155,331
Current Assets							
Stock	21	-	-	-	106	106	51
Debtors	22	1,605	19	1,076	289	2,989	2,324
Balances with Church Commissioners		-	15	-	-	15	14
Central Board of Finance Deposit Fund		205	333	-	84	622	585
Cash at bank		1,830	(2,027)	4,643	2,659	7,105	8,050
		3,640	(1,660)	5,719	3,138	10,837	11,024
Creditors - Amounts falling due within one year	24	838	60	103	2,391	3,392	4,181
Net Current Assets		2,802	(1,720)	5,616	747	7,445	6,843
Total Assets Less current liabilities		9,934	83,806	67,615	2,121	163,476	162,174
Creditors - Amounts falling due after more than one year	25	396	-	-	-	396	394
Net Assets excluding pension scheme asset		9,538	83,806	67,615	2,121	163,080	161,780
Defined benefit pension scheme asset	28	1,797	-	-	-	1,797	1,441
Net assets after pensions asset		11,335	83,806	67,615	2,121	164,877	163,221
Fund Balances							
At 31 December 2024 (page 20)	27	11,335	83,806	67,615	2,121	164,877	163,221

Approved by the Bishop's Council of Trustees on 17 June 2025

and signed on its behalf by

Chair

Mark Jeffries

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Diocesan Secretary

Tim Sweeting

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NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2024

	2024 £'000	2023 £'000
Net cash (outflow) from operating activities	<u>(3,077)</u>	<u>(3,334)</u>
Cash flows from investing activities		
Dividends, interest and rent from investments	1,673	1,508
Interest paid	(9)	(9)
Proceeds from the sale of tangible fixed assets	1,146	2,923
Purchase of tangible fixed assets	(676)	(3,354)
Proceeds from the sale of investments	8,511	14,171
Purchase of investments	(8,475)	(14,213)
Net cash provided by investing activities	<u>2,170</u>	<u>1,026</u>
Cash flows from financing activities		
Loans (advanced by)/repaid to the Board	-	(24)
Loans (repaid to)/repaid by the Company	-	(164)
Net cash provided by financing activities	<u>-</u>	<u>(188)</u>
Change in cash and cash equivalents in the reporting period	(907)	(2,496)
Cash and cash equivalents at 1 January 2024	<u>8,649</u>	<u>11,145</u>
Cash and cash equivalents at 31 December 2024	<u><u>7,742</u></u>	<u><u>8,649</u></u>
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure)	432	186
Depreciation	15	16
Interest paid	9	9
Net gain on the sale of fixed assets	(373)	(765)
Dividends, interest and rent from investments	(1,673)	(1,508)
(Increase) in stock	(55)	(25)
(Increase)/decrease in debtors	(821)	(868)
(Decrease) in creditors	(633)	(277)
FRS 102 Non-cash pension disclosures	22	(102)
Net cash (used in)/provided by operating activities	<u>(3,077)</u>	<u>(3,334)</u>
Analysis of cash and cash equivalents/net debt (consolidated)		
	At 1 January 2024 £'000	Cashflow £'000
Cash and cash equivalents:		At 31 December 2024 £'000
Cash in hand	8,050	(945)
Current asset investments	599	38
	<u>8,649</u>	<u>(907)</u>
Borrowings:		
Due within one year	<u>(394)</u>	<u>(2)</u>
Total	<u><u>8,255</u></u>	<u><u>7,346</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102). The Board constitutes a Public benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable, which includes amounts received in respect of the year up to the following 31 January.
- ii) **Rent** receivable is recognised as income in the period to which it relates. Glebe rents are collected by the Board and the income, net of related expenditure, is paid by instalments to the Church Commissioners in accordance with the Endowments and Glebe Measures 1976. The amounts received by the Church Commissioners are then credited to the Stipends Fund. Glebe rents are shown gross in the Statement of Financial Activities.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate, which include assigned fees received in respect of the year up to the following 31 January.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the Board's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

1. Accounting policies (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.**

The Church of England Funded Pension Scheme

The Board participates in the Church of England Funded Pension Scheme for stipendiary clergy. This 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.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that the contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

The Board's Defined Benefit Scheme

The Board's pension scheme provides benefits for other full-time staff based on final pensionable pay. This is closed to new entrants. The assets of the scheme are held separately from those of the Board, being invested with Aviva. Defined benefit pension liabilities are measured using the projected unit credit method and discounted at the valuation rate of interest on a high quality corporate bond of equivalent term and currency to the liability. Under FRS 102 it is permissible to review and update the most recent actuarial valuation results, any net liability arising based on these valuations is the best estimate of the present value of the actual amounts to be paid out of the scheme, less the market value of the scheme assets.

The increase in the present value of the liabilities of the Board's defined benefit pension scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The net interest on the scheme liabilities is also charged to the Statement of Financial Activities. Actuarial gains and losses are recognised in the Statement of Financial Activities.

Group Personal Pension Plan

A group personal pension scheme was set up on 1 January 2002 and the costs of providing this are charged to the Statement of Financial Activities as they become payable.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2024

1. Accounting policies (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Board has followed the requirements of FRS102, in its accounting treatment for benefice and pastoral properties (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are carried at their pre-existing balance sheet revaluation as deemed cost (see paragraph above). Each year end the loan is carried at an index linked current valuation basis.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated, apart from computer software which is written off in the year of purchase. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Office and other equipment	25% / 33.33% straight line
Motor vehicles	25% reducing balance

e) Other accounting policies

i) Fixed asset investments

The Glebe holding, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022. This valuation, which represents an average of £8,146 per acre, is updated every five years. Details of the cost of the majority of the Glebe property is not available. Listed investments are included at their market value. Unlisted investments are included at valuations provided by the Fund Managers concerned. Subsidiary companies are included at fair value and any changes are recognised in the SOFA.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2024

1. Accounting policies (continued)

ii) Diocesan Stipends

All stipends are paid by the Church Commissioners with funds provided by the Diocese. Allocations, guaranteed annuities and grants from the Church Commissioners, net Glebe rents and other attributable income received by the Church Commissioners are credited to the Stipends Fund.

iii) Diocesan Parsonages Fund

All transactions relating to the Diocesan Parsonages Fund are included under the appropriate headings in the Capital and General Fund column of the Board's Statement of Financial Activities.

iv) Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

v) Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

vi) Cash at Bank

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

vii) The Diocese of Norwich Consolidated Education Endowments

The Diocese contributes towards the repairs and capital expenditure on schools and the costs are shown net of grants receivable. This grant system has now ceased for new projects and has been replaced by the Voluntary Aided Schools pooling arrangement. Grants shown in the Statement of Financial Activities relate to existing projects commenced under Consolidated Education Endowments.

viii) Financial Instruments

The Board 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 transaction value and then measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

f) Fund balances

Fund Balances are split between unrestricted (general and designated) and restricted funds.

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Bishop's Council of Trustees. There are two types of unrestricted funds:
 - **General funds** which the Board intends to use for the general purposes and
 - **Designated funds** set aside out of unrestricted funds by the Board for a purpose specified by the Bishop's Council of Trustees

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2024

1. Accounting policies (continued)

f) Fund balances (continued)

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the Report of the Bishop's Council of Trustees.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage House and Schools endowment funds administered by the Board, there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds such as the Stipends Capital Fund, where there is no provision for expenditure of capital are classified as permanent endowment.

g) Consolidated accounts

For the purposes of the Consolidated Statement of Financial Activities and Balance Sheet which appear alongside those of the Board itself, the Board's subsidiaries and quasi subsidiaries are considered to be Spire Support Services Ltd, NDBF (Easton) Ltd, Norwich Glebe Property Ltd, The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The results of the subsidiaries and quasi subsidiaries are consolidated on a line by line basis within 'other restricted funds'.

h) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist in relation to going concern.

The Trustees have assessed the long-term going concern risks arising from the COVID-19 pandemic and cost-of-living increases, including cashflow, investment values and staffing. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

i) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model.

j) Redundancy costs

Where an obligation to make redundancy or termination payment arises, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits.

k) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. This includes the recognition of parish share (as per a. i) above), the recognition of pension scheme assets and liabilities (as per b. v) above), the valuation of properties (as per c. above) and the valuation of the Glebe holding (as per e. i) above).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

		* Restricted Funds *				
	Unrestricted Funds	Benefice Buildings & Pastoral	Stipends Fund	Other Restricted Funds	Total Funds	Total Funds
	£'000	£'000	£'000	£'000	2024 £'000	2023 £'000
2. Income from Donations						
Parish contributions						
Parish share						
Current year's allocation	8,305	-	-	-	8,305	8,065
Shortfall in contributions	(1,607)	-	-	-	(1,607)	(1,421)
Total income	<u>6,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,698</u>	<u>6,644</u>
Total parish share receipts for the current year represent 80.7% of the allocation (2023: 82.4%)						
Archbishops' Council						
Lowest income communities and transition funding	-	-	1,169	-	1,169	1,226
Resourcing Ministerial Education	-	-	-	17	17	82
Strategic Development Funding	-	-	-	313	313	116
Sustainability Funding	16	-	-	-	16	-
Strategic Capacity Funding	29	-	-	-	29	96
Strategic Ministry Funding	245	-	-	-	245	230
SMMI Funding	157	-	-	-	157	11
Grant towards PCR2 costs	-	-	-	-	-	6
	<u>447</u>	<u>-</u>	<u>1,169</u>	<u>330</u>	<u>1,946</u>	<u>1,767</u>
Other donations						
Benefact Trust Grant	96	-	-	-	96	111
Anne French Memorial Trust	132	-	-	-	132	125
Keswick Hall Charity	4	-	-	-	4	68
Roof Alarm Appeal	-	-	-	-	-	-
Donated property	215	-	-	-	215	-
Other donations	292	-	23	8	323	57
	<u>739</u>	<u>-</u>	<u>23</u>	<u>8</u>	<u>770</u>	<u>361</u>
3. Income from Charitable activities						
Statutory fees and chaplaincy income	528	-	2	-	530	591
Other Board income	126	1	-	1	128	197
	<u>654</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>658</u>	<u>788</u>
4. Income from Other activities						
Rental income from parsonages and closed schools	757	2	-	32	791	616
Trading income						
Property support services	-	-	-	322	322	243
Sale of option Easton development	-	-	-	115	115	261
Rental income from commercial property	-	-	-	50	50	50
Income from recharged support services	39	-	-	-	39	41
	<u>796</u>	<u>2</u>	<u>-</u>	<u>519</u>	<u>1,317</u>	<u>1,211</u>
5. Income from Investments						
Dividends receivable	71	181	357	29	638	515
Interest receivable	240	-	3	-	243	177
Glebe rents receivable (note 16)	-	-	792	-	792	816
	<u>311</u>	<u>181</u>	<u>1,152</u>	<u>29</u>	<u>1,673</u>	<u>1,508</u>
6. Other income						
Gains on disposal of property	-	82	291	3	376	767
	<u>-</u>	<u>82</u>	<u>291</u>	<u>3</u>	<u>376</u>	<u>767</u>
Total income	<u><u>9,645</u></u>	<u><u>266</u></u>	<u><u>2,637</u></u>	<u><u>890</u></u>	<u><u>13,438</u></u>	<u><u>13,046</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

for the year ended 31 December 2024						
	* Restricted Funds *					
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
7. Expenditure on raising funds						
Investment management costs						
Glebe management charges	-	-	195	-	195	144
Trading expenses						
Property support services	-	-	-	458	458	274
Easton development	-	-	-	-	-	261
Commercial property	-	-	-	22	22	49
	-	-	195	480	675	728
8. Expenditure on charitable activities						
Contributions to Archbishop's Council						
Training for ministry	447	-	-	-	447	351
National Church responsibilities	279	-	-	-	279	271
Grants and provisions	-	-	-	-	-	8
	726	-	-	-	726	630
Expenditure on resourcing ministry and mission						
Parish ministry:						
Stipends and national insurance	2,582	-	2,116	-	4,698	4,498
Pension contributions	975	-	-	-	975	1,025
Housing costs	2,069	24	-	-	2,093	2,127
Removal, resettlement and other grants	167	-	-	-	167	138
Other expenses	181	-	-	-	181	161
	5,974	24	2,116	-	8,114	7,949
Support for parish ministry	2,790	-	-	-	2,790	2,225
Resourcing Ministerial Education	-	-	-	58	58	96
Roof Alarm Appeal	-	-	-	-	-	-
Church Planting and Revitalisation	-	-	-	156	156	311
	2,790	-	-	222	3,012	2,632
Expenditure on education						
Support for church schools	434	-	-	-	434	446
Grants	-	-	-	45	45	475
	434	-	-	45	479	921
Total expenditure on charitable activities	9,924	24	2,116	267	12,331	12,132
Total expenditure	9,924	24	2,311	747	13,006	12,860
9. Analysis of expenditure including allocation of support costs						
	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2024 £'000	Total 2023 £'000	
Raising funds	675	-	-	675	728	
Contributions to Archbishop's Council	726	-	-	726	630	
Resourcing Ministry and Mission	9,232	64	1,821	11,117	10,551	
Education, Youth Children and Families	434	45	-	479	921	
Church Buildings Commission	-	-	-	-	13	
Parish Giving Scheme	9	-	-	9	17	
	11,076	109	1,821	13,006	12,860	

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

		* Restricted Funds *			Total Funds	Total Funds
	Unrestricted Funds	Benefice Buildings & Pastoral	Stipends Fund	Other Restricted Funds	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
10. Analysis of support costs						
Central administration and office property costs (inc. final salary pension adjustments and externally funded roles)	1,598	-	-	-	1,598	1,492
Governance:						
Amounts paid to auditor:						
External audit	32	-	-	7	39	36
Accountancy	16	-	-	-	16	6
Registrar, Chancellor, PCR2 review and HR	159	-	-	-	159	132
Synodical costs	9	-	-	-	9	12
	1,814	-	-	7	1,821	1,678

11. Analysis of grants made				Total	Total
	Individuals	Institutions		2024	2023
	£'000	£'000		£'000	£'000
Included within:					
Contributions to the Archbishop's Council	-	667		667	571
Education and training grants	59	-		59	59
Resourcing ministry and mission:					
Resettlement and first incumbency grants	167	-		167	138
Support for parish ministry					
Resourcing Ministerial Education	17	-		17	96
Church quinquennial inspections	-	53		53	46
PCC Faculty fees	-	25		25	28
Repair and reordering of redundant churches	-	-		-	5
Sharing good news grants	-	11		11	7
Continuing Ministerial Development	11	-		11	8
Norfolk and Waveney Churches Together	-	3		3	3
Church Planting and Revitalisation	-	122		122	48
Board for Social Responsibility grants	-	22		-	-
Net Zero Carbon quick wins	-	19		-	-
Net Zero Demonstrator grants	-	40		-	-
Minor repair claims and improvements grants	110	-		-	-
Education					
CEE grants to schools and academies	-	45		45	476
	364	1,007		1,180	1,485

12. Staff costs

Staff costs were as follows:	2024	2023
	£'000	£'000
Gross salaries	1,725	1,378
Social security costs	166	130
Redundancy	-	-
Pension contributions	266	198
Lump sum contributions and advisory costs	10	65
Health insurance contributions	14	10
	2,181	1,781

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

12. Staff costs (continued)

	2024	2023
The average head count of total employees:	<u>52</u>	<u>53</u>
The average number of employees, based on full-time equivalents were as follows:		
Resourcing ministry		
Support for parish ministry (externally funded 2024: 6, 2023: 6)	24	25
Safeguarding	3	3
Counsellor	1	1
Property	5	5
Parochial lay staff	3	3
Church Planting and Revitalisation	4	4
Education, youth, families and children	5	6
Spire Support Services Limited	6	4
	<u>51</u>	<u>51</u>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) exceeded £60,000 were:

	2024	2023
£60,000 - £70,000	1	2
£70,000 - £80,000	1	1
£80,000 - £90,000	1	1
£90,000 - £100,000	1	-

Pension contributions amounting to £31k were made in the year for the provision of money purchase benefits for the above employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Bishop's Council of Trustees, for planning, directing and controlling the activities of the diocese. During 2024 they were:

The Diocesan Secretary and Chief Executive, the Director of Property Services, the Director of Education, the Director of Finance, and the Director of Mission and Ministry. Remuneration (including employers National Insurance, pension costs and benefits-in-kind) and expenses for these employees amounted to £392.5k (2023: £363.7k).

Trustees Remuneration

No remuneration has been paid to any member of the Bishop's Council of Trustees in their capacity as Trustees (2023: £NIL). One member was reimbursed for travel and incidental costs incurred in undertaking their Trustee duties totalling £23 (2023: two members, £47).

During the year the Board made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing/housing rental provided by the Norwich Diocesan Board of Finance Limited during the year:

	Stipend	Housing
The Ven. Steven Betts	Yes	Yes
The Rt. Revd. Ian Bishop	No	Yes
The Ven. Catherine Dobson	Yes	Yes
The Ven. Keith James	Yes	Yes
The Revd. Matthew Price	Yes	Yes
The Revd. Dr Patrick Richmond	Yes	Yes
The Rt. Revd. Dr Jane Steen	No	Yes
The Revd. Canon Simon Stokes	Yes	Yes
The Revd. Stephen Thorp	Yes	Yes

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

12. Staff costs (continued)

Stipendiary Clergy (continued)

The Board is responsible for funding via the Church Commissioners the stipend of licenced stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	2024	2023
Parochial Clergy: The average number of clergy holding parochial or archidiaconal posts in the diocese was:	142	145
	£'000	£'000
At a cost before recharges of:		
Stipends	4,322	4,151
National Insurance contributions	377	346
Pension contributions	1,035	1,083
	5,734	5,580

The stipends of the Diocesan Bishop and two Suffragan Bishops are funded by the Church Commissioners and are in the range of £42,350 to £51,910. The annual rate of stipend, funded by the Board, paid to Archdeacons in 2024 was in the range of £39,058 to £40,565 and other clergy who were members of the Bishop's Council of Trustees were paid in the range £28,634 to £30,638. The estimated value to the occupant, gross of income tax and national insurance, of church provided housing in 2024 is an average of £15,000 p.a.

13. Net gains/(losses) on investments

	2024	2023
	£'000	£'000
Investments (note 20)		
Realised	471	34
Unrealised - listed	51	401
- unlisted	14	1
Glebe Holding (note 19)		
Realised	312	647
Unrealised	-	-
Net gains/(losses)	848	1,083

14. Net income/(expenditure)

This is after charging:

	2024	2023
	£'000	£'000
Depreciation	15	16

15. Analysis of transfers between funds

	Total 2024 £'000	Total 2023 £'000
General Fund		
Transfer from Stipends Fund to General Fund re Unapplied Total Return (see note 36)	700	-
Stipends Fund		
Transfer from Stipends Fund to General Fund re Unapplied Total Return (see note 36)	(700)	-
	700	-

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

16. Endowments and Glebe Measure, 1976

	2024	2023
Income and Expenditure Account		
	£'000	£'000
Income (note 5)		
Glebe rents and interest receivable	793	818
Expenditure (note 7)		
Repairs	-	-
Surveyor's and Agent's fees	38	55
Legal and other administration charges	157	89
	<u>195</u>	<u>144</u>
Surplus for the year	<u>598</u>	<u>674</u>

17. Taxation

The Board has no liability to corporation tax or capital gains tax.

18. Tangible assets

	* Subject to value linked loans	Freehold Property Glebe	* Benefice and Pastoral	Commercial Property	Other freehold property	Office and other equipment	2024 Consolidated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation							
At 1 January 2024	485	5,253	80,193	755	2,882	186	89,754
Additions	-	-	673	-	-	3	676
Disposals	-	(656)	(117)	-	-	-	(773)
At 31 December 2024	485	4,597	80,749	755	2,882	189	89,657
Accumulated depreciation							
At 1 January 2024	-	-	-	-	-	155	155
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	15	15
At 31 December 2024	-	-	-	-	-	170	170
Net book value							
At 31 December 2024	485	4,597	80,749	755	2,882	19	89,487
At 31 December 2023	485	5,253	80,193	755	2,882	31	89,599
Company							
At 31 December 2024	485	4,597	80,749	240	2,882	14	88,967
At 31 December 2023	485	5,253	80,193	240	2,882	29	89,082

	2024	2023
	£'000	£'000
The net book amount comprises:		
Assets used, or intended to be used, predominantly for direct charitable purposes	87,587	87,689
Assets used for administration and other purposes	1,900	1,910
	<u>89,487</u>	<u>89,599</u>

Commercial property is initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

18. Tangible Fixed Assets - continued

Freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and, as part of the agreement, all or part of the sale proceeds will be repayable on final disposal. These properties are carried at their pre-existing balance sheet revaluation as deemed cost. Each year end the loan is carried at an index linked current valuation basis (note 26).

	2024 £'000	2023 £'000
Glebe Property (mainly residential houses) comprises:		
Houses at valuation as at 1 January 2024	5,253	5,875
Additions	-	827
Disposals	(656)	(1,449)
Valuation as at 31 December 2024	<u>4,597</u>	<u>5,253</u>
Benefice and Pastoral Property comprises -		
Houses -		
At valuation as at 1 January 2024	80,193	78,390
Subsequent additions at cost	673	2,512
Disposals	(117)	(709)
Valuation as at 31 December 2024	<u>80,749</u>	<u>80,193</u>

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Council of Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Property held by the Diocesan Consolidated Education Endowments, comprising school land and buildings including teachers' houses, some of which are let, is vested in the Board. It is not considered appropriate to include these as assets in the balance sheet because they are in the main held in the very long term and their disposal and the right to any proceeds of sale are subject to the agreement of the Local Education Authority.

19. Glebe Land

	£'000
Consolidated	
Valuation at 1 January 2024	47,018
Additions	-
Disposal proceeds	(625)
Profit on disposal	312
Revaluation adjustment	-
Valuation at 31 December 2024	<u>46,705</u>
Company	
Valuation at 31 December 2024	<u>46,705</u>

The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022. This valuation, which represents an average £8,146 per acre, will be updated every five years. Details of the historic cost of the majority of the Glebe holding is not available.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

20. Fixed asset investments

	At 1 January 2024 £'000	Additions £'000	Disposal proceeds £'000	Profit/(loss) on Disposal £'000	Increase in Market value £'000	At 31 December 2024 £'000
Unrestricted Funds						
Listed investments	2,614	783	(801)	80	11	2,687
Unlisted investments	100	-	-	-	-	100
Cash	28	697	-	-	-	725
	<u>2,742</u>	<u>1,480</u>	<u>(801)</u>	<u>80</u>	<u>11</u>	<u>3,512</u>
Restricted Funds						
Listed investments	15,655	6,995	(7,031)	391	40	16,050
Unlisted investments	139	-	-	-	14	153
Cash	178	-	(54)	-	-	124
	<u>15,972</u>	<u>6,995</u>	<u>(7,085)</u>	<u>391</u>	<u>54</u>	<u>16,327</u>
Total	<u>18,714</u>	<u>8,475</u>	<u>(7,886)</u>	<u>471</u>	<u>65</u>	<u>19,839</u>
Company	<u>17,909</u>	<u>7,599</u>	<u>(7,006)</u>	<u>471</u>	<u>12</u>	<u>18,985</u>

	2024 £'000	2023 £'000
The unlisted securities comprise:-		
Shares in the Central Board of Finance - Investment Fund (valued as per the Central Board of Finance)	47	44
COIF Charities Investment Fund Income shares (valued as per COIF Charity Funds)	106	95
Investment in Eastern Landowners Consortium	97	97
Investment in CMCU shares	3	3
	<u>253</u>	<u>239</u>

The historical cost of the above assets is as follows:

Listed securities	17,618	16,759
Unlisted securities	140	140
Cash	<u>849</u>	<u>206</u>
	<u>18,607</u>	<u>17,105</u>

The following shareholdings, at valuation, form a material part of the investment portfolio (i.e. greater than 5% of the total of the Board's consolidated investments).

	2024 £'000	2023 £'000
Invesco Markets	993	-
	<u>993</u>	<u>-</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

	Company		Consolidated	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
21. Stock				
Stock and Work-in-Progress	<u>-</u>	<u>-</u>	<u>106</u>	<u>51</u>
22. Debtors				
Due within one year				
Parish share	447	323	447	323
Assigned fees	64	86	64	86
Prepayments and accrued income	243	240	250	248
Amounts due from Subsidiary undertakings	293	137	-	-
Other debtors	<u>1,951</u>	<u>1,429</u>	<u>2,228</u>	<u>1,667</u>
	2,998	2,215	2,989	2,324
Due after more than one year				
Loans (note 23)	<u>515</u>	<u>497</u>	<u>-</u>	<u>-</u>
	<u>3,513</u>	<u>2,712</u>	<u>2,989</u>	<u>2,324</u>
23. Loans Receivable				
Amounts due from Subsidiary undertakings	<u>515</u>	<u>497</u>	<u>-</u>	<u>-</u>
	<u>515</u>	<u>497</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year	<u>515</u>	<u>497</u>	<u>-</u>	<u>-</u>
24. Creditors - amounts falling due within one year				
Tax and social security costs	41	40	60	53
Other creditors	425	604	1,252	1,743
Accruals and deferred income (note 35)	<u>1,296</u>	<u>1,141</u>	<u>2,080</u>	<u>2,522</u>
	<u>1,762</u>	<u>1,785</u>	<u>3,392</u>	<u>4,318</u>
25. Creditors - amounts falling due after more than one year				
Loans due by the Board (note 26)	<u>396</u>	<u>394</u>	<u>396</u>	<u>394</u>
26. Loans due by the Board				
Church Commissioners Property Loans - Value Linked Loans	396	394	396	394
	<u>396</u>	<u>394</u>	<u>396</u>	<u>394</u>
Amounts falling due after more than one year	<u>396</u>	<u>394</u>	<u>396</u>	<u>394</u>
Interest payable on loans due by the Board	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

27. Summary of fund movements

	Balances at 1 January 2024	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Capital and General	9,609	9,643	(9,907)	700	467	10,512
Designated funds:						
Aided Church Schools						
Buildings Reserve	178	-	-	-	-	178
Diocesan Parsonages Fund	85	-	-	-	-	85
Jane Bailey Bequest	575	2	(17)	-	-	560
	838	2	(17)	-	-	823
Total unrestricted funds	10,447	9,645	(9,924)	700	467	11,335
Restricted funds						
Stipends Fund	67,492	2,637	(2,311)	(700)	497	67,615
Benefice Buildings and Pastoral Fund	83,355	266	(24)	-	209	83,806
Other Restricted Funds						
Margaret Young Fund	242	-	-	-	-	242
Bishops' Fund for Readers in Training	7	1	-	-	-	8
Burning Bush Barn	7	-	-	-	-	7
Mission Strategy	-	8	(8)	-	-	-
Resourcing Ministerial Education	40	17	(57)	-	-	-
Church Planting and Revitalisation	(5)	314	(156)	-	-	153
Subsidiaries and Quasi subsidiaries						
Trading Subsidiaries: (see note 33)						
Non-charitable trading funds	(1)	486	(480)	-	-	5
Consolidated Education Endowments	1,530	59	(46)	-	51	1,594
Trusts	107	5	-	-	-	112
Total other restricted funds	1,927	890	(747)	-	51	2,121
Total restricted funds	152,774	3,793	(3,082)	(700)	757	153,542
Total funds	163,221	13,438	(13,006)	-	1,224	164,877

Unrestricted funds

The Board's Capital and General Funds includes £990,000 relating to capital (2023: £990,000). The General Reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing.

Designated funds

The Aided Church Schools Buildings Reserve represents designated funds set aside for the maintenance and repair of Church schools.

The Diocesan Parsonages Fund represents Parsonage Building Funds held by the Board, which may be applied to either the Benefice Buildings and Pastoral or the Stipends Capital.

The Jane Bailey Bequest was established by the will of the late Miss Sybella Jane Bailey, who died on 16 November 1993. The Board became entitled to this by a Deed of Appointment, dated 14 November 1995 and the assets thereof, consisting of Cavick House and grounds, together with three adjacent dwellings near Wymondham, were vested in the Board with effect from 30 August 1996. Following agreement with the executors of the estate, the property was sold in December 1998. The resulting funds have been used for the provision of archdeacons housing and related housing costs.

Restricted funds

The Stipends Fund derives mainly from the historic Glebe property of the Diocese and is restricted as to its use by Section 35 of the Endowments and Glebe Measure, 1976. The transfer to the general fund represents the release of the unapplied total return (see note 36).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

27. Summary of fund movements (continued)

Restricted funds - continued

The Margaret Young Fund was established by the will of the late Margaret Caroline Young. The Board became entitled to the property Babur Hill Cottage, Bawburgh, on the death of the life tenant on 26 July 2008, and the transfer of ownership took place during 2009. This was subsequently sold in October 2010. The fund is to be used towards the provision of housing for retired clergy.

The Bishops' Fund for Readers in Training was set up by a former Archdeacon of Lynn, John Ashe from a collection in Norwich Cathedral, to provide financial assistance to students.

The Burning Bush Barn was contemplative art space set in the rural village of Rockland St Mary 6 miles south of Norwich City centre. This is currently being re-imagined for future spiritual growth through creative visual art.

To combat the threat of church lead thefts the Bishop of Norwich, the Police and Crime Commissioner for Norfolk, the Norfolk Churches Trust, Allchurches Trust and the Round Tower Churches Society have been working together to find a long-term solution and have created The Roof Alarm Scheme. The appeal raises funds towards the cost of installing alarms on church roofs. Income is released to match expenditure.

Resourcing Ministerial Education is a framework for paying to support Ordinands in initial training which supports diocesan and national ministry strategies, incentivises sponsorship of younger candidates and offers clear links between training choices and financial implications. Block grants are restricted and income is released to match expenditure.

The Church Planting and Revitalisation project began in September 2019, with the aim to create new or revitalised churches across Norfolk and Waveney. At the beginning of 2022 a new re-set of this project was agreed by the Bishop's Council of Trustees and Archbishops' Council, with the plan to continue the work of revitalisation in areas where this is working well and to refocus church planting to enable a defined number of missional communities. The revised total project costs were £1.8m (previously £3.2m) the revised grant funding from Archbishops' Council was £1.23m (previously £1.98m), with the balance being met from Diocesan funds. The project ended as planned at 31 December 2023, with an underspend on the re-set budget of c.£300k. We requested and have obtained approval from Archbishops' Council to extend the programme for a further 12 months to utilise the underspend to strengthen and extend existing ministries showing signs of fruitfulness. We will do this by investing in Youth Ministry, sustaining Sports Ministry, developing Youth Chaplaincy and creating a mission fund in five project areas.

The Benefice Buildings and Pastoral Fund is represented by parsonage and other houses and assets derived from the sale of such houses or churches which have become redundant. The use of pastoral monies is restricted by Section 78 of the Pastoral Measure, 1983. However, the Bishop of Norwich has given the Diocesan Secretary sanction for the use of these funds at his discretion for ministry and mission purposes.

28. Pension costs

The Church of England Funded Pension Scheme

The Norwich Diocesan Board of Finance participates in the Church of England Funded Pension 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 Body.

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 pension costs charged in the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £975k in 2024 (2023: £1,025k), 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 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% pa;

RPI inflation of 3.6% pa (and pension increases consistent with this);

CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments 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% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

28. Pension costs (continued)

The Church of England Funded Pension Scheme (continued)

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded. Previous deficit recovery contributions under the recovery plan were as follows:

% of pensionable stipends	1 January 2021 to	1 January 2023 to
	31 December 2022	31 December 2024
Deficit repair contributions	7.1%	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 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 £'000	2023 £'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, the Norwich Diocesan Board of Finance Limited could become responsible for paying a share of that Responsible Body's pension liabilities.

The Board's Pension Scheme

Norwich Diocesan Board of Finance Limited operates a final salary defined benefit pension plan in the UK, the Norwich Diocesan Board of Finance Limited Pension Scheme. A comprehensive actuarial valuation of the scheme was carried out as at 31 March 2022, this indicated a surplus of £429k when comparing the valuation of the Scheme's assets with the technical provisions of the Scheme. The valuation has been updated to 31 December 2024 by a qualified independent actuary.

Information about the Scheme is set out below consistent with section 28 of FRS 102.

Employee benefit obligations - amounts recognised in the balance sheet:

	2024 £'000	2023 £'000
Present value of funded obligations	1,555	1,694
Fair value of plan assets	3,352	3,135
Net defined benefit asset	1,797	1,441

The pension plan assets do not include property occupied by the sponsoring employer.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

28. Pension costs (continued)

The Board's Pension Scheme (continued)

In addition to the assets reported above, the scheme assets include insurance policies that exactly match the amount and timing of the benefits payable under the Scheme to those current pensioners whose pensions are fully secured in immediate annuity policies. Since the fair value of these insurance policies is deemed to be the present value of the related obligations, both the asset and corresponding liability have been ignored in the disclosures.

The amounts recognised in the Statement of Financial Activities are as follows:

	For year to 31 December 2024 £'000	For year to 31 December 2023 £'000
Current service cost	6	5
Scheme administration expenses	79	18
Interest expense	75	76
Interest income	(138)	(154)
Total cost / (income) recognised in Statement of Financial Activities	22	(55)
Actual return on plan assets	353	(94)

Changes in the present value of the defined benefit obligation are as follows:

	For year to 31 December 2024 £'000
Opening defined benefit obligation	1,694
Current service cost	6
Interest expense	75
Actuarial (gain)/loss	(163)
Benefits paid	(57)
Closing defined benefit obligation	1,555

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

The projected unit method has been used to arrive at the above service cost. The use of this method is prescribed in FRS 102. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. However, as the scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

28. Pension costs (continued)

The Board's Pension Scheme (continued)

Changes in the fair value of plan assets are as follows:

	For year to 31 December 2024 £'000
Opening fair value of plan assets	3,135
Interest income	138
Return on Scheme assets, excluding amounts included in Interest expense/income	215
Expenses paid	(79)
Contributions by employer	-
Benefits paid	(57)
Closing fair value of plan assets	<u>3,352</u>

FRS 102 states that the reconciliation of changes in the fair value of plan assets need not be presented for prior periods.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2024 % total plan assets	2023 % total plan assets
Unitised with profits policy	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

a) Financial assumptions		2024	2023
Discount rate		5.35% pa	4.50% pa
RPI inflation assumption		3.25% pa	3.10% pa
CPI inflation assumption		2.95% pa	2.80% pa
Future salary increases		3.25% pa	3.10% pa
Pension increases in payment (RPI - maximum 5%)		3.00% pa	2.90% pa
(CPI - maximum 2.5%)		1.95% pa	1.90% pa
b) Demographic assumptions			
Assumed life expectancy in years, on retirement at 65:		2024	2023
Retiring today	Males	21.1	21.1
	Females	23.7	23.6
Retiring in 20 years	Males	22.4	22.3
	Females	25.1	25

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

29. Redundant Churches

The Board was responsible for the care and maintenance of 3 redundant churches during the year (2023: 3). The cost to the Board in 2024 was £Nil (2023: £4,647).

No value has been attributed to these churches on the grounds that it is not material having regard to the liability for repair.

30. Voluntary Aided Schools pooling arrangement

In April 2006 the DFE made voluntary aided school annual devolved formula capital grants available to schools in advance of project spend. A significant number of Diocesan education and finance staff are involved in administering the projects and use of the funds received.

A summary of the transactions between 1 January 2024 and 31 December 2024 is detailed below:

	2024 £'000	2023 £'000
Cash held at 1 January 2024	388	774
Grants received from DFE	155	180
Payments on behalf of Schools	(247)	(566)
Cash held at 31 December 2024	<u>296</u>	<u>388</u>

These grants belong to the individual schools in the pooling arrangement and are not included in the consolidated accounts of Norwich Diocesan Board of Finance Limited.

31. Related party transactions

Transactions with the Ministry division and the Board of Education are included with the Unrestricted Funds in the Statement of Financial Activities. Consolidated Education Endowments is included as a Restricted Fund in the Statement of Financial Activities.

Norwich Diocesan Board of Finance Ltd is Managing or Custodian Trustee for approximately 1,800 Trusts. Where Norwich Diocesan Board of Finance Ltd is Managing Trustee, these trusts are included as a quasi subsidiary in the Statement of Financial Activities.

The Board co-operates closely with The Horstead Centre. The Board leases the Horstead Conference Centre to the Horstead Centre over a fifty year lease at £12 per annum. The market value of this rent is £18,000 per annum. During the year £5,660 was recharged to Norwich Diocesan Board of Finance Limited by the Horstead Centre in respect of event costs (2023: £3,914), with £Nil outstanding at the year end (2023: £3,003). Nothing was charged to the Horstead Centre by the Board in 2024 (2023: £Nil).

The Board operates closely with The Diocese of Norwich Education and Academies Trust (DNEAT), with some of the Trustees of the Board being Members of the Trust and some of the employees of the Board being Trustees of the Trust. £6,445 (2023: £3,009) was recharged to The Diocese of Norwich Education and Academies Trust (DNEAT) in 2024 by the Consolidated Education Endowments Fund (CEE) and the Norwich Diocesan Board of Finance Ltd, with £6,445 outstanding at the year end (2023: £1,730). £Nil (2023: £172,602) was charged to the Norwich Diocesan Board of Finance and CEE with respect to contribution to services and contributions to closed school sites with £Nil (2023: £171,000) outstanding at the year end.

The Board operates closely with St Benet's Multi-Academy Trust, with some of the Trustees of the Board being Members of the Trust and some of the employees of the Board being Trustees of the Trust. £Nil (2023: £nil) was recharged to St Benet's Multi-Academy Trust by the Norwich Diocesan Board of Finance Ltd in 2024, with £Nil (2023: £nil outstanding at the year end. £1,232 (2023: £253,215) was charged to the Norwich Diocesan Board of Finance and CEE with respect to contribution to services and training costs with £1,232 (2023: £252,000) outstanding at the year end.

The Diocese of Norwich Education Support Company (DONESC) supports both The Diocese of Norwich Education and Academies Trust and St Benet's Multi-Academy Trust. £Nil was recharged to The Diocese of Norwich Education Support Company (DONESC) (2023: £nil), with £nil outstanding at the year end (2023: £nil). £80,851 was charged by DONESC with respect to Headteacher recruitment support and RE Lead Support (2023: £82,414), with £Nil outstanding at the year end (2023: £27,425).

Some of the Trustees of the Board are also Trustees of the Anne French Memorial Trust. £67,063 was recharged to The Anne French Memorial Trust in 2024 (2023: £46,761), with £21,520 outstanding at the year end (2023: £14,304). Grants totalling £45,775 were given towards clergy housing costs, mediation and DBE administration, this income is released to match expenditure (2023: £35,000). A grant of £4,000, given towards Generous Giving Advisors and Strategic Programme Management, has been accrued to match expenditure. A deferred grant from 2023 totalling £29,230, given towards energy efficiency housing costs, has been released to match expenditure. A deferred grant from 2022 totalling £21,000 towards a pastoral issue has been deferred again to 2025. Grants of £46,804 were made in 2024 towards Environment projects, of this £12,765 has been deferred to 2025.

The Diocese of Norwich Churches Trust was established during 2015. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs. Some of the Trustees of the Board are also trustees of this Trust. Nothing was due at the year end to the Trust by the Norwich Diocesan Board of Finance Limited in respect of fees (2023: £nil).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

32. Capital commitment

There are no known capital commitments.

33. Subsidiary Undertakings

All subsidiary undertakings are included within restricted funds.

(a) Spire Support Services Limited

Spire Support Services Limited is a wholly owned subsidiary of Norwich Diocesan Board of Finance Limited, incorporated on 19 May 2011.

	2024 £'000	2023 £'000
Net profit/(loss) (before tax and Corporate Gift Aid) for the year ended 31 December	<u>23</u>	<u>(1)</u>
Transactions between Spire Support Services Limited and Norwich Diocesan Board of Finance Limited are as follows:		
	2024 £'000	2023 £'000
Expenses paid on behalf of Spire Support Services Limited (inc. recharges)	<u>293</u>	<u>137</u>
Amounts owing by Subsidiary undertaking at 31 December 2024 (debtor)	<u>293</u>	<u>137</u>
Shareholders Equity/(Deficit)	<u>5</u>	<u>-</u>

During the year Spire Support Services Limited collected rental income net of 8% commission plus VAT of £685,072 (2023: £464,502). Spire Support Services charged Norwich Diocesan Board of Finance Limited (inc. CEE) £124,147 inc VAT for design, surveying services and Church Quinquennials (2023: £18,105), with £Nil outstanding at the year end (2023: £611). Norwich Diocesan Board of Finance Limited charged Spire Support Services £11,445 for management oversight, financial services, office rental and loan interest (2023: £20,316). £17,042 will be paid in corporate gift aid to Norwich Diocesan Board of Finance Ltd within nine months of the year end. The accounts for Spire Support Services Limited for the year ended 31 December 2024 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(b) NDBF (Easton) Limited

NDBF (Easton) Limited was incorporated on 4th April 2014 to be part of a land-owners consortium for property development in the village of Easton. During 2018 8.604 acres of Glebe land was transferred to NDBF (Easton) Limited from Norwich Diocesan Board of Finance Limited at a valuation of £54,966, being £6,388.22 per acre.

	2024 £'000	2023 £'000
NDBF Easton Limited net profit for the period ended 31 December	<u>115</u>	<u>261</u>

£114,927 will be paid in corporate gift aid to Norwich Diocesan Board of Finance Ltd within nine months of the year end. The accounts for NDBF Easton Limited for the year ended 31 December 2024 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(c) Norwich Glebe Property Limited

Norwich Glebe Property Limited was incorporated on 26 February 2016 and was set up in order to hold commercial glebe property.

	2024 £'000	2023 £'000
Norwich Glebe Property Limited net profit for the year ended 31 December	<u>28</u>	<u>29</u>

During the year Norwich Diocesan Board of Finance Limited collected rental income and expenses net of VAT of £49,929 on behalf of Norwich Glebe Property Limited, paid costs of £4,160 (2023: £3,779) and charged loan interest of £17,458 (2023: £16,661) to Norwich Glebe Property Limited. Norwich Glebe Property Limited will gift the above net profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Norwich Glebe Property Limited for the year ended 31 December 2024 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

34. Financial Instruments

2024
£'000

2023
£'000

The carrying amounts of the company's financial instruments are as follows:

Financial assets

Measured at fair value through net income/expenditure:

Fixed asset listed investments (note 20)	18,737	18,269
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35. Deferred income (note 24)

Deferred income brought forward at 1 January 2024	2,342	2,531
Deferred income (released)/added during the year	(418)	(189)
Deferred income carried forward at 31 December 2024	1,924	2,342

Deferred income relates to funds received for specific projects which are deferred until the expenditure is incurred.

36. Total return investment

Endowment £'000	Unapplied Total Return £'000	Total £'000
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As at 1 January 2024

Base value of the permanent endowment:

Glebe land	16,388	-	16,388
Glebe investments	8,416	-	8,416
Unapplied total return	-	32,791	32,791

Total	24,804	32,791	57,595
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Movements in the accounting period:

Dividends received	-	300	300
Realised and unrealised investment gains/(losses)	-	497	497
Investment management fees	-	(66)	(66)
Indexation of base level of investments:			
Glebe land	566	(566)	-
Glebe investments	291	(291)	-

Unapplied total return allocated to income	-	(700)	(700)
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Net movements in the accounting period	857	(826)	31
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As at 31 December 2024

Base value of the permanent endowment:

Glebe land	16,954	-	16,954
Glebe investments	8,707	-	8,707
Unapplied total return	-	31,965	31,965

Total	25,661	31,965	57,626
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NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

37. Prior year comparative Statement of Financial Activities

	* Restricted Funds *				
	Unrestricted Funds	Benefice Buildings & Pastoral	Stipends Fund	Other Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000	2023 £'000
Income and endowments from					
Donations					
Parish contributions	6,644	-	-	-	6,644
Archbishops' Council	343	-	1,226	198	1,767
Other donations	361	-	-	-	361
Charitable activities	784	2	2	-	788
Other activities	638	5	-	-	643
Investments	223	147	1,114	-	1,484
Other sources	-	281	484	-	765
Total income	8,993	435	2,826	198	12,452
Expenditure on					
Raising funds	-	-	144	-	144
Charitable activities	9,080	18	2,151	407	11,656
Total expenditure	9,080	18	2,295	407	11,800
Net income/(expenditure) before investment gains	(87)	417	531	(209)	652
Net gains on investments	64	146	846	-	1,056
Net income/(expenditure)	(23)	563	1,377	(209)	1,708
Transfers between funds	-	-	-	-	-
Other recognised gains/(losses)					
Adjustment of value linked loans	22	-	-	-	22
Actuarial gain on defined benefit pension scheme	(296)	-	-	-	(296)
Net movement in funds	(297)	563	1,377	(209)	1,434
Reconciliation of funds					
Total funds at 1 January 2023	10,744	82,792	66,115	501	160,152
Total funds at 31 December 2023	10,447	83,355	67,492	292	161,586

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

38. Statement of Financial Activities at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* Restricted Funds *				Total Funds	<i>Total Funds</i>
	Unrestricted	Benefice	Stipends	Other	2024	<i>2023</i>
	Funds	Buildings	Fund	Restricted	£'000	<i>£'000</i>
	£'000	& Pastoral	£'000	Funds		
	£'000	£'000	£'000	£'000		
Income and endowments from						
Donations						
Parish contributions	6,698	-	-	-	6,698	<i>6,644</i>
Archbishops' Council	447	-	1,168	330	1,945	<i>1,767</i>
Other	739	-	23	8	770	<i>361</i>
Charitable activities	655	1	2	1	659	<i>788</i>
Other activities	796	2	-	-	798	<i>643</i>
Investments	311	181	1,152	-	1,644	<i>1,484</i>
Other sources	-	82	291	-	373	<i>765</i>
Total income	9,646	266	2,636	339	12,887	<i>12,452</i>
Expenditure on						
Raising funds	-	-	195	-	195	<i>144</i>
Charitable activities	9,924	24	2,116	221	12,285	<i>11,656</i>
Total expenditure	9,924	24	2,311	221	12,480	<i>11,800</i>
Net (expenditure)/income before investment gains	(278)	242	325	118	407	<i>652</i>
Net gains/(losses) on investments	90	208	497	-	795	<i>1,056</i>
Net income/(expenditure)	(188)	450	822	118	1,202	<i>1,708</i>
Transfers between funds	700	-	(700)	-	-	<i>-</i>
Other recognised gains/(losses)						
Adjustment of value linked loans	(2)	-	-	-	(2)	<i>22</i>
Actuarial gain/(loss) on defined benefit pension scheme	378	-	-	-	378	<i>(296)</i>
Net movement in funds	888	450	122	118	1,578	<i>1,434</i>
Reconciliation of funds						
Total funds at 1 January 2024	10,447	83,355	67,492	292	161,586	<i>160,152</i>
Total funds at 31 December 2024	11,335	83,805	67,614	410	163,164	<i>161,586</i>

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 249318

Accounts

Annual Report and Financial Statements 2023

Norwich Diocesan Board of Finance Limited

Supporting the mission and ministry
of the Diocese of Norwich

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

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NORWICH DIOCESAN BOARD OF FINANCE LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

**The Bishop's Council of Trustees
(Board of Directors)
as at 10 June 2024**

Mark Jeffries (Chairman)
Mark Allbrook
The Ven. Steven Betts
The Rt. Revd. Ian Bishop (appointed 29 September 2023)
The Very Revd. Dr Andrew Braddock
Paul Cracknell
The Ven. Catherine Dobson
Virginia Edgecombe
Catherine Howe (appointed 13 July 2023)
The Ven. Keith James
Kandara Kammoun
Susan Martin
The Revd. Matthew Price
The Revd. Dr Patrick Richmond
Angela Robson
The Rt. Revd. Dr Jane Steen
The Revd. Canon Simon Stokes
Patricia Temple-Crowe
The Revd. Stephen Thorp
The Rt. Revd. Graham Usher
Thompson Zulu

Diocesan Secretary (Chief Executive)

Tim Sweeting

Director of Finance

Susan Bunting BFP FCA

Registered Office

Diocesan House, 109 Dereham Road, Easton, Norwich
NR9 5ES

Norwich Diocesan Board of Finance Ltd
Spire Support Services Ltd
NDBF Easton Ltd
Norwich Glebe Property Ltd

Company Registration Number

00088175

Charity Registration Number

249318

Auditor

Lovewell Blake LLP, Bankside 300, Peachman Way,
Broadland Business Park, Norwich, NR7 0LB

Bankers

Barclays Bank plc, 3 St James Court, Norwich, NR3 1RJ

Insurers

Ecclesiastical Insurance (Benefact Group), Benefact
House, 2000 Pioneer Avenue, Gloucester Business Park,
Brockworth Gloucester, GL3 4AW

Solicitors

Birketts LLP, Kingfisher House, 1 Gilders Way, Norwich,
NR3 1UB
Anthony Collins Solicitors LLP, 134 Edmund Street,
Birmingham. B3 2ES

**Investment Advisors and
Stockbrokers**

LGT 14 Cornhill, London EC3V 3NR
CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6EE
JM Finn & Co, 4 Coleman Street, London, EC2R 5TA

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises of dioceses of which there are 42 in England.

Each diocese in England is divided into parishes. Each parish is overseen ecclesiastically by a parish priest if not an 'incumbent' (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords making a major contribution to Parliament's work. They are known as Lords Spiritual.

The Church of England is episcopally-led (there are some 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The National Church Institutions

There are seven national administrative bodies that work together to support the mission and ministries of the Church. These are called National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, today spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Lambeth Palace is the NCI accommodating the home and office of the Archbishop of Canterbury.

Bishopthorpe Palace is the NCI accommodating the home and office of the Archbishop of York.

The National Society for Promoting Religious Education is the Education Department for the Church of England.

The Church of England Central Services look after the national HR, Finances and Resources, IT, Legal, Communications, and Record Centre.

The Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, the Cathedral, Norwich.

The information about General Synod, the Church Commissioners, the Archbishops' Council, the other NCI's and Norwich Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND (continued)

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation from across the diocese. The Synod has broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- where appropriate, give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council (now a function of the Bishop's Council of Trustees) has the following functions:

- To act as the Standing Committee of Diocesan Synod and to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy, including effective communication of priorities, strategies and policies;
- To oversee and co-ordinate the work of all Diocesan Boards, Committees, Forums, Working Groups and responsible individuals; to ensure regular reporting to the Bishop's Council and/or Diocesan Synod as appropriate;
- To receive an annual report from the Independent Chair of the Diocesan Safeguarding Advisory Panel about the panel's work and an assessment of all aspects of safeguarding within the diocese;
- To oversee and review the workings of the Synodical process, with particular attention to the connection between Deanery, Diocesan and General Synods;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which - broadly - is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a corporate charity, and all those not exceeding £100,000 annual gross income are currently excepted from registration with the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent in holy orders who as such is a Church beneficiary and typically receives a stipend and the benefit of free occupation and use of a parsonage house at the behest of the Bishop for the purpose of carrying out specified spiritual duties.

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. The diocese is then the principal pastoral and, by means of its Board of Finance, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2023

Introduction

The combination of tireless work across our parishes, and the skills of a hugely dedicated Parish Support Team, enabled the Diocese broadly to withstand the financial pressures that it inevitably encountered in 2023. Levels of parish share held up relatively well but remain below pre-pandemic levels. As a result, inflationary pressures were even more acute. Expenditure has been well-contained but is flattered by savings resulting from clergy vacancies which, despite best endeavours to recruit, remain unfilled.

Income and expenditure

As you will see from the accounts, in 2023 the Diocese received a total of £6.644m in Parish Share, 82.4% of the amount requested. This is an impressive achievement but remains below the pre-pandemic level of £7 million and is slightly less than the amount received in 2022. We continue to give thanks for the very committed and often sacrificial giving by many parishes, particularly within the national context of financial uncertainty and the rising cost of living. The financial impact of these factors varies highly from parish to parish.

Parish Share is the primary source of income to facilitate mission and ministry across the Diocese. This is invested in resourcing front line ministry – primarily clergy stipends, training, pensions and housing costs. The full cost of ministry in the Diocese in 2024 equates to £70,420 per year for each stipendiary incumbent status clergy post. In contributing to the cost of ministry through the parish share, parishes are not simply buying in a service or paying someone to take services. On the contrary, church members are contributing to a ministry to the whole parish, including those who come to church regularly and those who do not.

The Diocesan Board of Finance invests heavily in future ministry through vocational discernment, training and equipping ordained and lay ministers for the future, as well as supporting parishes in many areas such as safeguarding, mission and ministry, finance, HR, care of church buildings, property and housing, Generous Giving, education, youth, children and families. The support available to our parishes is extensive and we encourage them to contact members of the Parish Support Team for help and advice.

The Diocesan financial statements are complex and include the consolidation of trading subsidiaries, large year-end pension revaluations, and stock market movements. This makes it difficult to see the true operating position. We have therefore included a summary on page 7 in the appendix to this report which shows that the operating deficit for 2023, excluding year end pension scheme revaluations, movement in stock market valuations, property sales, support of restricted projects, and subsidiary company results, is £87k (2022: £50k).

We have continued to work hard to put the finances of the Diocese on a sustainable footing, but I must urge some caution when looking at the operating results. I highlight the following:

- Average stipendiary clergy numbers were 15 posts below budget and therefore we have more vacancies in stipendiary posts than planned. This has reduced costs temporarily until the posts are filled. Every effort is being made to fill vacant posts and we expect to see an increase in costs attributable to them. Had we filled the posts during 2023, then we would have seen a significant deficit, as income has not increased.
- Housing costs for our clergy increased significantly (£753k). Part of this relates to catch-up work after the pandemic and it also reflects increased prices for materials and labour. This has continued in 2024 and will continue in 2025 as we continue to address a backlog of repairs, face increased prices and improve the environmental status/impact of our portfolio.

During 2023 we have focused attention on our subsidiary company, Spire Support Services Limited, to ensure the company is adequately staffed and can grow in accordance with its revised business plan. This has resulted in extra costs during 2023 and a small loss of £1k, but we are hopeful that the additional investment will prove fruitful in 2024 and beyond. Our other trading subsidiaries, NDBF (Easton) Limited and Norwich Glebe Property Limited, made trading surpluses. Details are in note 33 on page 45 of these statements. The three companies were formed to provide alternative sources of income for the Diocese and to relieve the pressure on Parish Share. Surpluses will be transferred to the Diocese under the corporate gift aid scheme.

We appointed new investment managers in 2023, resulting in restructured portfolios. We are starting to see the impact of better investment returns during 2024 which relieves some of the pressure on Parish Share. Returns will always remain volatile as the markets react to UK and worldwide events. The Asset Management Committee continues to identify opportunities to increase the return on the assets under the control of the Board of Finance.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2023

Assets and liabilities

An independent actuary valued the staff pension scheme (which was closed to new members in 2001), at £1.441m (2022: £1.635m), a decrease of £194k. This is not a cash asset, and the Bishop's Council of Trustees have appointed a professional trustee to sit on the Pension Trustee Board with a view to buying out the scheme's liabilities through an insurer. Full details of pension costs are shown in note 28, on pages 40 to 43.

Such large adjustments in our financial statements are required by accounting regulations and can be seen in the summary on page 7 of this report.

The value of net assets at 31 December 2023, excluding the contribution from trading subsidiaries, is set out in the company balance sheet on page 22 and amounts to £161.6m. The increase of £1.4m relates mainly to an increase in the value of stock market investments.

The summary on page 7 also shows the realised gains on the disposal of properties of £765k. This is the difference between the frozen values reflected on our balance sheet and the proceeds of sale of five properties. In addition, we purchased six properties, and these movements are reflected on the balance sheet.

Finance Strategy

A high-level finance strategy for the Norwich Diocesan Board of Finance Limited was agreed by the Bishop's Council of Trustees in May 2023. Further detail was agreed in January 2024, including the approach to the use of unapplied total return to support delivery of the Vision and Priorities, Net Zero Carbon priorities and the recommendations from the report of the Church Buildings Commission.

Parish Giving Scheme and Digital Rollout

We launched the Parish Giving Scheme in our Diocese early in 2022 and again commend this to all parishes. Currently, PCCs in 152 parishes have resolved to offer the Parish Giving Scheme to their congregation and wider community. This national scheme to support stewardship is now used in over three-quarters of dioceses and has an established reputation for enabling parishes to achieve greater financial security through annual income growth as well as reducing the burden on parish treasurers and planned giving officers.

External Funding

It is pleasing to report that we have been successful in securing external funding for several areas of our future work. The extra expenditure in these areas will therefore not have an impact on the future requests for Parish Share. Some examples of the additional external funding include grants towards a new Church Buildings Support Officer and 'Minor Works and Improvements' funds to offer grants to local churches.

We were also successful in securing external funds to cover the appointment of a new Diocesan Environment Officer and a Net Zero Carbon Officer to help improve the environmental performance of parsonages, churches and schools, in line with the fifth Mark of Mission. In 2024, wider mission, and ministry, will benefit from a substantial investment by the national church in staffing to develop plans for the delivery of our Vision. This will include engagement with churches on how we can, in turn, support their plans for mission at a local level.

Thanks

On behalf of the Trustees, I pay tribute to the Parish Support Team and thank them for their enormous dedication and hard work, together with the considerable skills they bring to support our parishes. We are also deeply grateful to all those who give their time so generously to serve on the various committees of the Diocesan Board of Finance. As ever, it is much appreciated.



MARK JEFFRIES

10 June 2024

APPENDIX TO CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2023

The table below summarises the main features of the year and my explanation of them. The figures are extracted from note 37 on page 48 of the financial statements and are prior to the consolidation of Subsidiaries.

	Board 2023 £'000	Board 2022 £'000	Variances £'000
Income	11,687	12,008	(321)
Expenditure	<u>(11,800)</u>	<u>(11,437)</u>	<u>(363)</u>
Operating (deficit)/surplus	(113)	571	(684)
Realised gains on sale of properties - Board	<u>765</u>	<u>1,027</u>	<u>(262)</u>
Net income	652	1,598	(946)
Adjustment of value linked loans	22	(26)	48
Actuarial (loss)/gain on defined benefit pension scheme	(296)	1,036	(1,332)
Gains on investment assets:			
Sale of glebe property (realised gains)	647	878	(231)
Revaluation of glebe holding	-	10,001	(10,001)
Quoted and unquoted investments			
Realised	31	(276)	307
Unrealised	<u>378</u>	<u>(2,278)</u>	<u>2,656</u>
Increase in funds	<u>1,434</u>	<u>10,933</u>	<u>(9,499)</u>
Reconciliation of Management accounts operating position			
Net income (shown above)	652	1,598	(946)
FRS102 Pension disclosure - Clergy Scheme	-	(167)	167
FRS102 Pension disclosure - Company Scheme	(102)	(254)	152
DBF contribution to CPR project	128	-	128
Designation of sustainability funds	-	(200)	200
Realised gains on sale of properties - Board	<u>(765)</u>	<u>(1,027)</u>	<u>262</u>
Operating deficit	<u>(87)</u>	<u>(50)</u>	<u>(37)</u>

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees' who are also directors for the purposes of company law, present their combined trustees' and directors' report and strategic report together with the audited financial statements, for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Objectives

Norwich Diocesan Board of Finance Limited aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. These activities have been undertaken during the year and there have been no significant changes in its policies.

Structure, governance and management

The Diocese of Norwich was founded in 1094 and took broadly its present form in 1906. It covers an area of 1,804 square miles. The approximate population is 923,000 and the demographics are as follows: the diocese is the 8th largest in England in geographical area but only 33rd in terms of density of population. The city of Norwich (total population around 144,000) is the area's key centre of economic activity. Apart from Norwich there are four other significant conurbations which spread around the periphery: Kings Lynn, Great Yarmouth, Lowestoft and Thetford. The rural areas contain a scattered population living in communities ranging from market towns (of which Norfolk has many, most of them growing) to smaller villages and remote hamlets.

The Diocese is arranged in three archdeaconries being Norwich, Thetford and Lynn. In total there are some 570 parishes and 650 church buildings.

Diocesan governance

The Diocese is governed by Standing Orders approved by Diocesan Synod. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay members elected by the house of laity in Deanery Synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee which is the Bishop's Council.

Company status

The company, Norwich Diocesan Board of Finance Limited, is established to manage the financial affairs, and hold legal title to the assets, of the Diocese of Norwich. It was incorporated on 28 March 1906 as a charitable company limited by membership guarantee (No. 00088175), and its governing documents are the Memorandum and Articles of Association (as amended on 28 April 1970, 5 May 1970, 19 June 2010 and 10 June 2017). Norwich Diocesan Board of Finance Limited is registered with the Charity Commission (No. 249318).

Every member of Diocesan Synod is a member of Norwich Diocesan Board of Finance Limited for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Decision-making structure

Within the supervisory powers of the Diocesan Synod certain diocesan functions are now undertaken by the Bishop's Council of Trustees acting as the Bishop's Council, the Executive Committee, the Diocesan Mission and Pastoral Committee and the Parsonage Board.

The Bishop's Council is the Standing Committee of Diocesan Synod and its functions are listed on page 4.

The Executive Committee act as Trustees' and are also directors for the purposes of company law, their functions in pursuit of Norwich Diocesan Board of Finance Limited's charitable objects are:

- Management of the funds and property of the Diocese;

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Structure, governance and management (continued)

- Consideration and approval of the Financial Policy and Strategy for the Diocese as prepared by the Finance Committee;
- Preparation of annual estimates of expenditure and budgets, including advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- Statutory filings to the Charity Commission and Companies House;
- Fulfilling employer's responsibilities and compliance with any legal duties to which the Diocese may be subject;
- Holding responsibility for payment of clergy stipends;
- Carrying out any other functions delegated by Diocesan Synod.

The Diocesan Mission and Pastoral Committee, is responsible for the review of ministry deployment which may include pastoral reorganisation, sharing agreements or mission planning, taking account of finance, clergy numbers and new patterns of ministry. The Committee advises the Bishop and Diocesan Synod on proposed strategy. It is also responsible for church buildings other than matters for the consistory court or the work of the Diocesan Advisory Committee for the Care of Churches.

The Bishop's Council of Trustees, acts as the Parsonages Board and provides for the responsibilities of the board to be undertaken by a committee known as the Property Committee.

The Bishop's Council of Trustees has delegated responsibility for the day-to-day management of the Board to the Diocesan Secretary who is supported by a senior management team and their staff.

All members of the Bishop's Council of Trustees give their time voluntarily and receive no benefits from the Board. During the year Norwich Diocesan Board of Finance Limited made payments to the Archbishops' Council for stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

Committee structure

Those that follow are statutory committees:

Glebe Committee is responsible for overseeing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese of Norwich.

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

The Board of Education is established under the Diocesan Boards of Education Measure 2021. Its functions include: the promotion of education consistent with the faith and practice of the Church of England; the promotion of religious education and religious worship in schools and academies; the promotion of Church schools and academies in the diocese; and advice to school governors on any matter affecting Church schools and academies.

The Board of Patronage is constituted under Schedule 3 of the Patronage (Benefices) Measure 1986. The exercise of Patronage, i.e., the right to present a priest to a benefice, is an historic foundation element of the Church of England carried over from the pre-Reformation Church. Today it forms part of a system of checks and balances which ensures the continuance of a broad spectrum of belief and practice within that Church, not least traditional orthodoxy.

The Vacancy in See Committee, the requirement for, and role, functions and constitution of, a diocesan Vacancy in See Committee is set out in the Vacancy in See Regulation 1993 (as amended). It only meets when the post of diocesan bishop is vacant.

In addition to the statutory committees, currently there are also the following committees:

Agenda Planning Group sets the agenda for the Bishop's Council of Trustees and produces a draft agenda for Diocesan Synod for the Bishop's Council of Trustees to approve.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Structure, governance and management (continued)

Asset Management Committee, brings together matters to do with diocesan property, investments and Glebe, including strategic development proposals. It takes an integrated approach to maximise the effective management and growth of all types of diocesan assets.

Audit Risk and Assurance Committee, reviews the work, policies and procedures of the Board, to ensure integrity in all its activities, and compliance with legal, financial and reporting requirements, and to have oversight of risk management processes.

Finance Committee has delegated responsibility for much of the work of the Executive Committee. It is responsible for developing a financial policy and strategy for the Diocese for approval by the Bishop's Council of Trustees.

Nominations Committee makes recommendations to the Bishop's Council of Trustees for the appointment of candidates for non-elected membership of the Diocesan Synod, the Bishop's Council of Trustees, and other committees of the Diocese of Norwich. It also approves, on behalf of the Bishop's Council of Trustees, a number of specific appointments, namely the Diocesan Secretary, staff at Director level, and the Chairs of some of the boards and committees.

Property Committee undertakes the responsibilities and work of the Parsonages Board. This includes provision, maintenance, upkeep and improvement of Parsonage houses; considerations (in consultation with the Asset Management Committee) of acquisition and disposal or exchange of Parsonage houses and letting such houses during vacancies. The Committee also deals with corporate property.

Remuneration Committee makes recommendations to the Bishop's Council of Trustees, for remuneration of stipendiary clergy licensed in the Diocese of Norwich, and of staff employed by the Norwich Diocesan Board of Finance Limited and its subsidiaries.

Safeguarding Advisory Panel, provides a source of independent advice and expertise on safeguarding policies, procedures and practices to the diocesan bishop and other senior clergy and officials, and ensures the implementation of the current House of Bishops' policy and practice guidance.

Recruitment and appointment of Trustees

The Bishop's Council of Trustees members listed on page 2 are the directors of the company for the purposes of company law and in accordance with the Articles of Association shall be the following persons:

- The Chair of the Board, to be nominated by the Bishop's Council;
- The Deputy Chair of the Board, to be nominated by the Bishop's Council;
- The Treasurer of the Board, to be nominated by the Bishop's Council;
- An Archdeacon, to be nominated by the Bishop's Council;
- The Clerical Vice-President of the Diocesan Synod;
- The Lay Vice-President of the Diocesan Synod;
- Three lay members of the Diocesan Synod and three clerical members of the Diocesan Synod to be elected by the Diocesan Synod;
- Up to three additional persons as may be co-opted by the Executive Committee from time to time.

Induction and training of Trustees

The Trustees are aware of the 2011 Charities Act requirement to ensure that all members receive appropriate induction and training. Periodically members attend talks on charity governance.

Remuneration of key management personnel

Emoluments of higher paid personnel, including the Diocesan Secretary, are determined by the Remuneration Committee. All employees including key management personnel have regular appraisals and remuneration is based on salary scales which are regularly benchmarked and reviewed.

Related parties/Connected charities

Norwich Diocesan Board of Finance Limited has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Structure, governance and management (continued)

In pursuit of its charitable objectives, the Board acts as agent for a number of Diocesan Boards including the Board of Education.

The Diocese of Norwich Education and Academies Trust, St Benet's Multi-Academy Trust and The Diocese of Norwich Education Support Company are connected charities/companies of the Norwich Diocesan Board of Finance Limited. Church academies have a clause written into their funding agreements which requires the Academy Trust to ensure that the quality of Religious Education and the contents of the Academy's collective worship are given in accordance with the tenets and practice of the Church of England.

The Diocese of Norwich Churches Trust was established during 2015 and is a connected charity of the Norwich Diocesan Board of Finance Ltd. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs, this became active during 2017.

In addition, the Board acts as managing or custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. All trust assets are recorded and maintained separately from the Board's own assets. It also co-operates with and provides advice to Parochial Church Councils, the Chapter of Norwich Cathedral, the Horstead Centre and other church bodies.

The Board is required by Measure to be custodian trustee in relation to Parochial Church Council property, but has no control over Parochial Church Councils, which are independent charities. The accounts of Parochial Church Councils and deaneries do not form part of these financial statements.

Parochial Church Councils are able to influence the decision-making within Norwich Diocesan Board of Finance Limited and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Pension scheme

Norwich Diocesan Board of Finance Limited is the sponsoring employer of the Norwich Diocesan Board of Finance Pension Scheme. This is a pension fund for the benefit of employees of Norwich Diocesan Board of Finance Limited. One trustee of the scheme is an employee of the Board and member of the scheme. The scheme has been closed to new entrants.

The Board also participates in the Church of England Funded Pension Scheme. Further details are contained in note 28 to the financial statements.

Subsidiary undertakings

The Board's subsidiaries are considered to be The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The Board has three trading subsidiaries, Spire Support Services Limited, Norwich Glebe Property Limited and NDBF Easton Limited (see note 33).

Strategic Report - Key performance indicators are shown in the relevant sections of this report.

a) Activities, Benefits and Achievements

Norwich Diocesan Board of Finance Limited's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people across the Diocese.

The key activities may be summarised as:

- To seek a constructive and positive relationship with the people of the Diocese;
- To communicate effectively across all areas of Diocesan activity;
- To exercise and promote good stewardship of Diocesan resources to support growth;
- To provide mechanisms for evaluating performance through a regular programme of reflection and review.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

a) Activities, Benefits and Achievements (continued)

Public benefit

The Trustees are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Trustees believe that, by promoting the work of the Church of England in the Diocese of Norwich, the Board helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public.

Norwich Diocesan Board of Finance Limited supports the clergy through the payment of stipends, the management of parsonages, and clergy training. This provides a benefit to members of the general public in each parish. The Church also carries out marriages, baptisms and funerals which are attended by the general public and enriches local communities by the provision of other services across the Diocese.

The Board of Education provides support services and capital expenditure support for schools and academies, thus benefiting the pupils, and the improvement of the buildings benefits the local community.

Norwich Diocesan Board of Finance Limited also makes grants to connected charities and to other charitable projects in support of the above objectives.

The benefits outlined above are related to the aims of the Diocese in helping to promote, carry on and assist the work of the Church of England in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. They also relate to a large section of the general public whose opportunity to benefit is not unreasonably affected by geographical or financial restrictions.

Achievements and performance

Plans and achievements for 2023

The ongoing Cost-of-living crisis, together with the continued legacy of the COVID-19 pandemic had an impact on finances during 2023, for both the Norwich Diocesan Board of Finance Ltd and our parish incomes and expenditure. In particular, rising energy costs in church buildings and people's ability to be able to give. This in turn has impacted on the ability to pay parish share.

Norwich Diocesan Board of Finance Ltd saw a slight decrease in parish share income during 2023. When compared with pre-pandemic levels this still shows a significant decrease (see later operational performance on page 13).

We carried an average of 15 unplanned vacancies in clergy posts (i.e. below budget), this is partly due to a lack of available people to apply for the positions. This has led to a temporary reduction in expenditure, which will not continue as the posts are filled, which we are starting to see happen during 2024.

Achievements during the year were:

- Continued to work on a delivery programme to implement the Diocesan Vision and Priorities for the diocese;
- Implemented quarterly reporting of the Vision Enabling Strategy to highlight performance of our teams;
- Developed a financial strategy for the use of unapplied Total Returns, approved by the Bishop's Council of Trustees;
- Completed the rollout of 70 contactless giving machines as part of the National Churches Digital Rollout Scheme;
- Continued to promote and encourage the benefits of the Parish Giving Scheme for regular gifts to our parishes; Currently, over 150 parishes have passed PCC resolutions to say that they want to offer The Parish Giving Scheme to their congregation and wider community;
- Further energy grants of over £100,000 were distributed to our PCC's during 2023, provided from Archbishops' Council funding. This is in addition to over £320,000 paid in January 2023, to support with the impact of rising energy costs and to provide Warm Spaces;
- We made several successful applications to support the Diocesan Vision and Priorities, in particular, for staffing to support mission and ministry, Net Zero Carbon and environmental issues.
- The Church Buildings Commission published its report, which following endorsement by Bishop's Council of Trustees, led to work exploring the expansion of the Diocesan churches Trust and a new Cultural and Heritage Partnership.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Achievements and performance (continued)

- A series of Treasurers workshops were held covering topics such as Parish Returns, data and dashboards, the Parish Accounts workbook (PAW), banking issues, Gift Aid and year-end processes. These were well attended and have continued in 2024;
- A Residential Property review continued during 2023, as we are mindful that a large proportion of the houses for our Clergy are becoming expensive to live in and impacting their wellbeing. This project, which will also contribute to our aim to achieve Net Zero Carbon by 2030, will continue in the forthcoming years;
- Our website was refreshed to make online contact easier and new resources for parishes were released, such as in GDPR, to provide easy to use templates for local application.

Operational performance

Norwich Diocesan Board of Finance Limited received 82.4% of parish share requested for the year of £8.065m, a shortfall of £1.421m. This is a decrease of £34k or 0.51% when compared with 2022 receipts.

The operating deficit at company level for 2023 is £87k (after adjusting for FRS102 pension adjustments, non-operational property surpluses and the transfer of funds to restricted CPR projects, see page 7).

Parish Support Team vacancies carried during 2022 were filled during 2023. As previously mentioned, there were an average of 15 unplanned clergy vacancies, which when the posts are filled, will increase costs. Clergy housing repair and maintenance costs increased by over £700k during 2023, due to a catch-up of works required and environmental improvements.

Other steps taken to mitigate the level of deficit were:

- we secured strategic ministry funding to fund two Posts of First Responsibility at Launditch and Upper Nar and Kings Lynn St John;
- worked with new investment advisors to receive improved returns, the impact of which will be seen in 2024;
- A new telephone system was implemented, securing significant cost savings;
- procurement savings are actively sourced;
- income and expenditure is reported monthly, with detailed variance analysis to enable timely action and decisions.

Investment performance – overall performance

The overall value of Diocesan investment assets increased by £1,125,000 during 2023, as compared with an increase of £6,467,000 in 2022. The increase in 2022 related to an increase in Glebe land of £9,943,000, mainly due to revaluation, and a decrease in equity and fixed interest funds of £3,476,000. The increase in 2023 relates to equity and fixed interest funds. In 2023 the operational activities of the Diocese were financed by £692,000 from interest and dividends (2022: £726,000).

Glebe investments

£47 million of the Board's investments are in glebe land, primarily to generate a sustainable income to continue funding clergy stipends. The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022 and resulted in an increase in value of £10 million. This valuation, which represents an average £8,146 per acre, will be updated every five years. Rents receivable amounted to £816,000 (2022: £808,000).

Investment in equity and fixed interest funds were valued at £10.6 million at 31 December 2023 (2022: £10.1 million). The unrealised gain in the value of investments during the year amounted to £211,000 (2022: unrealised loss £1,352,000). Dividends and interest receivable amounted to £298,000 (2022: £413,000).

General and other fund investments

Other investments are held on behalf of restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £8.1 million at 31 December 2023 (2022: £7.4 million), an increase of £700,000 or 9.5%. Dividends and interest receivable amounted to £394,000 (2022: £313,000).

Value linked loans

As detailed in note 18, freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and as part of the agreement all or part of the sale proceeds are repayable on final disposal. The Board is committed to repay the outstanding value linked loans in the short term as funds become available. Total value linked loans at 31 December 2023 were £394,000 (2022: £416,000).

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Achievements and performance (continued)

Statutory functions

Norwich Diocesan Board of Finance Limited has responsibility for the management of glebe property and investments to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. The trustees are custodian trustees in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of Norwich Diocesan Board of Finance Limited's objects.

Volunteers

Norwich Diocesan Board of Finance Limited is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church.

The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Trustees greatly value the considerable time given by all the volunteers across the diocese in pursuit of the mission of the Norwich Diocesan Board of Finance Limited.

b) Financial review

The results for the year shown in the Statement of Financial Activities on page 20 and the year end position shown in the balance sheet on page 22 are considered to be satisfactory. Results and highlights for the year and future prospects are given in the Chairman's Statement on pages 5 to 7.

Financial performance

Income before revaluation adjustments totalled £13 million (2022: £13.7 million) and expenditure amounted to £12.9 million (2022: £12.2 million).

The Statement of Financial Activities (SOFA) for the year shows net income of £186,000 (2022: net income £1,452,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets, and actuarial losses on the defined benefit pension scheme.

Two restricted funds showed very small deficit balances, Church Planting and Revitalisation £(5)k and Spire Support Services Limited £(1)k. Church Planting and Revitalisation will be covered by future grants for Strategic Development and there is a business plan to support future profitable trading for Spire Support Services Limited. The accounts show an increase in the balance sheet total of £995,000. During the year, total fund balances increased to £163.2 million.

Principal funding sources

Around 57% of the income of the Board comes from the Parish Share, 15% from Archbishops' Council for Low Income Communities (LINC), transition funding and other grants, 13% from investment income (including glebe rent), and 5% from statutory fees.

Going concern

After making enquiries the Trustees are satisfied that Norwich Diocesan Board of Finance Limited has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policy

The Board's aim is to gain the best return from their assets to help sustain the ministry of the Church, without undue risk. Their portfolio includes fixed interest, bank and stock market investments, freehold properties and glebe land.

The Trustees have delegated the functions and duties in relation to Investment Management to the Asset Management Committee.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Financial review (continued)

Investment policy (continued)

The members of the Asset Management Committee are appointed by the Bishop's Council of Trustees and are made up of the Chairs of the Board of Finance, Property Committee, Glebe Committee, a member of Bishop's Staff, two people agreed by the Nominations Committee, qualified by ability and practical experience in matters relating to investments and up to two others co-opted when required, in consultation with the Nominations Committee. The members of the Asset Management Committee are guided by the best practice advice issued by the Charity Commission for the investment of Charitable Funds.

The Board's investment policies include the following key policies:

Long-term responsibilities and growth – the Trustees are aware of their long-term responsibilities and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. The overarching investment objective is to at least maintain the real value of assets whilst generating a return sufficient to finance annual expenditure in the region of 3.0% after expenses. To achieve this, the investment portfolio has a target return of CPI+3.5%. The Diocese will adopt a total return approach to investment under the Diocesan Stipends fund (Amendment) Measure 2016, generating the investment return from income and capital growth (or losses). It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the assets will be maintained in accordance with the objective above.

Responsible investment – the Trustees adopt a responsible investment policy that follows the Church of England Ethical Investment Advisory Group (EIAG) guidelines, this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. In accordance with the directions of Diocesan Synod investment in fossil fuel companies is excluded from the portfolio.

Reserves policy

Norwich Diocesan Board of Finance Limited has considerable responsibilities including the remuneration of up to 160 parochial stipendiary clergy, the upkeep of approximately 260 houses, and the employment of 51 (f.t.e) full or part time staff, and it is therefore essential that the Board carries an appropriate level of reserves to meet these responsibilities.

The free reserves of the Board at 31 December 2023, comprising the income funds freely available for general purposes (and which are not yet spent, committed or restricted) amounted to £5.8 million as compared with £5.9 million at the end of the previous year. Free reserves include free designated reserves of £122,000. Stock market values are volatile as they react to worldwide situations. The Trustees do not consider it necessary to make plans to spend additional reserves due to the volatility of the markets.

The Trustees have reviewed the reserves policy and recommend that the free reserves are approximately £4 million being four and a half months expenditure within the Capital and General fund and designated funds, including future stipend payments.

As stated in note 27, the Diocesan Secretary is sanctioned by the Bishop of Norwich to use monies from the Benefice Buildings and Pastoral Fund - this is mainly called upon when there are insufficient resources within the General Fund. The Benefice Building and Pastoral Fund is regarded as an expendable endowment (a restricted fund). The investments and net current assets within this fund at 31 December 2023 amounted to £3.2 million (2022: £4.4 million). Total other restricted funds excluding tangible assets and long-term liabilities but including Glebe land at 31 December 2023 amounted to £64 million (2022: £63 million).

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that the activities of the Board of Finance must be continually reviewed.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Financial review (continued)

c) Plans for the future

- Continue to implement the Diocesan Vision and Priorities for the diocese;
- Refine and enhance quarterly reporting of the Vision Enabling Strategy to highlight performance of our teams;
- Implement the financial strategy for the use of unapplied Total Returns;
- Continue to promote and encourage the benefits of the Parish Giving Scheme for regular gifts to our parishes;
- Implement the residential property policies and strategy, including environmental impact;
- Run further workshops with our PCC Treasurers to share ideas and promote good practice;
- Support the Church of England's intention to achieve Net Zero Carbon by 2030;
- Continue to review all areas of expenditure to maximise value for money offered;
- Collaborate with other dioceses to enhance the quality and resilience of our services;
- Continue to support the Diocesan Churches Trust, to help to discover an appropriate solution for Churches in very small communities, including the implementation of the recommendations from the Church Buildings Commission;
- Continue to support and develop the trading subsidiary companies, including implementation of new business plans.

d) Principal Risks and Uncertainties

The Trustees confirm that the major risks to which Norwich Diocesan Board of Finance Limited is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. Risks are reviewed and managed as part of the risk management strategy.

A risk register is compiled covering potential governance and management risks, operational risks, financial risks, environmental/external risks, and compliance risks. Potential risks are explained with their likely impact, and procedures to mitigate the risks are listed. The register and implementation processes are currently being reviewed and a training programme for committees is being established. The Trustees review the risk register at least annually as part of the risk management strategy.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. Work continues on financial strategy and an affordable plan for the delivery of the charity's main objectives in the long term.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Trustees.

Funds held as custodian trustee for others

The Board is custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. The Board also holds Parochial Church Council property as custodian trustee. Each PCC is a separate charity and the assets are held separately from those of Norwich Diocesan Board of Finance Limited.

Fixed Assets

The movements in fixed assets are set out in notes 18 to 20 in the accounts. All of the Board's properties were re-valued at 31 December 2012 in accordance with the Board's accounting policy at that time, of re-valuing every five years.

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

The Glebe holdings were revalued as at 31 December 2022, in accordance with the policy set out on page 27. Glebe land was valued by FPD Savills, Property Consultants, at market value at 31 December 2022.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023- continued

Fundraising standards information

The Board supports raising funds from the public in relation to the annual Lent appeal. No professional fundraisers or third-party commercial participators are used. The Board is registered with the Fundraising Regulator.

No direct contact is made with the public regarding fundraising activities. All advertising is carried out via Diocesan publications, social media or websites. No complaints were received regarding fundraising activities.

Statement of Trustees' Responsibilities

The Bishop's Council of Trustees (acting as the Executive Committee) who are also directors of Norwich Diocesan Board of Finance Limited for the purposes of company law, are responsible for preparing the Trustees report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and 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 Board will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the Bishop's Council of Trustees

Members of the Bishop's Council of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2. The Rt. Revd Ian Bishop was appointed on 29 September 2023. Catherine Howe was appointed on 13 July 2023. Lindsey Rix-Broom resigned on 25 January 2024.

Auditor

A resolution to re-appoint Lovewell Blake LLP as auditor of the Board will be proposed at the Annual General Meeting on 26 June 2024.

The Trustees' report (incorporating Strategic Report) was approved by the Board on 10 June 2024.

Signed by Order of the Board



TIM SWEETING, Secretary

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

Opinion

We have audited the financial statements of The Norwich Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' 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 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

INDEPENDENT AUDITOR'S REPORT (continued)

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

Trustees' Responsibilities

As explained more fully in the Trustees' Responsibilities Statement (set out on page 17), the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

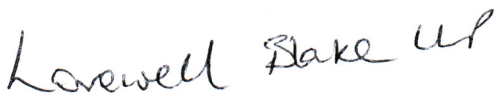
- Enquiry of management and those charged with governance;
- Enquiry of entity staff compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors-responsibilities>. 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.



Mark Proctor FCA DChA (Senior Statutory Auditor)
For and on behalf of
LOVEWELL BLAKE LLP
Chartered Accountants & Statutory Auditor
Bankside 300, Peachman Way, Broadland Business Park, Norwich, Norfolk NR7 0LB

10 June 2024

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2023

		* Restricted Funds			* Other	Total Funds	Total Funds
	Note	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Restricted Funds £'000		
						2023 £'000	2022 £'000
Income and endowments from							
Donations	2						
Parish contributions		6,644	-	-	-	6,644	6,678
Archbishops' Council		343	-	1,226	198	1,767	2,094
Other donations		361	-	-	-	361	297
Charitable activities	3	784	2	2	-	788	838
Other activities	4	638	5	-	568	1,211	1,198
Investments	5	223	147	1,114	24	1,508	1,534
Other sources	6	-	281	484	2	767	1,042
Total income		8,993	435	2,826	792	13,046	13,681
Expenditure on							
Raising funds	7	-	-	144	584	728	841
Charitable activities	8	9,080	18	2,151	883	12,132	11,388
Total expenditure		9,080	18	2,295	1,467	12,860	12,229
Net income/(expenditure) before investment gains		(87)	417	531	(675)	186	1,452
Net gains on investments	13	64	146	846	27	1,083	8,198
Net income/(expenditure)	14	(23)	563	1,377	(648)	1,269	9,650
Transfers between funds	15	-	-	-	-	-	-
Other recognised gains/(losses)							
Adjustment of value linked loans	26	22	-	-	-	22	(26)
Actuarial (loss)/gain on defined benefit pension scheme	28	(296)	-	-	-	(296)	1,036
Net movement in funds		(297)	563	1,377	(648)	995	10,660
Reconciliation of funds							
Total funds at 1 January 2023		10,744	82,792	66,115	2,575	162,226	151,566
Total funds at 31 December 2023		10,447	83,355	67,492	1,927	163,221	162,226

The fund-analysis of the comparative figures is shown in note 36 to the accounts.

The notes on pages 25 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2023

	2023 £'000	2022 £'000
Total income (note 1 below)	12,104	12,621
Expenditure	<u>(12,860)</u>	<u>(12,229)</u>
Operating surplus for the year	(756)	392
Interest receivable	177	33
Net gains on investment assets	<u>1,083</u>	<u>8,198</u>
Surplus for the year	504	8,623
Other comprehensive income:		
Revaluation of fixed assets	22	(26)
Net assets transferred from endowments	765	1,027
Defined benefit scheme actuarial gains/(losses)	<u>(296)</u>	<u>1,036</u>
Total comprehensive income for the year	<u>995</u>	<u>10,660</u>

All income and expenditure relates to continuing activities

Total income comprises £8,834,000 for unrestricted funds and £3,270,000 for restricted funds, including subsidiaries and quasi subsidiaries. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 2 to 6 to the accounts. Detailed analysis of the expenditure is provided in the Statement of Financial Activities and notes 7 to 12 to the accounts.

The net surplus for the year of £504,000 comprises £23,000 net deficit of Unrestricted Funds and £527,000 net surplus of Restricted Funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 20, which together with the notes to the financial statements on pages 25 to 48, provides full information on the movements during the year on all the funds in the group.

All income and expenditure derives from continuing activities.

Note 1 Reconciliation of Summary Income and Expenditure to Statement of Financial Activities

	2023 £'000	2022 £'000
Total income per page 20	13,046	13,681
Less interest receivable	(177)	(33)
Less total endowment additions	<u>(765)</u>	<u>(1,027)</u>
Total income per above	<u>12,104</u>	<u>12,621</u>

The notes on pages 25 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
COMPANY BALANCE SHEET
At 31 December 2023

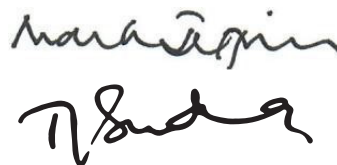
	Notes	* Restricted Funds *				2023 Total £'000	2022 Total £'000
		Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000		
Fixed Assets							
Tangible assets	18	3,636	80,193	5,253	-	89,082	87,903
Investment assets							
Glebe holding	19	-	-	47,018	-	47,018	47,021
Investments	20	2,742	4,590	10,577	-	17,909	16,807
		6,378	84,783	62,848	-	154,009	151,731
Current Assets							
Debtors	22	1,602	18	1,083	9	2,712	1,842
Pension scheme asset	28	1,441	-	-	-	1,441	1,635
Balances with Church Commissioners		-	14	-	-	14	14
Central Board of Finance Deposit Fund		190	316	-	-	506	472
Cash /(overdrawn balance) at bank		2,308	(1,716)	3,741	750	5,083	7,804
		5,541	(1,368)	4,824	759	9,756	11,767
Creditors - Amounts							
falling due within one year	24	1,078	60	180	467	1,785	2,930
Net Current Assets		4,463	(1,428)	4,644	292	7,971	8,837
Total Assets Less current liabilities		10,841	83,355	67,492	292	161,980	160,568
Creditors - Amounts falling due after more than one year	25	394	-	-	-	394	416
Net Assets excluding pension scheme liability		10,447	83,355	67,492	292	161,586	160,152
Defined benefit pension scheme liability	28	-	-	-	-	-	-
Net assets after pensions liability		10,447	83,355	67,492	292	161,586	160,152
Fund Balances							
At 31 December 2023	27	10,447	83,355	67,492	292	161,586	160,152

The net movement in funds at company level was £1,434k (2022: £10,933k)

Approved by the Bishop's Council of Trustees on 10 June 2024 and signed on its behalf by

Chair
Diocesan Secretary

Mark Jeffries
Tim Sweeting



NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2023

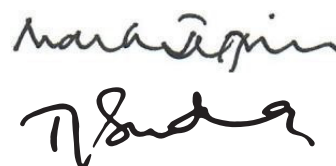
			* Restricted Funds				
	Notes	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	* Other Restricted Funds £'000	2023 Total £'000	2022 Total £'000
Fixed Assets							
Tangible assets	18	3,636	80,193	5,253	517	89,599	88,419
Investment assets							
Glebe holding	19	-	-	47,018	-	47,018	47,021
Investments	20	2,742	4,590	10,577	805	18,714	17,586
		6,378	84,783	62,848	1,322	155,331	153,026
Current Assets							
Stock	21	-	-	-	51	51	26
Debtors	22	1,602	18	1,083	255	2,958	2,066
Pension scheme asset	28	1,441	-	-	-	1,441	1,635
Balances with Church Commissioners		-	14	-	-	14	14
Central Board of Finance Deposit Fund		190	316	-	79	585	548
Cash at bank		2,308	(1,716)	3,741	3,717	8,050	10,583
		5,541	(1,368)	4,824	4,102	13,099	14,872
Creditors - Amounts falling due within one year	24	1,078	60	180	3,000	4,318	4,595
Net Current Assets		4,463	(1,428)	4,644	1,102	8,781	10,277
Total Assets Less current liabilities		10,841	83,355	67,492	2,424	164,112	163,303
Creditors - Amounts falling due after more than one year	25	394	-	-	497	891	1,077
Net Assets excluding pension scheme liability		10,447	83,355	67,492	1,927	163,221	162,226
Defined benefit pension scheme liability	28	-	-	-	-	-	-
Net assets after pension liability		10,447	83,355	67,492	1,927	163,221	162,226
Fund Balances							
At 31 December 2023 (page 20)	27	10,447	83,355	67,492	1,927	163,221	162,226

Approved by the Bishop's Council of Trustees on 10 June 2024 and signed on its behalf by

Chair
Diocesan Secretary

Mark Jeffries

Tim Sweeting



NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2023

	2023 £'000	2022 £'000
Net cash (outflow) from operating activities	<u>(3,334)</u>	<u>(971)</u>
Cash flows from investing activities		
Dividends, interest and rent from investments	1,508	1,534
Interest paid	(9)	(8)
Proceeds from the sale of tangible fixed assets	2,923	2,661
Purchase of tangible fixed assets	(3,354)	(1,748)
Proceeds from the sale of investments	14,171	3,937
Purchase of investments	(14,213)	(2,206)
Net cash provided by investing activities	<u>1,026</u>	<u>4,170</u>
Cash flows from financing activities		
Loans (advanced by)/repaid to the Board	(24)	4
Loans (repaid to)/repaid by the Company	(164)	184
Net cash provided by financing activities	<u>(188)</u>	<u>188</u>
Change in cash and cash equivalents in the reporting period	(2,496)	3,387
Cash and cash equivalents at 1 January 2023	<u>11,145</u>	<u>7,758</u>
Cash and cash equivalents at 31 December 2023	<u><u>8,649</u></u>	<u><u>11,145</u></u>
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure)	186	1,452
Depreciation	16	16
Interest paid	9	8
Net gain on the sale of fixed assets	(765)	(1,027)
Dividends, interest and rent from investments	(1,508)	(1,534)
(Increase) in stock	(25)	(17)
(Increase)/decrease in debtors	(868)	719
(Decrease) in creditors	(277)	(167)
FRS 102 Non-cash pension disclosures	(102)	(421)
Net cash (used in)/provided by operating activities	<u>(3,334)</u>	<u>(971)</u>
Analysis of cash and cash equivalents/net debt (consolidated)		
	At 1 January 2023 £'000	At 31 December 2023 £'000
Cash and cash equivalents:		
Cash in hand	10,583	8,050
Current asset investments	562	599
	<u>11,145</u>	<u>8,649</u>
Borrowings:		
Due within one year	<u>(1,077)</u>	<u>186</u>
Total	<u><u>10,068</u></u>	<u><u>7,758</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102). The Board constitutes a Public benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable, which includes amounts received in respect of the year up to the following 31 January.
- ii) **Rent** receivable is recognised as income in the period to which it relates. Glebe rents are collected by the Board and the income, net of related expenditure, is paid by instalments to the Church Commissioners in accordance with the Endowments and Glebe Measures 1976. The amounts received by the Church Commissioners are then credited to the Stipends Fund. Glebe rents are shown gross in the Statement of Financial Activities.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate, which include assigned fees received in respect of the year up to the following 31 January.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the Board's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.**

The Church of England Funded Pension Scheme

The Board participates in the Church of England Funded Pension Scheme for stipendiary clergy. This 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.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that the contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

The Board's Defined Benefit Scheme

The Board's pension scheme provides benefits for other full-time staff based on final pensionable pay. This is closed to new entrants. The assets of the scheme are held separately from those of the Board, being invested with Aviva. Defined benefit pension liabilities are measured using the projected unit credit method and discounted at the valuation rate of interest on a high quality corporate bond of equivalent term and currency to the liability. Under FRS 102 it is permissible to review and update the most recent actuarial valuation results, any net liability arising based on these valuations is the best estimate of the present value of the actual amounts to be paid out of the scheme, less the market value of the scheme assets.

The increase in the present value of the liabilities of the Board's defined benefit pension scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The net interest on the scheme liabilities is also charged to the Statement of Financial Activities. Actuarial gains and losses are recognised in the Statement of Financial Activities.

Group Personal Pension Plan

A group personal pension scheme was set up on 1 January 2002 and the costs of providing this are charged to the Statement of Financial Activities as they become payable.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Board has followed the requirements of FRS102, in its accounting treatment for benefice and pastoral properties (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are carried at their pre-existing balance sheet revaluation as deemed cost (see paragraph above). Each year end the loan is carried at an index linked current valuation basis.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated, apart from computer software which is written off in the year of purchase. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Office and other equipment	25% / 33.33% straight line
Motor vehicles	25% reducing balance

e) Other accounting policies

i) Fixed asset investments

The Glebe holding, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022. This valuation, which represents an average of £8,146 per acre, is updated every five years. Details of the cost of the majority of the Glebe property is not available. Listed investments are included at their market value. Unlisted investments are included at valuations provided by the Fund Managers concerned. Subsidiary companies are included at fair value and any changes are recognised in the SOFA.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

ii) Diocesan Stipends

All stipends are paid by the Church Commissioners with funds provided by the Diocese. Allocations, guaranteed annuities and grants from the Church Commissioners, net Glebe rents and other attributable income received by the Church Commissioners are credited to the Stipends Fund.

iii) Diocesan Parsonages Fund

All transactions relating to the Diocesan Parsonages Fund are included under the appropriate headings in the Capital and General Fund column of the Board's Statement of Financial Activities.

iv) Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

v) Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

vi) Cash at Bank

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

vii) The Diocese of Norwich Consolidated Education Endowments

The Diocese contributes towards the repairs and capital expenditure on schools and the costs are shown net of grants receivable. This grant system has now ceased for new projects and has been replaced by the Voluntary Aided Schools pooling arrangement. Grants shown in the Statement of Financial Activities relate to existing projects commenced under Consolidated Education Endowments.

viii) Financial Instruments

The Board 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 transaction value and then measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

f) Fund balances

Fund Balances are split between unrestricted (general and designated) and restricted funds.

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Bishop's Council of Trustees. There are two types of unrestricted funds:
 - **General funds** which the Board intends to use for the general purposes and
 - **Designated funds** set aside out of unrestricted funds by the Board for a purpose specified by the Bishop's Council of Trustees

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

f) Fund balances (continued)

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the Report of the Bishop's Council of Trustees.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage House and Schools endowment funds administered by the Board, there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds such as the Stipends Capital Fund, where there is no provision for expenditure of capital are classified as permanent endowment.

g) Consolidated accounts

For the purposes of the Consolidated Statement of Financial Activities and Balance Sheet which appear alongside those of the Board itself, the Board's subsidiaries and quasi subsidiaries are considered to be Spire Support Services Ltd, NDBF (Easton) Ltd, Norwich Glebe Property Ltd, The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The results of the subsidiaries and quasi subsidiaries are consolidated on a line by line basis within 'other restricted funds'. Intra group balances, where immaterial, are not eliminated on consolidation.

h) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist in relation to going concern.

The Trustees have assessed the long-term going concern risks arising from the COVID-19 pandemic and cost-of-living increases, including cashflow, investment values and staffing. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

i) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

j) Redundancy costs

Where an obligation to make redundancy or termination payment arises, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits.

k) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. This includes the recognition of parish share (as per a. i) above), the recognition of pension scheme assets and liabilities (as per b. v) above), the valuation of properties (as per c. above) and the valuation of the Glebe holding (as per e. i) above).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

		* Restricted Funds *				
	Unrestricted	Benefice	Stipends	Other	Total Funds	<i>Total Funds</i>
	Funds	Buildings	Fund	Restricted	2023	<i>2022</i>
	£'000	& Pastoral	£'000	Funds	£'000	<i>£'000</i>
		£'000		£'000		
2. Income from Donations						
Parish contributions						
Parish share						
Current year's allocation	8,065	-	-	-	8,065	<i>7,914</i>
Shortfall in contributions	(1,421)	-	-	-	(1,421)	<i>(1,236)</i>
Total income	<u>6,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,644</u>	<i><u>6,678</u></i>
Total parish share receipts for the current year represent 82.4% of the allocation (2022: 84.4%)						
Archbishops' Council						
Lowest income communities and transition funding	-	-	1,226	-	1,226	<i>1,251</i>
Resourcing Ministerial Education	-	-	-	82	82	<i>178</i>
Strategic Development Funding	-	-	-	116	116	<i>250</i>
Sustainability Funding	-	-	-	-	-	<i>200</i>
Strategic Capacity Funding	96	-	-	-	96	<i>75</i>
Strategic Ministry Funding	230	-	-	-	230	<i>140</i>
SMMI Funding	11	-	-	-	11	<i>-</i>
Grant towards PCR2 costs	6	-	-	-	6	<i>-</i>
	<u>343</u>	<u>-</u>	<u>1,226</u>	<u>198</u>	<u>1,767</u>	<i><u>2,094</u></i>
Other donations						
Benefact Trust Grant	111	-	-	-	111	<i>127</i>
Anne French Memorial Trust	125	-	-	-	125	<i>98</i>
Keswick Hall Charity	68	-	-	-	68	<i>48</i>
Roof Alarm Appeal	-	-	-	-	-	<i>2</i>
Other donations	57	-	-	-	57	<i>22</i>
	<u>361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361</u>	<i><u>297</u></i>
3. Income from Charitable activities						
Statutory fees and chaplaincy income	589	-	2	-	591	<i>609</i>
Other Board income	195	2	-	-	197	<i>229</i>
	<u>784</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>788</u>	<i><u>838</u></i>
4. Income from Other activities						
Rental income from parsonages and closed schools	597	5	-	14	616	<i>552</i>
Trading income						
Property support services	-	-	-	243	243	<i>275</i>
Sale of option Easton development	-	-	-	261	261	<i>268</i>
Rental income from commercial property	-	-	-	50	50	<i>49</i>
Income from recharged support services	41	-	-	-	41	<i>54</i>
	<u>638</u>	<u>5</u>	<u>-</u>	<u>568</u>	<u>1,211</u>	<i><u>1,198</u></i>
5. Income from Investments						
Dividends receivable	64	147	280	24	515	<i>692</i>
Interest receivable	159	-	18	-	177	<i>34</i>
Glebe rents receivable (note 16)	-	-	816	-	816	<i>808</i>
	<u>223</u>	<u>147</u>	<u>1,114</u>	<u>24</u>	<u>1,508</u>	<i><u>1,534</u></i>
6. Other income						
Gains on disposal of property	-	281	484	2	767	<i>1,042</i>
	<u>-</u>	<u>281</u>	<u>484</u>	<u>2</u>	<u>767</u>	<i><u>1,042</u></i>
Total income	<u>8,993</u>	<u>435</u>	<u>2,826</u>	<u>792</u>	<u>13,046</u>	<i><u>13,681</u></i>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

* Restricted Funds *						
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
7. Expenditure on raising funds						
Investment management costs						
Glebe management charges	-	-	144	-	144	134
Trading expenses						
Property support services	-	-	-	274	274	335
Easton development	-	-	-	261	261	323
Commercial property	-	-	-	49	49	49
	-	-	144	584	728	841
8. Expenditure on charitable activities						
Contributions to Archbishop's Council						
Training for ministry	351	-	-	-	351	334
National Church responsibilities	271	-	-	-	271	269
Grants and provisions	8	-	-	-	8	10
	630	-	-	-	630	613
Expenditure on resourcing ministry and mission						
Parish ministry:						
Stipends and national insurance	2,347	-	2,151	-	4,498	4,680
Pension contributions	1,025	-	-	-	1,025	1,248
Housing costs	2,114	13	-	-	2,127	1,374
Removal, resettlement and other grants	138	-	-	-	138	183
Other expenses	161	-	-	-	161	129
	5,785	13	2,151	-	7,949	7,614
Support for parish ministry	2,219	5	-	1	2,225	2,095
Resourcing Ministerial Education	-	-	-	96	96	172
Roof Alarm Appeal	-	-	-	-	-	2
Church Planting and Revitalisation	-	-	-	311	311	354
	2,219	5	-	408	2,632	2,623
Expenditure on education						
Support for church schools	446	-	-	-	446	454
Grants	-	-	-	475	475	84
	446	-	-	475	921	538
Total expenditure on charitable activities	9,080	18	2,151	883	12,132	11,388
Total expenditure	9,080	18	2,295	1,467	12,860	12,229
9. Analysis of expenditure including allocation of support costs						
	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2023 £'000	Total 2022 £'000	
Raising funds	728	-	-	728	841	
Contributions to Archbishop's Council	630	-	-	630	613	
Resourcing Ministry and Mission	8,821	58	1,672	10,551	10,193	
Education, Youth Children and Families	446	475	-	921	538	
Church Buildings Commission	13	-	-	13	13	
Parish Giving Scheme	17	-	-	17	31	
	10,655	533	1,672	12,860	12,229	

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

	Unrestricted Funds £'000	* Benefice Buildings & Pastoral £'000	Restricted Funds Stipends Fund £'000	* Other Restricted Funds £'000	Total Funds 2023 £'000	<i>Total Funds 2022 £'000</i>
10. Analysis of support costs						
Central administration and office property costs (inc. final salary pension adjustments and externally funded roles)	1,492	-	-	-	1,492	1,276
Governance:						
Amounts paid to auditor:						
External audit	29	-	-	7	36	35
Accountancy	6	-	-	-	6	7
Registrar, Chancellor, PCR2 review and HR	132	-	-	-	132	144
Synodical costs	12	-	-	-	12	8
	<u>1,671</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>1,678</u>	<u>1,470</u>

	Individuals £'000	Institutions £'000	Total 2023 £'000	<i>Total 2022 £'000</i>
11. Analysis of grants made				
Included within:				
Contributions to the Archbishop's Council	-	571	571	510
Education and training grants	59	-	59	103
Resourcing ministry and mission:				
Resettlement and first incumbency grants	138	-	138	183
Support for parish ministry				
Resourcing Ministerial Education	35	61	96	172
Roof Alarm Appeal	-	-	-	2
Church quinquennial inspections	-	46	46	83
PCC Faculty fees	-	28	28	18
Repair and reordering of redundant churches	-	5	5	4
PCC grant	-	-	-	2
Sharing good news grants	-	7	7	7
Continuing Ministerial Development	8	-	8	9
Good Work Chaplaincy grants	-	-	-	8
Norfolk and Waveney Churches Together	-	3	3	3
Church Planting and Revitalisation	-	48	48	52
Education				
CEE grants to schools and academies	-	476	476	82
	<u>240</u>	<u>1,245</u>	<u>1,485</u>	<u>1,238</u>

12. Staff costs

Staff costs were as follows:	2023 £'000	2022 £'000
Gross salaries	1,378	1,293
Social security costs	130	129
Redundancy	-	3
Pension contributions	198	161
Lump sum contributions and advisory costs	65	173
Health insurance contributions	10	10
	<u>1,781</u>	<u>1,769</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

12. Staff costs (continued)

	2023	2022
The average head count of total employees:	<u>53</u>	<u>50</u>
The average number of employees, based on full-time equivalents were as follows:		
Resourcing ministry		
Support for parish ministry (externally funded 2023: 6, 2022: 4)	25	20
Safeguarding	3	3
Counsellor	1	1
Property	5	3
Parochial lay staff	3	3
Church Planting and Revitalisation	4	5
Education, youth, families and children	6	6
Spire Support Services Limited	4	4
	<u>51</u>	<u>45</u>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) exceeded £60,000 were:

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

Pension contributions amounting to £33k were made in the year for the provision of money purchase benefits for the above employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Bishop's Council of Trustees, for planning, directing and controlling the activities of the diocese. During 2023 they were:

The Diocesan Secretary and Chief Executive, the Director of Property Services, the Director of Education, and the Director of Finance. Remuneration (including employers National Insurance, pension costs and benefits-in-kind) and expenses for these employees amounted to £363.7k (2022: £384.7k).

Trustees Remuneration

No remuneration has been paid to any member of the Bishop's Council of Trustees in their capacity as Trustees (2022: £NIL). Two members were reimbursed for travel and incidental costs incurred in undertaking their Trustee duties totalling £47 (2022: two members £95).

During the year the Board made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing/housing rental provided by the Norwich Diocesan Board of Finance Limited during the year:

	Stipend	Housing
The Ven. Steven Betts	Yes	Yes
The Rt. Revd. Ian Bishop	No	Yes
The Ven. Catherine Dobson	Yes	Yes
The Ven. Keith James	Yes	Yes
The Revd. Matthew Price	Yes	Yes
The Revd. Dr Patrick Richmond	Yes	Yes
The Rt. Revd. Dr Jane Steen	No	Yes
The Revd. Canon Simon Stokes	Yes	Yes
The Revd. Stephen Thorp	Yes	Yes
The Rt. Revd. Dr Alan Winton (resigned 30 April 2023)	No	Yes

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

12. Staff costs (continued)

Stipendiary Clergy (continued)

The Board is responsible for funding via the Church Commissioners the stipend of licenced stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	2023	2022
Parochial Clergy: The average number of clergy holding parochial or archidiaconal posts in the diocese was:	<u>145</u>	<u>155</u>
	£'000	£'000
At a cost before recharges of:		
Stipends	4,151	4,317
National Insurance contributions	346	369
Pension contributions	1,083	1,482
	<u>5,580</u>	<u>6,168</u>

The stipends of the Diocesan Bishop and two Suffragan Bishops are funded by the Church Commissioners and are in the range of £39,651 to £48,972. The annual rate of stipend, funded by the Board, paid to Archdeacons in 2023 was in the range of £38,672 to £39,058 and other clergy who were members of the Bishop's Council of Trustees were paid in the range £27,270 to £28,634. The estimated value to the occupant, gross of income tax and national insurance, of church provided housing in 2023 is an average of £15,000 p.a.

13. Net gains/(losses) on investments

	2023	2022
	£'000	£'000
Investments (note 20)		
Realised	34	(282)
Unrealised - listed	401	(2,224)
- unlisted	1	(175)
Glebe Holding (note 19)		
Realised	647	878
Unrealised	-	10,001
Net gains/(losses)	<u>1,083</u>	<u>8,198</u>

14. Net income/(expenditure)

This is after charging:

	2023	2022
	£'000	£'000
Depreciation	<u>16</u>	<u>16</u>

15. Analysis of transfers between funds

	Total 2023 £'000
None	-
	<u>-</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

16. Endowments and Glebe Measure, 1976

	2023	2022
Income and Expenditure Account		
	£'000	£'000
Income (note 5)		
Glebe rents and interest receivable	818	811
Expenditure (note 7)		
Repairs	-	1
Surveyor's and Agent's fees	55	56
Legal and other administration charges	89	77
	<u>144</u>	<u>134</u>
Surplus for the year	<u>674</u>	<u>677</u>

17. Taxation

The Board has no liability to corporation tax or capital gains tax.

18. Tangible assets

	* Freehold Property		* Benefice and Commercial		Other freehold property	Office and other equipment	2023 Consolidated Total
	Subject to value linked loans	Glebe	Pastoral	Property			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation							
At 1 January 2023	485	5,875	78,390	755	2,882	171	88,558
Additions	-	827	2,512	-	-	15	3,354
Disposals	-	(1,449)	(709)	-	-	-	(2,158)
At 31 December 2023	485	5,253	80,193	755	2,882	186	89,754
Accumulated depreciation							
At 1 January 2023	-	-	-	-	-	139	139
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	16	16
At 31 December 2023	-	-	-	-	-	155	155
Net book value							
At 31 December 2023	485	5,253	80,193	755	2,882	31	89,599
At 31 December 2022	485	5,875	78,390	755	2,882	32	88,419
Company							
At 31 December 2023	485	5,253	80,193	240	2,882	29	89,082
At 31 December 2022	485	5,875	78,390	240	2,882	31	87,903

	2023 £'000	2022 £'000
The net book amount comprises:		
Assets used, or intended to be used, predominantly for direct charitable purposes	87,688	86,507
Assets used for administration and other purposes	1,910	1,912
	<u>89,598</u>	<u>88,419</u>

Commercial property is initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

18. Tangible Fixed Assets - continued

Freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and, as part of the agreement, all or part of the sale proceeds will be repayable on final disposal. These properties are carried at their pre-existing balance sheet revaluation as deemed cost. Each year end the loan is carried at an index linked current valuation basis (note 26).

	2023 £'000	2022 £'000
Glebe Property (mainly residential houses) comprises:		
Houses at valuation as at 1 January 2023	5,875	5,875
Additions	827	-
Disposals	(1,449)	-
Valuation as at 31 December 2023	<u>5,253</u>	<u>5,875</u>
Benefice and Pastoral Property comprises -		
Houses -		
At valuation as at 1 January 2023	78,390	78,313
Subsequent additions at cost	2,512	1,711
Disposals	(709)	(1,634)
Valuation as at 31 December 2023	<u>80,193</u>	<u>78,390</u>

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Council of Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Property held by the Diocesan Consolidated Education Endowments, comprising school land and buildings including teachers' houses, some of which are let, is vested in the Board. It is not considered appropriate to include these as assets in the balance sheet because they are in the main held in the very long term and their disposal and the right to any proceeds of sale are subject to the agreement of the Local Education Authority.

19. Glebe Land

	£'000
Consolidated	
Valuation at 1 January 2023	47,021
Additions	-
Disposal proceeds	(650)
Profit on disposal	647
Revaluation adjustment	-
Valuation at 31 December 2023	<u>47,018</u>
Company	
Valuation at 31 December 2023	<u>47,018</u>

The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022. This valuation, which represents an average £8,146 per acre, will be updated every five years. Details of the historic cost of the majority of the Glebe holding is not available.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

20. Fixed asset investments

	At 1 January 2023 £'000	Additions £'000	Disposal proceeds £'000	Profit/(loss) on Disposal £'000	Increase/(decrease) in Market value £'000	At 31 December 2023 £'000
Unrestricted Funds						
Listed investments	1,543	2,497	(1,490)	16	48	2,614
Unlisted investments	100	-	-	-	-	100
Cash	662	-	(634)	-	-	28
	<u>2,305</u>	<u>2,497</u>	<u>(2,124)</u>	<u>16</u>	<u>48</u>	<u>2,742</u>
Restricted Funds						
Listed investments	13,127	11,716	(9,592)	51	353	15,655
Unlisted investments	1,323	-	(1,152)	(33)	1	139
Cash	831	-	(653)	-	-	178
	<u>15,281</u>	<u>11,716</u>	<u>(11,397)</u>	<u>18</u>	<u>354</u>	<u>15,972</u>
Total	<u>17,586</u>	<u>14,213</u>	<u>(13,521)</u>	<u>34</u>	<u>402</u>	<u>18,714</u>
Company	<u>16,807</u>	<u>13,620</u>	<u>(12,927)</u>	<u>31</u>	<u>378</u>	<u>17,909</u>

	2023 £'000	2022 £'000
The unlisted securities comprise:-		
Shares in the Central Board of Finance - Investment Fund	44	43
Property Fund (valued as per the Central Board of Finance)	-	1,185
COIF Charities Investment Fund Income shares (valued as per COIF Charity Funds)	95	95
Investment in Eastern Landowners Consortium	97	97
Investment in CMCU shares	3	3
	<u>239</u>	<u>1,423</u>

The historical cost of the above assets is as follows:

Listed securities	16,759	12,641
Unlisted securities	140	1,140
Cash	<u>206</u>	<u>1,493</u>
	<u>17,105</u>	<u>15,274</u>

The following shareholdings, at valuation, form a material part of the investment portfolio (i.e. greater than 5% of the total of the Board's consolidated investments).

	2023 £'000	2022 £'000
M & G Charifund income units	-	1,641
Central Board of Finance Property Fund	-	1,343
Eskmuir Diversified Property Fund	-	2,446
	<u>-</u>	<u>5,430</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21. Stock	2023 £'000	2022 £'000
Stock and Work-in-Progress	51	26
22. Debtors	2023 £'000	2022 £'000
Company		
Due within one year		
Parish share	323	339
Assigned fees	86	79
Prepayments and accrued income	240	303
Amounts due from Subsidiary undertakings	137	188
Other debtors	1,429	460
	<u>2,215</u>	<u>1,369</u>
Consolidated		
Prepayments and accrued income	8	7
Other debtors	238	217
	<u>2,461</u>	<u>1,593</u>
Company and Consolidated		
Due after more than one year		
Loans (note 23)	497	473
	<u>2,958</u>	<u>2,066</u>
23. Loans Receivable	2023 £'000	2022 £'000
Company and Consolidated		
Amounts due from Subsidiary undertakings	497	473
	<u>497</u>	<u>473</u>
Amounts falling due after more than one year	497	473
	<u>497</u>	<u>473</u>
24. Creditors - amounts falling due within one year	2023 £'000	2022 £'000
Company		
Tax and social security costs	40	36
Other creditors	604	1,186
Accruals and deferred income (note 35)	1,141	1,708
	<u>1,785</u>	<u>2,930</u>
Consolidated		
Tax and social security costs	13	19
Other creditors	1,139	543
Accruals and deferred income (note 35)	1,381	1,103
	<u>4,318</u>	<u>4,595</u>
25. Creditors - amounts falling due after more than one year	2023 £'000	2022 £'000
Loans due by the Board (note 26)	891	1,077
	<u>891</u>	<u>1,077</u>
26. Loans due by the Board	2023 £'000	2022 £'000
Company		
Church Commissioners Property Loans - Value Linked Loans	394	416
Consolidated		
Amounts owed by subsidiary undertakings	497	661
	<u>891</u>	<u>1,077</u>
Amounts falling due after more than one year	891	1,077
	<u>891</u>	<u>1,077</u>
Interest payable on loans due by the Board	9	8
	<u>9</u>	<u>8</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. Summary of fund movements

	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Capital and General	9,890	8,992	(9,063)	-	(210)	9,609
Designated funds:						
Aided Church Schools						
Buildings Reserve	178	-	-	-	-	178
Diocesan Parsonages Fund	85	-	-	-	-	85
Jane Bailey Bequest	591	1	(17)	-	-	575
	854	1	(17)	-	-	838
Total unrestricted funds	10,744	8,993	(9,080)	-	(210)	10,447
Restricted funds						
Stipends Fund	66,115	2,826	(2,295)	-	846	67,492
Benefice Buildings and Pastoral Fund	82,792	435	(18)	-	146	83,355
Other Restricted Funds						
Margaret Young Fund	242	-	-	-	-	242
Bishops' Fund for Readers in Training	7	-	-	-	-	7
Burning Bush Barn	7	-	-	-	-	7
Resourcing Ministerial Education	54	82	(96)	-	-	40
Church Planting and Revitalisation	190	116	(311)	-	-	(5)
Subsidiaries and Quasi subsidiaries						
Trading Subsidiaries: (see note 33)						
Non-charitable trading funds	30	554	(585)	-	-	(1)
Consolidated Education Endowments	1,943	37	(475)	-	25	1,530
Trusts	102	3	-	-	2	107
Total other restricted funds	2,575	792	(1,467)	-	27	1,927
Total restricted funds	151,482	4,053	(3,780)	-	1,019	152,774
Total funds	162,226	13,046	(12,860)	-	809	163,221

Unrestricted funds

The Board's Capital and General Funds includes £990,000 relating to capital (2022: £990,000). The General Reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing.

Designated funds

The Aided Church Schools Buildings Reserve represents designated funds set aside for the maintenance and repair of Church schools.

The Diocesan Parsonages Fund represents Parsonage Building Funds held by the Board, which may be applied to either the Benefice Buildings and Pastoral or the Stipends Capital.

The Jane Bailey Bequest was established by the will of the late Miss Sybella Jane Bailey, who died on 16 November 1993. The Board became entitled to this by a Deed of Appointment, dated 14 November 1995 and the assets thereof, consisting of Cavick House and grounds, together with three adjacent dwellings near Wymondham, were vested in the Board with effect from 30 August 1996. Following agreement with the executors of the estate, the property was sold in December 1998. The resulting funds have been used for the provision of archdeacons housing and related housing costs.

Restricted funds

The Stipends Fund derives mainly from the historic Glebe property of the Diocese and is restricted as to its use by Section 35 of the Endowments and Glebe Measure, 1976.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. Summary of fund movements (continued)

Restricted funds - continued

The Margaret Young Fund was established by the will of the late Margaret Caroline Young. The Board became entitled to the property Babur Hill Cottage, Bawburgh, on the death of the life tenant on 26 July 2008, and the transfer of ownership took place during 2009. This was subsequently sold in October 2010. The fund is to be used towards the provision of housing for retired clergy.

The Bishops' Fund for Readers in Training was set up by a former Archdeacon of Lynn, John Ashe from a collection in Norwich Cathedral, to provide financial assistance to students.

The Burning Bush Barn was contemplative art space set in the rural village of Rockland St Mary 6 miles south of Norwich City centre. This is currently being re-imagined for future spiritual growth through creative visual art.

To combat the threat of church lead thefts the Bishop of Norwich, the Police and Crime Commissioner for Norfolk, the Norfolk Churches Trust, Allchurches Trust and the Round Tower Churches Society have been working together to find a long-term solution and have created The Roof Alarm Scheme. The appeal raises funds towards the cost of installing alarms on church roofs. Income is released to match expenditure.

Resourcing Ministerial Education is a framework for paying to support Ordinands in initial training which supports diocesan and national ministry strategies, incentivises sponsorship of younger candidates and offers clear links between training choices and financial implications. Block grants are restricted and income is released to match expenditure.

The Church Planting and Revitalisation project began in September 2019, with the aim to create new or revitalised churches across Norfolk and Waveney. At the beginning of 2022 a new re-set of this project was agreed by the Bishop's Council of Trustees and Archbishops' Council, with the plan to continue the work of revitalisation in areas where this is working well and to refocus church planting to enable a defined number of missional communities. The revised total project costs were £1.8m (previously £3.2m) the revised grant funding from Archbishops' Council was £1.23m (previously £1.98m), with the balance being met from Diocesan funds. The project ended as planned at 31 December 2023, with an underspend on the re-set budget of c.£300k. We requested and have obtained approval from Archbishops' Council to extend the programme for a further 12 months to utilise the underspend to strengthen and extend existing ministries showing signs of fruitfulness. We will do this by investing in Youth Ministry, sustaining Sports Ministry, developing Youth Chaplaincy and creating a mission fund in five project areas.

The Benefice Buildings and Pastoral Fund is represented by parsonage and other houses and assets derived from the sale of such houses or churches which have become redundant. The use of pastoral monies is restricted by Section 78 of the Pastoral Measure, 1983. However, the Bishop of Norwich has given the Diocesan Secretary sanction for the use of these funds at his discretion for ministry and mission purposes.

28. Pension costs

The Church of England Funded Pension Scheme

The Norwich Diocesan Board of Finance participates in the Church of England Funded Pension 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 Body.

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 that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged in the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions. The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions were nil.

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

An average discount rate of 2.7% pa;

RPI inflation of 3.6% pa (and pension increases consistent with this);

CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments 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 and an initial addition to mortality improvements of 0.5% pa.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

28. Pension costs (continued)

The Church of England Funded Pension Scheme (continued)

Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, as the Scheme was fully funded. Previous deficit recovery contributions under the recovery plan were as follows:

% of pensionable stipends	1 January 2021 to	1 January 2023 to
	31 December 2022	31 December 2023
Deficit repair contributions	7.1%	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022, and remained in place until 31 December 2022.

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

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

	2023 £'000	2022 £'000
Balance sheet liability at 1 January	-	293
Deficit contribution paid	-	(167)
Interest cost (recognised in Statement of Financial Activities)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(126)
Balance sheet liability at 31 December	-	-

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

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 as pensionable stipends for the remainder of the recovery plan were already known.

% of pensionable stipends	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0% pa
Price inflation	n/a	n/a	n/a
Increase to pensionable payroll	n/a	n/a	-1.5% pa

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

The Board's Pension Scheme

Norwich Diocesan Board of Finance Limited operates a final salary defined benefit pension plan in the UK, the Norwich Diocesan Board of Finance Limited Pension Scheme. A comprehensive actuarial valuation of the scheme was carried out as at 31 March 2022, this indicated a surplus of £429k when comparing the valuation of the Scheme's assets with the technical provisions of the Scheme. The valuation has been updated to 31 December 2023 by a qualified independent actuary.

Information about the Scheme is set out below consistent with section 28 of FRS 102.

Employee benefit obligations - amounts recognised in the balance sheet:

	2023 £'000	2022 £'000
Present value of funded obligations	1,694	1,619
Fair value of plan assets	3,135	3,254
Net defined benefit asset	1,441	1,635

The pension plan assets do not include property occupied by the sponsoring employer.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

28. Pension costs (continued)

The Board's Pension Scheme (continued)

In addition to the assets reported above, the scheme assets include insurance policies that exactly match the amount and timing of the benefits payable under the Scheme to those current pensioners whose pensions are fully secured in immediate annuity policies. Since the fair value of these insurance policies is deemed to be the present value of the related obligations, both the asset and corresponding liability have been ignored in the disclosures.

The amounts recognised in the Statement of Financial Activities are as follows:

	For year to 31 December 2023 £'000	For year to 31 December 2022 £'000
Current service cost	5	8
Scheme administration expenses	18	-
Interest expense	76	45
Interest income	(154)	(54)
Total (income) recognised in Statement of Financial Activities	(55)	(1)
Actual return on plan assets	(94)	194

Changes in the present value of the defined benefit obligation are as follows:

	For year to 31 December 2023 £'000
Opening defined benefit obligation	1,619
Current service cost	5
Interest expense	76
Actuarial loss	48
Benefits paid	(54)
Closing defined benefit obligation	1,694

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

The projected unit method has been used to arrive at the above service cost. The use of this method is prescribed in FRS 102. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. However, as the scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

28. Pension costs (continued)

The Board's Pension Scheme (continued)

Changes in the fair value of plan assets are as follows:

	For year to 31 December 2023 £'000
Opening fair value of plan assets	3,254
Interest income	154
Return on Scheme assets, excluding amounts included in	
Interest expense/income	(248)
Expenses paid	(18)
Contributions by employer	47
Benefits paid	(54)
Closing fair value of plan assets	3,135

FRS 102 states that the reconciliation of changes in the fair value of plan assets need not be presented for prior periods.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2023 % total plan assets	2022 % total plan assets
Unitised with profits policy	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

a) Financial assumptions	2023	2022
Discount rate	4.50% pa	4.75% pa
RPI inflation assumption	3.10% pa	3.20% pa
CPI inflation assumption	2.80% pa	2.90% pa
Future salary increases	3.10% pa	3.20% pa
Pension increases in payment		
(RPI - maximum 5%)	2.90% pa	2.90% pa
(CPI - maximum 2.5%)	1.90% pa	1.80% pa
b) Demographic assumptions		
Assumed life expectancy in years, on retirement at 65:	2022	2022
Retiring today		
Males	21.1	21.5
Females	23.6	24.0
Retiring in 20 years		
Males	22.3	22.8
Females	25	25.4

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

29. Redundant Churches

The Board was responsible for the care and maintenance of 3 redundant churches during the year (2022: 3). The cost to the Board was £4,647 (2022: £4,212).

No value has been attributed to these churches on the grounds that it is not material having regard to the liability for repair.

30. Voluntary Aided Schools pooling arrangement

In April 2006 the DFE made voluntary aided school annual devolved formula capital grants available to schools in advance of project spend. A significant number of Diocesan education and finance staff are involved in administering the projects and use of the funds received.

A summary of the transactions between 1 January 2021 and 31 December 2022 is detailed below:

	2023 £'000	2022 £'000
Cash held at 1 January 2023	774	477
Grants received from DFE	180	605
Payments on behalf of Schools	(566)	(308)
Cash held at 31 December 2023	<u>388</u>	<u>774</u>

These grants belong to the individual schools in the pooling arrangement and are not included in the consolidated accounts of Norwich Diocesan Board of Finance Limited.

31. Related party transactions

Transactions with the Ministry division and the Board of Education are included with the Unrestricted Funds in the Statement of Financial Activities. Consolidated Education Endowments is included as a Restricted Fund in the Statement of Financial Activities.

Norwich Diocesan Board of Finance Ltd is Managing or Custodian Trustee for approximately 1,800 Trusts. Where Norwich Diocesan Board of Finance Ltd is Managing Trustee, these trusts are included as a quasi subsidiary in the Statement of Financial Activities.

The Board co-operates closely with The Horstead Centre. The Board leases the Horstead Conference Centre to the Horstead Centre over a fifty year lease at £12 per annum. The market value of this rent is £18,000 per annum. During the year £3,914 was recharged to Norwich Diocesan Board of Finance Limited by the Horstead Centre in respect of Soulshaper, Clergy family fun day and a CYF activity day (2022: £3,201), with £3,003 outstanding at the year end (2022: £Nil). Nothing was charged to the Horstead Centre by the Board in 2023 (2022: nil).

The Board operates closely with The Diocese of Norwich Education and Academies Trust (DNEAT), with some of the Trustees of the Board being Members of the Trust and some of the employees of the Board being Trustees of the Trust. £3,009 (2022: £5,752) was recharged to The Diocese of Norwich Education and Academies Trust (DNEAT) in 2023 by the Consolidated Education Endowments Fund (CEE) and the Norwich Diocesan Board of Finance Ltd, with £1,730 outstanding at the year end (2022: nil). £172,602 (2022: £69,031) was charged to the Norwich Diocesan Board of Finance and CEE with respect to contribution to services and contributions to closed school sites with £171,000 (2022: 63,371) outstanding at the year end.

The Board operates closely with St Benet's Multi-Academy Trust, with some of the Trustees of the Board being Members of the Trust and some of the employees of the Board being Trustees of the Trust. Nothing (2022: £2,360) was recharged to St Benet's Multi-Academy Trust by the Norwich Diocesan Board of Finance Ltd in 2023, with nothing (2022: £400) outstanding at the year end. £253,215 (2022: £nil) was charged to the Norwich Diocesan Board of Finance and CEE with respect to contribution to services and training costs with £252,000 (2022: nil) outstanding at the year end.

The Diocese of Norwich Education Support Company (DONESC) supports both The Diocese of Norwich Education and Academies Trust and St Benet's Multi-Academy Trust. Nothing was recharged to The Diocese of Norwich Education Support Company (DONESC) (2022: £8,432), with £nil outstanding at the year end (2022: £nil). £82,414 was charged by DONESC with respect to Headteacher recruitment support, RE Lead Support, and NPQ support (2022: £20,000), with £27,425 outstanding at the year end (2022: £20,000).

Some of the Trustees of the Board are also Trustees of the Anne French Memorial Trust. £46,761 was recharged to The Anne French Memorial Trust in 2023 (2022: £54,286), with £14,304 outstanding at the year end (2022: £14,028). Grants totalling £35,000 were given towards clergy housing costs and school chaplaincy costs, this income is released to match expenditure. Deferred grants from 2021 and 2022 totalling £48,891, given towards Generous Giving Advisors and Strategic Programme Management, have been released to match expenditure. Deferred grants from 2021 and 2022 totalling £50,230 towards energy efficiency housing costs and a pastoral issue have been deferred again to 2024.

The Diocese of Norwich Churches Trust was established during 2015. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs. Some of the Trustees of the Board are also trustees of this Trust. Nothing was due at the year end to the Trust by the Norwich Diocesan Board of Finance Limited in respect of fees (2022: £nil).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

32. Capital commitment

There are no known capital commitments.

33. Subsidiary Undertakings

All subsidiary undertakings are included within restricted funds.

(a) Spire Support Services Limited

Spire Support Services Limited is a wholly owned subsidiary of Norwich Diocesan Board of Finance Limited, incorporated on 19 May 2011.

	2023 £'000	2022 £'000
Net (loss)/profit (before tax and Corporate Gift Aid) for the year ended 31 December	(1)	30

Transactions between Spire Support Services Limited and Norwich Diocesan Board of Finance Limited are as follows:

	2023 £'000	2022 £'000
Expenses paid on behalf of Spire Support Services Limited (inc. recharges)	137	188
Amounts owing by Subsidiary undertaking at 31 December 2022 (debtor)	137	188
Shareholders Equity/(Deficit)	-	-

During the year Spire Support Services Limited collected rental income net of 8% commission plus VAT of £464,502. Spire Support Services charged Norwich Diocesan Board of Finance Limited (inc. CEE) £18,105 inc VAT for design, surveying services and Church Quinquennials (2022: £106,198), with £611 outstanding at the year end (2022: £12,879). Norwich Diocesan Board of Finance Limited charged Spire Support Services £20,316 for management oversight, financial services, office rental and loan interest (2022: £21,380). The accounts for Spire Support Services Limited for the year ended 31 December 2023 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(b) NDBF (Easton) Limited

NDBF (Easton) Limited was incorporated on 4th April 2014 to be part of a land-owners consortium for property development in the village of Easton. During 2018 8.604 acres of Glebe land was transferred to NDBF (Easton) Limited from Norwich Diocesan Board of Finance Limited at a valuation of £54,966, being £6,388.22 per acre.

	2023 £'000	2022 £'000
NDBF Easton Limited net profit for the period ended 31 December	261	-

£261,133 will be paid in corporate gift aid to Norwich Diocesan Board of Finance Ltd within nine months of the year end. The accounts for NDBF Easton Limited for the year ended 31 December 2023 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(c) Norwich Glebe Property Limited

Norwich Glebe Property Limited was incorporated on 26 February 2016 and was set up in order to hold commercial glebe property.

	2023 £'000	2022 £'000
Norwich Glebe Property Limited net profit for the year ended 31 December	29	29

During the year Norwich Diocesan Board of Finance Limited collected rental income and expenses net of VAT of £49,626 on behalf of Norwich Glebe Property Limited, paid costs of £3,779 (2022: £3,490) and charged loan interest of £16,661 (2022: £16,480) to Norwich Glebe Property Limited. Norwich Glebe Property Limited will gift the above net profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Norwich Glebe Property Limited for the year ended 31 December 2023 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

34. Financial Instruments

2023	2022
£'000	£'000

The carrying amounts of the company's financial instruments are as follows:

Financial assets

Measured at fair value through net income/expenditure:

Fixed asset listed investments (note 20)	<u>18,269</u>	<u>14,670</u>
--	---------------	---------------

35. Deferred income (note 24)

Deferred income brought forward at 1 January 2023	2,531	2,889
Deferred income (released)/added during the year	<u>(189)</u>	<u>(358)</u>
Deferred income carried forward at 31 December 2023	<u>2,342</u>	<u>2,531</u>

Deferred income relates to funds received for specific projects which are deferred until the expenditure is incurred.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

36. Prior year comparative Statement of Financial Activities

	* Restricted Funds *				
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2022 £'000
Income and endowments from					
Donations					
Parish contributions	6,678	-	-	-	6,678
Archbishops' Council	415	-	1,251	428	2,094
Other donations	295	-	-	2	297
Charitable activities	835	1	2	-	838
Other activities	588	3	-	607	1,198
Investments	124	165	1,221	24	1,534
Other sources	-	1,027	-	15	1,042
Total income	8,935	1,196	2,474	1,076	13,681
Expenditure on					
Raising funds	-	-	134	707	841
Charitable activities	8,669	8	2,099	612	11,388
Total expenditure	8,669	8	2,233	1,319	12,229
Net income/(expenditure) before investment gains	266	1,188	241	(243)	1,452
Net gains on investments	(327)	(704)	9,356	(127)	8,198
Net income/(expenditure)	(61)	484	9,597	(370)	9,650
Transfers between funds	(1)	-	-	1	-
Other recognised gains/(losses)					
Adjustment of value linked loans	(26)	-	-	-	(26)
Actuarial gain on defined benefit pension scheme	910	-	126	-	1,036
Net movement in funds	822	484	9,723	(369)	10,660
Reconciliation of funds					
Total funds at 1 January 2022	9,922	82,308	56,392	2,944	151,566
Total funds at 31 December 2022	10,744	82,792	66,115	2,575	162,226

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

37. Statement of Financial Activities at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	Restricted Funds				Total Funds 2023 £'000	<i>Total Funds 2022 £'000</i>
	Unrestricted Funds £'000	* Benefice Buildings & Pastoral £'000	Stipends Fund £'000	* Other Restricted Funds £'000		
Income and endowments from Donations						
Parish contributions	6,644	-	-	-	6,644	6,678
Archbishops' Council	343	-	1,226	198	1,767	2,094
Other	361	-	-	-	361	297
Charitable activities	784	2	2	-	788	838
Other activities	638	5	-	-	643	591
Investments	223	147	1,114	-	1,484	1,510
Other sources	-	281	484	-	765	1,027
Total income	8,993	435	2,826	198	12,452	13,035
Expenditure on Raising funds	-	-	144	-	144	134
Charitable activities	9,080	18	2,151	407	11,656	11,303
Total expenditure	9,080	18	2,295	407	11,800	11,437
Net (expenditure)/income before investment gains	(87)	417	531	(209)	652	1,598
Net gains/(losses) on investments	64	146	846	-	1,056	8,325
Net income/(expenditure)	(23)	563	1,377	(209)	1,708	9,923
Transfers between funds	-	-	-	-	-	-
Other recognised gains/(losses)						
Adjustment of value linked loans	22	-	-	-	22	(26)
Actuarial gain/(loss) on defined benefit pension scheme	(296)	-	-	-	(296)	1,036
Net movement in funds	(297)	563	1,377	(209)	1,434	10,933
Reconciliation of funds						
Total funds at 1 January 2023	10,744	82,792	66,115	501	160,152	149,219
Total funds at 31 December 2023	10,447	83,355	67,492	292	161,586	160,152



Diocesan House, 109 Dereham Road, Easton, Norwich NR9 5ES

Tel: 01603 880853 Email: info@dioceseofnorwich.org

www.dioceseofnorwich.org   

Accounts

Annual Report and Financial Statements **2022**

Norwich Diocesan Board of Finance Limited

Supporting the mission and ministry
of the Diocese of Norwich

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

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NORWICH DIOCESAN BOARD OF FINANCE LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

**The Bishop's Council of Trustees
(Board of Directors)
as at 20 May 2023**

Mark Jeffries (Chairman)
Mark Allbrook
The Ven. Steven Betts
The Very Revd. Dr Andrew Braddock (appointed 28 January 2023)
Paul Cracknell
The Ven. Catherine Dobson (appointed 1 October 2022)
Virginia Edgecombe
The Ven. Keith James
Kandara Kammoun
Susan Martin
The Revd. Matthew Price
The Revd. Dr Patrick Richmond
Lindsey Rix
Angela Robson
The Rt. Revd. Dr Jane Steen
The Revd. Canon Simon Stokes
Patricia Temple-Crowe
The Revd. Stephen Thorp
The Rt. Revd. Graham Usher
Thompson Zulu

Diocesan Secretary (Chief Executive)

Tim Sweeting

Director of Finance

Susan Bunting BFP FCA

Registered Office

Diocesan House, 109 Dereham Road, Easton, Norwich,
NR9 5ES

Company Registration Number

00088175

Charity Registration Number

249318

Auditor

Lovewell Blake LLP, Bankside 300, Peachman Way,
Broadland Business Park, Norwich, NR7 0LB

Bankers

Barclays Bank plc, 3 St James Court, Norwich, NR3 1RJ

Insurers

Ecclesiastical Insurance (Benefact Group), Benefact
House, 2000 Pioneer Avenue, Gloucester Business Park,
Brockworth Gloucester, GL3 4AW

Solicitors

Birketts LLP, Kingfisher House, 1 Gilders Way, Norwich,
NR3 1UB
Anthony Collins Solicitors LLP, 134 Edmund Street,
Birmingham. B3 2ES

**Investment Advisors and
Stockbrokers**

Barratt and Cooke Ltd, 5/6 Opie Street, Norwich
NR1 3DW
Abrdn, 280 Bishopsgate, London, EC2M 4AG
CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6EE
JM Finn & Co, 4 Coleman Street, London, EC2R 5TA
Eskmuir Group, 8 Queen Anne Street, London, W1G 9LD

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises of dioceses of which there are 42 in England.

Each diocese in England is divided into parishes. Each parish is overseen ecclesiastically by a parish priest if not an 'incumbent' (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords making a major contribution to Parliament's work. They are known as Lords Spiritual.

The Church of England is episcopally-led (there are some 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The National Church Institutions

There are seven national administrative bodies that work together to support the mission and ministries of the Church. These are called National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, today spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Lambeth Palace is the NCI accommodating the home and office of the Archbishop of Canterbury.

Bishopthorpe Palace is the NCI accommodating the home and office of the Archbishop of York.

The National Society for Promoting Religious Education is the Education Department for the Church of England.

The Church of England Central Services look after the national HR, Finances and Resources, IT, Legal, Communications, and Record Centre.

The Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, the Cathedral, Norwich.

The information about General Synod, the Church Commissioners, the Archbishops' Council, the other NCI's and Norwich Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND (continued)

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation from across the diocese. The Synod has broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- where appropriate, give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council (now a function of the Bishop's Council of Trustees) has the following functions:

- To act as the Standing Committee of Diocesan Synod and to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy, including effective communication of priorities, strategies and policies;
- To oversee and co-ordinate the work of all Diocesan Boards, Committees, Forums, Working Groups and responsible individuals; to ensure regular reporting to the Bishop's Council and/or Diocesan Synod as appropriate;
- To receive an annual report from the Independent Chair of the Diocesan Safeguarding Advisory Panel about the panel's work and an assessment of all aspects of safeguarding within the diocese;
- To oversee and review the workings of the Synodical process, with particular attention to the connection between Deanery, Diocesan and General Synods;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which - broadly - is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a corporate charity, and all those not exceeding £100,000 annual gross income are currently excepted from registration with the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent in holy orders who as such is a Church beneficiary and typically receives a stipend and the benefit of free occupation and use of a parsonage house at the behest of the Bishop for the purpose of carrying out specified spiritual duties.

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. The diocese is then the principal pastoral and, by means of its Board of Finance, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2022

Introduction

The finances of the diocese have shown a pleasing improvement in 2022, particularly when set in the context of continuing post-pandemic challenges, widely reported census data and cost-of-living constraints. As ever, we remain cautious in relation to the future, but equally determined to ensure that resources are judiciously applied to enable churches to flourish across the diocese as we deliver the vision and priorities approved by Diocesan Synod last autumn.

Income and expenditure

You will see from the accounts that in 2022 the Diocese received a total of £6.678m in Parish Share, 84.4% of the amount requested. Whilst this is a decrease of £408,404 or 5.76% compared to pre-pandemic receipts of 2019, and £1.236m less than the requested amount, it is an increase when compared to receipts in 2021 of £157,766 or 2.42%, a wonderful achievement.

The cost-of-living crisis, together with the continued legacy of the COVID-19 pandemic had an impact on our parish incomes and expenditure. The tremendous effort that goes into raising the funds to pay Parish Share is very much appreciated.

The Diocesan financial statements are complex and include the consolidation of trading subsidiaries, large year-end pension revaluations, a revaluation of glebe land and stock market movements. This makes it difficult to see the true operating position. We have therefore included a summary on page 7 in the appendix to this report which shows that the operating deficit for 2022 excluding year end pension scheme revaluations, movement in stock market valuations, revaluation of glebe land, property sales, subsidiary company results and designated sustainability funds, is £50k (2021: £520k).

We have worked hard to put the finances of the Diocese on a sustainable footing, but I must urge some caution when looking at the operating results. I highlight the following:

- Whilst the deployment review resulted in 15 fewer established stipendiary clergy posts, we have more vacancies in stipendiary posts than planned. This has reduced costs temporarily until the posts are filled. Every effort is being made to fill vacant posts and we expect to see an increase in costs attributable to them;
- In 2021, the Diocesan Parish Support Team was restructured to achieve a reduction in roles through redundancy and not replacing leavers. Much effort has been invested in building a Parish Support Team that can undertake the complex range of legal and statutory requirements, whilst providing responsive and effective support for parishes. Nevertheless, during 2022 we had higher staff vacancies than planned which again has resulted in artificially low costs.

During the year, Spire Support Services and our other trading subsidiaries, NDBF (Easton) Limited and Norwich Glebe Property Limited, made trading surpluses. Details are in note 33 on page 45 of these statements. The three companies were formed to provide alternative sources of income for the Diocese and to relieve the pressure on Parish Share. The surpluses will be transferred to the Diocese under the corporate gift aid scheme. During 2023 we plan to focus attention on Spire Support Services to ensure the company is adequately staffed and can grow in accordance with its revised business plan and increase profitability.

We have reviewed investment policies and strategies to maximise income, including a full review of our investment advisors by way of tender process. This will result in a restructured portfolio, with the aim of achieving better investment returns and relieving the pressure on Parish Share.

A review of the Diocese's residential property was initiated in the year, mindful that a large proportion of our housing stock was becoming more expensive to live in, impacting the wellbeing of our clergy. This project, which will include a large programme of improvements, will also seek to reduce our long-term maintenance costs and support the Church of England's intention to achieve Net Zero Carbon by 2030.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2022

Assets and liabilities

After revaluation at the end of 2021, the national clergy pension scheme was showing a surplus of £560m. This removes the liability position shown on our balance sheet in 2021 of £293k. An independent actuary valued the staff pension scheme (which was closed to new members in 2001), at £1.635m, an increase of £1.164m in its value on the balance sheet. This is not a cash asset, and the Pension Scheme Trustees are currently seeking professional advice on the finances of the scheme. Full details of the pension costs are shown in note 28, on pages 40 to 43 below.

These large adjustments in our financial statements are required by accounting regulations and can be seen in the summary on page 7 of this report.

The value of net assets at 31 December 2022, excluding the contribution from trading subsidiaries, is set out on page 22 and amounts to £160.2k. The increase of £10.9m relates mainly to an increase of £10m in the value of our glebe land and the revaluation of the closed staff pension scheme. It is important to remember that these are not cash assets.

The summary on page 7 also shows the realised gains on the disposal of properties of £1,027k, being the difference between the frozen values reflected on our balance sheet and the proceeds of sale. It arises from the sale of five properties. In addition, we purchased three properties and these movements are reflected on the balance sheet.

Financial Strategy

A sub-group of the Finance Committee has recently met to consider a framework for high-level strategy for the Norwich Diocesan Board of Finance Limited for the coming years. This will be presented to the Bishop's Council of Trustees and will include the approach to the use of the unapplied total return on investments. We anticipate that it will partly support delivery of the Vision and Priorities and the core budget as we embark on a number of major projects.

Parish Giving Scheme and Digital Rollout

We launched the Parish Giving Scheme in our Diocese early in 2022 and I again commend this to all parishes. At the end of 2022, PCCs in 82 parishes had resolved to offer the Parish Giving Scheme to their congregation and wider community. The national scheme to support stewardship is now used in over three-quarters of dioceses and has an established reputation for enabling parishes to achieve greater financial security through annual income growth as well as supporting parish treasurers.

The Diocese successfully bid to be part of the National Churches Digital Rollout taking place in 2023. We have been awarded 70 contactless giving machines which will be in place in parishes by July 2023.

Parish Statistics and Financial Data

We are reviewing the ways in which we collect and use data across the Diocese. This will include how we use and communicate the data collected nationally for our Diocese. It includes finance, mission, ministry, census, energy footprint and Net Zero Carbon as well as special data for mapping. I am keen that our parishes, benefices and deaneries know how to use and access their data to help them in planning and decision making.

Thanks

The pleasing improvement in the Diocese's finances in 2022 is the result of a huge collective effort across the Diocese. On behalf of the Trustees, I pay tribute to the Parish Support Team for their enormous dedication and hard work, together with the skills they bring to support our parishes. We are also deeply grateful to all those who give their time so generously to serve on the various committees of the Diocesan Board of Finance. It is much appreciated.



MARK JEFFRIES

20 May 2023

APPENDIX TO CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2022

The table below summarises the main features of the year and my explanation of them. The figures are extracted from note 37 on page 48 of the financial statements and are prior to the consolidation of Subsidiaries.

	Board 2022 £'000	Board 2021 £'000	Variances £'000
Income	12,008	12,386	(378)
Expenditure	<u>(11,437)</u>	<u>(11,872)</u>	<u>435</u>
Operating surplus	571	514	57
Realised gains on sale of properties - Board	<u>1,027</u>	<u>927</u>	<u>100</u>
Net income	1,598	1,441	157
Adjustment of value linked loans	(26)	(37)	11
Actuarial gain on defined benefit pension scheme	1,036	153	883
Gains on investment assets:			
Sale of glebe property (realised gains)	878	38	840
Revaluation of glebe holding	10,001	-	10,001
Quoted and unquoted investments			
Realised	(276)	105	(381)
Unrealised	<u>(2,278)</u>	<u>2,025</u>	<u>(4,303)</u>
Increase in funds	<u>10,933</u>	<u>3,725</u>	<u>7,208</u>
Reconciliation of Management accounts operating position			
Net income (shown above)	1,598	1,441	157
FRS102 Pension disclosure - Clergy Scheme	(167)	(303)	136
FRS102 Pension disclosure - Company Scheme	(254)	(231)	(23)
Transfer of funds CPR project	-	(500)	500
Designation of sustainability funds to 2023	(200)	-	(200)
Realised gains on sale of properties - Board	<u>(1,027)</u>	<u>(927)</u>	<u>(100)</u>
Operating deficit	<u>(50)</u>	<u>(520)</u>	<u>470</u>

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees' who are also directors for the purposes of company law, present their combined trustees' and directors' report and strategic report together with the audited financial statements, for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Objectives

Norwich Diocesan Board of Finance Limited aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. These activities have been undertaken during the year and there have been no significant changes in its policies.

Structure, governance and management

The Diocese of Norwich was founded in 1094 and took broadly its present form in 1906. It covers an area of 1,804 square miles. The approximate population is 923,000 and the demographics are as follows: the diocese is the 8th largest in England in geographical area but only 33rd in terms of density of population. The city of Norwich (total population around 144,000) is the area's key centre of economic activity. Apart from Norwich there are four other significant conurbations which spread around the periphery: Kings Lynn, Great Yarmouth, Lowestoft and Thetford. The rural areas contain a scattered population living in communities ranging from market towns (of which Norfolk has many, most of them growing) to smaller villages and remote hamlets.

The Diocese is arranged in three archdeaconries being Norwich, Thetford and Lynn. In total there are some 570 parishes and 650 church buildings.

Diocesan governance

The Diocese is governed by Standing Orders approved by Diocesan Synod. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay members elected by the house of laity in Deanery Synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee which is the Bishop's Council.

Company status

The company, Norwich Diocesan Board of Finance Limited, is established to manage the financial affairs, and hold legal title to the assets, of the Diocese of Norwich. It was incorporated on 28 March 1906 as a charitable company limited by membership guarantee (No. 00088175), and its governing documents are the Memorandum and Articles of Association (as amended on 28 April 1970, 5 May 1970, 19 June 2010 and 10 June 2017). Norwich Diocesan Board of Finance Limited is registered with the Charity Commission (No. 249318).

Every member of Diocesan Synod is a member of Norwich Diocesan Board of Finance Limited for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Decision-making structure

Within the supervisory powers of the Diocesan Synod certain diocesan functions are now undertaken by the Bishop's Council of Trustees acting as the Bishop's Council, the Executive Committee, the Diocesan Mission and Pastoral Committee and the Parsonage Board.

The Bishop's Council is the Standing Committee of Diocesan Synod and its functions are listed on page 4.

The Executive Committee act as Trustees' and are also directors for the purposes of company law, their functions in pursuit of Norwich Diocesan Board of Finance Limited's charitable objects are:

- Management of the funds and property of the Diocese;

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Structure, governance and management (continued)

- Consideration and approval of the Financial Policy and Strategy for the Diocese as prepared by the Finance Committee;
- Preparation of annual estimates of expenditure and budgets, including advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- Statutory filings to the Charity Commission and Companies House;
- Fulfilling employer's responsibilities and compliance with any legal duties to which the Diocese may be subject;
- Holding responsibility for payment of clergy stipends;
- Carrying out any other functions delegated by Diocesan Synod.

The Diocesan Mission and Pastoral Committee, is responsible for the review of ministry deployment which may include pastoral reorganisation, sharing agreements or mission planning, taking account of finance, clergy numbers and new patterns of ministry. The Committee advises the Bishop and Diocesan Synod on proposed strategy. It is also responsible for church buildings other than matters for the consistory court or the work of the Diocesan Advisory Committee for the Care of Churches.

The Bishop's Council of Trustees, acts as the Parsonages Board and provides for the responsibilities of the board to be undertaken by a committee known as the Property Committee.

The Bishop's Council of Trustees has delegated responsibility for the day-to-day management of the Board to the Diocesan Secretary who is supported by a senior management team and their staff.

All members of the Bishop's Council of Trustees give their time voluntarily and receive no benefits from the Board. During the year Norwich Diocesan Board of Finance Limited made payments to the Archbishops' Council for stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

Committee structure

Those that follow are statutory committees:

Glebe Committee, is responsible for overseeing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese of Norwich.

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

The Board of Education, is established under the Diocesan Boards of Education Measure 2021. Its functions include: the promotion of education consistent with the faith and practice of the Church of England; the promotion of religious education and religious worship in schools and academies; the promotion of Church schools and academies in the diocese; and advice to school governors on any matter affecting Church schools and academies.

The Board of Patronage is constituted under Schedule 3 of the Patronage (Benefices) Measure 1986. The exercise of Patronage, i.e., the right to present a priest to a benefice, is an historic foundation element of the Church of England carried over from the pre-Reformation Church. Today it forms part of a system of checks and balances which ensures the continuance of a broad spectrum of belief and practice within that Church, not least traditional orthodoxy.

The Vacancy in See Committee, the requirement for, and role, functions and constitution of, a diocesan Vacancy in See Committee is set out in the Vacancy in See Regulation 1993 (as amended). It only meets when the post of diocesan bishop is vacant.

In addition to the statutory committees, currently there are also the following committees:

Agenda Planning Group, sets the agenda for the Bishop's Council of Trustees and produces a draft agenda for Diocesan Synod for the Bishop's Council of Trustees to approve.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Structure, governance and management (continued)

Asset Management Committee, brings together matters to do with diocesan property, investments and Glebe, including strategic development proposals. It takes an integrated approach to maximise the effective management and growth of all types of diocesan assets.

Audit Risk and Assurance Committee, reviews the work, policies and procedures of the Board, to ensure integrity in all its activities, and compliance with legal, financial and reporting requirements, and to have oversight of risk management processes.

Finance Committee, has delegated responsibility for much of the work of the Executive Committee. It is responsible for developing a financial policy and strategy for the Diocese for approval by the Bishop's Council of Trustees.

Nominations Committee, makes recommendations to the Bishop's Council of Trustees for the appointment of candidates for non-elected membership of the Diocesan Synod, the Bishop's Council of Trustees, and other committees of the Diocese of Norwich. It also approves, on behalf of the Bishop's Council of Trustees, a number of specific appointments, namely the Diocesan Secretary, staff at Director level, and the Chairs of some of the boards and committees

Property Committee, undertakes the responsibilities and work of the Parsonages Board. This includes provision, maintenance, upkeep and improvement of Parsonage houses; considerations (in consultation with the Asset Management Committee) of acquisition and disposal or exchange of Parsonage houses and letting such houses during vacancies. The Committee also deals with corporate property.

Remuneration Committee, makes recommendations to the Bishop's Council of Trustees, for remuneration of stipendiary clergy licensed in the Diocese of Norwich, and of staff employed by the Norwich Diocesan Board of Finance Limited and its subsidiaries.

Safeguarding Advisory Panel, provides a source of independent advice and expertise on safeguarding policies, procedures and practices to the diocesan bishop and other senior clergy and officials, and ensures the implementation of the current House of Bishops' policy and practice guidance.

Recruitment and appointment of Trustees

The Bishop's Council of Trustees members listed on page 2 are the directors of the company for the purposes of company law and in accordance with the Articles of Association shall be the following persons:

- The Chair of the Board, to be nominated by the Bishop's Council;
- The Deputy Chair of the Board, to be nominated by the Bishop's Council;
- The Treasurer of the Board, to be nominated by the Bishop's Council;
- An Archdeacon, to be nominated by the Bishop's Council;
- The Clerical Vice-President of the Diocesan Synod;
- The Lay Vice-President of the Diocesan Synod;
- Three lay members of the Diocesan Synod and three clerical members of the Diocesan Synod to be elected by the Diocesan Synod;
- Up to three additional persons as may be co-opted by the Executive Committee from time to time.

Induction and training of Trustees

The Trustees are aware of the 2011 Charities Act requirement to ensure that all members receive appropriate induction and training. Periodically members attend talks on charity governance.

Remuneration of key management personnel

Emoluments of higher paid personnel, including the Diocesan Secretary, are determined by the Remuneration Committee. All employees including key management personnel have regular appraisals and remuneration is based on salary scales which are regularly benchmarked and reviewed.

Related parties/Connected charities

Norwich Diocesan Board of Finance Limited has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Structure, governance and management (continued)

In pursuit of its charitable objectives, the Board acts as agent for a number of Diocesan Boards including the Board of Education.

The Diocese of Norwich Education and Academies Trust, St Benet's Multi-Academy Trust and The Diocese of Norwich Education Support Company are connected charities/companies of the Norwich Diocesan Board of Finance Limited. Church academies have a clause written into their funding agreements which requires the Academy Trust to ensure that the quality of Religious Education and the contents of the Academy's collective worship are given in accordance with the tenets and practice of the Church of England.

The Diocese of Norwich Churches Trust was established during 2015 and is a connected charity of the Norwich Diocesan Board of Finance Ltd. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs, this became active during 2017.

In addition, the Board acts as managing or custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. All trust assets are recorded and maintained separately from the Board's own assets. It also co-operates with and provides advice to Parochial Church Councils, the Chapter of Norwich Cathedral, the Horstead Centre and other church bodies.

The Board is required by Measure to be custodian trustee in relation to Parochial Church Council property, but has no control over Parochial Church Councils, which are independent charities. The accounts of Parochial Church Councils and deaneries do not form part of these financial statements.

Parochial Church Councils are able to influence the decision-making within Norwich Diocesan Board of Finance Limited and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Pension scheme

Norwich Diocesan Board of Finance Limited is the sponsoring employer of the Norwich Diocesan Board of Finance Pension Scheme. This is a pension fund for the benefit of employees of Norwich Diocesan Board of Finance Limited. One trustee of the scheme is an employee of the Board and member of the scheme. The scheme has been closed to new entrants. Costs of administration and secretarial services are currently borne by the Board.

The Board also participates in the Church of England Funded Pension Scheme. Further details are contained in note 28 to the financial statements.

Subsidiary undertakings

The Board's subsidiaries are considered to be The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The Board has three trading subsidiaries, Spire Support Services Limited, Norwich Glebe Property Limited and NDBF Easton Limited (see note 33).

Strategic Report - Key performance indicators are shown in the relevant sections of this report.

a) Activities, Benefits and Achievements

Norwich Diocesan Board of Finance Limited's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people across the Diocese.

The key activities may be summarised as:

- To seek a constructive and positive relationship with the people of the Diocese;
- To communicate effectively across all areas of Diocesan activity;
- To exercise and promote good stewardship of Diocesan resources to support growth;
- To provide mechanisms for evaluating performance through a regular programme of reflection and review.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

a) Activities, Benefits and Achievements (continued)

Public benefit

The Trustees are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Trustees believes that, by promoting the work of the Church of England in the Diocese of Norwich, the Board helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public.

Norwich Diocesan Board of Finance Limited supports the clergy through the payment of stipends, the management of parsonages, and clergy training. This provides a benefit to members of the general public in each parish. The Church also carries out marriages, baptisms and funerals which are attended by the general public and enriches local communities by the provision of other services across the Diocese.

The Board of Education provides support services and capital expenditure support for schools and academies, thus benefiting the pupils, and the improvement of the buildings benefits the local community.

Norwich Diocesan Board of Finance Limited also makes grants to connected charities and to other charitable projects in support of the above objectives.

The benefits outlined above are related to the aims of the Diocese in helping to promote, carry on and assist the work of the Church of England in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. They also relate to a large section of the general public whose opportunity to benefit is not unreasonably affected by geographical or financial restrictions.

Achievements and performance

Plans and achievements for 2022

The Cost-of-living crisis, together with the continued legacy of the COVID-19 pandemic had an impact on finances during 2022, for both the Norwich Diocesan Board of Finance Ltd and our parish incomes and expenditure. This in turn has impacted on the ability to pay parish share.

The financial impact on Norwich Diocesan Board of Finance Ltd improved when compared to 2021 and we have seen an increase in parish share income during 2022. However, when compared with pre-pandemic levels this still shows a significant decrease (see later operational performance on page 13). In 2021, the Trustees instructed a review of central services, carried out by two external consultants. This led to reductions in diocesan lay staff through redundancy, restructuring roles and not replacing those that had left. However, during 2022 there were staff vacancies which have led to a temporary reduction in expenditure. These vacancies were filled during 2022 and therefore the temporary expenditure savings will not continue.

A review of clergy deployment and expenditure was led by the Bishop of Thetford at the end of 2020/beginning of 2021. This has been implemented, leading to 15 stipendiary clergy posts not being replaced. However, we are also carrying unplanned vacancies of approximately 11 posts below budget, which again has led to a temporary reduction in expenditure, which will not continue as the posts are filled.

Achievements during the year were:

- Key plans for the Diocesan Vision and Priorities were approved by Diocesan Synod in October 2022;
- All direct and indirect holdings in fossil fuel investments (gas and oil) were divested by 31 December 2022;
- Energy grants of over £320,000 were distributed to our PCC's in January 2023, provided from Archbishops' Council funding. This followed an application process conducted in November and December 2022;
- The Trustees of The Diocesan Churches Trust met regularly to review applications to the Trust and its financial obligations;
- The Parish Giving Scheme was implemented in the Diocese to promote generous giving within our communities. At the end of 2022, 82 parishes had passed PCC resolutions to say that they wanted to offer The Parish Giving Scheme to their congregation and wider community;
- We made a successful application for sustainability funding and were awarded a grant of £200k in December 2022, which will be utilised in 2023 (2021: £200k);
- A full review of our investment advisors was conducted in 2022 via a tender process and we are restructuring the portfolios during 2023 to achieve better investment returns to help relieve the pressure on Parish Share;

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Achievements and performance (continued)

- A series of Treasurers workshops were held covering topics such as PCC insurances and the Parish Accounts workbook (PAW), these were well attended and will continue in 2023;
- A Residential Property review commenced during 2022 as we are mindful that a large proportion of the houses for our Clergy are becoming expensive to live in and impacting their wellbeing. This project, which will also contribute to our aim to achieve Net Zero Carbon by 2030, will continue in the forthcoming years;
- The Board has continued to actively support three trading subsidiaries during 2022 all of which have seen a surplus position for 2022.

Operational performance

Norwich Diocesan Board of Finance Limited received 84.4% of parish share requested for the year of £7.914m, a shortfall of £1.236m. This is an increase of £158k or 2.42% when compared with 2021 receipts.

The operating deficit at company level for 2022 is £50k (after adjusting for FRS102 pension adjustments, non-operational property surpluses and the designation of Sustainability funds, see page 7).

There were unplanned staff vacancies during 2022 which have artificially reduced costs. These posts are now filled and the savings will not continue. Additionally, there were unplanned clergy vacancies, which when the posts are filled, will increase costs.

Other steps taken to mitigate the level of deficit were:

- we secured strategic ministry funding to fund two additional curates;
- lay staff posts were restructured, not replaced, or made redundant in 2021, having a knock-on impact in 2022, with two further posts made redundant in 2022;
- stipendiary clergy numbers have decreased as noted on page 12;
- travel costs, meeting costs and printing costs have all significantly reduced due to hybrid working;
- procurement savings are actively sourced;
- income and expenditure is reported monthly, with detailed variance analysis to enable timely action and decisions.

Investment performance – overall performance

The overall value of Diocesan investment assets increased by £6,467,000 during 2022, as compared with an increase of £2,162,000 in 2021. The increase in 2022 related to an increase in Glebe land of £9,943,000, mainly due to revaluation, and a decrease in equity and fixed interest funds of £3,476,000.

In 2022 the operational activities of the Diocese were financed by £726,000 from interest and dividends (2021: £655,000).

Glebe investments

£47 million of the Board's investments are in glebe land, primarily to generate a sustainable income to continue funding clergy stipends. The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022 and resulted in an increase in value of £10 million. This valuation, which represents an average £8,146 per acre, will be updated every five years. Rents receivable amounted to £808,000 (2021: £796,000).

Investment in equity and fixed interest funds were valued at £10.1 million at 31 December 2022 (2021: £12 million). The unrealised loss in the value of investments during the year amounted to £1,352,000 (2021: unrealised gain £1,239,000). Dividends and interest receivable amounted to £413,000 (2021: £395,000).

General and other fund investments

Other investments are held on behalf of restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £7.4 million at 31 December 2022 (2021: £9.1 million), a decrease of £1.7m or 18.7%. Dividends and interest receivable amounted to £313,000 (2021: £238,000).

Value linked loans

As detailed in note 18, freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and as part of the agreement all or part of the sale proceeds are repayable on final disposal. The Board is committed to repay the outstanding value linked loans in the short term as funds become available. Total value linked loans at 31 December 2022 were £416,000 (2021: £390,000).

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Achievements and performance (continued)

Statutory functions

Norwich Diocesan Board of Finance Limited has responsibility for the management of glebe property and investments to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. The trustees are custodian trustees in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of Norwich Diocesan Board of Finance Limited's objects.

Volunteers

Norwich Diocesan Board of Finance Limited is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church.

The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Trustees greatly value the considerable time given by all the volunteers across the diocese in pursuit of the mission of the Norwich Diocesan Board of Finance Limited.

b) Financial review

The results for the year shown in the Statement of Financial Activities on page 20 and the year end position shown in the balance sheet on page 23 are considered to be satisfactory. Results and highlights for the year and future prospects are given in the Chairman's Statement on pages 5 to 7.

Financial performance

Income before revaluation adjustments totalled £13.7 million (2021: £14.3 million) and expenditure amounted to £12.2 million (2021: £12.7 million).

The Statement of Financial Activities (SOFA) for the year shows net income of £1,452,000 (2021: net income £1,523,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets, and actuarial losses on the defined benefit pension scheme.

The accounts show an increase in the balance sheet total of £10,660,000.

During the year, total fund balances increased to £162.2 million.

Principal funding sources

Around 56% of the income of the Board comes from the Parish Share, 17% from Archbishops' Council for Low Income Communities (LINC), transition funding and other grants, 13% from investment income (including glebe rent), and 5% from statutory fees.

Going concern

After making enquiries the Trustees are satisfied that Norwich Diocesan Board of Finance Limited has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policy

The Board's aim is to gain the best return from their assets to help sustain the ministry of the Church, without undue risk. Their portfolio includes fixed interest, bank and stock market investments, freehold properties and glebe land.

The Trustees have delegated the functions and duties in relation to Investment Management to the Asset Management Committee.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Financial review (continued)

Investment policy (continued)

The members of the Asset Management Committee are appointed by the Bishop's Council of Trustees and are made up of the Chairs of the Board of Finance, Property Committee, Glebe Committee, a member of Bishop's Staff, two people agreed by the Nominations Committee, qualified by ability and practical experience in matters relating to investments and up to two others co-opted when required, in consultation with the Nominations Committee. The members of the Asset Management Committee are guided by the best practice advice issued by the Charity Commission for the investment of Charitable Funds.

The Board's investment policies were reviewed during 2022 and include the following key policies:

Long-term responsibilities and growth – the Trustees are aware of their long-term responsibilities and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. The overarching investment objective is to at least maintain the real value of assets whilst generating a return sufficient to finance annual expenditure in the region of 3.0% after expenses. To achieve this, the investment portfolio has a target return of CPI+3.5%. The Diocese will adopt a total return approach to investment under the Diocesan Stipends fund (Amendment) Measure 2016, generating the investment return from income and capital growth (or losses). It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the assets will be maintained in accordance with the objective above.

Responsible investment – the Trustees adopt a responsible investment policy that follows the Church of England Ethical Investment Advisory Group (EIAG) guidelines, this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. In accordance with the directions of Diocesan Synod investment in fossil fuel companies is excluded from the portfolio.

Reserves policy

Norwich Diocesan Board of Finance Limited has considerable responsibilities including the remuneration of up to 160 parochial stipendiary clergy, the upkeep of approximately 260 houses, and the employment of 45 (f.t.e) full or part time staff, and it is therefore essential that the Board carries an appropriate level of reserves to meet these responsibilities.

The free reserves of the Board at 31 December 2022, comprising the income funds freely available for general purposes (and which are not yet spent, committed or restricted) amounted to £5.9 million as compared with £6.2 million at the end of the previous year. Free reserves include free designated reserves of £338,000. Stock market values are volatile as they react to worldwide situations. The Trustees do not consider it necessary to make plans to spend additional reserves due to the volatility of the markets.

The Trustees have reviewed the reserves policy and recommend that the free reserves are approximately £4 million being four and a half months expenditure within the Capital and General fund and designated funds, including future stipend payments.

As stated in note 27, the Diocesan Secretary is sanctioned by the Bishop of Norwich to use monies from the Benefice Buildings and Pastoral Fund - this is mainly called upon when there are insufficient resources within the General Fund. The Benefice Building and Pastoral Fund is regarded as an expendable endowment (a restricted fund). The investments and net current assets within this fund at 31 December 2022 amounted to £4.4 million (2021: £4 million). Total other restricted funds excluding tangible assets and long-term liabilities but including Glebe land at 31 December 2022 amounted to £63 million (2021: £54 million).

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that the activities of the Board of Finance must be continually reviewed.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Financial review (continued)

c) Plans for the future

- Continue to implement the Diocesan Vision and Priorities for the diocese, including the delivery of a programme of eight projects agreed in Autumn 2022;
- Quarterly reporting of the Vision Enabling Strategy to highlight performance of our teams;
- Develop a financial strategy for the approved use of unapplied Total Returns;
- Complete proposals on further improvements in governance practice;
- Promote and encourage the benefits of the Parish Giving Scheme for regular gifts to our parishes;
- Complete the rollout of 70 contactless giving machines as part of the National Churches Digital Rollout Scheme;
- Continue to review residential property policies and strategy, including environmental impact;
- Run further workshops with our PCC Treasurers to share ideas and promote good practice;
- Support the Church of England's intention to achieve Net Zero Carbon by 2030;
- Continue to review all areas of expenditure to maximise value for money offered;
- Collaborate with other dioceses to enhance the quality and resilience of our services;
- Continue to support the Diocesan Churches Trust, to help to discover an appropriate solution for Churches in very small communities;
- Continue to support and develop the trading subsidiary companies, including reviewing business plans;

d) Principal Risks and Uncertainties

The Trustees confirm that the major risks to which Norwich Diocesan Board of Finance Limited is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. Risks are reviewed and managed as part of the risk management strategy.

A risk register is compiled covering potential governance and management risks, operational risks, financial risks, environmental/external risks, and compliance risks. Potential risks are explained with their likely impact, and procedures to mitigate the risks are listed. The register and implementation processes are currently being reviewed. The Trustees review the risk register at least annually as part of the risk management strategy.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. Work continues on financial strategy and an affordable plan for the delivery of the charity's main objectives in the long term.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Trustees.

Funds held as custodian trustee for others

The Board is custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. The Board also holds Parochial Church Council property as custodian trustee. Each PCC is a separate charity and the assets are held separately from those of Norwich Diocesan Board of Finance Limited.

Fixed Assets

The movements in fixed assets are set out in notes 18 to 20 in the accounts. All of the Board's properties were re-valued at 31 December 2012 in accordance with the Board's accounting policy at that time, of re-valuing every five years.

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

The Glebe holdings were revalued as at 31 December 2022, in accordance with the policy set out on page 29. Glebe land was valued by FPD Savills, Property Consultants, at market value at 31 December 2022.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022- continued

Fundraising standards information

The Board supports raising funds from the public in relation to the annual Lent appeal. No professional fundraisers or third-party commercial participators are used. The Board is registered with the Fundraising Regulator.

No direct contact is made with the public regarding fundraising activities. All advertising is carried out via Diocesan publications, social media or websites. No complaints were received regarding fundraising activities.

Statement of Trustees' Responsibilities

The Bishop's Council of Trustees (acting as the Executive Committee) who are also directors of Norwich Diocesan Board of Finance Limited for the purposes of company law, are responsible for preparing the Trustees report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS102);
- make judgements and 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 Board will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the Bishop's Council of Trustees

Members of the Bishop's Council of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2. The Ven. Catherine Dobson was appointed on 1 October 2022. The Very Revd. Dr Andrew Braddock was appointed on 28 January 2023. Captain Anthony Poulter OBE RN resigned on 10 March 2023. The Rt. Revd Dr Alan Winton resigned on 30 April 2023.

Auditor

A resolution to re-appoint Lovewell Blake LLP as auditor of the Board will be proposed at the Annual General Meeting on 21 June 2023.

The Trustees' report (incorporating Strategic Report) was approved by the Board on 20 May 2023.
Signed by Order of the Board



TIM SWEETING, Secretary

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

Opinion

We have audited the financial statements of The Norwich Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

INDEPENDENT AUDITOR'S REPORT (continued)

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

Trustees' Responsibilities

As explained more fully in the Trustees' Responsibilities Statement (set out on page 17), the Trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 groups and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

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

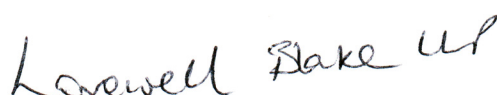
- Enquiry of management and those charged with governance;
- Enquiry of entity staff compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors-responsibilities>. 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.



Mark Proctor FCA DChA (Senior Statutory Auditor)
For and on behalf of
LOVEWELL BLAKE LLP
Chartered Accountants & Statutory Auditor
Bankside 300, Peachman Way, Broadland Business Park, Norwich, Norfolk NR7 0LB

Lovewell Blake LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

20 May 2023

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2022

	Note	* Restricted Funds			* Other		Total Funds 2022 £'000	Total Funds 2021 £'000
		Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Restricted Funds £'000			
Income and endowments from								
Donations	2							
Parish contributions		6,678	-	-	-		6,678	6,520
Archbishops' Council		415	-	1,251	428		2,094	2,034
Other donations		295	-	-	2		297	938
Charitable activities	3	835	1	2	-		838	864
Other activities	4	588	3	-	607		1,198	1,543
Investments	5	124	165	1,221	24		1,534	1,451
Other sources	6	-	1,027	-	15		1,042	928
Total income		8,935	1,196	2,474	1,076		13,681	14,278
Expenditure on								
Raising funds	7	-	-	134	707		841	1,011
Charitable activities	8	8,669	8	2,099	612		11,388	11,744
Total expenditure		8,669	8	2,233	1,319		12,229	12,755
Net income/(expenditure) before investment gains		266	1,188	241	(243)		1,452	1,523
Net gains on investments	13	(327)	(704)	9,356	(127)		8,198	2,258
Net income/(expenditure)	14	(61)	484	9,597	(370)		9,650	3,781
Transfers between funds	15	(1)	-	-	1		-	-
Other recognised gains/(losses)								
Adjustment of value linked loans	26	(26)	-	-	-		(26)	(37)
Actuarial gain on defined benefit pension scheme	28	910	-	126	-		1,036	153
Net movement in funds		822	484	9,723	(369)		10,660	3,897
Reconciliation of funds								
Total funds at 1 January 2022		9,922	82,308	56,392	2,944		151,566	147,669
Total funds at 31 December 2022		10,744	82,792	66,115	2,575		162,226	151,566

The fund-analysis of the comparative figures is shown in note 36 to the accounts.

The notes on pages 25 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2022

	2022 £'000	2021 £'000
Total income (note 1 below)	12,621	13,345
Expenditure	<u>(12,229)</u>	<u>(12,755)</u>
Operating surplus for the year	392	590
Interest receivable	33	5
Net gains on investment assets	<u>8,198</u>	<u>2,258</u>
Surplus for the year	8,623	2,853
Other comprehensive income:		
Revaluation of fixed assets	(26)	(37)
Net assets transferred from endowments	1,027	928
Defined benefit scheme actuarial gains/(losses)	<u>1,036</u>	<u>153</u>
Total comprehensive income for the year	<u>10,660</u>	<u>3,897</u>

All income and expenditure relates to continuing activities

Total income comprises £8,906,000 for unrestricted funds and £3,715,000 for restricted funds, including subsidiaries and quasi subsidiaries. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 2 to 6 to the accounts. Detailed analysis of the expenditure is provided in the Statement of Financial Activities and notes 7 to 12 to the accounts.

The net surplus for the year of £8,634,000 comprises £61,000 net deficit of Unrestricted Funds and £8,695,000 net surplus of Restricted Funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 20, which together with the notes to the financial statements on pages 25 to 48, provides full information on the movements during the year on all the funds in the group.

All income and expenditure derives from continuing activities.

Note 1 Reconciliation of Summary Income and Expenditure to Statement of Financial Activities

	2022 £'000	2021 £'000
Total income per page 20	13,681	14,278
Less interest receivable	(33)	(5)
Less total endowment additions	<u>(1,027)</u>	<u>(928)</u>
Total income per above	<u>12,621</u>	<u>13,345</u>

The notes on pages 25 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
COMPANY BALANCE SHEET
At 31 December 2022

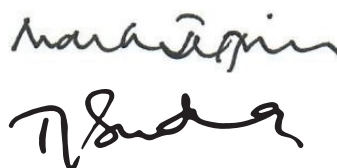
	Notes	* Restricted Funds *				2022 Total £'000	2021 Total £'000
		Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000		
Fixed Assets							
Tangible assets	18	3,638	78,390	5,875	-	87,903	87,804
Investment assets							
Glebe holding	19	-	-	47,021	-	47,021	37,023
Investments	20	2,305	4,363	10,139	-	16,807	20,155
		5,943	82,753	63,035	-	151,731	144,982
Current Assets							
Debtors	22	1,474	28	263	77	1,842	2,049
Pension scheme asset	28	1,635	-	-	-	1,635	471
Balances with Church Commissioners		-	14	-	-	14	14
Central Board of Finance Deposit Fund		166	306	-	-	472	441
Cash /(overdrawn balance) at bank		3,457	424	3,037	886	7,804	4,014
		6,732	772	3,300	963	11,767	6,989
Creditors - Amounts							
falling due within one year	24	1,515	733	220	462	2,930	2,069
Net Current Assets		5,217	39	3,080	501	8,837	4,920
Total Assets Less current liabilities		11,160	82,792	66,115	501	160,568	149,902
Creditors - Amounts falling due after more than one year	25	416	-	-	-	416	390
Net Assets excluding pension scheme liability		10,744	82,792	66,115	501	160,152	149,512
Defined benefit pension scheme liability	28	-	-	-	-	-	293
Net assets after pensions liability		10,744	82,792	66,115	501	160,152	149,219
Fund Balances							
At 31 December 2022	27	10,744	82,792	66,115	501	160,152	149,219

The net movement in funds at company level was £10,933k (2021: £3,725k)

Approved by the Bishop's Council of Trustees on 20 May 2023 and signed on its behalf by

Chair
Diocesan Secretary

Mark Jeffries
Tim Sweeting



NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2022

			* Restricted Funds				
	Notes	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	* Other Restricted Funds £'000	2022 Total £'000	2021 Total £'000
Fixed Assets							
Tangible assets	18	3,638	78,390	5,875	516	88,419	88,321
Investment assets							
Glebe holding	19	-	-	47,021	-	47,021	37,078
Investments	20	2,305	4,363	10,139	779	17,586	21,062
		5,943	82,753	63,035	1,295	153,026	146,461
Current Assets							
Stock	21	-	-	-	26	26	9
Debtors	22	1,474	28	263	301	2,066	2,789
Pension scheme asset	28	1,635	-	-	-	1,635	471
Balances with Church Commissioners		-	14	-	-	14	14
Central Board of Finance Deposit Fund		166	306	-	76	548	517
Cash at bank		3,457	424	3,037	3,665	10,583	7,227
		6,732	772	3,300	4,068	14,872	11,027
Creditors - Amounts falling due within one year	24	1,515	733	220	2,127	4,595	4,762
Net Current Assets		5,217	39	3,080	1,941	10,277	6,265
Total Assets Less current liabilities		11,160	82,792	66,115	3,236	163,303	152,726
Creditors - Amounts falling due after more than one year	25	416	-	-	661	1,077	867
Net Assets excluding pension scheme liability		10,744	82,792	66,115	2,575	162,226	151,859
Defined benefit pension scheme liability	28	-	-	-	-	-	293
Net assets after pension liability		10,744	82,792	66,115	2,575	162,226	151,566
Fund Balances							
At 31 December 2022 (page 20)	27	10,744	82,792	66,115	2,575	162,226	151,566

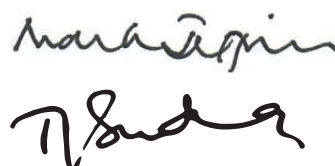
Approved by the Bishop's Council of Trustees on 20 May 2023 and signed on its behalf by

Chair

Mark Jeffries

Diocesan Secretary

Tim Sweeting



NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2022

	2022 £'000	2021 £'000
Net cash (outflow) from operating activities	<u>(971)</u>	<u>(1,360)</u>
Cash flows from investing activities		
Dividends, interest and rent from investments	1,534	1,451
Interest paid	(8)	(8)
Proceeds from the sale of tangible fixed assets	2,661	3,025
Purchase of tangible fixed assets	(1,748)	(1,228)
Proceeds from the sale of investments	3,937	1,743
Purchase of investments	(2,206)	(1,647)
Net cash provided by investing activities	<u>4,170</u>	<u>3,336</u>
Cash flows from financing activities		
Loans repaid to the Board	4	-
Loans repaid by the Company	184	-
Net cash provided by financing activities	<u>188</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period	3,387	1,976
Cash and cash equivalents at 1 January 2022	<u>7,758</u>	<u>5,782</u>
Cash and cash equivalents at 31 December 2022	<u><u>11,145</u></u>	<u><u>7,758</u></u>
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure)	1,452	1,523
Depreciation	16	25
Interest paid	8	8
Net gain on the sale of fixed assets	(1,027)	(927)
Dividends, interest and rent from investments	(1,534)	(1,451)
Increase/(decrease) in stock	(17)	16
Decrease/(Increase) in debtors	719	(244)
(Decrease)/increase in creditors	(167)	224
FRS 102 Non-cash pension disclosures	(421)	(534)
Net cash (used in)/provided by operating activities	<u>(971)</u>	<u>(1,360)</u>
Analysis of cash and cash equivalents		
Cash in hand	10,583	7,227
Notice deposits (less than 3 months)	562	531
	<u><u>11,145</u></u>	<u><u>7,758</u></u>
Reconciliation of net cash flow to movements in net debt		
Change in cash and cash equivalents in the reporting period	3,387	1,976
Cash flow from decrease in debt	<u>(210)</u>	<u>(37)</u>
Increase in net debt in the reporting period	3,177	1,939
Net debt at 1 January 2022	<u>6,891</u>	<u>4,952</u>
Net debt at 31 December 2022	<u><u>10,068</u></u>	<u><u>6,891</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102). The Board constitutes a Public benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable, which includes amounts received in respect of the year up to the following 31 January.
- ii) **Rent** receivable is recognised as income in the period to which it relates. Glebe rents are collected by the Board and the income, net of related expenditure, is paid by instalments to the Church Commissioners in accordance with the Endowments and Glebe Measures 1976. The amounts received by the Church Commissioners are then credited to the Stipends Fund. Glebe rents are shown gross in the Statement of Financial Activities.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate, which include assigned fees received in respect of the year up to the following 31 January.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the Board's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.**

The Church of England Funded Pension Scheme

The Board participates in the Church of England Funded Pension Scheme for stipendiary clergy. This 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.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that the contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

The Board's Defined Benefit Scheme

The Board's pension scheme provides benefits for other full-time staff based on final pensionable pay. This is closed to new entrants. The assets of the scheme are held separately from those of the Board, being invested with Aviva. Defined benefit pension liabilities are measured using the projected unit credit method and discounted at the valuation rate of interest on a high quality corporate bond of equivalent term and currency to the liability. Under FRS 102 it is permissible to review and update the most recent actuarial valuation results, any net liability arising based on these valuations is the best estimate of the present value of the actual amounts to be paid out of the scheme, less the market value of the scheme assets.

The increase in the present value of the liabilities of the Board's defined benefit pension scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The net interest on the scheme liabilities is also charged to the Statement of Financial Activities. Actuarial gains and losses are recognised in the Statement of Financial Activities.

Group Personal Pension Plan

A group personal pension scheme was set up on 1 January 2002 and the costs of providing this are charged to the Statement of Financial Activities as they become payable.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are carried at their pre-existing balance sheet revaluation as deemed cost (see paragraph above). Each year end the loan is carried at an index linked current valuation basis.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated, apart from computer software which is written off in the year of purchase. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Office and other equipment	25% / 33.33% straight line
Motor vehicles	25% reducing balance

e) Other accounting policies

i) Fixed asset investments

The Glebe holding, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022. This valuation, which represents an average of £8,146 per acre, is updated every five years. Details of the cost of the majority of the Glebe property is not available. Listed investments are included at their market value. Unlisted investments are included at valuations provided by the Fund Managers concerned. Subsidiary companies are included at fair value and any changes are recognised in the SOFA.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

ii) Diocesan Stipends

All stipends are paid by the Church Commissioners with funds provided by the Diocese. Allocations, guaranteed annuities and grants from the Church Commissioners, net Glebe rents and other attributable income received by the Church Commissioners are credited to the Stipends Fund.

iii) Diocesan Parsonages Fund

All transactions relating to the Diocesan Parsonages Fund are included under the appropriate headings in the Capital and General Fund column of the Board's Statement of Financial Activities.

iv) Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

v) Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

vi) Cash at Bank

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

vii) The Diocese of Norwich Consolidated Education Endowments

The Diocese contributes towards the repairs and capital expenditure on schools and the costs are shown net of grants receivable. This grant system has now ceased for new projects and has been replaced by the Voluntary Aided Schools pooling arrangement. Grants shown in the Statement of Financial Activities relate to existing projects commenced under Consolidated Education Endowments.

viii) Financial Instruments

The Board 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 transaction value and then measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

f) Fund balances

Fund Balances are split between unrestricted (general and designated) and restricted funds.

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Bishop's Council of Trustees. There are two types of unrestricted funds:
 - **General funds** which the Board intends to use for the general purposes and
 - **Designated funds** set aside out of unrestricted funds by the Board for a purpose specified by the Bishop's Council of Trustees

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

f) Fund balances (continued)

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the Report of the Bishop's Council of Trustees.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage House and Schools endowment funds administered by the Board, there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds such as the Stipends Capital Fund, where there is no provision for expenditure of capital are classified as permanent endowment.

g) Consolidated accounts

For the purposes of the Consolidated Statement of Financial Activities and Balance Sheet which appear alongside those of the Board itself, the Board's subsidiaries and quasi subsidiaries are considered to be Spire Support Services Ltd, NDBF (Easton) Ltd, Norwich Glebe Property Ltd, The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The results of the subsidiaries and quasi subsidiaries are consolidated on a line by line basis within 'other restricted funds'. Intra group balances, where immaterial, are not eliminated on consolidation.

h) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist in relation to going concern.

The Trustees have assessed the going concern risks arising from the COVID-19 pandemic, including cashflow, investment values, staffing, government support and opening places of worship. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

i) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

j) Redundancy costs

Where an obligation to make redundancy or termination payment arises, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits.

k) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. This includes the recognition of parish share (as per a. i) above), the recognition of pension scheme assets and liabilities (as per b. v) above), the valuation of properties (as per c. above) and the valuation of the Glebe holding (as per e. i) above).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

		* Restricted Funds *				
	Unrestricted	Benefice	Stipends	Other	Total Funds	Total Funds
	Funds	Buildings	Fund	Restricted	2022	2021
	£'000	£'000	£'000	Funds	£'000	£'000
		& Pastoral				
2. Income from Donations						
Parish contributions						
Parish share						
Current year's allocation	7,914	-	-	-	7,914	7,926
Shortfall in contributions	(1,236)	-	-	-	(1,236)	(1,406)
Total income	6,678	-	-	-	6,678	6,520
Total parish share receipts for the current year represent 84.4% of the allocation (2021: 82.3%)						
Archbishops' Council						
Lowest income communities and transition funding	-	-	1,251	-	1,251	1,304
Resourcing Ministerial Education	-	-	-	178	178	238
Strategic Development Funding	-	-	-	250	250	123
Sustainability funding	200	-	-	-	200	200
Strategic Capacity Funding	75	-	-	-	75	98
Strategic Ministry Funding	140	-	-	-	140	40
Grant towards PCR2 costs	-	-	-	-	-	30
Guaranteed annuities	-	-	-	-	-	1
	415	-	1,251	428	2,094	2,034
Other donations						
All Churches Trust Grant	127	-	-	-	127	140
Anne French Memorial Trust	98	-	-	-	98	101
Keswick Hall Charity	48	-	-	-	48	45
Roof Alarm Appeal	-	-	-	2	2	59
Mission Strategy	-	-	-	-	-	563
Other donations	22	-	-	-	22	30
	295	-	-	2	297	938
3. Income from Charitable activities						
Statutory fees and chaplaincy income	607	-	2	-	609	667
Other Board income	228	1	-	-	229	174
Coronavirus Job retention Scheme	-	-	-	-	-	23
	835	1	2	-	838	864
4. Income from Other activities						
Rental income from parsonages and closed schools	534	3	-	15	552	528
Trading income						
Property support services	-	-	-	275	275	357
Sale of option Easton development	-	-	-	268	268	515
Rental income from commercial property	-	-	-	49	49	49
Income from recharged support services	54	-	-	-	54	94
	588	3	-	607	1,198	1,543
5. Income from Investments						
Dividends receivable	94	165	409	24	692	650
Interest receivable	30	-	4	-	34	5
Glebe rents receivable (note 16)	-	-	808	-	808	796
	124	165	1,221	24	1,534	1,451
6. Other income						
Gains on disposal of property	-	1,027	-	15	1,042	928
	-	1,027	-	15	1,042	928
Total income	8,935	1,196	2,474	1,076	13,681	14,278

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

	* Restricted Funds			*		
	Unrestricted	Benefice	Stipends	Other	Total Funds	Total Funds
	Funds	Buildings	Fund	Restricted	2022	2021
	£'000	& Pastoral	£'000	Funds	£'000	£'000
		£'000		£'000		
7. Expenditure on raising funds						
<i>Investment management costs</i>						
Glebe management charges	-	-	134	-	134	150
<i>Trading expenses</i>						
Property support services	-	-	-	335	335	297
Easton development	-	-	-	323	323	515
Commercial property	-	-	-	49	49	49
	-	-	134	707	841	1,011
8. Expenditure on charitable activities						
<i>Contributions to Archbishop's Council</i>						
Training for ministry	334	-	-	-	334	453
National Church responsibilities	269	-	-	-	269	288
Grants and provisions	10	-	-	-	10	11
	613	-	-	-	613	752
<i>Expenditure on resourcing ministry and mission</i>						
Parish ministry:						
Stipends and national insurance	2,414	-	2,266	-	4,680	4,873
Pension contributions	1,415	-	(167)	-	1,248	1,327
Housing costs	1,370	4	-	-	1,374	1,244
Removal, resettlement and other grants	183	-	-	-	183	141
Other expenses	129	-	-	-	129	150
	5,511	4	2,099	-	7,614	7,735
Support for parish ministry	2,091	4	-	-	2,095	2,095
Resourcing Ministerial Education	-	-	-	172	172	212
Roof Alarm Appeal	-	-	-	2	2	59
Mission Strategy	-	-	-	-	-	63
Church Planting and Revitalisation	-	-	-	354	354	330
	2,091	4	-	528	2,623	2,759
<i>Expenditure on education</i>						
Support for church schools	454	-	-	-	454	478
Grants	-	-	-	84	84	20
	454	-	-	84	538	498
Total expenditure on charitable activities	8,669	8	2,099	612	11,388	11,744
Total expenditure	8,669	8	2,233	1,319	12,229	12,755
9. Analysis of expenditure including allocation of support costs						
	Activities	Grant				
	undertaken	funding of				
	directly	activities				
	£'000	£'000	Support	Total	Total	
			costs	2022	2021	
			£'000	£'000	£'000	
Raising funds	841	-	-	841	1,011	
Contributions to Archbishop's Council	613	-	-	613	752	
Resourcing Ministry and Mission	8,631	99	1,463	10,193	10,494	
Education, Youth Children and Families	454	84	-	538	498	
Church Buildings Commission	13	-	-	13	-	
Parish Giving Scheme	31	-	-	31	-	
	10,583	183	1,463	12,229	12,755	

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

		* Restricted Funds *			Total Funds	Total Funds
	Unrestricted	Benefice	Stipends	Other	2022	2021
	Funds	Buildings	Fund	Restricted		
	£'000	& Pastoral	£'000	Funds	£'000	£'000
	£'000	£'000	£'000	£'000		
10. Analysis of support costs						
Central administration and office property costs (inc. final salary pension adjustments)	1,276	-	-	-	1,276	1,305
Governance:						
Amounts paid to auditor:						
External audit	28	-	-	-	28	26
Accountancy	7	-	-	-	7	5
Registrar, Chancellor, PCR2 review and HR	144	-	-	-	144	176
Synodical costs	8	-	-	-	8	6
	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,463</u>	<u>1,518</u>

11. Analysis of grants made			Total	Total
	Individuals	Institutions	2022	2021
	£'000	£'000	£'000	£'000
Included within:				
Contributions to the Archbishop's Council	-	510	510	607
Education and training grants	103	-	103	145
Resourcing ministry and mission:				
Resettlement and first incumbency grants	183	-	183	141
Support for parish ministry				
Resourcing Ministerial Education	52	120	172	212
Roof Alarm Appeal	-	2	2	59
Church quinquennial inspections	-	83	83	80
PCC Faculty fees	-	18	18	18
Repair and reordering of redundant churches	-	4	4	6
PCC grant	-	2	2	3
Sharing good news grants	-	7	7	1
Continuing Ministerial Development	9	-	9	5
Good Work Chaplaincy grants	-	8	8	6
Norfolk and Waveney Churches Together	-	3	3	3
Mission Strategy	-	-	-	43
Church Planting and Revitalisation	-	52	52	34
Education				
CEE grants to schools and academies	-	82	82	20
	<u>347</u>	<u>891</u>	<u>1,238</u>	<u>1,383</u>

12. Staff costs

Staff costs were as follows:	2022	2021
	£'000	£'000
Gross salaries	1,293	1,395
Social security costs	129	134
Redundancy	3	26
Pension contributions	161	175
Lump sum contributions and advisory costs	173	146
Health insurance contributions	10	17
	<u>1,769</u>	<u>1,893</u>

Payments in respect of redundancy totalling £3k were made in the year, these had all been paid over by the year-end. The payments were in respect of the following posts: Social, Community and Environmental Concerns Coordinator (including Chaplaincy Support Coordinator and Ecumenical Criminal Justice Forum Coordinator), Chaplain Norfolk Coroner's Service and Communications Officer.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

12. Staff costs (continued)

	2022	2021
The average head count of total employees:	<u>50</u>	<u>50</u>
The average number of employees, based on full-time equivalents were as follows:		
Resourcing ministry		
Support for parish ministry	20	19
Safeguarding	3	2
Counsellor	1	1
Property	3	4
Parochial lay staff	3	3
Church Planting and Revitalisation	5	4
Education, youth, families and children	6	6
Spire Support Services Limited	4	4
	<u>45</u>	<u>43</u>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) exceeded £60,000 were:

	2022	2021
£60,000 - £70,000	1	-
£70,000 - £80,000	1	-
£80,000 - £90,000	2	2
£130,000 - £140,000	-	1

Pension contributions amounting to £35k were made in the year for the provision of money purchase benefits for the above employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Bishop's Council of Trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

The Diocesan Secretary and Chief Executive, the Director of Property Services, the Director of Education, and the Director of Finance. Remuneration (including employers National Insurance, pension costs and benefits-in-kind) and expenses for these employees amounted to £384.7k (2021: £504k including interim Diocesan Secretary and Director of Communications).

Trustees Remuneration

No remuneration has been paid to any member of the Bishop's Council of Trustees in their capacity as Trustees (2021: £NIL). Two members were reimbursed for travel and incidental costs incurred in undertaking their Trustee duties totalling £95 (2021: one member £34).

During the year the Board made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing/housing rental provided by the Norwich Diocesan Board of Finance Limited during the year:

	Stipend	Housing
The Ven. Ian Bentley (resigned 16 May 2022)	Yes	Yes
The Ven. Steven Betts	Yes	Yes
The Ven. Catherine Dobson	Yes	Yes
The Ven. Karen Hutchinson (resigned 4 April 2022)	Yes	Yes
The Ven. Keith James	Yes	Yes
The Revd. Matthew Price	Yes	Yes
The Revd. Dr Patrick Richmond	Yes	Yes
The Rt. Revd. Dr Jane Steen	No	Yes
The Revd. Canon Simon Stokes	Yes	Yes
The Revd. Stephen Thorp	Yes	Yes

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

12. Staff costs (continued)

Stipendiary Clergy (continued)

The Board is responsible for funding via the Church Commissioners the stipend of licenced stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	2022	2021
Parochial Clergy: The average number of clergy holding parochial or archidiaconal posts in the diocese was:	<u>155</u>	<u>166</u>
	£'000	£'000
At a cost before recharges of:		
Stipends	4,317	4,500
National Insurance contributions	369	378
Pension contributions	1,482	1,702
	<u>6,168</u>	<u>6,580</u>

The stipends of the Diocesan Bishop and two Suffragan Bishops are funded by the Church Commissioners and are in the range of £37,673 to £46,640. The annual rate of stipend, funded by the Board, paid to Archdeacons in 2022 was in the range of £36,830 to £37,198 and other clergy who were members of the Bishop's Council of Trustees were paid in the range £27,000 to £27,270. The estimated value to the occupant, gross of income tax and national insurance, of church provided housing in 2022 is an average of £12,900 p.a.

13. Net gains/(losses) on investments

	2022	2021
	£'000	£'000
Investments (note 20)		
Realised	(282)	111
Unrealised - listed	(2,224)	1,922
- unlisted	(175)	187
Glebe Holding (note 19)		
Realised	878	38
Unrealised	10,001	-
Net gains/(losses)	<u>8,198</u>	<u>2,258</u>

14. Net income/(expenditure)

This is after charging:

	2022	2021
	£'000	£'000
Depreciation	<u>16</u>	<u>25</u>

15. Analysis of transfers between funds

	Capital and General £'000	Restricted Funds Cormorants £'000	Total 2022 £'000
Transfer from General Fund to close Cormorants Restricted Fund	(1)	1	-
	<u>(1)</u>	<u>1</u>	<u>-</u>

Transfer of funds to close Cormorants sailing holiday fund.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

16. Endowments and Glebe Measure, 1976

	2022	2021
Income and Expenditure Account		
	£'000	£'000
Income (note 5)		
Glebe rents and interest receivable	811	800
Expenditure (note 7)		
Surveyor's and Agent's fees	56	54
Legal and other administration charges	80	96
	<u>137</u>	<u>153</u>
Surplus for the year	<u>674</u>	<u>647</u>

17. Taxation

The Board has no liability to corporation tax or capital gains tax.

18. Tangible assets

	* Freehold Property		* Benefice and Commercial		Other freehold property	Office and other equipment	2022 Consolidated Total
	Subject to value linked loans	Glebe	Pastoral	Property			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation							
At 1 January 2022	485	5,875	78,313	755	2,882	134	88,444
Additions	-	-	1,711	-	-	37	1,748
Disposals	-	-	(1,634)	-	-	-	(1,634)
At 31 December 2022	485	5,875	78,390	755	2,882	171	88,558
Accumulated depreciation							
At 1 January 2022	-	-	-	-	-	123	123
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	16	16
At 31 December 2022	-	-	-	-	-	139	139
Net book value							
At 31 December 2022	485	5,875	78,390	755	2,882	32	88,419
At 31 December 2021	485	5,875	78,313	755	2,882	11	88,321
Company							
At 31 December 2022	485	5,875	78,390	240	2,882	31	87,903
At 31 December 2021	485	5,875	78,313	240	2,882	9	87,804

	2022 £'000	2021 £'000
The net book amount comprises:		
Assets used, or intended to be used, predominantly for direct charitable purposes	86,507	86,430
Assets used for administration and other purposes	1,912	1,891
	<u>88,419</u>	<u>88,321</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

18. Tangible Fixed Assets - continued

Freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and, as part of the agreement, all or part of the sale proceeds will be repayable on final disposal. These properties are carried at their pre-existing balance sheet revaluation as deemed cost. Each year end the loan is carried at an index linked current valuation basis (note 26).

	2022 £'000	2021 £'000
Glebe Property (mainly residential houses) comprises:		
Houses at valuation as at 1 January 2022	5,875	5,792
Additions	-	83
Disposals	-	-
Valuation as at 31 December 2022	<u>5,875</u>	<u>5,875</u>
Benefice and Pastoral Property comprises -		
Houses -		
At valuation as at 1 January 2022	78,313	78,656
Subsequent additions at cost	1,711	1,145
Disposals	(1,634)	(1,488)
Valuation as at 31 December 2022	<u>78,390</u>	<u>78,313</u>

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Council of Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Property held by the Diocesan Consolidated Education Endowments, comprising school land and buildings including teachers' houses, some of which are let, is vested in the Board. It is not considered appropriate to include these as assets in the balance sheet because they are in the main held in the very long term and their disposal and the right to any proceeds of sale are subject to the agreement of the Local Education Authority.

19. Glebe Land

	£'000
Consolidated	
Valuation at 1 January 2022	37,078
Additions	-
Disposal proceeds	(936)
Profit on disposal	878
Revaluation adjustment	10,001
Valuation at 31 December 2022	<u>47,021</u>
Company	
Valuation at 31 December 2022	<u>47,021</u>

The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2022. This valuation, which represents an average £8,146 per acre, will be updated every five years. Details of the historic cost of the majority of the Glebe holding is not available.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

20. Fixed asset investments

	At 1 January 2022 £'000	Additions £'000	Disposal proceeds £'000	Profit/(loss) on Disposal £'000	Increase/(decrease) in Market value £'000	At 31 December 2022 £'000
Unrestricted Funds						
Listed investments	2,872	272	(1,274)	(74)	(253)	1,543
Unlisted investments	100	-	-	-	-	100
Cash	32	-	630	-	-	662
	<u>3,004</u>	<u>272</u>	<u>(644)</u>	<u>(74)</u>	<u>(253)</u>	<u>2,305</u>
Restricted Funds						
Listed investments	16,358	1,934	(2,986)	(208)	(1,971)	13,127
Unlisted investments	1,498	-	-	-	(175)	1,323
Cash	202	-	629	-	-	831
	<u>18,058</u>	<u>1,934</u>	<u>(2,357)</u>	<u>(208)</u>	<u>(2,146)</u>	<u>15,281</u>
Total	<u>21,062</u>	<u>2,206</u>	<u>(3,001)</u>	<u>(282)</u>	<u>(2,399)</u>	<u>17,586</u>

	2022 £'000	2021 £'000
The unlisted securities comprise:-		
Shares in the Central Board of Finance -		
Investment Fund	43	48
Property Fund	1,185	1,343
(valued as per the Central Board of Finance)		
COIF Charities Investment Fund Income shares		
(valued as per COIF Charity Funds)	95	107
Investment in Eastern Landowners Consortium	97	97
Investment in CMCU shares	3	3
	<u>1,423</u>	<u>1,598</u>

The historical cost of the above assets is as follows:

Listed securities	12,641	13,580
Unlisted securities	1,140	1,140
Cash	1,493	234
	<u>15,274</u>	<u>14,954</u>

The following shareholdings, at valuation, form a material part of the investment portfolio (i.e. greater than 5% of the total of the Board's consolidated investments).

	2022 £'000	2021 £'000
M & G Charifund income units	-	1,641
Central Board of Finance Property Fund	1,185	1,343
Eskmuir Diversified Property Fund	2,251	2,446
	<u>3,436</u>	<u>5,430</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

21. Stock	2022 £'000	2021 £'000
Stock and Work-in-Progress	<u>26</u>	<u>9</u>
22. Debtors	2022	2021
Company	£'000	£'000
Due within one year		
Parish share	339	246
Assigned fees	79	88
Prepayments and accrued income	303	320
Amounts due from Subsidiary undertakings	188	112
Other debtors	<u>460</u>	<u>666</u>
	1,369	1,432
Consolidated		
Prepayments and accrued income	7	4
Other debtors	<u>217</u>	<u>736</u>
	1,593	2,172
Company and Consolidated		
Due after more than one year		
Deferred costs on development project	-	140
Loans (note 23)	<u>473</u>	<u>477</u>
	<u>2,066</u>	<u>2,789</u>
23. Loans Receivable	2022	2021
	£'000	£'000
Company and Consolidated		
Amounts due from Subsidiary undertakings	<u>473</u>	<u>477</u>
	<u>473</u>	<u>477</u>
Amounts falling due after more than one year	<u>473</u>	<u>477</u>
24. Creditors - amounts falling due within one year	2022	2021
	£'000	£'000
Company		
Tax and social security costs	36	38
Other creditors	1,187	325
Accruals and deferred income (note 35)	<u>1,708</u>	<u>1,706</u>
	2,931	2,069
Consolidated		
Tax and social security costs	19	26
Other creditors	542	1333
Accruals and deferred income (note 35)	<u>1,103</u>	<u>1334</u>
	<u>4,595</u>	<u>4,762</u>
25. Creditors - amounts falling due after more than one year	2022	2021
	£'000	£'000
Loans due by the Board (note 26)	<u>1,077</u>	<u>867</u>
26. Loans due by the Board	2022	2021
Company	£'000	£'000
Church Commissioners Property Loans - Value Linked Loans	416	390
Consolidated		
Amount owed to group undertakings	<u>661</u>	<u>477</u>
	<u>1,077</u>	<u>867</u>
Amounts falling due after more than one year	<u>1,077</u>	<u>867</u>
Interest payable on loans due by the Board	<u>8</u>	<u>8</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

27. Summary of fund movements

	Balances at 1 January 2022	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Capital and General	9,065	8,934	(8,665)	(1)	557	9,890
Designated funds:						
Aided Church Schools						
Buildings Reserve	178	-	-	-	-	178
Diocesan Parsonages Fund	85	-	-	-	-	85
Jane Bailey Bequest	594	1	(4)	-	-	591
	857	-	(4)	-	-	854
Total unrestricted funds	9,922	8,935	(8,669)	(1)	557	10,744
Restricted funds						
Stipends Fund	56,392	2,474	(2,233)	-	9,482	66,115
Benefice Buildings and Pastoral Fund	82,308	1,196	(8)	-	(704)	82,792
Other Restricted Funds						
Margaret Young Fund	242	-	-	-	-	242
Cormorants	(1)	-	-	1	-	-
Bishops' Fund for Readers in Training	7	-	-	-	-	7
Burning Bush Barn	7	-	-	-	-	7
Roof Alarm Appeal	-	2	(2)	-	-	-
Resourcing Ministerial Education	48	178	(172)	-	-	54
Church Planting and Revitalisation	294	250	(354)	-	-	190
Subsidiaries and Quasi subsidiaries						
Trading Subsidiaries: (see note 33)						
Non-charitable trading funds	145	592	(707)	-	-	30
Consolidated Education Endowments	2,097	52	(82)	-	(124)	1,943
Trusts	105	2	(2)	-	(3)	102
Total other restricted funds	2,944	1,076	(1,319)	1	(127)	2,575
Total restricted funds	141,644	4,746	(3,560)	1	8,651	151,482
Total funds	151,566	13,681	(12,229)	-	9,208	162,226

Unrestricted funds

The Board's Capital and General Funds includes £990,000 relating to capital (2021: £990,000). The General Reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing.

Designated funds

The Aided Church Schools Buildings Reserve represents designated funds set aside for the maintenance and repair of Church schools.

The Diocesan Parsonages Fund represents Parsonage Building Funds held by the Board, which may be applied to either the Benefice Buildings and Pastoral or the Stipends Capital.

The Jane Bailey Bequest was established by the will of the late Miss Sybella Jane Bailey, who died on 16 November 1993. The Board became entitled to this by a Deed of Appointment, dated 14 November 1995 and the assets thereof, consisting of Cavick House and grounds, together with three adjacent dwellings near Wymondham, were vested in the Board with effect from 30 August 1996. Following agreement with the executors of the estate, the property was sold in December 1998. The resulting funds have been used for the provision of archdeacons housing and related housing costs.

Restricted funds

The Stipends Fund derives mainly from the historic Glebe property of the Diocese and is restricted as to its use by Section 35 of the Endowments and Glebe Measure, 1976.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

27. Summary of fund movements (continued)

Restricted funds - continued

The Margaret Young Fund was established by the will of the late Margaret Caroline Young. The Board became entitled to the property Babur Hill Cottage, Bawburgh, on the death of the life tenant on 26 July 2008, and the transfer of ownership took place during 2009. This was subsequently sold in October 2010. The fund is to be used towards the provision of housing for retired clergy.

Cormorants was established to run Christian sailing holidays for young people. This activity has now ceased.

The Bishops' Fund for Readers in Training was set up by a former Archdeacon of Lynn, John Ashe from a collection in Norwich Cathedral, to provide financial assistance to students.

The Burning Bush Barn was contemplative art space set in the rural village of Rockland St Mary 6 miles south of Norwich City centre. This is currently being re-imagined for future spiritual growth through creative visual art.

To combat the threat of church lead thefts the Bishop of Norwich, the Police and Crime Commissioner for Norfolk, the Norfolk Churches Trust, Allchurches Trust and the Round Tower Churches Society have been working together to find a long-term solution and have created The Roof Alarm Scheme. The appeal raises funds towards the cost of installing alarms on church roofs. Income is released to match expenditure.

Resourcing Ministerial Education is a framework for paying to support Ordinands in initial training which supports diocesan and national ministry strategies, incentivises sponsorship of younger candidates and offers clear links between training choices and financial implications. Block grants are restricted and income is released to match expenditure.

The Church Planting and Revitalisation project began in September 2019, with the aim to create new or revitalised churches across Norfolk and Waveney. At the beginning of 2022 a new re-set of this project was agreed by the Bishop's Council of Trustees and Archbishops' Council, with the plan to continue the work of revitalisation in areas where this is working well and to refocus church planting to enable a defined number of missional communities. The revised total project costs are £1.8m (previously £3.2m) the revised grant funding from Archbishops' Council is £1.23m (previously £1.98m), with the balance being met from Diocesan funds. The project will end as planned at 31 December 2023.

The Benefice Buildings and Pastoral Fund is represented by parsonage and other houses and assets derived from the sale of such houses or churches which have become redundant. The use of pastoral monies is restricted by Section 78 of the Pastoral Measure, 1983. However, the Bishop of Norwich has given the Diocesan Secretary sanction for the use of these funds at his discretion for ministry and mission purposes.

28. Pension costs

The Church of England Funded Pension Scheme

The Norwich Diocesan Board of Finance participates in the Church of England Funded Pension 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 Body.

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 that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged in the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

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

An average discount rate of 2.7% pa;

RPI inflation of 3.6% pa (and pension increases consistent with this);

CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments 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 and an initial addition to mortality improvements of 0.5% pa.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

28. Pension costs (continued)

The Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put into place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2018 to	1 January 2021 to
	31 December 2020	31 December 2022
Deficit repair contributions	11.9%	7.1%

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 as the scheme was in surplus. The deficit recovery contributions under the recovery plan in force as at 31 December 2021 were as set out above.

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

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

	2022	2021
	£'000	£'000
Balance sheet liability at 1 January	293	614
Deficit contribution paid	(167)	(304)
Interest cost (recognised in Statement of Financial Activities)	-	1
Remaining change to the balance sheet liability* (recognised in SoFA)	(126)	(18)
Balance sheet liability at 31 December	-	293

* 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 for 2020 and 2021. 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 as pensionable stipends for the remainder of the recovery plan were already known.

% of pensionable stipends	December 2022	December 2021	December 2020
Discount rate	n/a	0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to pensionable payroll	n/a	-1.5% pa	1.6% pa

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

The Board's Pension Scheme

Norwich Diocesan Board of Finance Limited operates a final salary defined benefit pension plan in the UK, the Norwich Diocesan Board of Finance Limited Pension Scheme. A comprehensive actuarial valuation of the scheme was carried out as at 1 April 2022 which has been updated to 31 December 2022 by a qualified independent actuary.

Information about the Scheme is set out below consistent with section 28 of FRS 102.

Employee benefit obligations - amounts recognised in the balance sheet:

	2022	2021
	£'000	£'000
Present value of funded obligations	1,619	2,522
Fair value of plan assets	3,254	2,993
Net defined benefit asset	1,635	471

The pension plan assets do not include property occupied by the sponsoring employer.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

28. Pension costs (continued)

The Board's Pension Scheme (continued)

The scheme assets include insurance policies that exactly match the amount and timing of the benefits payable under the Scheme to those current pensioners whose pensions are fully secured in immediate annuity policies. Since the fair value of these insurance policies is deemed to be the present value of the related obligations, both the asset and corresponding liability have been ignored in the disclosures.

The amounts recognised in the Statement of Financial Activities are as follows:

	For year to 31 December 2022 £'000	For year to 31 December 2021 £'000
Current service cost	8	9
Scheme administration expenses	-	-
Interest expense	45	34
Interest income	(54)	(36)
Total (income)/cost recognised in Statement of Financial Activities	(1)	7
Actual return on plan assets	194	161

Changes in the present value of the defined benefit obligation are as follows:

	For year to 31 December 2022 £'000
Opening defined benefit obligation	2,522
Current service cost	8
Interest expense	45
Actuarial gain	(910)
Benefits paid	(46)
Closing defined benefit obligation	1,619

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

The projected unit method has been used to arrive at the above service cost. The use of this method is prescribed in FRS 102. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. However, as the scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

28. Pension costs (continued)

The Board's Pension Scheme (continued)

Changes in the fair value of plan assets are as follows:

	For year to 31 December 2022 £'000
Opening fair value of plan assets	2,993
Interest income	54
Return on Scheme assets, excluding amounts included in	
Interest expense/income	140
Contributions by employer	113
Benefits paid	(46)
	<u>3,254</u>
Closing fair value of plan assets	<u>3,254</u>

FRS 102 states that the reconciliation of changes in the fair value of plan assets need not be presented for prior periods.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2022 % total plan assets	2021 % total plan assets
Unitised with profits policy	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

a) Financial assumptions	2022	2021
Discount rate	4.75% pa	1.8% pa
RPI inflation assumption	3.20% pa	3.25% pa
CPI inflation assumption	2.90% pa	2.85% pa
Future salary increases	3.20% pa	3.25% pa
Pension increases in payment		
(RPI - maximum 5%)	2.90% pa	3.15% pa
(CPI - maximum 2.5%)	1.80% pa	2.15% pa
b) Demographic assumptions		
Assumed life expectancy in years, on retirement at 65:	2022	2021
Retiring today		
Males	21.5	22.2
Females	24.0	24.5
Retiring in 20 years		
Males	22.8	23.4
Females	25.4	25.9

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

29. Redundant Churches

The Board was responsible for the care and maintenance of 3 redundant churches during the year (2021: 3). The cost to the Board was £4,212 (2021: £5,837).

No value has been attributed to these churches on the grounds that it is not material having regard to the liability for repair.

30. Voluntary Aided Schools pooling arrangement

In April 2006 the DFE made voluntary aided school annual devolved formula capital grants available to schools in advance of project spend. A significant number of Diocesan education and finance staff are involved in administering the projects and use of the funds received.

A summary of the transactions between 1 January 2021 and 31 December 2022 is detailed below:

	2022 £'000	2021 £'000
Cash held at 1 January 2021	477	612
Grants received from DFE	605	191
Payments on behalf of Schools	(308)	(326)
Cash held at 31 December 2022	<u>774</u>	<u>477</u>

These grants belong to the individual schools in the pooling arrangement and are not included in the consolidated accounts of Norwich Diocesan Board of Finance Limited.

31. Related party transactions

Transactions with the Ministry division and the Board of Education are included with the Unrestricted Funds in the Statement of Financial Activities. Consolidated Education Endowments is included as a Restricted Fund in the Statement of Financial Activities.

Norwich Diocesan Board of Finance Ltd is Managing or Custodian Trustee for approximately 1,800 Trusts. Where Norwich Diocesan Board of Finance Ltd is Managing Trustee, these trusts are included as a quasi subsidiary in the Statement of Financial Activities.

The Board co-operates closely with The Horstead Centre. The Board leases the Horstead Conference Centre to the Horstead Centre over a fifty year lease at £12 per annum. The market value of this rent is £18,000 per annum. During the year £3,201 was recharged to Norwich Diocesan Board of Finance Limited by the Horstead Centre in respect of Soulshaper, Refresh activity day and Clergy family fun day (2021: £3,232), with nothing outstanding at the year end (2021: £Nil). Nothing was charged to the Horstead Centre by the Board in 2022 (2021: £25).

£5,752 (2021: £16,750) was recharged to The Diocese of Norwich Education and Academies Trust (DNEAT) in 2022 by the Consolidated Education Endowments Fund (CEE) and the Norwich Diocesan Board of Finance Ltd, with £nil outstanding at the year end (2021: £3,675). £69,031 (2021: £135,069) was charged to the Norwich Diocesan Board of Finance and CEE with respect to pooling funds and staff costs, with £63,371 (2021: £8,044) outstanding at the year end. £8,432 was recharged to The Diocese of Norwich Education Support Company (DONESC) with respect to desk charges and carpark rental (2021: £27,450, with £nil outstanding at the year end (2021: £6,825). £20,000 was paid to DONESC with respect to Headteacher recruitment support (2021: £42,160), with £20,000 outstanding at the year end (2020: £2,160).

£2,360 (2021: £7,265) was recharged to St Benet's Multi-Academy Trust by the Norwich Diocesan Board of Finance Ltd in 2021 in respect of desk charges and training, with £400 (2021: £1,640) outstanding at the year end.

£54,286 was recharged to The Anne French Memorial Trust in 2022 (2021: £63,918), with £14,028 outstanding at the year end (2021: £11,688). Grants totalling £31,000 were given towards Church Buildings Commission costs and to support a pastoral issue, this income is released to match expenditure, £21,000 has been deferred to 2023. Deferred grants from 2021 totalling £112,769, given towards housing/energy efficiency costs, Generous Giving Advisors and Strategic Programme Management, have been released to match expenditure totalling £34,647 with the balance of £78,122 being deferred to 2023.

The Diocese of Norwich Churches Trust was established during 2015. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs. Nothing was due at the year end to the Trust by the Norwich Diocesan Board of Finance Limited in respect of fees (2021: £nil).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

32. Capital commitment

There are no known capital commitments.

33. Subsidiary Undertakings

All subsidiary undertakings are included within restricted funds.

(a) Spire Support Services Limited

Spire Support Services Limited is a wholly owned subsidiary of Norwich Diocesan Board of Finance Limited, incorporated on 19 May 2011.

	2022 £'000	2021 £'000
Net profit (before tax and Corporate Gift Aid) for the year ended 31 December	<u>30</u>	<u>89</u>
Transactions between Spire Support Services Limited and Norwich Diocesan Board of Finance Limited are as follows:		
	2022 £'000	2021 £'000
Expenses paid on behalf of Spire Support Services Limited (inc. recharges)	188	112
Amounts owing by Subsidiary undertaking at 31 December 2022 (debtor)	<u>188</u>	<u>112</u>
Shareholders Equity/(Deficit)	<u>-</u>	<u>-</u>

During the year Spire Support Services Limited collected rental income net of 8% commission plus VAT of £417,787. Spire Support Services charged Norwich Diocesan Board of Finance Limited (inc. CEE) £106,198 inc VAT for design, surveying services and Church Quinquennials, with £12,879 outstanding at the year end. Norwich Diocesan Board of Finance Limited charged Spire Support Services £21,380 for management oversight, financial services, office rental and loan interest. Spire Support Services Limited will gift £40,514 distributable profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Spire Support Services Limited for the year ended 31 December 2022 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(b) NDBF (Easton) Limited

NDBF (Easton) Limited was incorporated on 4th April 2014 to be part of a land-owners consortium for property development in the village of Easton. During 2018 8.604 acres of Glebe land was transferred to NDBF (Easton) Limited from Norwich Diocesan Board of Finance Limited at a valuation of £54,966, being £6,388.22 per acre.

	2022 £'000
NDBF Easton Limited net profit for the year ended 30 April 2022	<u>784</u>
NDBF Easton Limited net profit for the period ended 31 December 2022	<u>nil</u>

In January 2023 £783,720 was gifted under corporate gift aid to Norwich Diocesan Board of Finance Limited. The accounts for NDBF Easton Limited for the year ended 30 April 2022 and the period ended 31 December 2022 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(c) Norwich Glebe Property Limited

Norwich Glebe Property Limited was incorporated on 26 February 2016 and was set up in order to hold commercial glebe property.

	2022 £'000	2021 £'000
Norwich Glebe Property Limited net profit for the year ended 31 December	<u>29</u>	<u>30</u>

During the year Norwich Diocesan Board of Finance Limited collected rental income and expenses net of VAT of £49,147 on behalf of Norwich Glebe Property Limited, paid costs of £3,490 and charged loan interest of £16,480 to Norwich Glebe Property Limited. Norwich Glebe Property Limited will gift the above net profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Norwich Glebe Property Limited for the year ended 31 December 2022 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

34. Financial Instruments

2022	2021
£'000	£'000

The carrying amounts of the company's financial instruments are as follows:

Financial assets

Measured at fair value through net income/expenditure:

Fixed asset listed investments (note 20)	<u>14,670</u>	<u>19,230</u>
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Equity instruments measured at cost less impairment:

Fixed asset unlisted investments (note 20)	<u>1,423</u>	<u>1,598</u>
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Financial liabilities

Measured at fair value through net income/expenditure:

Value Linked loans (note 26)	<u>416</u>	<u>390</u>
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35. Deferred income (note 24)

Deferred income brought forward at 1 January 2022	2,889	2,714
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Deferred income (released)/added during the year	<u>(358)</u>	<u>175</u>
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Deferred income carried forward at 31 December 2022	<u>2,531</u>	<u>2,889</u>
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Deferred income relates to funds received for specific projects which are deferred until the expenditure is incurred.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

36. Prior year comparative Statement of Financial Activities

	* Restricted Funds *				
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2021 £'000
Income and endowments from					
Donations					
Parish contributions	6,520	-	-	-	6,520
Archbishops' Council	368	-	1,305	361	2,034
Other donations	316	-	-	622	938
Charitable activities	861	-	3	-	864
Other activities	600	1	-	942	1,543
Investments	84	154	1,191	22	1,451
Other sources	543	384	-	1	928
Total income	9,292	539	2,499	1,948	14,278
Expenditure on					
Raising funds	-	-	150	861	1,011
Charitable activities	6,507	12	4,541	684	11,744
Total expenditure	6,507	12	4,691	1,545	12,755
Net income before investment gains	2,785	527	(2,192)	403	1,523
Net gains on investments	293	555	1,320	90	2,258
Net income/(expenditure)	3,078	1,082	(872)	493	3,781
Transfers between funds	-	-	-	-	-
Other recognised gains/(losses)					
Adjustment of value linked loans	(37)	-	-	-	(37)
Actuarial gain/(loss) on defined benefit pension scheme	135	-	18	-	153
Net movement in funds	3,176	1,082	(854)	493	3,897
Reconciliation of funds					
Total funds at 1 January 2021	6,746	81,226	57,246	2,451	147,669
Total funds at 31 December 2021	9,922	82,308	56,392	2,944	151,566

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

37. Statement of Financial Activities at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* Restricted Funds *				Total Funds	<i>Total Funds</i>
	Unrestricted	Benefice	Stipends	Other	2022	<i>2021</i>
	Funds	Buildings	Fund	Funds	2022	<i>2021</i>
	£'000	& Pastoral	£'000	£'000	£'000	<i>£'000</i>
		£'000				
Income and endowments from						
Donations						
Parish contributions	6,678	-	-	-	6,678	<i>6,520</i>
Archbishops' Council	415	-	1,251	428	2,094	<i>2,034</i>
Other	295	-	-	2	297	<i>938</i>
Charitable activities	835	1	2	-	838	<i>864</i>
Other activities	588	3	-	-	591	<i>601</i>
Investments	124	165	1,221	-	1,510	<i>1,429</i>
Other sources	-	1,027	-	-	1,027	<i>927</i>
Total income	8,935	1,196	2,474	430	13,035	<i>13,313</i>
Expenditure on						
Raising funds	-	-	134	-	134	<i>150</i>
Charitable activities	8,669	8	2,099	527	11,303	<i>11,722</i>
Total expenditure	8,669	8	2,233	527	11,437	<i>11,872</i>
Net (expenditure)/income before investment gains	266	1,188	241	(97)	1,598	<i>1,441</i>
Net gains/(losses) on investments	(327)	(704)	9,356	-	8,325	<i>2,168</i>
Net income/(expenditure)	(61)	484	9,597	(97)	9,923	<i>3,609</i>
Transfers between funds	(1)	-	-	1	-	<i>-</i>
Other recognised gains/(losses)						
Adjustment of value linked loans	(26)	-	-	-	(26)	<i>(37)</i>
Actuarial gain/(loss) on defined benefit pension scheme	910	-	126	-	1,036	<i>153</i>
Net movement in funds	822	484	9,723	(96)	10,933	<i>3,725</i>
Reconciliation of funds						
Total funds at 1 January 2022	9,922	82,308	56,392	597	149,219	<i>145,494</i>
Total funds at 31 December 2022	10,744	82,792	66,115	501	160,152	<i>149,219</i>



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www.dioceseofnorwich.org   

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 249318

Accounts

Annual Report and Financial Statements **2021**

Norwich Diocesan Board of Finance Limited

Supporting the mission and ministry
of the Diocese of Norwich

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

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NORWICH DIOCESAN BOARD OF FINANCE LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

**The Bishop's Council of Trustees
(Board of Directors)
as at 21 May 2022**

Mark Jeffries (Chairman)
Mark Allbrook (appointed 6 October 2021)
The Ven. Steven Betts
Paul Cracknell (appointed 6 October 2021)
Virginia Edgecombe (appointed 6 October 2021)
The Very Revd. Jane Hedges (appointed 6 October 2021)
The Revd. Canon Keith James (appointed 4 April 2022)
Kandara Kammoun
Susan Martin
Captain Anthony M. Poulter OBE RN
The Revd. Matthew Price (appointed 6 October 2021)
The Revd. Dr Patrick Richmond
Lindsey Rix (appointed 6 October 2021)
Angela Robson
The Rt. Revd. Dr Jane Steen (appointed 6 October 2021)
The Revd. Canon Simon Stokes
Patricia Temple-Crowe (appointed 6 October 2021)
The Revd. Stephen Thorp (appointed 6 October 2021)
The Rt. Revd. Graham Usher
The Rt. Revd Alan Winton (appointed 6 October 2021)
Thompson Zulu (appointed 6 October 2021)

Diocesan Secretary (Chief Executive)

Tim Sweeting

Director of Finance

Susan Bunting BFP FCA

Registered Office

Diocesan House, 109 Dereham Road, Easton, Norwich,
NR9 5ES

Company Registration Number

88175

Charity Registration Number

249318

Auditor

Lovewell Blake LLP, Bankside 300, Peachman Way,
Broadland Business Park, Norwich, NR7 0LB

Bankers

Barclays Bank plc, London Street, Norwich, NR2 1HS

Insurers

Ecclesiastical Insurance (Benefact Group), Benefact
House, 2000 Pioneer Avenue, Gloucester Business Park,
Brockworth Gloucester, GL3 4AW

Solicitors

Birketts LLP, Kingfisher House, 1 Gilders Way, Norwich,
NR3 1UB

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

**Investment Advisors and
Stockbrokers**

Barratt and Cooke Ltd, 5/6 Opie Street, Norwich
NR1 3DW
CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6EE
JM Finn & Co, 4 Coleman Street, London, EC2R 5TA
Eskmuir Group, 8 Queen Anne Street, London, W1G 9LD

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises of dioceses of which there are 42 in England.

Each diocese in England is divided into parishes. Each parish is overseen ecclesiastically by a parish priest if not an 'incumbent' (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords making a major contribution to Parliament's work. They are known as Lords Spiritual.

The Church of England is episcopally-led (there are some 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The National Church Institutions

There are seven national administrative bodies that work together to support the mission and ministries of the Church. These are called National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, today spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Lambeth Palace is the NCI accommodating the home and office of the Archbishop of Canterbury.

Bishopthorpe Palace is the NCI accommodating the home and office of the Archbishop of York.

The National Society for Promoting Religious Education is the Education Department for the Church of England.

The Church of England Central Services look after the national HR, Finances and Resources, IT, Legal, Communications, and Record Centre.

The Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, the Cathedral, Norwich.

The information about General Synod, the Church Commissioners, the Archbishops' Council, the other NCI's and Norwich Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND (continued)

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation from across the diocese. The Synod has broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- where appropriate, give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council (now a function of the Bishop's Council of Trustees) has the following functions:

- To act as the Standing Committee of Diocesan Synod and to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy, including effective communication of priorities, strategies and policies;
- To oversee and co-ordinate the work of all Diocesan Boards, Committees, Forums, Working Groups and responsible individuals; to ensure regular reporting to the Bishop's Council and/or Diocesan Synod as appropriate;
- To receive an annual report from the Independent Chair of the Diocesan Safeguarding Advisory Panel about the panel's work and an assessment of all aspects of safeguarding within the diocese;
- To oversee and review the workings of the Synodical process, with particular attention to the connection between Deanery, Diocesan and General Synods;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which - broadly - is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a corporate charity, and all those not exceeding £100,000 annual gross income are currently excepted from registration with the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent in holy orders who as such is a Church beneficiary and typically receives a stipend and the benefit of free occupation and use of a parsonage house at the behest of the Bishop for the purpose of carrying out specified spiritual duties.

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. The diocese is then the principal pastoral and, by means of its Board of Finance, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2021

Welcome

It is a great pleasure to welcome Tim Sweeting, our new Diocesan Secretary who joined us in September 2021. We look forward to working with Tim whose experience from his previous role as Chief Executive of YMCA Norfolk is invaluable as we work on the delivery of the strategies to realise the vision approved by Diocesan Synod to be *Transformed by Christ: Prayerful, Pastoral, Prophetic*. We wish Tim all the very best as he looks to inspire and develop the parish support team to maintain the delivery of high-quality support for parishes.

Income and expenditure

You will see from the accounts that in 2021 the Diocese received a total of £6.52m in Parish Share, 82.3% of the amount requested. Whilst this is a decrease of £566,170 compared to pre-pandemic receipts of 2019, and £1.406m less than the requested amount, it is an increase when compared to receipts in 2020 of £359,928 or 5.84%, an extraordinary achievement.

The Diocesan financial statements are complex and include the consolidation of trading subsidiaries, large year-end pension revaluations and stock market movements. This makes it difficult to see the true operating position. We have therefore included a summary on page 7 in the appendix to this report which shows that the operating deficit for 2021, excluding year end pension scheme revaluations, movement in stock market valuations, property sales and subsidiary company results, is £520k (2020: £708k). In addition to adopting a more streamlined governance structure, a range of steps have been taken to address the deficit and to put the finances of the diocese on a sustainable footing. These are summarised on pages 12 and 13 of the Trustees' report. It is worth highlighting here that:

- redeployment to cover vacancies has resulted in 15 fewer stipendiary clergy;
- the Diocesan parish support team was restructured centrally to achieve a reduction of 12 roles through redundancy and not replacing leavers;
- a significant reduction in central procurement, training and events costs has been achieved with more training shifting online;
- savings in travel costs, meeting costs and printing costs were achieved due to home working; and
- various pieces of work have been discontinued, such as the production of 'The Magazine', various Diocesan events and local funded partnerships with the Church Army.

Inevitably, we now have fewer resources to support our parishes, schools and chaplaincies and we are therefore particularly indebted to all those across the Diocese who are working under considerable pressure to deliver mission and ministry.

The pandemic has delayed plans for our Church Planting and Revitalisation Project. The Diocese was originally awarded £1.98m in 2019 towards the project out of the Archbishops' Council's Strategic Development Fund. Much work has been undertaken to reset and refocus the project with the funding adjusted accordingly. The budget for the entire project has been reduced from £3.2m to £1.8m, with the grant funding reducing from £1.98m to £1.23m and the Diocese contribution reducing by over £600k.

We continue to review all areas of expenditure to achieve best value for money.

Extra income has been secured during the year to mitigate against what could have been a significantly larger deficit including:

- a sustainability grant of £200k from the Archbishops' Council to help with the impact of COVID-19;
- strategic ministry funding to fund two additional curates; and
- an increase in profits generated by our trading subsidiary, Spire Support Services, before corporation tax from £29k in 2020 to £89k this year.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2021

During the year, both Spire and our other trading subsidiaries, NDBF (Easton) Limited and Norwich Glebe Property Limited, have continued to develop, the results of which are shown in note 33 on page 44 of these financial statements. These three companies were formed to provide alternative sources of income for the Diocese and to relieve the pressure on Parish Share. All generate a profit which is transferred to the Diocese under the corporate gift aid scheme.

We are reviewing our investment policies and strategies to maximise income. We are also developing a revised business plan for our trading subsidiary, Spire Support Services Ltd, to deliver efficiencies and increase profitability. We aim to reduce the number of buildings the parish support team use and to generate new external income. Our Academy Trust staff in DNEAT and St Benet's, along with their support staff from DONESC, have recently moved from the Diocesan Offices at Easton to larger premises at East Tuddenham to accommodate their growth. The Academy Trusts are separate legal entities with their own funding, staff teams and costs, and the move results in the Diocese losing income for use of the vacated buildings of £48k pa which we need to replace.

Assets and liabilities

At the 31 December 2021 our share of the deficit on the national clergy pension scheme was £293k, a reduction of £321k from the deficit of £614k at 31 December 2020. These large adjustments in our financial statements are required by accounting regulations and can be seen in the summary on page 7 of this report. The national clergy pension scheme is currently being revalued and we will know the results of this later in 2022. We have been notified that the contribution rate has decreased from 39.9% of the national minimum stipend for each clergy member to 36% from 1 April 2022. We hope that there may be a further reduction in 2023 and will budget for that accordingly when we know more. Full details of the pension costs are shown in note 28, on pages 39 to 42.

The value of net assets at 31 December 2021, excluding the contribution from trading subsidiaries, is set out in note 38 on page 48 and amounts to £149.2m. Our fixed assets, comprising houses, glebe land and an investment portfolio, equate to £145m, which leaves £4.2m liquidity to run the Diocese on a day-to-day basis. We have again taken a strategic approach to the use of our restricted funds, and for the second year have utilised the Stipends Fund to pay stipends in their entirety in 2021, rather than apportioning some costs to general funds as in previous years. This has enabled us to release some further free reserves and add some security to our very volatile cash flow position. A full review of our residential properties, which will include assessing their environmental impact, is underway.

You will see from the summary on page 7, that over £2m of the increase in net assets relates to the increase in stock market values. This is a snapshot in time: we saw a slump in values at 31 December 2020, then the increase shown at 31 December 2021, then in the first quarter of 2022 a significant reduction as markets have reacted to worldwide situations such as the heart-breaking war in Ukraine.

You will also note the realised gains on the disposal of properties of £927k. This reflects the difference between the frozen values reflected on our balance sheet and the proceeds of sale. This relates to the sale of six properties, with over £500k of this figure attributable to the sale of the former Bishop of Lynn's house at Castle Acre.

Parish Giving

We launched the Parish Giving Scheme in our Diocese early in 2022 and I commend this to all parishes. The national scheme to support stewardship is now used in over three-quarters of dioceses and has an established reputation for enabling parishes to achieve greater financial security through annual income growth as well as supporting parish treasurers.

A big thank you

In my first year as DBF Chair, I have been struck by the enthusiasm, generosity, and sheer hard work across our parishes. On behalf of the Trustees, I also want to pay tribute to the diocesan staff who have worked tirelessly to support our parishes. These collective efforts are hugely appreciated, especially as they have been against the backdrop of a very challenging year. Thank you.



MARK JEFFRIES

21 May 2022

APPENDIX TO CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2021

The table below summarises the main features of the year and my explanation of them. The figures are extracted from note 37 on page 47 of the financial statements and are prior to the consolidation of Subsidiaries.

	Board 2021 £'000	Board 2020 £'000	Variances £'000
Income	12,386	11,619	767
Expenditure	<u>(11,872)</u>	<u>(11,769)</u>	<u>(103)</u>
Operating surplus/(deficit)	514	(150)	664
Realised gains on sale of properties - Board	<u>927</u>	<u>272</u>	<u>655</u>
Net income	1,441	122	1,319
Adjustment of value linked loans	(37)	(38)	1
Actuarial (loss)/gain on defined benefit pension scheme	153	(308)	461
Gains on investment assets:			
Sale of glebe property (realised gains)	38	62	(24)
Quoted and unquoted investments			
Realised	105	(361)	466
Unrealised	<u>2,025</u>	<u>320</u>	<u>1,705</u>
Increase/(decrease) in funds	<u>3,725</u>	<u>(203)</u>	<u>3,928</u>
Reconciliation of Management accounts operating position			
Net income (shown above)	1,441	122	1,319
FRS102 Pension disclosure - Clergy Scheme	(303)	(505)	202
FRS102 Pension disclosure - Company Scheme	(231)	(53)	(178)
Transfer of funds CPR project	(500)	-	(500)
Realised gains on sale of properties - Board	<u>(927)</u>	<u>(272)</u>	<u>(655)</u>
Operating deficit	<u>(520)</u>	<u>(708)</u>	<u>188</u>

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees' who are also directors for the purposes of company law, present their combined trustees' and directors' report and strategic report together with the audited financial statements, for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Objectives

Norwich Diocesan Board of Finance Limited aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. These activities have been undertaken during the year and there have been no significant changes in its policies.

Structure, governance and management

The Diocese of Norwich was founded in 1094 and took broadly its present form in 1906. It covers an area of 1,804 square miles. The approximate population is 917,000 and the demographics are as follows: the diocese is the 8th largest in England in geographical area but only 33rd in terms of density of population. The city of Norwich (total population around 143,000) is the area's key centre of economic activity. Apart from Norwich there are four other significant conurbations which spread around the periphery: Kings Lynn, Great Yarmouth, Lowestoft and Thetford. The rural areas contain a scattered population living in communities ranging from market towns (of which Norfolk has many, most of them growing) to smaller villages and remote hamlets.

The Diocese is arranged in three archdeaconries being Norwich, Thetford and Lynn. In total there are some 570 parishes and 650 church buildings.

Diocesan governance

The Diocese is governed by Standing Orders approved by Diocesan Synod. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay members elected by the house of laity in Deanery Synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee which is the Bishop's Council.

Company status

The company, Norwich Diocesan Board of Finance Limited, is established to manage the financial affairs, and hold legal title to the assets, of the Diocese of Norwich. It was incorporated on 28 March 1906 as a charitable company limited by membership guarantee (No. 88175), and its governing documents are the Memorandum and Articles of Association (as amended on 28 April 1970, 5 May 1970, 19 June 2010 and 10 June 2017). Norwich Diocesan Board of Finance Limited is registered with the Charity Commission (No. 249318).

Every member of Diocesan Synod is a member of Norwich Diocesan Board of Finance Limited for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Decision-making structure

Within the supervisory powers of the Diocesan Synod certain diocesan functions are now undertaken by the Bishop's Council of Trustees acting as the Bishop's Council, the Executive Committee, the Diocesan Mission and Pastoral Committee and the Parsonage Board.

The Bishop's Council is the Standing Committee of Diocesan Synod and its functions are listed on page 4.

The Executive Committee act as Trustees' and are also directors for the purposes of company law, their functions in pursuit of Norwich Diocesan Board of Finance Limited's charitable objects are:

- Management of the funds and property of the Diocese;

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Structure, governance and management (continued)

- Consideration and approval of the Financial Policy and Strategy for the Diocese as prepared by the Finance Committee;
- Preparation of annual estimates of expenditure and budgets, including advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- Statutory filings to the Charity Commission and Companies House;
- Fulfilling employer's responsibilities and compliance with any legal duties to which the Diocese may be subject;
- Holding responsibility for payment of clergy stipends;
- Carrying out any other functions delegated by Diocesan Synod.

The Diocesan Mission and Pastoral Committee, is responsible for the review of ministry deployment which may include pastoral reorganisation, sharing agreements or mission planning, taking account of finance, clergy numbers and new patterns of ministry. The Committee advises the Bishop and Diocesan Synod on proposed strategy. It is also responsible for church buildings other than matters for the consistory court or the work of the Diocesan Advisory Committee for the Care of Churches.

The Bishop's Council of Trustees, acts as the Parsonages Board and provides for the responsibilities of the board to be undertaken by a committee known as the Property Committee.

The Bishop's Council of Trustees has delegated responsibility for the day-to-day management of the Board to the Diocesan Secretary who is supported by a senior management team and their staff.

All members of the Bishop's Council of Trustees give their time voluntarily and receive no benefits from the Board. During the year Norwich Diocesan Board of Finance Limited made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

Committee structure

During 2020 a full review of governance structures was carried out which has resulted in a revised committee structure in 2021, as approved by Diocesan Synod on 20 March 2021.

Those that follow are statutory committees:

Glebe Committee, is responsible for overseeing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese of Norwich.

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

The Board of Education, is established under the Diocesan Boards of Education Measure 2021. Its functions include: the promotion of education consistent with the faith and practice of the Church of England; the promotion of religious education and religious worship in schools and academies; the promotion of Church schools and academies in the diocese; and advice to school governors on any matter affecting Church schools and academies.

The Board of Patronage is constituted under Schedule 3 of the Patronage (Benefices) Measure 1986. The exercise of Patronage, i.e., the right to present a priest to a benefice, is an historic foundation element of the Church of England carried over from the pre-Reformation Church. Today it forms part of a system of checks and balances which ensures the continuance of a broad spectrum of belief and practice within that Church, not least traditional orthodoxy.

The Vacancy in See Committee, the requirement for, and role, functions and constitution of, a diocesan Vacancy in See Committee is set out in the Vacancy in See Regulation 1993 (as amended). It only meets when the post of diocesan bishop is vacant.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Structure, governance and management (continued)

In addition to the statutory committees, currently there are also the following committees:

Agenda Planning Group, sets the agenda for the Bishop's Council of Trustees and produces a draft agenda for Diocesan Synod for the Bishop's Council of Trustees to approve.

Asset Management Committee, brings together matters to do with diocesan property, investments and Glebe, including strategic development proposals. It takes an integrated approach to maximise the effective management and growth of all types of diocesan assets.

Audit Risk and Assurance Committee, reviews the work, policies and procedures of the Board, to ensure integrity in all its activities, and compliance with legal, financial and reporting requirements, and to have oversight of risk management processes.

Finance Committee, has delegated responsibility for much of the work of the Executive Committee. It is responsible for developing a financial policy and strategy for the Diocese for approval by the Bishop's Council of Trustees.

Nominations Committee, makes recommendations to the Bishop's Council of Trustees for the appointment of candidates for non-elected membership of the Diocesan Synod, the Bishop's Council of Trustees, and other committees of the Diocese of Norwich. It also approves, on behalf of the Bishop's Council of Trustees, a number of specific appointments, namely the Diocesan Secretary, staff at Director level, and the Chairs of some of the boards and committees

Property Committee, undertakes the responsibilities and work of the Parsonages Board. This includes provision, maintenance, upkeep and improvement of Parsonage houses; considerations (in consultation with the Asset Management Committee) of acquisition and disposal or exchange of Parsonage houses and letting such houses during vacancies. The Committee also deals with corporate property.

Remuneration Committee, makes recommendations to the Bishop's Council of Trustees, for remuneration of stipendiary clergy licensed in the Diocese of Norwich, and of staff employed by the Norwich Diocesan Board of Finance Limited and its subsidiaries.

Safeguarding Advisory Panel, provides a source of independent advice and expertise on safeguarding policies, procedures and practices to the diocesan bishop and other senior clergy and officials, and ensures the implementation of the current House of Bishops' policy and practice guidance.

Recruitment and appointment of Trustees

The Bishop's Council of Trustees members listed on page 2 are the directors of the company for the purposes of company law and in accordance with the Articles of Association shall be the following persons:

- The Chair of the Board, to be nominated by the Bishop's Council;
- The Deputy Chair of the Board, to be nominated by the Bishop's Council;
- The Treasurer of the Board, to be nominated by the Bishop's Council;
- An Archdeacon, to be nominated by the Bishop's Council;
- The Clerical Vice-President of the Diocesan Synod;
- The Lay Vice-President of the Diocesan Synod;
- Three lay members of the Diocesan Synod and three clerical members of the Diocesan Synod to be elected by the Diocesan Synod;
- Up to three additional persons as may be co-opted by the Executive Committee from time to time.

Induction and training of Trustees

The Trustees are aware of the 2011 Charities Act requirement to ensure that all members receive appropriate induction and training. Periodically members attend talks on charity governance.

Remuneration of key management personnel

Emoluments of higher paid personnel, including the Diocesan Secretary, are determined by the Remuneration Committee. All employees including key management personnel have regular appraisals and remuneration is based on salary scales which are regularly benchmarked and reviewed.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Structure, governance and management (continued)

Related parties/Connected charities

Norwich Diocesan Board of Finance Limited has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners.

In pursuit of its charitable objectives, the Board acts as agent for a number of Diocesan Boards including the Board of Education.

The Diocese of Norwich Education and Academies Trust, St Benet's Multi-Academy Trust and The Diocese of Norwich Education Support Company are connected charities/company of the Norwich Diocesan Board of Finance Limited. Church academies have a clause written into their funding agreements which requires the Academy Trust to ensure that the quality of Religious Education and the contents of the Academy's collective worship are given in accordance with the tenets and practice of the Church of England.

The Diocese of Norwich Churches Trust was established during 2015 and is a connected charity of the Norwich Diocesan Board of Finance Ltd. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs, this became active during 2017.

In addition, the Board acts as managing or custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. All trust assets are recorded and maintained separately from the Board's own assets. It also co-operates with and provides advice to Parochial Church Councils, the Chapter of Norwich Cathedral, the Horstead Centre and other church bodies.

The Board is required by Measure to be custodian trustee in relation to Parochial Church Council property, but has no control over Parochial Church Councils, which are independent charities. The accounts of Parochial Church Councils and deaneries do not form part of these financial statements.

Parochial Church Councils are able to influence the decision-making within Norwich Diocesan Board of Finance Limited and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Pension scheme

Norwich Diocesan Board of Finance Limited is the sponsoring employer of the Norwich Diocesan Board of Finance Pension Scheme. This is a pension fund for the benefit of employees of Norwich Diocesan Board of Finance Limited. One trustee of the scheme is an employee of the Board and member of the scheme. The scheme has been closed to new entrants. Costs of administration and secretarial services are borne by the Board.

The Board also participates in the Church of England Funded Pension Scheme. Further details are contained in note 28 to the financial statements.

Subsidiary undertakings

The Board's subsidiaries are considered to be The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The Board has three trading subsidiaries, Spire Support Services Limited, Norwich Glebe Property Limited and NDBF Easton Limited (see note 33).

Strategic Report - Key performance indicators are shown in the relevant sections of this report.

a) Activities, Benefits and Achievements

Norwich Diocesan Board of Finance Limited's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people across the Diocese.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

a) Activities, Benefits and Achievements (continued)

The key activities may be summarised as:

- To seek a constructive and positive relationship with the people of the Diocese;
- To communicate effectively across all areas of Diocesan activity;
- To exercise and promote good stewardship of Diocesan resources to support growth;
- To provide mechanisms for evaluating performance through a regular programme of reflection and review.

Public benefit

The Trustees are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Trustees believes that, by promoting the work of the Church of England in the Diocese of Norwich, the Board helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public.

Norwich Diocesan Board of Finance Limited supports the clergy through the payment of stipends, the management of parsonages, and clergy training. This provides a benefit to members of the general public in each parish. The Church also carries out marriages, baptisms and funerals which are attended by the general public and enriches local communities by the provision of other services across the Diocese.

The Board of Education provides support services and capital expenditure support for schools and academies, thus benefiting the pupils, and the improvement of the buildings benefits the local community.

Norwich Diocesan Board of Finance Limited also makes grants to connected charities and to other charitable projects in support of the above objectives.

The benefits outlined above are related to the aims of the Diocese in helping to promote, carry on and assist the work of the Church of England in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. They also relate to a large section of the general public whose opportunity to benefit is not unreasonably affected by geographical or financial restrictions.

Achievements and performance

Plans and achievements for 2021

The COVID-19 pandemic continued to have a significant impact on our work during 2021, with more stringent restrictions in the earlier months of the year. This continued impact our parish incomes, most noticeably from cash collections, fundraising activities and premises hire, along with parochial fee income from weddings. This in turn has impacted on the ability to pay parish share.

The financial impact on Norwich Diocesan Board of Finance Ltd improved when compared to 2020 but we have seen a notable decrease in parish share income when compared with pre-pandemic levels (see later operational performance on page 13). The Trustees instructed a review of central services, carried out by two external consultants and the final report was issued in February 2021. This has led to a total reduction in 12 diocesan lay staff through redundancy, restructuring roles and not replacing those that have left. We have also made significant procurement savings. The reduction in posts and procurement savings will produce total annual savings of c. £380k.

A review of clergy deployment and expenditure was led by the Bishop of Thetford and is currently being implemented, leading to 15 stipendiary clergy posts not being replaced.

Achievements during the year were:

- A new Diocesan Vision was approved by Diocesan Synod in March 2021.
- A new Strategic Programme Manager (funded by external grants) was appointed in May 2021 to support the development of strategies to deliver the Vision.
- Significant progress has been made on our Vision and Priorities, so that our life together is transformed by Christ, Prayerful, Pastoral and Prophetic and further work will be presented to Diocesan Synod in June 2022.
- Our new Diocesan Secretary joined us in September 2021.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Achievements and performance (continued)

- The Bishop's Council of Trustees agreed to implement the Parish Giving Scheme in the Diocese to promote generous giving within our communities and a new Generous Giving Advisor was appointed in October 2021 (funded by external grants) to support this.
- A grants programme for local mission and ministry saw grants given to 27 churches worth over £87k.
- We made a successful application for sustainability funding and were awarded a grant of £200k (2020: £215k).
- A new governance structure to improve the efficiency and effectiveness of our governance practice was agreed and implemented in September 2021, involving elections and appointment of new members.
- The Trustees of The Diocesan Churches Trust met regularly to review applications to the Trust and its financial obligations;
- The Board has continued to actively support two trading subsidiaries during 2021 both of which have seen a surplus position for 2021. NDBF (Easton) Limited (see note 33 on page 44) also become active during 2021;
- The Board has continued to help to support the Diocese of Norwich Education and Academies Trust and St Benet's Multi-Academy Trust;

Operational performance

Norwich Diocesan Board of Finance Limited received 82.3% of parish share requested for the year of £7.926m, a shortfall of £1.406m. This is an increase of £360k or 5.84% when compared with 2020 receipts, but still a decrease of £566k (7.99%) when compared with 2019.

The operating deficit at company level for 2021 is £520k (after adjusting for FRS102 pension adjustments and non-operational property surpluses see page 7).

Steps taken to mitigate the level of deficit were:

- we have been able to secure additional sustainability grant funding of £200k from Archbishops Council to help with the impact of COVID-19;
- we secured strategic ministry funding to fund two additional curates;
- 12 lay staff posts were restructured, not replaced, or made redundant;
- we utilised the government's Job Retention Scheme for Diocesan lay staff, receiving funding of £23k;
- stipendiary clergy numbers have decreased as noted on page 12;
- events, such as the Norfolk Show have not been run, and more training has taken place online, creating cost savings;
- travel costs, meeting costs and printing costs have all significantly reduced due to hybrid working.

Investment performance – overall performance

The overall value of Diocesan investment assets increased by £2,162,000 during 2021, as compared with a decrease of £927,000 in 2020.

In 2021 the operational activities of the Diocese were financed by £655,000 from interest and dividends (2020: £606,000).

Glebe investments

£37.1 million of the Board's investments are in glebe land, primarily to generate a sustainable income to continue funding clergy stipends.

Rents receivable amounted to £796,000 (2020: £827,000).

Investment in equity and fixed interest funds were valued at £12 million at 31 December 2021 (2020: £10.7 million). The unrealised gain in the value of investments during the year amounted to £1,239,000 (2020: unrealised gain £93,000). Dividends and interest receivable amounted to £395,000 (2020: £379,000).

General and other fund investments

Other investments are held on behalf of restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £9.1 million at 31 December 2021 (2020: £8.1 million), an increase of £1m or 12.3%. Dividends and interest receivable amounted to £238,000 (2020: £227,000).

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Achievements and performance (continued)

Value linked loans

As detailed in note 18, freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and as part of the agreement all or part of the sale proceeds are repayable on final disposal. The Board is committed to repay the outstanding value linked loans in the short term as funds become available. Total value linked loans at 31 December 2021 were £390,000 (2020: £353,000).

Statutory functions

Norwich Diocesan Board of Finance Limited has responsibility for the management of glebe property and investments to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. The trustees are custodian trustees in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of Norwich Diocesan Board of Finance Limited's objects.

Volunteers

Norwich Diocesan Board of Finance Limited is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church.

The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Trustees greatly value the considerable time given by all the volunteers across the diocese in pursuit of the mission of the Norwich Diocesan Board of Finance Limited.

b) Financial review

The results for the year shown in the Statement of Financial Activities on page 20 and the year end position shown in the balance sheet on page 22 are considered to be satisfactory. Results and highlights for the year and future prospects are given in the Chairman's Statement on pages 5 to 7.

Financial performance

Income before revaluation adjustments totalled £14.3 million (2020: £12.3 million) and expenditure amounted to £12.7 million (2020: £12.3 million).

The Statement of Financial Activities (SOFA) for the year shows net income of £1,523,000 (2019: net expenditure £28,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets, and actuarial losses on the defined benefit pension scheme.

The accounts show an increase in the balance sheet total of £3,897,000.

The Norwich Diocesan Board of Finance Ltd share of the Church of England Pension Scheme defined benefit funding deficit at 31 December 2021 was £293k (2020: £614k) see note 28 to the financial statements.

During the year, total fund balances increased to £151.6 million.

Principal funding sources

Around 53% of the income of the Board comes from the Parish Share, 16% from Archbishops' Council for Low Income Communities (LINC), transition funding and other grants, 12% from investment income (including glebe rent), and 5% from statutory fees.

Going concern

After making enquiries the Trustees are satisfied that Norwich Diocesan Board of Finance Limited has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Financial review (continued)

Investment policy

The Board's aim is to gain the best return from their assets to help sustain the ministry of the Church, without undue risk. Their portfolio includes fixed interest, bank and stock market investments, freehold properties and glebe land.

The Trustees have delegated the functions and duties in relation to Investment Management to the Asset Management Committee.

The members of the Asset Management Committee are appointed by the Bishop's Council of Trustees and are made up of the Chairs of the Board of Finance, Property Committee, Glebe Committee, a member of Bishop's Staff, two people agreed by the Nominations Committee to be qualified by ability and practical experience in matters relating to investments and up to two others co-opted when required, in consultation with the Nominations Committee. The members of the Asset Management Committee are guided by the best practice advice issued by the Charity Commission for the investment of Charitable Funds.

The Board's investment policies are currently under review, at present they are based on two key policies:

Long-term responsibilities and growth – the Trustees are aware of their long-term responsibilities and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held on the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. The current overall aim is for a return of RPI plus 3%.

Ethical investment – the Trustees adopt an ethical investment policy that follows the Church of England Ethical Investment Advisory Group (EIAG) guidelines, this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

Reserves policy

Norwich Diocesan Board of Finance Limited has considerable responsibilities including the remuneration of up to 166 parochial stipendiary clergy, the upkeep of approximately 260 houses, and the employment of 43 (f.t.e) full or part time staff, and it is therefore essential that the Board carries an appropriate level of reserves to meet these responsibilities.

The free reserves of the Board at 31 December 2021, comprising the income funds freely available for general purposes (and which are not yet spent, committed or restricted) amounted to £6.7 million as compared with £2.8 million at the end of the previous year. Free reserves include free designated reserves of £141,000. The increase relates to the increase in stock market values and also the permitted use of accumulated income built up in the restricted Stipends fund to pay for clergy stipends for the second year (2020 and 2021), therefore releasing general unrestricted free reserves. Stock market values are volatile as they react to worldwide situations. The Trustees do not consider it necessary to make plans to spend additional reserves due to the volatility of the markets.

The Trustees have reviewed the reserves policy and recommend that the free reserves are approximately £4 million being four and a half months expenditure within the Capital and General fund and designated funds, including future stipend payments.

As stated in note 27, the Diocesan Secretary is sanctioned by the Bishop of Norwich to use monies from the Benefice Buildings and Pastoral Fund - this is mainly called upon when there are insufficient resources within the General Fund. The Benefice Building and Pastoral Fund is regarded as an expendable endowment (a restricted fund). The investments and net current assets within this fund at 31 December 2021 amounted to £4 million (2020: £2.6 million), again the increase relates to stock market values at 31 December 2021.

Total other restricted funds excluding tangible assets and long-term liabilities at 31 December 2021 amounted to £54 million (2020: £54 million).

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

c) Plans for the future

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that in order to support our parishes in recovering from the pandemic, the activities of the Board of Finance must be continually reviewed.

- Continue to develop, then implement the Vision priorities and strategy for the diocese;
- Review investment policies and strategies, including the introduction of total return investing;
- Promote and encourage the benefits of the Parish Giving Scheme for regular gifts to our parishes;
- Review our residential property policies and strategy, including environmental impact;
- Continue to run workshops with our PCC Treasurers to share ideas and promote good practice;
- Continue to review all areas of expenditure to maximise value for money offered;
- Collaborate with other dioceses to enhance the quality and resilience of our services;
- Introduce a range of measures to highlight performance of our teams;
- Continue to support the Diocesan Churches Trust, to help to discover an appropriate solution for Churches in very small communities and with tiny congregations, so that the incumbent and the PCC are relieved of the burden and responsibility of maintenance with its associated running costs.
- Continue to support and develop the trading subsidiary companies, including reviewing business plans;

d) Principal Risks and Uncertainties

The Trustees confirm that the major risks to which Norwich Diocesan Board of Finance Limited is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. Risks are reviewed and managed as part of the risk management strategy.

A risk register has been compiled covering potential governance and management risks, operational risks, financial risks, environmental/external risks, and compliance risks. Potential risks are explained with their likely impact, and procedures to mitigate the risks are listed. The Trustees review the risk register at least annually as part of the risk management strategy.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. Work continues on an affordable plan for the delivery of the charity's main objectives in the long term.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Trustees.

Funds held as custodian trustee for others

The Board is custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. The Board also holds Parochial Church Council property as custodian trustee. Each PCC is a separate charity and the assets are held separately from those of Norwich Diocesan Board of Finance Limited.

Fixed Assets

The movements in fixed assets are set out in notes 18 to 20 in the accounts. All of the Board's properties were re-valued at 31 December 2012 in accordance with the Board's accounting policy at that time, of re-valuing every five years.

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

The Glebe holdings were revalued as at 31 December 2017, in accordance with the policy set out on page 27. Glebe land was valued by FPD Savills, Property Consultants, at market value at 31 December 2017.

THE TRUSTEES' AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021- continued

Fundraising standards information

The Board supports raising funds from the public in relation to the annual Lent appeal. No professional fundraisers or third-party commercial participators are used. The Board is registered with the Fundraising Regulator.

No direct contact is made with the public regarding fundraising activities. All advertising is carried out via Diocesan publications, social media or websites. No complaints were received regarding fundraising activities.

Statement of Trustees' Responsibilities

The Bishop's Council of Trustees who are also directors of Norwich Diocesan Board of Finance Limited for the purposes of company law) are responsible for preparing the Trustees report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS102);
- make judgements and 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 Board will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the Bishop's Council of Trustees

Members of the Bishop's Council of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2. The Revd. Michael Asquith, Robin Back, Ray Hollands, Patricia Menaul, The Revd. Jeremy Sykes and Julian Taylor resigned on 6 October 2021. The Ven. Karen Hutchinson was appointed on 6 October 2021 and resigned on 4 April 2022. The Ven. Ian Bentley was appointed on 6 October 2021 and resigned on 16 May 2022.

Auditor

A resolution to re-appoint Lovewell Blake LLP as auditor of the Board will be proposed at the Annual General Meeting on 16 June 2022.

The Trustees' report (incorporating Strategic Report) was approved by the Board on 21 May 2022
Signed by Order of the Board



TIM SWEETING, Secretary

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

Opinion

We have audited the financial statements of The Norwich Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

INDEPENDENT AUDITOR'S REPORT (continued)

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

Trustees' Responsibilities

As explained more fully in the Trustees' Responsibilities Statement (set out on page 17), the Trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 groups and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

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

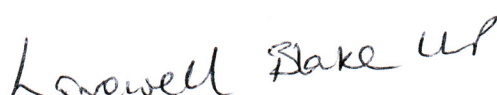
- Enquiry of management and those charged with governance;
- Enquiry of entity staff compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors-responsibilities>. 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.



Mark Proctor FCA DChA (Senior Statutory Auditor)
For and on behalf of
LOVEWELL BLAKE LLP
Chartered Accountants & Statutory Auditor
Bankside 300, Peachman Way, Broadland Business Park, Norwich, Norfolk NR7 0LB

Lovewell Blake LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

21 May 2022

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2021

		* Restricted Funds			* Other	Total Funds	Total Funds
	Note	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Restricted Funds £'000	2021 £'000	2020 £'000
Income and endowments from							
Donations	2						
Parish contributions		6,520	-	-	-	6,520	6,160
Archbishops' Council		368	-	1,305	361	2,034	2,098
Other donations		316	-	-	622	938	499
Charitable activities	3	861	-	3	-	864	939
Other activities	4	600	1	-	942	1,543	886
Investments	5	84	154	1,191	22	1,451	1,433
Other sources	6	543	384	-	1	928	272
Total income		9,292	539	2,499	1,948	14,278	12,287
Expenditure on							
Raising funds	7	-	-	150	861	1,011	436
Charitable activities	8	6,507	12	4,541	684	11,744	11,879
Total expenditure		6,507	12	4,691	1,545	12,755	12,315
Net income/(expenditure) before investment gains		2,785	527	(2,192)	403	1,523	(28)
Net gains on investments	13	293	555	1,320	90	2,258	52
Net income/(expenditure)	14	3,078	1,082	(872)	493	3,781	24
Transfers between funds	15	-	-	-	-	-	-
Other recognised gains/(losses)							
Adjustment of value linked loans	26	(37)	-	-	-	(37)	(38)
Actuarial gain/(loss) on defined benefit pension scheme	28	135	-	18	-	153	(308)
Net movement in funds		3,176	1,082	(854)	493	3,897	(322)
Reconciliation of funds							
Total funds at 1 January 2021		6,746	81,226	57,246	2,451	147,669	147,991
Total funds at 31 December 2021		9,922	82,308	56,392	2,944	151,566	147,669

The fund-analysis of the comparative figures is shown in note 36 to the accounts.

The notes on pages 24 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2021

	2021 £'000	2020 £'000
Total income (note 1 below)	13,345	12,011
Expenditure	<u>(12,755)</u>	<u>(12,315)</u>
Operating surplus/(deficit) for the year	590	(304)
Interest receivable	5	4
Net gains on investment assets	<u>2,258</u>	<u>52</u>
Surplus/(deficit) for the year	2,853	(248)
Other comprehensive income:		
Revaluation of fixed assets	(37)	(38)
Net assets transferred from endowments	928	272
Defined benefit scheme actuarial gains/(losses)	<u>153</u>	<u>(308)</u>
Total comprehensive income for the year	<u><u>3,897</u></u>	<u><u>(322)</u></u>

All income and expenditure relates to continuing activities

Total income comprises £8,747,000 for unrestricted funds and £4,598,000 for restricted funds, including subsidiaries and quasi subsidiaries. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 2 to 6 to the accounts. Detailed analysis of the expenditure is provided in the Statement of Financial Activities and notes 7 to 12 to the accounts.

The net surplus for the year of £2,853,000 comprises £2,535,000 net surplus of Unrestricted Funds and £318,000 net surplus of Restricted Funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 20, which together with the notes to the financial statements on pages 24 to 48, provides full information on the movements during the year on all the funds in the group.

All income and expenditure derives from continuing activities.

Note 1 Reconciliation of Summary Income and Expenditure to Statement of Financial Activities

	2021 £'000	2020 £'000
Total income per page 20	14,278	12,287
Less interest receivable	(5)	(4)
Less total endowment additions	<u>(928)</u>	<u>(272)</u>
Total income per above	<u><u>13,345</u></u>	<u><u>12,011</u></u>

The notes on pages 24 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2021

			* Restricted Funds				
	Notes	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	* Other Restricted Funds £'000	2021 Total £'000	2020 Total £'000
Fixed Assets							
Tangible assets	18	3,616	78,313	5,875	517	88,321	89,216
Investment assets							
Glebe holding	19	-	-	37,023	55	37,078	37,102
Investments	20	3,004	5,156	11,995	907	21,062	18,876
		6,620	83,469	54,893	1,479	146,461	145,194
Current Assets							
Stock	21	-	-	-	9	9	25
Debtors	22	1,548	24	391	826	2,789	2,545
Pension scheme asset		471	-	-	-	471	105
Balances with Church Commissioners		-	14	-	-	14	15
Central Board of Finance Deposit Fund		137	302	-	78	517	476
Cash/(overdrawn balance) at bank		2,973	(1,445)	1,499	4,200	7,227	5,291
		5,129	(1,105)	1,890	5,113	11,027	8,457
Creditors - Amounts falling due within one year	24	1,437	56	98	3,171	4,762	4,538
Net Current Assets		3,692	(1,161)	1,792	1,942	6,265	3,919
Total Assets Less current liabilities		10,312	82,308	56,685	3,421	152,726	149,113
Creditors - Amounts falling due after more than one year	25	390	-	-	477	867	830
Net Assets excluding pension scheme liability		9,922	82,308	56,685	2,944	151,859	148,283
Defined benefit pension scheme liability	28	-	-	293	-	293	614
Net assets after pension liability		9,922	82,308	56,392	2,944	151,566	147,669
Fund Balances							
At 31 December 2021 (page 20)	27	9,922	82,308	56,392	2,944	151,566	147,669

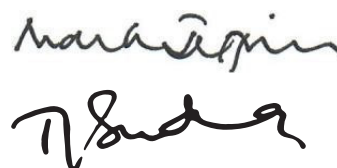
Approved by the Bishop's Council of Trustees on 21 May 2022 and signed on its behalf by

Chair

Mark Jeffries

Diocesan Secretary

Tim Sweeting



NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2021

	2021 £'000	2020 £'000
Net cash inflow/(outflow) from operating activities	<u>(1,360)</u>	<u>134</u>
Cash flows from investing activities		
Dividends, interest and rent from investments	1,451	1,433
Interest paid	(8)	(11)
Proceeds from the sale of tangible fixed assets	3,025	1,410
Purchase of tangible fixed assets	(1,228)	(1,533)
Proceeds from the sale of investments	1,743	2,451
Purchase of investments	(1,647)	(1,472)
Net cash provided by investing activities	<u>3,336</u>	<u>2,278</u>
Cash flows from financing activities		
Loans repaid to the Board	-	14
Loans repaid by the Company	-	(197)
Net cash provided by financing activities	<u>-</u>	<u>(183)</u>
Change in cash and cash equivalents in the reporting period	1,976	2,229
Cash and cash equivalents at 1 January 2021	<u>5,782</u>	<u>3,553</u>
Cash and cash equivalents at 31 December 2021	<u><u>7,758</u></u>	<u><u>5,782</u></u>
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure)	1,523	(28)
Depreciation	25	35
Interest paid	8	11
Net gain on the sale of fixed assets	(927)	(272)
Dividends, interest and rent from investments	(1,451)	(1,433)
Decrease in stock	16	38
(Increase)/decrease in debtors	(244)	603
Increase in creditors	224	1,738
FRS 102 Non-cash pension disclosures	(534)	(558)
Net cash (used in)/provided by operating activities	<u>(1,360)</u>	<u>134</u>
Analysis of cash and cash equivalents		
Cash in hand	7,227	5,291
Notice deposits (less than 3 months)	531	491
	<u><u>7,758</u></u>	<u><u>5,782</u></u>
Reconciliation of net cash flow to movements in net debt		
Change in cash and cash equivalents in the reporting period	1,976	2,229
Cash flow from decrease in debt	<u>(37)</u>	<u>160</u>
Increase in net debt in the reporting period	1,939	2,389
Net debt at 1 January 2021	<u>4,952</u>	<u>2,563</u>
Net debt at 31 December 2021	<u><u>6,891</u></u>	<u><u>4,952</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102). The Board constitutes a Public benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable, which includes amounts received in respect of the year up to the following 31 January.
- ii) **Rent** receivable is recognised as income in the period to which it relates. Glebe rents are collected by the Board and the income, net of related expenditure, is paid by instalments to the Church Commissioners in accordance with the Endowments and Glebe Measures 1976. The amounts received by the Church Commissioners are then credited to the Stipends Fund. Glebe rents are shown gross in the Statement of Financial Activities.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate, which include assigned fees received in respect of the year up to the following 31 January.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the Board's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

1. Accounting policies (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.**

The Church of England Funded Pension Scheme

The Board participates in the Church of England Funded Pension Scheme for stipendiary clergy. This 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.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that the contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

The Board's Defined Benefit Scheme

The Board's pension scheme provides benefits for other full-time staff based on final pensionable pay. This is closed to new entrants. The assets of the scheme are held separately from those of the Board, being invested with Aviva. Defined benefit pension liabilities are measured using the projected unit credit method and discounted at the valuation rate of interest on a high quality corporate bond of equivalent term and currency to the liability. Under FRS 102 it is permissible to review and update the most recent actuarial valuation results, any net liability arising based on these valuations is the best estimate of the present value of the actual amounts to be paid out of the scheme, less the market value of the scheme assets.

The increase in the present value of the liabilities of the Board's defined benefit pension scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The net interest on the scheme liabilities is also charged to the Statement of Financial Activities. Actuarial gains and losses are recognised in the Statement of Financial Activities.

Group Personal Pension Plan

A group personal pension scheme was set up on 1 January 2002 and the costs of providing this are charged to the Statement of Financial Activities as they become payable.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are carried at their pre-existing balance sheet revaluation as deemed cost (see paragraph above). Each year end the loan is carried at an index linked current valuation basis.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated, apart from computer software which is written off in the year of purchase. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Office and other equipment	25% / 33.33% straight line
Motor vehicles	25% reducing balance

e) Other accounting policies

i) Fixed asset investments

The Glebe holding, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2017. This valuation, which represents an average of £6,388 per acre, is updated every five years. Details of the cost of the majority of the Glebe property is not available. Listed investments are included at their market value. Unlisted investments are included at valuations provided by the Fund Managers concerned. Subsidiary companies are included at fair value and any changes are recognised in the SOFA.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

ii) Diocesan Stipends

All stipends are paid by the Church Commissioners with funds provided by the Diocese. Allocations, guaranteed annuities and grants from the Church Commissioners, net Glebe rents and other attributable income received by the Church Commissioners are credited to the Stipends Fund.

iii) Diocesan Parsonages Fund

All transactions relating to the Diocesan Parsonages Fund are included under the appropriate headings in the Capital and General Fund column of the Board's Statement of Financial Activities.

iv) Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

v) Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

vi) Cash at Bank

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

vii) The Diocese of Norwich Consolidated Education Endowments

The Diocese contributes towards the repairs and capital expenditure on schools and the costs are shown net of grants receivable. This grant system has now ceased for new projects and has been replaced by the Voluntary Aided Schools pooling arrangement. Grants shown in the Statement of Financial Activities relate to existing projects commenced under Consolidated Education Endowments.

viii) Financial Instruments

The Board 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 transaction value and then measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

f) Fund balances

Fund Balances are split between unrestricted (general and designated) and restricted funds.

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Trustees. There are two types of unrestricted funds:
 - **General funds** which the Board intends to use for the general purposes and
 - **Designated funds** set aside out of unrestricted funds by the Board for a purpose specified by the Trustees

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

f) Fund balances (continued)

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the Trustees Report.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage House and Schools endowment funds administered by the Board, there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds such as the Stipends Capital Fund, where there is no provision for expenditure of capital are classified as permanent endowment.

g) Consolidated accounts

For the purposes of the Consolidated Statement of Financial Activities and Balance Sheet which appear alongside those of the Board itself, the Board's subsidiaries and quasi subsidiaries are considered to be Spire Support Services Ltd, NDBF (Easton) Ltd, Norwich Glebe Property Ltd, The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The results of the subsidiaries and quasi subsidiaries are consolidated on a line by line basis within 'other restricted funds'. Intra group balances, where immaterial, are not eliminated on consolidation.

h) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist in relation to going concern.

The Trustees have assessed the going concern risks arising from the COVID-19 pandemic, including cashflow, investment values, staffing, government support and opening places of worship. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

i) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

j) Redundancy costs

Where an obligation to make redundancy or termination payment arises, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

		* Restricted Funds *				
	Unrestricted	Benefice	Stipends	Other	Total Funds	Total Funds
	Funds	Buildings	Fund	Restricted	2021	2020
	£'000	& Pastoral	£'000	Funds	£'000	£'000
2. Income from Donations						
Parish contributions						
Parish share						
Current year's allocation	7,926	-	-	-	7,926	7,972
Shortfall in contributions	(1,406)	-	-	-	(1,406)	(1,812)
Total income	6,520	-	-	-	6,520	6,160
Total parish share receipts for the current year represent 82.3% of the allocation (2020: 77.3%)						
Archbishops' Council						
Lowest income communities and transition funding	-	-	1,304	-	1,304	1,364
Resourcing Ministerial Education	-	-	-	238	238	196
Strategic Development Funding	-	-	-	123	123	322
Sustainability funding	200	-	-	-	200	215
Strategic Capacity Funding	98	-	-	-	98	-
Strategic Ministry Funding	40	-	-	-	40	-
Grant towards PCR2 costs	30	-	-	-	30	-
Guaranteed annuities	-	-	1	-	1	1
	368	-	1,305	361	2,034	2,098
Other donations						
All Churches Trust Grant	140	-	-	-	140	152
Anne French Memorial Trust	101	-	-	-	101	83
Keswick Hall Charity	45	-	-	-	45	48
Roof Alarm Appeal	-	-	-	59	59	47
Mission Strategy	-	-	-	563	563	113
Other donations	30	-	-	-	30	56
	316	-	-	622	938	499
3. Income from Charitable activities						
Statutory fees and chaplaincy income	664	-	3	-	667	628
Other Board income	174	-	-	-	174	212
Coronavirus Job retention Scheme	23	-	-	-	23	99
	861	-	3	-	864	939
4. Income from Other activities						
Rental income from parsonages and closed schools	506	1	-	21	528	446
Trading income						
Property support services	-	-	-	357	357	285
Sale of option Easton development	-	-	-	515	515	-
Coronavirus Job retention Scheme	-	-	-	-	-	24
Rental income from commercial property	-	-	-	49	49	49
Income from recharged support services	94	-	-	-	94	82
	600	1	-	942	1,543	886
5. Income from Investments						
Dividends receivable	83	154	391	22	650	602
Interest receivable	1	-	4	-	5	4
Glebe rents receivable (note 16)	-	-	796	-	796	827
	84	154	1,191	22	1,451	1,433
6. Other income						
Gains on disposal of property	543	384	-	1	928	272
	543	384	-	1	928	272
Total income	9,292	539	2,499	1,948	14,278	12,287

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

	* Restricted Funds *					
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
7. Expenditure on raising funds						
Investment management costs						
Glebe management charges	-	-	150	-	150	107
Asset management expenses	-	-	-	-	-	-
Trading expenses						
Property support services	-	-	-	297	297	280
Easton development	-	-	-	515	515	-
Commercial property	-	-	-	49	49	49
	-	-	150	861	1,011	436
8. Expenditure on charitable activities						
Contributions to Archbishop's Council						
Training for ministry	453	-	-	-	453	354
National Church responsibilities	288	-	-	-	288	299
Grants and provisions	11	-	-	-	11	9
	752	-	-	-	752	662
Expenditure on resourcing ministry and mission						
Parish ministry:						
Stipends and national insurance	29	-	4,844	-	4,873	4,922
Pension contributions	1,630	-	(303)	-	1,327	1,140
Housing costs	1,238	6	-	-	1,244	1,163
Removal, resettlement and other grants	141	-	-	-	141	123
Other expenses	150	-	-	-	150	137
	3,188	6	4,541	-	7,735	7,485
Support for parish ministry	2,089	6	-	-	2,095	2,451
Resourcing Ministerial Education	-	-	-	212	212	179
Roof Alarm Appeal	-	-	-	59	59	47
Mission Strategy	-	-	-	63	63	116
Church Planting and Revitalisation	-	-	-	330	330	320
	2,089	6	-	664	2,759	3,113
Expenditure on education						
Support for church schools	478	-	-	-	478	403
Grants	-	-	-	20	20	216
	478	-	-	20	498	619
Total expenditure on charitable activities	6,507	12	4,541	684	11,744	11,879
Total expenditure	6,507	12	4,691	1,545	12,755	12,315
9. Analysis of expenditure including allocation of support costs						
	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2021 £'000	Total 2020 £'000	
Raising funds	1,011	-	-	1,011	436	
Contributions to Archbishop's Council	752	-	-	752	662	
Resourcing Ministry and Mission	8,827	149	1,518	10,494	10,598	
Education, Youth Children and Families	478	20	-	498	619	
	11,068	169	1,518	12,755	12,315	

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

		* Restricted Funds *			Total Funds	<i>Total Funds</i>
	Unrestricted	Benefice	Stipends	Other	2021	<i>2020</i>
	Funds	Buildings	Fund	Restricted	£'000	<i>£'000</i>
	£'000	& Pastoral	£'000	Funds		
	£'000	£'000	£'000	£'000		
10. Analysis of support costs						
Central administration and office property costs (inc. final salary pension adjustments)	1,305	-	-	-	1,305	1,540
Governance:						
Amounts paid to auditor:						
External audit	26	-	-	-	26	25
Accountancy	5	-	-	-	5	5
Registrar, Chancellor, PCR2 review and HR	176	-	-	-	176	187
Synodical costs	6	-	-	-	6	7
	1,518	-	-	-	1,518	1,764

11. Analysis of grants made

	Individuals	Institutions	Total	<i>Total</i>
	£'000	£'000	2021	<i>2020</i>
	£'000	£'000	£'000	<i>£'000</i>
Included within:				
Contributions to the Archbishop's Council	-	607	607	563
Education and training grants	145	-	145	99
Resourcing ministry and mission:				
Resettlement and first incumbency grants	141	-	141	123
Support for parish ministry				
Resourcing Ministerial Education	57	155	212	179
Roof Alarm Appeal	-	59	59	47
Church quinquennial inspections	-	80	80	63
PCC Faculty fees	-	18	18	22
Repair and reordering of redundant churches	-	6	6	5
PCC grant	-	3	3	4
Sharing good news grants	-	1	1	3
Continuing Ministerial Development	5	-	5	3
Good Work Chaplaincy grants	-	6	6	8
Norfolk and Waveney Churches Together	-	3	3	3
Education				
CEE grants to schools and academies	-	20	20	210
	348	958	1,306	1,332

12. Staff costs

Staff costs were as follows:	2021	2020
	£'000	£'000
Gross salaries	1,395	1,434
Social security costs	134	135
Redundancy	26	5
Pension contributions	175	204
Lump sum contributions	146	143
Health insurance contributions	17	19
	1,893	1,940

Payments in respect of redundancy totalling £26k were made in the year, these had all been paid over by the year-end. The payments were in respect of the following posts: Data Administrator and Database Project Coordinator, IT Admin Assistant, CMD and Reader Training Administrator, PA to the Archdeacon of Lynn, Trust Administrator and two Church Army Officers.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

12. Staff costs (continued)

	2021	2020
The average head count of total employees:	<u>50</u>	<u>57</u>
The average number of employees, based on full-time equivalents were as follows:		
Resourcing ministry		
Support for parish ministry	19	24
Safeguarding	2	2
Counsellor	1	1
Property	4	4
Parochial lay staff	3	3
Church Planting and Revitalisation	4	6
Education, youth, families and children	6	6
Spire Support Services Limited	4	4
	<u>43</u>	<u>50</u>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) exceeded £60,000 were:

	2021	2020
£60,000 - £70,000	-	1
£80,000 - £90,000	2	2
£100,000 - £110,000	-	1
£130,000 - £140,001	1	-

Pension contributions amounting to £45k were made in the year for the provision of money purchase benefits for the above employees.

Remuneration of key management personnel

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

The Diocesan Secretary and Chief Executive, the Interim Diocesan Secretary, the Director of Property Services, the Director of Education, the Director of Finance and the Director of Communications. Remuneration (including employers National Insurance, pension costs and benefits-in-kind) and expenses for these employees amounted to £504k (2020: £502k).

Trustees Remuneration

No remuneration has been paid to any member of the Bishop's Council of Trustees or the former Executive Committee in their capacity as Trustees (2020: £NIL). Two members were reimbursed for travel and incidental costs incurred in undertaking their Trustee duties totalling £34 (2020: one member £19).

During the year the Board made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Trustees and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the Norwich Diocesan Board of Finance Limited during the year:

	Stipend	Housing
The Revd. Michael Asquith	Yes	Yes
The Ven. Ian Bentley	Yes	Yes
The Ven. Steven Betts	Yes	Yes
The Ven. Karen Hutchinson	Yes	Yes
The Revd. Matthew Price	Yes	Yes
The Revd. Dr Patrick Richmond	Yes	Yes
The Rt. Revd. Dr Jane Steen	No	Yes
The Revd. Canon Simon Stokes	Yes	Yes
The Revd. Jeremy Sykes	Yes	Yes
The Revd. Stephen Thorp	Yes	Yes
The Rt. Revd. Dr Alan Winton	No	Yes

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

12. Staff costs (continued)

Stipendiary Clergy (continued)

The Board is responsible for funding via the Church Commissioners the stipend of licenced stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	2021	2020
Parochial Clergy: The average number of clergy holding parochial or archidiaconal posts in the diocese was:	166	170
	£'000	£'000
At a cost before recharges of:		
Stipends	4,500	4,596
National Insurance contributions	378	376
Pension contributions	1,702	1,720
	<u>6,580</u>	<u>6,692</u>

The stipends of the Diocesan Bishop and two Suffragan Bishops are funded by the Church Commissioners and are in the range of £36,930 to £46,180. The annual rate of stipend, funded by the Board, paid to Archdeacons in 2021 was in the range of £36,100 to £36,830 and other clergy who were members of the Executive Committee or Bishop's Council of Trustees were paid in the range £26,470 to £27,000. The estimated value to the occupant, gross of income tax and national insurance, of church provided housing in 2021 is an average of £12,900 p.a.

13. Net gains/(losses) on investments

	2021	2020
	£'000	£'000
Investments (note 20)		
Realised	111	(375)
Unrealised - listed	1,922	418
- unlisted	187	(53)
Glebe Holding (note 19)		
Realised	38	62
Net gains/(losses)	<u>2,258</u>	<u>52</u>

14. Net income/(expenditure)

This is after charging:

	2021	2020
	£'000	£'000
Depreciation	<u>25</u>	<u>35</u>

15. Analysis of transfers between funds

	Capital and General £'000	Mission Strategy Funds £'000	Restricted Funds CPR Funds £'000	Total 2021 £'000
Transfer from Mission Strategy to CPR	-	(500)	500	-
	-	(500)	500	-

Agreed transfer of funds allocated for Mission Strategy 2021 to support DBF funding of the Church Planting and Revitalisation project.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

16. Endowments and Glebe Measure, 1976

	2021	2020
Income and Expenditure Account		
	£'000	£'000
Income (note 5)		
Glebe rents and interest receivable	800	827
Expenditure (note 7)		
Surveyor's and Agent's fees	54	43
Legal and other administration charges	96	63
	<u>153</u>	<u>107</u>
Surplus for the year	<u>647</u>	<u>720</u>

17. Taxation

The Board has no liability to corporation tax or capital gains tax.

18. Tangible assets

	* Freehold Property		* Benefice and Commercial		Other freehold property	Office and other equipment	2021 Consolidated Total
	Subject to value linked loans	Glebe	Pastoral	Property			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation							
At 1 January 2021	485	5,792	78,656	755	3,492	134	89,314
Additions	-	83	1,145	-	-	-	1,228
Disposals	-	-	(1,488)	-	(610)	-	(2,098)
At 31 December 2021	<u>485</u>	<u>5,875</u>	<u>78,313</u>	<u>755</u>	<u>2,882</u>	<u>134</u>	<u>88,444</u>
Accumulated depreciation							
At 1 January 2021	-	-	-	-	-	98	98
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	25	25
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123</u>	<u>123</u>
Net book value							
At 31 December 2021	<u>485</u>	<u>5,875</u>	<u>78,313</u>	<u>755</u>	<u>2,882</u>	<u>11</u>	<u>88,321</u>
At 31 December 2020	<u>485</u>	<u>5,792</u>	<u>78,656</u>	<u>755</u>	<u>3,492</u>	<u>36</u>	<u>89,216</u>
Company							
At 31 December 2021	<u>485</u>	<u>5,875</u>	<u>78,313</u>	<u>240</u>	<u>2,882</u>	<u>9</u>	<u>87,804</u>
At 31 December 2020	<u>485</u>	<u>5,792</u>	<u>78,656</u>	<u>240</u>	<u>3,492</u>	<u>34</u>	<u>88,699</u>

	2021	2020
	£'000	£'000
The net book amount comprises:		
Assets used, or intended to be used, predominantly for direct charitable purposes	86,430	87,300
Assets used for administration and other purposes	1,891	1,916
	<u>88,321</u>	<u>89,216</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

18. Tangible Fixed Assets - continued

Freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and, as part of the agreement, all or part of the sale proceeds will be repayable on final disposal. These properties are carried at their pre-existing balance sheet revaluation as deemed cost. Each year end the loan is carried at an index linked current valuation basis (note 26).

	2021 £'000	2020 £'000
Glebe Property (mainly residential houses) comprises:		
Houses at valuation as at 1 January 2021	5,792	5,233
Additions	83	559
Disposals	-	-
Valuation as at 31 December 2021	<u>5,875</u>	<u>5,792</u>
Benefice and Pastoral Property comprises -		
Houses -		
At valuation as at 1 January 2021	78,656	78,413
Subsequent additions at cost	1,145	946
Disposals	(1,488)	(703)
Valuation as at 31 December 2021	<u>78,313</u>	<u>78,656</u>

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Property held by the Diocesan Consolidated Education Endowments, comprising school land and buildings including teachers' houses, some of which are let, is vested in the Board. It is not considered appropriate to include these as assets in the balance sheet because they are in the main held in the very long term and their disposal and the right to any proceeds of sale are subject to the agreement of the Local Education Authority.

19. Glebe Land

	£'000
Consolidated	
Valuation at 1 January 2021	37,102
Additions	-
Disposal proceeds	(62)
Profit on disposal	38
Revaluation adjustment	-
Valuation at 31 December 2021	<u>37,078</u>
Company	
Valuation at 31 December 2021	<u>37,023</u>

The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2017. This valuation, which represents an average £6,388 per acre, will be updated every five years. Details of the historic cost of the majority of the Glebe holding is not available.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

20. Fixed asset investments

	At 1 January 2021 £'000	Additions £'000	Disposal proceeds £'000	Profit/(loss) on Disposal £'000	Increase/(decrease) in Market value £'000	At 31 December 2021 £'000
Unrestricted Funds						
Listed investments	2,605	227	(254)	16	278	2,872
Unlisted investments	100	-	-	-	-	100
Cash	6	-	26	-	-	32
	2,711	227	(228)	16	278	3,004
Restricted Funds						
Listed investments	14,657	1,420	(1,458)	95	1,644	16,358
Unlisted investments	1,311	-	-	-	187	1,498
Cash	197	-	5	-	-	202
	16,165	1,420	(1,453)	95	1,831	18,058
Total	18,876	1,647	(1,681)	111	2,109	21,062

	2021 £'000	2020 £'000
The unlisted securities comprise:-		
Shares in the Central Board of Finance -		
Investment Fund	48	42
Property Fund	1,343	1,175
(valued as per the Central Board of Finance)		
COIF Charities Investment Fund Income shares		
(valued as per COIF Charity Funds)	107	94
Investment in Eastern Landowners Consortium	97	97
Investment in CMCU shares	3	3

The historical cost of the above assets is as follows:

Listed securities	13,580	13,493
Unlisted securities	1,140	1,140
Cash	234	203
	14,954	14,836

The following shareholdings, at valuation, form a material part of the investment portfolio (i.e. greater than 5% of the total of the Board's consolidated investments).

	2021 £'000	2020 £'000
M & G Charifund income units	1,641	1,447
Central Board of Finance Property Fund	1,343	1,175
Eskmuir Diversified Property Fund	2,446	2,104
	5,430	4,726

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

21. Stock	2021 £'000	2020 £'000
Stock and Work-in-Progress	<u>9</u>	<u>25</u>
22. Debtors	2021 £'000	2020 £'000
Company		
Due within one year		
Parish share	246	273
Assigned fees	88	58
Prepayments and accrued income	320	247
Amounts due from Subsidiary undertakings	112	179
Other debtors	666	523
	<u>1,432</u>	<u>1,280</u>
Consolidated		
Prepayments and accrued income	4	2
Other debtors	<u>736</u>	<u>185</u>
	<u>2,172</u>	<u>1,467</u>
Company and Consolidated		
Due after more than one year		
Deferred costs on development project	140	601
Loans (note 23)	<u>477</u>	<u>477</u>
	<u>2,789</u>	<u>2,545</u>
23. Loans Receivable	2021 £'000	2020 £'000
Company and Consolidated		
Amounts due from Subsidiary undertakings	<u>477</u>	<u>477</u>
	<u>477</u>	<u>477</u>
Amounts falling due after more than one year	<u>477</u>	<u>477</u>
24. Creditors - amounts falling due within one year	2021 £'000	2020 £'000
Company		
Tax and social security costs	38	37
Other creditors	325	746
Accruals and deferred income (note 35)	<u>1,706</u>	<u>1,546</u>
	<u>2,069</u>	<u>2,329</u>
Consolidated		
Tax and social security costs	26	45
Other creditors	1,333	837
Accruals and deferred income (note 35)	<u>1,334</u>	<u>1,327</u>
	<u>4,762</u>	<u>4,538</u>
25. Creditors - amounts falling due after more than one year	2021 £'000	2020 £'000
Loans due by the Board (note 26)	<u>867</u>	<u>830</u>
26. Loans due by the Board	2021 £'000	2020 £'000
Company		
Church Commissioners Property Loans - Value Linked Loans	390	353
Consolidated		
Amount owed to group undertakings	<u>477</u>	<u>477</u>
	<u>867</u>	<u>830</u>
Amounts falling due after more than one year	<u>867</u>	<u>830</u>
Interest payable on loans due by the Board	<u>8</u>	<u>11</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

27. Summary of fund movements

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2021 £'000
Unrestricted funds						
Capital and General	5,879	9,292	(6,497)	-	391	9,065
Designated funds:						
Aided Church Schools						
Buildings Reserve	178	-	-	-	-	178
Diocesan Parsonages Fund	85	-	-	-	-	85
Jane Bailey Bequest	604	-	(10)	-	-	594
	867	-	(10)	-	-	857
Total unrestricted funds	6,746	9,292	(6,507)	-	391	9,922
Restricted funds						
Stipends Fund	57,246	2,499	(4,691)	-	1,338	56,392
Benefice Buildings and Pastoral Fund	81,226	539	(12)	-	555	82,308
Other Restricted Funds						
Margaret Young Fund	242	-	-	-	-	242
Cormorants	-	-	-	-	-	-
Bishops' Fund for Readers in Training	8	-	-	-	-	8
Burning Bush Barn	6	-	-	-	-	6
Roof Alarm Appeal	-	59	(59)	-	-	-
Mission Strategy	-	563	(63)	(500)	-	-
Resourcing Ministerial Education	20	238	(211)	-	-	47
Church Planting and Revitalisation	1	123	(330)	500	-	294
Subsidiaries and Quasi subsidiaries						
Trading Subsidiaries: (see note 33)						
Non-charitable trading funds	84	922	(861)	-	-	145
Consolidated Education Endowments	1,989	42	(20)	-	86	2,097
Trusts	101	1	(1)	-	4	105
Total other restricted funds	2,451	1,948	(1,545)	0	90	2,944
Total restricted funds	140,923	4,986	(6,248)	0	1,983	141,644
Total funds	147,669	14,278	(12,755)	0	2,374	151,566

Unrestricted funds

The Board's Capital and General Funds includes £990,000 relating to capital (2020: £990,000). The General Reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing.

Designated funds

The Aided Church Schools Buildings Reserve represents designated funds set aside for the maintenance and repair of Church schools.

The Diocesan Parsonages Fund represents Parsonage Building Funds held by the Board, which may be applied to either the Benefice Buildings and Pastoral or the Stipends Capital.

The Jane Bailey Bequest was established by the will of the late Miss Sybella Jane Bailey, who died on 16 November 1993. The Board became entitled to this by a Deed of Appointment, dated 14 November 1995 and the assets thereof, consisting of Cavick House and grounds, together with three adjacent dwellings near Wymondham, were vested in the Board with effect from 30 August 1996. Following agreement with the executors of the estate, the property was sold in December 1998. The resulting funds have been used for the provision of archdeacons housing and related housing costs.

The Asset Management Fund relates to funds set aside to meet costs to be incurred by the Asset Management Committee in their work in connection with the return on land and housing assets.

Restricted funds

The Stipends Fund derives mainly from the historic Glebe property of the Diocese and is restricted as to its use by Section 35 of the Endowments and Glebe Measure, 1976. It is regarded as an expendable endowment fund.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

27. Summary of fund movements (continued)

Restricted funds - continued

The Margaret Young Fund was established by the will of the late Margaret Caroline Young. The Board became entitled to the property Babur Hill Cottage, Bawburgh, on the death of the life tenant on 26 July 2008, and the transfer of ownership took place during 2009. This was subsequently sold in October 2010. The fund is to be used towards the provision of housing for retired clergy.

Cormorants was established to run Christian sailing holidays for young people. Income is derived from fees for specific sailing holidays and donations. The income is restricted for the specific purpose of providing sailing holidays.

The Bishops' Fund for Readers in Training was set up by the former Archdeacon of Lynn, John Ashe from a collection in Norwich Cathedral, to provide financial assistance to students.

The Burning Bush Barn was contemplative art space set in the rural village of Rockland St Mary 6 miles south of Norwich City centre. This is currently being re-imagined for future spiritual growth through creative visual art.

To combat the threat of church lead thefts the Bishop of Norwich, the Police and Crime Commissioner for Norfolk, the Norfolk Churches Trust, Allchurches Trust and the Round Tower Churches Society have been working together to find a long-term solution and have created The Roof Alarm Scheme. The appeal raises funds towards the cost of installing alarms on church roofs. Income is released to match expenditure.

Mission Strategy 2021 was an extension of 'Committed to Growth', building on what was already being done and continuing to look to grow in discipleship, service and numbers. It identified four 'streams' of work - Listen, Celebrate, Imagine and Empower and has been resourced by restructuring grants from the Archbishop's Council and local Trust funds. Income is released to match expenditure. Deferred funds from Mission Strategy 2021 will be used towards the new Diocesan Vision.

Resourcing Ministerial Education is a framework for paying to support Ordinands in initial training which supports diocesan and national ministry strategies, incentivises sponsorship of younger candidates and offers clear links between training choices and financial implications. Block grants are restricted and income is released to match expenditure.

The Church Planting and Revitalisation project began in September 2019, with the aim to create new or revitalised churches across Norfolk and Waveney. At the beginning of 2022 a new re-set of this project was agreed by the Bishop's Council of Trustees and Archbishops' Council, with the plan to continue the work of revitalisation in areas where this is working well and to refocus church planting to enable a defined number of missional communities. The revised total project costs are £1.8m (previously £3.2m) the revised grant funding from Archbishops' Council is £1.23m (previously £1.98m), with the balance being met from Diocesan funds. The project will end as planned at 31 December 2023

The Benefice Buildings and Pastoral Fund is represented by parsonage and other houses and assets derived from the sale of such houses or churches which have become redundant. The use of pastoral monies is restricted by Section 78 of the Pastoral Measure, 1983. However, the Bishop of Norwich has given the Diocesan Secretary sanction for the use of these funds at his discretion for ministry and mission purposes.

28. Pension costs

The Church of England Funded Pension Scheme

The Norwich Diocesan Board of Finance participates in the Church of England Funded Pension 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 Body.

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 that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged in the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

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

An average discount rate of 3.2% pa;

RPI inflation of 3.4% pa (and pension increases consistent with this);

Increase in pensionable stipends 3.4% pa; and

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% pa.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

28. Pension costs (continued)

The Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put into place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2018 to 31 December 2020	1 January 2021 to 31 December 2022
Deficit repair contributions	11.9%	7.1%

The deficit recovery contributions under the recovery plan in force as at 31 December 2021 were as set out above.

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

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	614	1,113
Deficit contribution paid	(304)	(514)
Interest cost (recognised in Statement of Financial Activities)	1	9
Remaining change to the balance sheet liability* (recognised in SoFA)	(18)	6
Balance sheet liability at 31 December	<u>293</u>	<u>614</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.

% of pensionable stipends	December 2021	December 2020	December 2019
Discount rate	0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to 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, the Norwich Diocesan Board of Finance Limited could become responsible for paying a share of that Responsible Body's pension liabilities.

The Board's Pension Scheme

Norwich Diocesan Board of Finance Limited operates a final salary defined benefit pension plan in the UK, the Norwich Diocesan Board of Finance Limited Pension Scheme. A comprehensive actuarial valuation of the scheme was carried out as at 1 April 2019, which has been updated to 31 December 2021 by a qualified independent actuary.

Information about the Scheme is set out below consistent with section 28 of FRS 102.

Employee benefit obligations - amounts recognised in the balance sheet:

	2021 £'000	2020 £'000
Present value of funded obligations	2,522	2,661
Fair value of plan assets	<u>2,993</u>	<u>2,766</u>
Net defined benefit asset	<u>471</u>	<u>105</u>

The pension plan assets do not include property occupied by the sponsoring employer.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

28. Pension costs (continued)

The Board's Pension Scheme (continued)

The scheme assets include insurance policies that exactly match the amount and timing of the benefits payable under the Scheme to those current pensioners whose pensions are fully secured in immediate annuity policies. Since the fair value of these insurance policies is deemed to be the present value of the related obligations, both the asset and corresponding liability have been ignored in the disclosures.

The amounts recognised in the Statement of Financial Activities are as follows:

	For year to 31 December 2021 £'000	For year to 31 December 2020 £'000
Current service cost	9	9
Scheme administration expenses	-	-
Interest expense	34	47
Interest income	<u>(36)</u>	<u>(55)</u>
Total cost recognised in Statement of Financial Activities	<u>7</u>	<u>1</u>
Actual return on plan assets	<u>161</u>	<u>(4)</u>

Changes in the present value of the defined benefit obligation are as follows:

	For year to 31 December 2021 £'000
Opening defined benefit obligation	2,661
Current service cost	9
Interest expense	34
Actuarial gain	(135)
Benefits paid	<u>(47)</u>
Closing defined benefit obligation	<u>2,522</u>

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

The projected unit method has been used to arrive at the above service cost. The use of this method is prescribed in FRS 102. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. However, as the scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

28. Pension costs (continued)

The Board's Pension Scheme (continued)

Changes in the fair value of plan assets are as follows:

	For year to 31 December 2021 £'000
Opening fair value of plan assets	2,766
Interest income	36
Return on Scheme assets, excluding amounts included in	
Interest expense/income	125
Contributions by employer	113
Benefits paid	(47)
Closing fair value of plan assets	2,993

FRS 102 states that the reconciliation of changes in the fair value of plan assets need not be presented for prior periods.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2021 % total plan assets	2020 % total plan assets
Unitised with profits policy	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

a) Financial assumptions		2021	2020
Discount rate		1.8% pa	1.3% pa
RPI inflation assumption		3.25% pa	2.85% pa
CPI inflation assumption		2.85% pa	2.45% pa
Future salary increases		3.25% pa	2.85% pa
Pension increases in payment			
(RPI - maximum 5%)		3.15% pa	2.8% pa
(CPI - maximum 2.5%)		2.15% pa	1.95% pa
b) Demographic assumptions			
Assumed life expectancy in years, on retirement at 65:		2021	2020
Retiring today	Males	22.2	22.3
	Females	24.5	24.6
Retiring in 20 years	Males	23.4	23.6
	Females	25.9	26

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

29. Redundant Churches

The Board was responsible for the care and maintenance of 3 redundant churches during the year (2020: 3). The cost to the Board was £5,837 (2020: £4,705).

No value has been attributed to these churches on the grounds that it is not material having regard to the liability for repair.

30. Voluntary Aided Schools pooling arrangement

In April 2006 the DFE made voluntary aided school annual devolved formula capital grants available to schools in advance of project spend. A significant number of Diocesan education and finance staff are involved in administering the projects and use of the funds received.

A summary of the transactions between 1 January 2021 and 31 December 2021 is detailed below:

	2021 £'000	2020 £'000
Cash held at 1 January 2021	612	580
Grants received from DFE	191	175
Payments on behalf of Schools	(326)	(143)
Cash held at 31 December 2021	<u>477</u>	<u>612</u>

These grants belong to the individual schools in the pooling arrangement and are not included in the consolidated accounts of Norwich Diocesan Board of Finance Limited.

31. Related party transactions

Transactions with the Ministry division and the Board of Education are included with the Unrestricted Funds in the Statement of Financial Activities. Consolidated Education Endowments is included as a Restricted Fund in the Statement of Financial Activities.

Norwich Diocesan Board of Finance Ltd is Managing or Custodian Trustee for approximately 1,800 Trusts. Where Norwich Diocesan Board of Finance Ltd is Managing Trustee, these trusts are included as a quasi subsidiary in the Statement of Financial Activities.

The Board co-operates closely with The Horstead Centre. The Board leases the Horstead Conference Centre to the Horstead Centre over a fifty year lease at £12 per annum. The market value of this rent is £18,000 per annum. During the year £3,232 was recharged to Norwich Diocesan Board of Finance Limited by the Horstead Centre in respect of Soulshaper (2020: £nil), with nothing outstanding at the year end (2020: £Nil). £25 was charged to the Horstead Centre by the Board in 2021 (2020: nil).

£16,750 (2020: £54,217) was recharged to The Diocese of Norwich Education and Academies Trust (DNEAT) in 2021 by the Consolidated Education Endowments Fund (CEE) and the Norwich Diocesan Board of Finance Ltd, with £3,675 outstanding at the year end (2020: £12,591). £135,069 (2020: £40,033) was charged to the Norwich Diocesan Board of Finance and CEE with respect to grants and staff costs, with £8,044 (2020: nil) outstanding at the year end. £27,450 was recharged to The Diocese of Norwich Education Support Company (DONESC) with respect to desk charges and landlines (2020: £692), with £6,825 outstanding at the year end (2020: £nil). £42,160 was paid to DONESC with respect to Headteacher recruitment support and HR Support, with £2,160 outstanding at the year end (2020: £nil).

£7,265 (2020: £2,503) was recharged to St Benet's Multi-Academy Trust by the Norwich Diocesan Board of Finance Ltd in 2021 in respect of desk charges and training, with £1,640 (2020: £525) outstanding at the year end.

£63,918 was recharged to The Anne French Memorial Trust in 2021 (2020: £43,077), with £11,688 outstanding at the year end (2020: £12,042). Grants totalling £130,000 were given towards housing/energy efficiency costs, Generous Giving Advisors and Strategic Programme Management (2020: £77,000 housing, national and educational), this income is released to match expenditure, £112,769 grant income has been deferred to 2022.

The Diocese of Norwich Churches Trust was established during 2015. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs. Nothing was due at the year end to the Trust by the Norwich Diocesan Board of Finance Limited in respect of fees (2020: £496).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

32. Capital commitment

There are no known capital commitments.

33. Subsidiary Undertakings

All subsidiary undertakings are included within restricted funds.

(a) Spire Support Services Limited

Spire Support Services Limited is a wholly owned subsidiary of Norwich Diocesan Board of Finance Limited, incorporated on 19 May 2011.

	2021 £'000	2020 £'000
Net profit (before tax and Corporate Gift Aid) for the year ended 31 December	<u>89</u>	<u>29</u>
Transactions between Spire Support Services Limited and Norwich Diocesan Board of Finance Limited are as follows:		
	2021 £'000	2020 £'000
Expenses paid on behalf of Spire Support Services Limited (inc. recharges)	<u>112</u>	<u>179</u>
Amounts owing by Subsidiary undertaking at 31 December 2021 (debtor)	<u>112</u>	<u>179</u>
Shareholders Equity/(Deficit)	<u>-</u>	<u>-</u>

During the year Spire Support Services Limited collected rental income net of 8% commission plus VAT of £448,442. Spire Support Services charged Norwich Diocesan Board of Finance Limited £25,996 inc VAT for design, surveying services and Church Quinquennials, with £1,898 outstanding at the year end. Norwich Diocesan Board of Finance Limited charged Spire Support Services £24,101 for management oversight, financial services, office rental and loan interest. Spire Support Services Limited will gift £89,467 distributable profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Spire Support Services Limited for the year ended 31 December 2021 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(b) NDBF (Easton) Limited

NDBF (Easton) Limited was incorporated on 4th April 2014 to be part of a land-owners consortium for property development in the village of Easton. During 2018 8.604 acres of Glebe land was transferred to NDBF (Easton) Limited from Norwich Diocesan Board of Finance Limited at a valuation of £54,966, being £6,388.22 per acre. In May 2021, the company received a share of the first option payment amounting to £515,437 which will be gifted to Norwich Diocesan Board of Finance Limited within nine months of its year end of 30 April 2022. The accounts to 30 April 2022 will be audited.

(c) Norwich Glebe Property Limited

Norwich Glebe Property Limited was incorporated on 26 February 2016 and was set up in order to hold commercial glebe property.

	2021 £'000	2020 £'000
Norwich Glebe Property Limited net profit for the year ended 31 December	<u>30</u>	<u>30</u>

During the year Norwich Diocesan Board of Finance Limited collected rental income and expenses net of VAT of £49,043 on behalf of Norwich Glebe Property Limited, paid costs of £1,921 and charged loan interest of £16,562 to Norwich Glebe Property Limited. Norwich Glebe Property Limited will gift the above net profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Norwich Glebe Property Limited for the year ended 31 December 2021 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

34. Financial Instruments

2021
£'000

2020
£'000

The carrying amounts of the company's financial instruments are as follows:

Financial assets

Measured at fair value through net income/expenditure:

Fixed asset listed investments (note 20)	19,230	17,262
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Equity instruments measured at cost less impairment:

Fixed asset unlisted investments (note 20)	1,598	1,411
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Financial liabilities

Measured at fair value through net income/expenditure:

Value Linked loans (note 26)	390	353
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35. Deferred income (note 24)

Deferred income brought forward at 1 January 2021	2,714	1,591
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Deferred income added/(released) during the year	175	1,123
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Deferred income carried forward at 31 December 2021	2,889	2,714
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Deferred income relates to funds received for specific projects which are deferred until the expenditure is incurred.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

36. Prior year comparative Statement of Financial Activities

	* Restricted Funds *				
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2020 £'000
Income and endowments from					
Donations					
Parish contributions	6,160	-	-	-	6,160
Archbishops' Council	215	-	1,365	518	2,098
Other donations	339	-	-	160	499
Charitable activities	934	1	4	-	939
Other activities	507	2	-	377	886
Investments	74	134	1,206	19	1,433
Other sources	123	149	-	-	272
Total income	8,352	286	2,575	1,074	12,287
Expenditure on					
Raising funds	-	-	107	329	436
Charitable activities	6,523	6	4,472	878	11,879
Total expenditure	6,523	6	4,579	1,207	12,315
Net income before investment gains	1,829	280	(2,004)	(133)	(28)
Net gains on investments	(33)	116	(62)	31	52
Net income/(expenditure)	1,796	396	(2,066)	(102)	24
Transfers between funds	-	-	-	-	-
Other recognised gains/(losses)					
Adjustment of value linked loans	(38)	-	-	-	(38)
Actuarial gain/(loss) on defined benefit pension scheme	(302)	-	(6)	-	(308)
Net movement in funds	1,456	396	(2,072)	(102)	(322)
Reconciliation of funds					
Total funds at 1 January 2020	5,290	80,830	59,318	2,553	135,064
Total funds at 31 December 2020	6,746	81,226	57,246	2,451	147,669

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

37. Statement of Financial Activities at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* Restricted Funds *				Total Funds	<i>Total Funds</i>
	Unrestricted	Benefice	Stipends	Other	2021	<i>2020</i>
	Funds	Buildings	Fund	Restricted	2021	<i>2020</i>
	£'000	& Pastoral	£'000	Funds	£'000	<i>£'000</i>
		£'000		£'000		
Income and endowments from						
Donations						
Parish contributions	6,520	-	-	-	6,520	<i>6,160</i>
Archbishops' Council	368	-	1,305	361	2,034	<i>2,098</i>
Other	316	-	-	622	938	<i>499</i>
Charitable activities	861	-	3	-	864	<i>939</i>
Other activities	600	1	-	-	601	<i>509</i>
Investments	84	154	1,191	-	1,429	<i>1,414</i>
Other sources	543	384	-	-	927	<i>272</i>
Total income	9,292	539	2,499	983	13,313	<i>11,891</i>
Expenditure on						
Raising funds	-	-	150	-	150	<i>107</i>
Charitable activities	6,507	12	4,541	662	11,722	<i>11,662</i>
Total expenditure	6,507	12	4,691	662	11,872	<i>11,769</i>
Net (expenditure)/income before investment gains	2,785	527	(2,192)	321	1,441	<i>122</i>
Net gains/(losses) on investments	293	555	1,320	-	2,168	<i>21</i>
Net income/(expenditure)	3,078	1,082	(872)	321	3,609	<i>143</i>
Transfers between funds	-	-	-	-	-	-
Other recognised gains/(losses)						
Adjustment of value linked loans	(37)	-	-	-	(37)	<i>(38)</i>
Actuarial gain/(loss) on defined benefit pension scheme	135	-	18	-	153	<i>(308)</i>
Net movement in funds	3,176	1,082	(854)	321	3,725	<i>(203)</i>
Reconciliation of funds						
Total funds at 1 January 2021	6,746	81,226	57,246	276	145,494	<i>145,697</i>
Total funds at 31 December 2021	9,922	82,308	56,392	597	149,219	<i>145,494</i>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

38. Balance Sheet at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* Restricted Funds *					
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	2021 Total £'000 *	<i>2020 Total £'000</i>
Fixed Assets						
Tangible assets	3,616	78,313	5,875	-	87,804	<i>88,698</i>
Investment assets						
Glebe holding	-	-	37,023	-	37,023	<i>37,047</i>
Investments	3,004	5,156	11,995	-	20,155	<i>18,058</i>
	6,620	83,469	54,893	-	144,982	<i>143,803</i>
Current Assets						
Debtors	1,548	24	391	86	2,049	<i>2,354</i>
Pension scheme asset	471	-	-	-	471	<i>105</i>
Balances with Church Commissioners	-	14	-	-	14	<i>15</i>
Central Board of Finance Deposit Fund	137	302	-	2	441	<i>400</i>
Cash /(overdrawn balance) at bank	2,973	(1,445)	1,499	987	4,014	<i>2,112</i>
	5,129	(1,105)	1,890	1,075	6,989	<i>4,986</i>
Creditors - Amounts falling due within one year	1,437	56	98	478	2,069	<i>2,328</i>
Net Current Assets	3,692	(1,161)	1,792	597	4,920	<i>2,658</i>
Total Assets Less current liabilities	10,312	82,308	56,685	597	149,902	<i>146,461</i>
Creditors - Amounts falling due after more than one year	390	-	-	-	390	<i>353</i>
Net Assets excluding pension scheme liability	9,922	82,308	56,685	597	149,512	<i>146,108</i>
Defined benefit pension scheme liability	-	-	293	-	293	<i>614</i>
Net assets after pensions liability	9,922	82,308	56,392	597	149,219	<i>145,494</i>
Fund Balances At 31 December 2021	9,922	82,308	56,392	597	149,219	<i>145,494</i>



www.dioceseofnorwich.org

Diocesan House, 109 Dereham Road, Easton, Norwich NR9 5ES
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THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 249318

Accounts

Annual Report and Financial Statements **2020**

Norwich Diocesan Board of Finance Limited

Supporting the mission and ministry
of the Diocese of Norwich

THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

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NORWICH DIOCESAN BOARD OF FINANCE LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

**Executive Committee
(Board of Directors)
as at 27 April 2021**

Mark Jeffries (Chairman)
The Revd. Michael Asquith
Robin P. Back
The Ven. Steven J. Betts
Ray Hollands
Kandara Kammoun
Susan Martin
Patricia Menaul
Captain Anthony M. Poulter OBE RN
The Revd. Dr Patrick Richmond
Angela Robson
The Revd. Canon Simon Stokes
The Revd. Jeremy G. Sykes
Julian Taylor
The Rt. Revd. Graham Usher

Diocesan Secretary (Chief Executive)

Richard M. Butler MBE DL

Interim Diocesan Secretary

Rosemary Pearce

Director of Finance

Susan E. Bunting BFP FCA

Registered Office

Diocesan House, 109 Dereham Road, Easton, Norwich,
NR9 5ES

Company Registration Number

88175

Charity Registration Number

249318

Auditor

Lovewell Blake LLP, Bankside 300, Peachman Way,
Broadland Business Park, Norwich, NR7 0LB

Bankers

Barclays Bank plc, London Street, Norwich, NR2 1HS

Insurers

Ecclesiastical Insurance Group, Beaufort House,
Brunswick Road, Gloucester, GL1 1JZ

Solicitors

Birketts LLP, Kingfisher House, 1 Gilders Way, Norwich,
NR3 1UB

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

**Investment Advisors and
Stockbrokers**

Barratt and Cooke Ltd, 5/6 Opie Street, Norwich
NR1 3DW
CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6EE
JM Finn & Co, 4 Coleman Street, London, EC2R 5TA
Eskmuir Group, 8 Queen Anne Street, London, W1G 9LD

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises of dioceses of which there are 42 in England.

Each diocese in England is divided into parishes. Each parish is overseen ecclesiastically by a parish priest if not an 'incumbent' (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are some 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, today spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

The Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, the Cathedral, Norwich.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Norwich Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND (continued)

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation from across the diocese. The Synod has broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- where appropriate, give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy;
- To advise the President on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which - broadly - is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a corporate charity, and all those not exceeding £100,000 annual gross income are currently excepted from registration with the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent in holy orders who as such is a Church beneficiary and typically receives a stipend and the benefit of free occupation and use of a parsonage house at the behest of the Bishop for the purpose of carrying out specified spiritual duties.

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.

The diocese is then the principal pastoral and, by means of its Board of Finance, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2020

On 20 March 2021 I assumed a role in which Bill Hesselby has invested much time and effort. He has been DBF Chair for the last eight years and was first appointed to the DBF in 2007. The Diocese owes him an enormous debt of gratitude as Bishop Graham made clear when he paid tribute to Bill's contribution at Diocesan Synod on 20 March.

I am fortunate to be taking over from Bill when a new governance structure has been agreed and after the peer review, deployment review and central services review have been undertaken. Together they point to a very clear direction of travel and are enormously helpful in setting the agenda for the future as the DBF looks to support the delivery of the Vision for the Diocese of Norwich 2021-2026: *Transformed by Christ: prayerful, pastoral and prophetic*. I have been struck by the enthusiasm and energy which the new vision has generated and the widespread recognition that the governance changes should lead to improved decision-making as the Diocese looks to tackle its pre and post pandemic challenges.

In 2020 the Diocese received a total of £6.160m in Parish Share, 77.28% of the £7.972m requested and a shortfall of £1.812m. This compares with a total received in 2019 of £7.086m which was 89.54% of the request. Inevitably, the decrease of £926k (13.07%) is attributable to the challenging circumstances created by the pandemic and we are grateful for the huge efforts made by parishes to minimise the shortfall.

Our operating deficit for 2020, excluding year end pension scheme revaluations, property sales and subsidiary company results, is £708k. The details are set out on page 7 in the appendix to this report. The Executive Committee Report on pages 12 and 13 sets out the various steps taken to secure extra income and to achieve cost savings. These mitigated against what could have been a significantly larger deficit and include:

- securing a sustainability grant of £215k from the Archbishops' Council to help with the impact of COVID-19;
- utilising the government's Job Retention Scheme for Diocesan lay staff, receiving funding of £99k;
- savings on vacancy costs;
- delaying housing quinquennials;
- a reduction in training and events costs; and
- savings in travel and meeting costs due to home-working.

Thanks are due to all those who have worked tirelessly to ensure that our expenditure has been kept to a minimum. The impact on staff of being furloughed and those working extremely hard throughout has not gone unnoticed.

Our income from investments has decreased by £79k.

At the 31 December 2020 our share of the deficit on the national clergy pension scheme was £614k, a reduction of £499k from the deficit of £1.113m at 31 December 2019. These large adjustments, required by accounting regulations, along with other pension scheme adjustments for the closed Diocesan Staff pension scheme make the operating results difficult to read. We have therefore included a summary of the operating position excluding these items on page 7. Full details of the pension costs are shown in note 28, on pages 39 to 42.

The value of net assets at 31 December 2020, excluding the contribution from trading subsidiaries, is set out in note 38 on page 48 and amounts to £145.5m, or £146.1m excluding the clergy pension scheme liability. Our fixed assets, comprising houses, glebe land and an investment portfolio, equate to £143.8m, which leaves £2.3m liquidity to run the Diocese on a day to day basis. We have taken a strategic approach to the use of our restricted funds, utilising the Stipends Fund to pay stipends in their entirety in 2020, rather than apportioning some costs to general funds as in previous years. This has enabled us to release some free reserves and add some security to our very volatile cash flow position.

CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2020

During the year, we have continued to develop our trading subsidiaries, Spire Support Services Limited and Norwich Glebe Property Limited, the results of which are shown in note 33 on pages 44 and 45 of these financial statements. These companies were formed to provide alternative sources of income for the Diocese and relieve the pressure on Parish Share. Both generate a profit which is transferred to the Diocese under the corporate gift aid scheme. The first lockdown in 2020 had a significant impact on building services, hence the reduction in profits from Spire Support Services Limited, but we are seeing an upturn in work during 2021. The Job Retention Scheme was also utilised for staff employed by Spire Support Services Limited.

The value of our investment portfolios decreased at 31 December 2020, by £924k. Since the balance sheet date, the value of the portfolios has recovered by 0.4%.

As we emerge from the pandemic and activities resume, we have to recognise that future predicted deficits are not sustainable. In addition to the deployment review of our clergy posts which aims to reduce stipendiary clergy numbers by 10 per cent, we have also undertaken a full central services review of functions performed by diocesan lay staff, with a view to making substantial permanent cost savings for the future. The outcome of this review will be known later this year. I am acutely aware that these reviews cause additional strain and worry which we must do our best to minimise.

Amongst the various financial challenges are several opportunities. Examples include:

- a. The potential to improve the understanding of stewardship across the Diocese to achieve levels of planned giving that more closely matches levels in neighbouring and comparable dioceses.
- b. The possibility of expanding the work of the Diocese of Norwich Churches Trust as part of the strategy for dealing with excess church buildings
- c. The opportunity to develop wider giving to churches in the Diocese by appealing to the vicariously religious, especially in the light of the pandemic. There is a model for this in the Communities Fund created within the Diocese of London.

There is also a wider question as to whether an improved return could be generated on the Diocese's investments by changing the balance across the portfolio.

The pandemic has delayed our Church Planting and Revitalisation Project. The Diocese was awarded £1.98m in 2019 towards the project out of the Archbishops' Council's Strategic Development Fund. The project aims to create ten new, or revitalised, churches across Norfolk and Waveney. Teams of church and worship leaders, sports ministers and others will be appointed to areas where research shows the church can help to local needs and better support communities. The project seeks to reach both rural and urban areas, engaging with young people and families by focusing on areas of population around secondary school catchment areas. The hope is that the life of the project can be extended as lockdown is lifted.

I end with two notes of thanks. First to Richard Butler who, following a period of ill health, and having reached 65, has decided to step down from his post as Diocesan Secretary (Chief Executive) on 30 April 2021. Richard has served the Diocese of Norwich for over 11 years and has done much over that time to support the mission and ministry of the Church of England to the people of Norfolk and Waveney. We wish him well, thank him for all that he has contributed and pray for his renewed health in the months and years ahead. Secondly, on behalf of the Executive Committee, I pass on huge thanks to all the Diocesan staff for everything they have achieved in the most difficult circumstances of the last 12 months. We are very grateful.



MARK JEFFRIES

27 April 2021

APPENDIX TO CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2020

The table below summarises the main features of the year and my explanation of them. The figures are extracted from note 37 on page 47 of the financial statements and are prior to the consolidation of Subsidiaries.

	Board 2020 £'000	Board 2019 £'000	Variances £'000
Income	11,619	12,099	(480)
Expenditure	<u>(11,769)</u>	<u>(11,792)</u>	<u>23</u>
Operating (deficit)/surplus	(150)	307	(457)
Realised gains on sale of properties - Board	<u>272</u>	<u>257</u>	<u>15</u>
Net income	122	564	(442)
Adjustment of value linked loans	(38)	(1)	(37)
Actuarial (loss)/gain on defined benefit pension scheme	(308)	1,734	(2,042)
Gains on investment assets:			
Sale of glebe property (realised gains)	62	93	(31)
Quoted and unquoted investments			
Realised	(361)	8	(369)
Unrealised	<u>320</u>	<u>2,154</u>	<u>(1,834)</u>
(Decrease)/increase in funds	<u>(203)</u>	<u>4,552</u>	<u>(4,755)</u>
Reconciliation of Management accounts operating position			
Net income (shown above)	122	564	(442)
FRS102 Pension disclosure - Clergy Scheme	(505)	(450)	(55)
FRS102 Pension disclosure - Company Scheme	(53)	(186)	133
Realised gains on sale of properties - Board	<u>(272)</u>	<u>(257)</u>	<u>(15)</u>
Operating deficit	<u>(708)</u>	<u>(329)</u>	<u>(379)</u>

THE EXECUTIVE COMMITTEE AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Executive Committee, who are also directors for the purposes of company law, present their combined trustees' and directors' report and strategic report together with the audited financial statements, for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

Objectives

Norwich Diocesan Board of Finance Limited aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. These activities have been undertaken during the year and there have been no significant changes in its policies.

Structure, governance and management

The Diocese of Norwich was founded in 1094 and took broadly its present form in 1906. It covers an area of 1,804 square miles. The approximate population is 905,000 and the demographics are as follows: the diocese is the 8th largest in England in geographical area but only 33rd in terms of density of population. The city of Norwich (total population around 135,000) is the area's key centre of economic activity. Apart from Norwich there are four other significant conurbations which spread around the periphery: Kings Lynn, Great Yarmouth, Lowestoft and Thetford. The rural areas contain a scattered population living in communities ranging from market towns (of which Norfolk has many, most of them growing) to smaller villages and remote hamlets.

The Diocese is arranged in three archdeaconries being Norwich, Thetford and Lynn. In total there are some 560 parishes.

Diocesan governance

The Diocese is governed by Standing Orders approved by Diocesan Synod. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay members elected by the house of laity in Deanery Synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee which is the Bishop's Council.

Company status

The company, Norwich Diocesan Board of Finance Limited, is established to manage the financial affairs, and hold legal title to the assets, of the Diocese of Norwich. It was incorporated on 28 March 1906 as a charitable company limited by membership guarantee (No. 88175), and its governing documents are the Memorandum and Articles of Association (as amended on 28 April 1970, 5 May 1970 and 19 June 2010). Norwich Diocesan Board of Finance Limited is registered with the Charity Commission (No. 249318).

Every member of Diocesan Synod is a member of Norwich Diocesan Board of Finance Limited for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Decision-making structure

Within the supervisory powers of the Diocesan Synod, as listed below, certain diocesan functions (those italicised below) are currently undertaken by the Executive Committee in pursuit of Norwich Diocesan Board of Finance Limited's charitable Objects:

- Planning the business of Synod including the preparation of agendas and papers;
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- Transacting the business of the Diocesan Synod when not in session;
- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED - continued

Structure, governance and management (continued)

- Advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod;
- Carrying out any other functions delegated by Diocesan Synod.

The Executive Committee has delegated responsibility for the day-to-day management of the Board to the Diocesan Secretary who is supported by a senior management team and their staff.

All members of the Executive Committee give their time voluntarily and receive no benefits from the Board. During the year Norwich Diocesan Board of Finance Limited made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Executive Committee members and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

Committee structure

There are a number of Diocesan Synod committees that, though not sub-committees of Norwich Diocesan Board of Finance Limited, can influence the operations of the Board. During 2020 a full review of governance structures was carried out which will result in a revised structure later in 2021, as approved by Diocesan Synod on 20 March 2021.

Those that follow are statutory committees:

Property Committee, which is responsible for overseeing policy and making major decisions concerning the management of parsonage houses in each benefice, including implementing the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Board. This Committee's work is now included in the mainstream work of the Property Executive which is a sub-committee of the Executive Committee of the Norwich Diocesan Board of Finance Limited.

Glebe Committee, which is responsible for overseeing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese of Norwich.

Diocesan Advisory Committee, which advises the Chancellor on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Mission and Pastoral Committee, is responsible for pastoral reorganisation taking account of finance, clergy numbers and new patterns of ministry. The Committee advises the Bishop on Bishop's Mission Orders and is also responsible for church buildings other than the work of the DAC. This Committee's work is now included in the mainstream work of the Bishop's Council.

In addition to the statutory committees, currently there are also the following committees:

Investment Policy Group, which is responsible for determining policy and making major decisions concerning the management of the consolidated investment portfolio in order to gain the best return from these assets to help sustain the ministry of the Church, without undue risk.

Asset Management Committee, which works closely with the Property committee, Glebe committee and Investment Policy Group to manage the extensive property portfolio in order to improve the quality of the existing housing stock and make best use of the assets to generate additional revenue.

Audit Risk and Assurance Committee, which reviews the work, policies and procedures of the Board, to ensure integrity in all its activities, and compliance with legal, financial and reporting requirements, and to have oversight of risk management processes.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

Structure, governance and management (continued)

Nominations Committee, which is responsible for making recommendations for new appointments to all boards and committees.

Remuneration Committee, which is responsible for remuneration policy, staff complement decisions and salaries for senior roles.

Recruitment and appointment of Executive Committee

The Executive Committee members listed on page 2 are the directors of the company for the purposes of company law and in accordance with the Articles of Association shall be the following persons:

- The Chair of the Board, to be nominated by the Bishop's Council;
- The Deputy Chair of the Board, to be nominated by the Bishop's Council;
- The Treasurer of the Board, to be nominated by the Bishop's Council;
- An Archdeacon, to be nominated by the Bishop's Council;
- The Clerical Vice-President of the Diocesan Synod;
- The Lay Vice-President of the Diocesan Synod;
- Three lay members of the Diocesan Synod and three clerical members of the Diocesan Synod to be elected by the Diocesan Synod;
- Up to three additional persons as may be co-opted by the Executive Committee from time to time.

Induction and training of Executive Committee

The Executive Committee is aware of the 2011 Charities Act requirement to ensure that all members receive appropriate induction and training. Periodically members attend talks on charity governance.

Remuneration of key management personnel

Emoluments of higher paid personnel, including the Diocesan Secretary, are determined by the Remuneration Committee. All employees including key management personnel have regular appraisals and remuneration is based on salary scales which are regularly benchmarked and reviewed.

Related parties/Connected charities

Norwich Diocesan Board of Finance Limited has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners.

In pursuit of its charitable objectives, the Board acts as agent for a number of Diocesan Boards including the Board of Education, the Board for Social Responsibility and the Ministry division.

The Diocese of Norwich Education and Academies Trust, St Benet's Multi-academy Trust and The Diocese of Norwich Education Support Company are connected charities/company of the Norwich Diocesan Board of Finance Limited. Church academies have a clause written into their funding agreements which requires the Academy Trust to ensure that the quality of Religious Education and the contents of the Academy's collective worship are given in accordance with the tenets and practice of the Church of England.

The Diocese of Norwich Churches Trust was established during 2015 and is a connected charity of the Norwich Diocesan Board of Finance Ltd. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs, this became active during 2017.

In addition the Board acts as managing or custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. All trust assets are recorded and maintained separately from the Board's own assets. It also co-operates with and provides advice to Parochial Church Councils, the Chapter of Norwich Cathedral, the Horstead Centre and other church bodies.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

Structure, governance and management (continued)

The Board is required by Measure to be custodian trustee in relation to Parochial Church Council property, but has no control over Parochial Church Councils, which are independent charities. The accounts of Parochial Church Councils and deaneries do not form part of these financial statements.

Parochial Church Councils are able to influence the decision-making within Norwich Diocesan Board of Finance Limited and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Pension scheme

Norwich Diocesan Board of Finance Limited is the sponsoring employer of the Norwich Diocesan Board of Finance Pension Scheme. This is a pension fund for the benefit of employees of Norwich Diocesan Board of Finance Limited. One trustee of the scheme is an employee of the Board and member of the scheme. The scheme has been closed to new entrants. Costs of administration and secretarial services are borne by the Board.

The Board also participates in the Church of England Funded Pension Scheme. Further details are contained in note 28 to the financial statements.

Subsidiary undertakings

The Board's subsidiaries are considered to be The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The Board has three trading subsidiaries, Spire Support Services Limited, Norwich Glebe Property Limited and NDBF Easton Limited (see note 33).

Strategic Report - Key performance indicators are shown in the relevant sections of this report.

a) Activities, Benefits and Achievements

Norwich Diocesan Board of Finance Limited's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese.

The key activities may be summarised as:

- To seek a constructive and positive relationship with the people of the Diocese;
- To communicate effectively across all areas of Diocesan activity;
- To exercise and promote good stewardship of Diocesan resources to support growth;
- To provide mechanisms for evaluating performance through a regular programme of reflection and review.

Public benefit

The Executive Committee is aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Executive Committee believes that, by promoting the work of the Church of England in the Diocese of Norwich, the Board helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public.

Norwich Diocesan Board of Finance Limited supports the clergy through the payment of stipends, the management of parsonages, and clergy training. This provides a benefit to members of the general public in each parish. The Church also carries out marriages, baptisms and funerals which are attended by the general public and enriches local communities by the provision of other services across the Diocese.

The Board of Education provides support services and capital expenditure support for schools and academies, thus benefiting the pupils, and the improvement of the buildings benefits the local community.

Norwich Diocesan Board of Finance Limited also makes grants to connected charities and to other charitable projects in support of the above objectives.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED - continued

a) Activities, Benefits and Achievements (continued)

The benefits outlined above are related to the aims of the Diocese in helping to promote, carry on and assist the work of the Church of England in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. They also relate to a large section of the general public whose opportunity to benefit is not unreasonably affected by geographical or financial restrictions.

Achievements and performance

Plans and achievements for 2020

The COVID-19 pandemic had a significant impact on plans for 2020. The government instructed all places of worship to close in March 2020, with gradual re-opening permitted for individual worship during June 2020. The impact of the closure saw parish incomes fall, most noticeably from cash collections, fundraising activities and premises hire, along with parochial fee income from weddings. This in turn has impacted on the ability to pay parish share.

The financial impact on Norwich Diocesan Board of Finance Ltd was in several areas, parish share, investment income, along with a fall in capital values. The Board of Finance enacted immediate expenditure savings, most notably in respect of housing costs, where only emergency/essential repairs were carried out. 32 staff members (50%) were furloughed under the government job retention scheme.

A review of clergy deployment and expenditure was led by the Bishop of Thetford and is currently being implemented.

Achievements during the year were:

- The work of each Mission Strategy stream continued and are now concluding to allow for the new Vision and Priorities for the Diocese to be introduced;
- The Diocese continues to fund 50% of 'Imagine Norfolk Together' in conjunction with the Together Network and the Church Urban Fund;
- The Trustees of The Diocesan Churches Trust met regularly throughout 2020 to review applications to the Trust and its financial obligations;
- The Board has continued to actively support two trading subsidiaries during 2020 both of which have seen a surplus position for 2020. NDBF (Easton) Limited (see note 33 on page 44) is likely to become active during 2021;
- The Board has continued to help to support the Diocese of Norwich Education and Academies Trust and St Benet's Multi-academy Trust;
- The Board applied for and were successful in receiving sustainability funding of £215k from Archbishops' Council;
- The Board applied for and were successful in achieving funding towards a new Strategic Programme Manager post to be introduced during 2021;
- Initiated a review of central services and staffing;
- Devised, agreed and started to implement a renewed deployment strategy.

Operational performance

Norwich Diocesan Board of Finance Limited received 77.3% of parish share requested for the year of £7.972m a shortfall of £1.812m. The Trustees believe around £1 million of this is a direct impact of the COVID-19 pandemic. This is a decrease of £926k or 13.07% when compared with 2019 receipts.

The operating deficit at company level for 2020 is £708k (after adjusting for FRS102 pension adjustments and non-operational property surpluses).

Steps taken to mitigate the level of deficit were:

- we have been able to secure additional sustainability grant funding of £215k from Archbishops Council to help with the impact of COVID-19;
- we utilised the government's Job Retention Scheme for Diocesan lay staff, receiving funding of £99k;
- stipendiary clergy numbers have decreased by 5 posts;

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

Achievements and performance (continued)

- vacancy costs, first incumbency grants and removal costs have reduced by over £90k as we have not seen the movement in clergy roles due to the pandemic;
- housing quinquennial inspections have been delayed – this is a saving in 2020 costs but will not be a future saving as this is a legal requirement;
- ministry training costs, such as the clergy leadership conference, new posts conference, study days and summer school significantly reduced due to the pandemic;
- event costs, such as the Norfolk Show, Soul Shaper, 'One Big Day' have not been run, and the Events Co-ordinator post was made redundant;
- headteacher training costs and recruiting costs reduced; and
- travel costs, meeting costs and printing costs have all significantly reduced due to home-working.

Investment performance – overall performance

The overall value of Diocesan investment assets decreased by £927,000 during 2020, as compared with an increase of £2,217,000 in 2019.

In 2020 the operational activities of the Diocese were financed by £606,000 from interest and dividends (2019: £714,000).

Glebe investments

£37.1 million of the Board's investments are in glebe land, primarily to generate a sustainable income to continue funding clergy stipends.

Rents receivable amounted to £827,000 (2019: £798,000).

Investment in equity and fixed interest funds were valued at £10.7 million at 31 December 2020 (2019: £11.1 million). The unrealised gain in the value of investments during the year amounted to £93,000 (2019: unrealised gain £1,174,000). Dividends and interest receivable amounted to £379,000 (2019: £426,000).

General and other fund investments

Other investments are held on behalf of restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £8.1 million at 31 December 2020 (2019: £8.7 million), a decrease of £0.6m or 6.9%. Dividends and interest receivable amounted to £227,000 (2019: £266,000).

Value linked loans

As detailed in note 18, freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and as part of the agreement all or part of the sale proceeds are repayable on final disposal. The Board is committed to repay the outstanding value linked loans in the short term as funds become available. Total value linked loans at 31 December 2020 were £353,000 (2019: £511,000).

Statutory functions

Norwich Diocesan Board of Finance Limited has responsibility for the management of glebe property and investments to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. The trustees are custodian trustees in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of Norwich Diocesan Board of Finance Limited's objects.

Volunteers

Norwich Diocesan Board of Finance Limited is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

Achievements and performance (continued)

The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Executive Committee greatly value the considerable time given by all the volunteers across the diocese in pursuit of the mission of the Norwich Diocesan Board of Finance Limited.

b) Financial review

The results for the year shown in the Statement of Financial Activities on page 20 and the year end position shown in the balance sheet on page 22 are considered to be satisfactory. Results and highlights for the year and future prospects are given in the Chairman's Statement on pages 5 to 7.

Financial performance

Income before revaluation adjustments totalled £12.3 million (2019: £12.8 million) and expenditure amounted to £12.3 million (2019: £12.3 million).

The Statement of Financial Activities (SOFA) for the year shows net expenditure of £28,000 (2019: net income £488,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets, and actuarial losses on the defined benefit pension scheme.

The accounts show a decrease in the balance sheet total of £322,000.

The Norwich Diocesan Board of Finance Ltd share of the Church of England Pension Scheme defined benefit funding deficit at 31 December 2020 was £614k (2019: £1.113m) see note 28 to the financial statements.

During the year, total fund balances remained at £148 million.

Principal funding sources

Around 53% of the income of the Board comes from the Parish Share, 11.7% from Archbishops' Council for Low income Communities and transition funding, 12.2% from investment income (including glebe rent), and 5.4% from statutory fees.

Going concern

After making enquiries the Executive Committee are satisfied that Norwich Diocesan Board of Finance Limited has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policy

The Board's aim is to gain the best return from their assets to help sustain the ministry of the Church, without undue risk. Their portfolio includes fixed interest, bank and stock market investments, freehold properties and glebe land.

The Executive Committee have delegated the functions and duties in relation to Investment Management to the Investment Policy Group (IPG). The members of the IPG are appointed by the Executive Committee and are made up of a number of Executive Committee members and advisors who are reasonably believed, by the Executive Committee, to be qualified by ability and practical experience in matters relating to investments. The members of the IPG are guided by the best practice advice issued by the Charity Commission for the investment of Charitable Funds.

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

Long-term responsibilities and growth – the Executive Committee are aware of their long-term responsibilities and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

Financial review (continued)

Glebe investments are held on the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. The overall aim is for a return of RPI plus 3%.

Ethical investment – the Executive Committee adopt an ethical investment policy that follows the Church of England Ethical Investment Advisory Group (EIAG) guidelines, this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

Reserves policy

Norwich Diocesan Board of Finance Limited has considerable responsibilities including the remuneration of up to 180 parochial stipendiary clergy, the upkeep of approximately 260 houses, and the employment of 50 (f.t.e) full or part time staff, and it is therefore essential that the Board carries an appropriate level of reserves to meet these responsibilities.

The free reserves of the Board at 31 December 2020, comprising the income funds freely available for general purposes (and which are not yet spent, committed or restricted) amounted to £2.8 million as compared with £1.1 million at the end of the previous year. Free reserves include free designated reserves of £152,000.

The Executive Committee have reviewed the reserves policy and continues to aim to build up the free reserves to approximately £3 million being four and a half months expenditure within the Capital and General fund and designated funds.

As stated in note 27, the Diocesan Secretary is sanctioned by the Bishop of Norwich to use monies from the Benefice Buildings and Pastoral Fund - this is mainly called upon when there are insufficient resources within the General Fund. The Benefice Building and Pastoral Fund is regarded as an expendable endowment (a restricted fund). The investments and net current assets within this fund at 31 December 2020 amounted to £2.5 million (2019: £2.4 million).

Total other restricted funds excluding tangible assets and long-term liabilities at 31 December 2020 amounted to £54 million (2019: £58 million).

c) Plans for the future

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that in order to support our parishes in recovering from the pandemic, the activities of the Board of Finance must be reviewed.

In 2021 the Board plans to do the following:

- Continue to implement the new Diocesan Vision and Priorities 2021 – 2026, so that our life together is transformed by Christ, Prayerful, Pastoral and Prophetic, far more than we can ask or imagine;
- Submit further applications to the Strategic Capacity Fund to help initiate and develop new areas of work and help people in sharing faith with our communities;
- Establish a working group to address giving within the Diocese, including Parish Share (TRiO) and other forms of discipleship;
- Finalise the first stages of the review of central services and staffing;
- Continue to implement deployment strategy;
- Continue to support the Diocesan Churches Trust, to help to discover an appropriate solution for Churches in very small communities and with tiny congregations, so that the incumbent and the PCC are relieved of the burden and responsibility of maintenance with its associated running costs.
- Continue to support and develop the trading subsidiary companies;
- Continue to support and develop the Diocese of Norwich Education and Academies Trust and St Benet's Multi-academy Trust.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

d) Principal Risks and Uncertainties

The Executive Committee confirm that the major risks to which Norwich Diocesan Board of Finance Limited is exposed, as identified by the Executive Committee and staff, have been reviewed and that systems and procedures have been established to manage those risks. Risks are reviewed and managed as part of the risk management strategy.

A risk register has been compiled covering potential governance and management risks, operational risks, financial risks, environmental/external risks, and compliance risks. Potential risks are explained with their likely impact, and procedures to mitigate the risks are listed. The Executive Committee review the risk register at least annually as part of the risk management strategy.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. Work continues on an affordable plan for the delivery of the charity's main objectives in the long term.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Executive Committee.

Funds held as custodian trustee for others

The Board is custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. The Board also holds Parochial Church Council property as custodian trustee. Each PCC is a separate charity and the assets are held separately from those of Norwich Diocesan Board of Finance Limited.

Fixed Assets

The movements in fixed assets are set out in notes 18 to 20 in the accounts.

All of the Board's properties were re-valued at 31 December 2012 in accordance with the Board's accounting policy at that time, of re-valuing every five years.

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

The Glebe holdings were revalued as at 31 December 2017, in accordance with the policy set out on page 27. Glebe land was valued by FPD Savills, Property Consultants, at market value at 31 December 2017.

Fundraising standards information

The Board supports raising funds from the public in relation to the annual Lent appeal. No professional fundraisers or third party commercial participators are used. The Board is registered with the Fundraising Regulator.

The Diocese employs an Events Coordinator who is monitored on a regular basis and reports to the Chief Executive. The Board is pleased to report that no complaints have been received.

No direct contact is made with the public regarding fundraising activities. All advertising is carried out via Diocesan publications, social media or websites.

REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

Statement of Executive Committee's Responsibilities

The Executive Committee (who are also directors of Norwich Diocesan Board of Finance Limited for the purposes of company law) are responsible for preparing the Report of the Executive Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for the year. In preparing these financial statements, the Executive Committee are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS102);
- make judgements and 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 Board will continue in operation.

The Executive Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The Executive Committee is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Executive Committee is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Executive Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Executive Committee is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Executive Committee

Members of the Executive Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2. Michael Gurney resigned on 7 January 2021, Hugh Coghill resigned on 1 March 2021, Bill Hussey resigned on 20 March 2021 and Mark Jeffries was appointed on 20 March 2021.

Auditor

A resolution to re-appoint Lovewell Blake LLP as auditor of the Board will be proposed at the Annual General Meeting on 8 June 2021.

The Report of the Executive Committee (incorporating Strategic Report) was approved by the Board on 27 April 2021.

Signed by Order of the Board



ROSEMARY PEARCE, Secretary

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

Opinion

We have audited the financial statements of The Norwich Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2020, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the Executive Committee (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

INDEPENDENT AUDITOR'S REPORT (continued)

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

As explained more fully in the Trustees' Responsibilities Statement (set out on page 17), the Executive Committee (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 groups and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

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

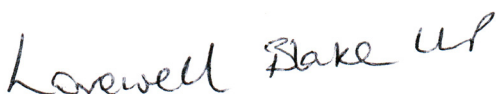
- Enquiry of management and those charged with governance;
- Enquiry of entity staff compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors-responsibilities>. 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.



Mark Proctor FCA DChA (Senior Statutory Auditor)

For and on behalf of

LOVEWELL BLAKE LLP

Chartered Accountants & Statutory Auditor

Bankside 300, Peachman Way, Broadland Business Park, Norwich, Norfolk NR7 0LB

25 May 2021

Lovewell Blake LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2020

	Note	* Restricted Funds			* Other		Total Funds 2020 £'000	Total Funds 2019 £'000
		Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Restricted Funds £'000			
Income and endowments from								
Donations	2							
Parish contributions		6,160	-	-	-		6,160	7,086
Archbishops' Council		215	-	1,365	518		2,098	1,702
Other donations		339	-	-	160		499	513
Charitable activities	3	934	1	4	-		939	861
Other activities	4	507	2	-	377		886	828
Investments	5	74	134	1,206	19		1,433	1,512
Other sources	6	123	149	-	-		272	257
Total income		8,352	286	2,575	1,074		12,287	12,759
Expenditure on								
Raising funds	7	-	-	107	329		436	491
Charitable activities	8	6,523	6	4,472	878		11,879	11,780
Total expenditure		6,523	6	4,579	1,207		12,315	12,271
Net income/(expenditure) before investment gains		1,829	280	(2,004)	(133)		(28)	488
Net gains/(losses) on investments	13	(33)	116	(62)	31		52	2,362
Net income/(expenditure)	14	1,796	396	(2,066)	(102)		24	2,850
Transfers between funds	15	-	-	-	-		-	-
Other recognised gains/(losses)								
Adjustment of value linked loans	26	(38)	-	-	-		(38)	(1)
Actuarial (loss)/gain on defined benefit pension scheme	28	(302)	-	(6)	-		(308)	1,734
Net movement in funds		1,456	396	(2,072)	(102)		(322)	4,583
Reconciliation of funds								
Total funds at 1 January 2020		5,290	80,830	59,318	2,553		147,991	143,408
Total funds at 31 December 2020		6,746	81,226	57,246	2,451		147,669	147,991

The fund-analysis of the comparative figures is shown in note 36 to the accounts.

The notes on pages 24 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Total income (note 1 below)	12,011	12,494
Expenditure	<u>(12,315)</u>	<u>(12,271)</u>
Operating surplus for the year	(304)	223
Interest receivable	4	8
Net gains on investment assets	<u>52</u>	<u>2,362</u>
(Deficit)/surplus for the year	(248)	2,593
Other comprehensive income:		
Revaluation of fixed assets	(38)	(1)
Net assets transferred from endowments	272	257
Defined benefit scheme actuarial (losses)/gains	<u>(308)</u>	<u>1,734</u>
Total comprehensive income for the year	<u><u>(322)</u></u>	<u><u>4,583</u></u>

All income and expenditure relates to continuing activities

Total income comprises £8,227,000 for unrestricted funds and £3,784,000 for restricted funds, including subsidiaries and quasi subsidiaries. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 2 to 6 to the accounts. Detailed analysis of the expenditure is provided in the Statement of Financial Activities and notes 7 to 12 to the accounts.

The net deficit for the year of £248,000 comprises £1,673,000 net surplus of Unrestricted Funds and £1,921,000 net deficits of Restricted Funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 20, which together with the notes to the financial statements on pages 24 to 48, provides full information on the movements during the year on all the funds in the group.

All income and expenditure derives from continuing activities.

Note 1 Reconciliation of Summary Income and Expenditure to Statement of Financial Activities

	2020 £'000	2019 £'000
Total income per page 20	12,287	12,759
Less interest receivable	(4)	(8)
Less total endowment additions	<u>(272)</u>	<u>(257)</u>
Total income per above	<u><u>12,011</u></u>	<u><u>12,494</u></u>

The notes on pages 24 to 48 form part of these accounts.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2020

			* Restricted Funds				
	Notes	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	* Other Restricted Funds £'000	2020 Total £'000	2019 Total £'000
Fixed Assets							
Tangible assets	18	4,250	78,656	5,792	518	89,216	88,857
Investment assets							
Glebe holding	19	-	-	37,047	55	37,102	37,105
Investments	20	2,711	4,603	10,744	818	18,876	19,800
		6,961	83,259	53,583	1,391	145,194	145,762
Current Assets							
Stock	21	-	-	-	25	25	63
Debtors	22	1,448	23	874	200	2,545	3,162
Pension scheme asset		105	-	-	-	105	354
Balances with Church Commissioners		-	15	-	-	15	-
Central Board of Finance Deposit Fund		96	302	-	78	476	448
Cash/(overdrawn balance) at bank		(908)	(2,317)	3,995	4,521	5,291	3,105
		741	(1,977)	4,869	4,824	8,457	7,132
Creditors - Amounts falling due within one year	24	603	56	592	3,287	4,538	2,800
Net Current Assets		138	(2,033)	4,277	1,537	3,919	4,332
Total Assets Less current liabilities		7,099	81,226	57,860	2,928	149,113	150,094
Creditors - Amounts falling due after more than one year	25	353	-	-	477	830	990
Net Assets excluding pension scheme liability		6,746	81,226	57,860	2,451	148,283	149,104
Defined benefit pension scheme liability	28	-	-	614	-	614	1,113
Net assets after pension liability		6,746	81,226	57,246	2,451	147,669	147,991
Fund Balances							
At 31 December 2020 (page 20)	27	6,746	81,226	57,246	2,451	147,669	147,991

Approved by the Executive Committee on 27 April 2021 and signed on its behalf by

Chair

Mark Jeffries



Interim Diocesan Secretary

Rosemary Pearce



NORWICH DIOCESAN BOARD OF FINANCE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Net cash inflow/(outflow) from operating activities	<u>134</u>	<u>(1,757)</u>
Cash flows from investing activities		
Dividends, interest and rent from investments	1,433	1,512
Interest paid	(11)	(11)
Proceeds from the sale of tangible fixed assets	1,410	1,384
Purchase of tangible fixed assets	(1,533)	(2,111)
Proceeds from the sale of investments	2,451	710
Purchase of investments	(1,472)	(565)
Net cash provided by investing activities	<u>2,278</u>	<u>919</u>
Cash flows from financing activities		
Loans repaid to the Board	14	10
Loans repaid by the Company	(197)	(248)
Net cash provided by financing activities	<u>(183)</u>	<u>(238)</u>
Change in cash and cash equivalents in the reporting period	2,229	(1,076)
Cash and cash equivalents at 1 January 2020	<u>3,553</u>	<u>4,629</u>
Cash and cash equivalents at 31 December 2020	<u><u>5,782</u></u>	<u><u>3,553</u></u>
Reconciliation of net income to net cash flow from operating activities		
Net (expenditure)/income	(28)	488
Depreciation	35	25
Interest paid	11	11
Net gain on the sale of fixed assets	(272)	(257)
Dividends, interest and rent from investments	(1,433)	(1,512)
Decrease in stock	38	15
Decrease/(Increase) in debtors	603	(131)
Increase in creditors	1,738	240
FRS 102 Non-cash pension disclosures	(558)	(636)
Net cash provided by/(used in) operating activities	<u>134</u>	<u>(1,757)</u>
Analysis of cash and cash equivalents		
Cash in hand	5,291	3,105
Notice deposits (less than 3 months)	491	448
	<u><u>5,782</u></u>	<u><u>3,553</u></u>
Reconciliation of net cash flow to movements in net debt		
Change in cash and cash equivalents in the reporting period	2,229	(1,076)
Cash flow from decrease in debt	<u>160</u>	<u>247</u>
Increase/(decrease) in net debt in the reporting period	<u>2,389</u>	<u>(829)</u>
Net debt at 1 January 2020	<u>2,563</u>	<u>3,392</u>
Net debt at 31 December 2020	<u><u>4,952</u></u>	<u><u>2,563</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102). The Board constitutes a Public benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable, which includes amounts received in respect of the year up to the following 31 January.
- ii) **Rent** receivable is recognised as income in the period it is received. Glebe rents are collected by the Board and the income, net of related expenditure, is paid by instalments to the Church Commissioners in accordance with the Endowments and Glebe Measures 1976. The amounts received by the Church Commissioners are then credited to the Stipends Fund. Glebe rents are shown gross in the Statement of Financial Activities.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate, which include assigned fees received in respect of the year up to the following 31 January.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the Board's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.**

The Church of England Funded Pension Scheme

The Board participates in the Church of England Funded Pension Scheme for stipendiary clergy. This 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.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that the contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

The Board's Defined Benefit Scheme

The Board's pension scheme provides benefits for other full-time staff based on final pensionable pay. This is closed to new entrants. The assets of the scheme are held separately from those of the Board, being invested with Aviva. Defined benefit pension liabilities are measured using the projected unit credit method and discounted at the valuation rate of interest on a high quality corporate bond of equivalent term and currency to the liability. Under FRS 102 it is permissible to review and update the most recent actuarial valuation results, any net liability arising based on these valuations is the best estimate of the present value of the actual amounts to be paid out of the scheme, less the market value of the scheme assets.

The increase in the present value of the liabilities of the Board's defined benefit pension scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The net interest on the scheme liabilities is also charged to the Statement of Financial Activities. Actuarial gains and losses are recognised in the Statement of Financial Activities.

Group Personal Pension Plan

A group personal pension scheme was set up on 1 January 2002 and the costs of providing this are charged to the Statement of Financial Activities as they become payable.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

1. Accounting policies (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are carried at their pre-existing balance sheet revaluation as deemed cost (see paragraph above). Each year end the loan is carried at an index linked current valuation basis.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated, apart from computer software which is written off in the year of purchase. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Office and other equipment	25% / 33.33% straight line
Motor vehicles	25% reducing balance

e) Other accounting policies

i) Fixed asset investments

The Glebe holding, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2017. This valuation, which represents an average of £6,388 per acre, is updated every five years. Details of the cost of the majority of the Glebe property is not available. Listed investments are included at their market value. Unlisted investments are included at valuations provided by the Fund Managers concerned. Subsidiary companies are included at fair value and any changes are recognised in the SOFA.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

ii) Diocesan Stipends

All stipends are paid by the Church Commissioners with funds provided by the Diocese. Allocations, guaranteed annuities and grants from the Church Commissioners, net Glebe rents and other attributable income received by the Church Commissioners are credited to the Stipends Fund.

iii) Diocesan Parsonages Fund

All transactions relating to the Diocesan Parsonages Fund are included under the appropriate headings in the Capital and General Fund column of the Board's Statement of Financial Activities.

iv) Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

v) Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

vi) Cash at Bank

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

vii) The Diocese of Norwich Consolidated Education Endowments

The Diocese contributes towards the repairs and capital expenditure on schools and the costs are shown net of grants receivable. This grant system has now ceased for new projects and has been replaced by the Voluntary Aided Schools pooling arrangement. Grants shown in the Statement of Financial Activities relate to existing projects commenced under Consolidated Education Endowments.

viii) Financial Instruments

The Board 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 transaction value and then measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

f) Fund balances

Fund Balances are split between unrestricted (general and designated) and restricted funds.

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Executive Committee. There are two types of unrestricted funds:
 - **General funds** which the Board intends to use for the general purposes and
 - **Designated funds** set aside out of unrestricted funds by the Board for a purpose specified by the Executive Committee

NORWICH DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

f) Fund balances (continued)

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the Report of the Executive Committee.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage House and Schools endowment funds administered by the Board, there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds such as the Stipends Capital Fund, where there is no provision for expenditure of capital are classified as permanent endowment.

g) Consolidated accounts

For the purposes of the Consolidated Statement of Financial Activities and Balance Sheet which appear alongside those of the Board itself, the Board's subsidiaries and quasi subsidiaries are considered to be Spire Support Services Ltd, NDBF (Easton) Ltd, Norwich Glebe Property Ltd, The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The results of the subsidiaries and quasi subsidiaries are consolidated on a line by line basis within 'other restricted funds'. Intra group balances, where immaterial, are not eliminated on consolidation.

h) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist in relation to going concern.

The Trustees have assessed the going concern risks arising from the COVID-19 pandemic, including cashflow, investment values, staffing, government support and opening places of worship. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

i) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

j) Redundancy costs

Where an obligation to make redundancy or termination payment arises, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

	* Restricted Funds *				Total Funds 2020 £'000	<i>Total Funds</i> <i>2019</i> <i>£'000</i>
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000		
2. Income from Donations						
Parish contributions						
Parish share						
Current year's allocation	7,972	-	-	-	7,972	7,914
Shortfall in contributions	(1,812)	-	-	-	(1,812)	(828)
Total income	<u>6,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,160</u>	<u>7,086</u>
Total parish share receipts for the current year represent 77.3% of the allocation (2019: 89.5%)						
Archbishop's Council						
Lowest income communities and transition funding	-	-	1,364	-	1,364	1,431
Resourcing Ministerial Education	-	-	-	196	196	144
Strategic Development Funding	-	-	-	322	322	126
Sustainability funding	215	-	-	-	215	-
Guaranteed annuities	-	-	1	-	1	1
	<u>215</u>	<u>-</u>	<u>1,365</u>	<u>518</u>	<u>2,098</u>	<u>1,702</u>
Other donations						
All Churches Trust Grant	152	-	-	-	152	165
Anne French Memorial Trust	42	-	-	-	42	30
Keswick Hall Charity	48	-	-	-	48	48
Roof Alarm Appeal	-	-	-	47	47	55
Mission Strategy	-	-	-	113	113	158
Other donations	97	-	-	-	97	57
	<u>339</u>	<u>-</u>	<u>-</u>	<u>160</u>	<u>499</u>	<u>513</u>
3. Income from Charitable activities						
Statutory fees and chaplaincy income	624	-	4	-	628	629
Other Board income	211	1	-	-	212	232
Coronavirus Job retention Scheme	99	-	-	-	99	-
	<u>934</u>	<u>1</u>	<u>4</u>	<u>-</u>	<u>939</u>	<u>861</u>
4. Income from Other activities						
Rental income from parsonages and closed schools	425	2	-	19	446	368
Trading income						
Property support services	-	-	-	285	285	312
Coronavirus Job retention Scheme	-	-	-	24	24	-
Rental income from commercial property	-	-	-	49	49	49
Income from recharged support services	82	-	-	-	82	99
	<u>507</u>	<u>2</u>	<u>-</u>	<u>377</u>	<u>886</u>	<u>828</u>
5. Income from Investments						
Dividends receivable	72	134	377	19	602	706
Interest receivable	2	-	2	-	4	8
Glebe rents receivable (note 16)	-	-	827	-	827	798
	<u>74</u>	<u>134</u>	<u>1,206</u>	<u>19</u>	<u>1,433</u>	<u>1,512</u>
6. Other income						
Gains on disposal of property	123	149	-	-	272	257
	<u>123</u>	<u>149</u>	<u>-</u>	<u>-</u>	<u>272</u>	<u>257</u>
Total income	<u><u>8,352</u></u>	<u><u>286</u></u>	<u><u>2,575</u></u>	<u><u>1,074</u></u>	<u><u>12,287</u></u>	<u><u>12,759</u></u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

	* Restricted Funds *				
	Unrestricted	Benefice	Stipends	Restricted	Total Funds
	Funds	Buildings	Fund	Funds	2020
	£'000	& Pastoral	£'000	£'000	£'000
		£'000			2019
					£'000
7. Expenditure on raising funds					
Investment management costs					
Glebe management charges	-	-	107	-	107
Asset management expenses	-	-	-	-	2
Trading expenses					
Property support services	-	-	-	280	280
Commercial property	-	-	-	49	49
	-	-	107	329	436
8. Expenditure on charitable activities					
Contributions to Archbishop's Council					
Training for ministry	354	-	-	-	354
National Church responsibilities	299	-	-	-	299
Grants and provisions	9	-	-	-	9
	662	-	-	-	662
Expenditure on resourcing ministry and mission					
Parish ministry:					
Stipends and national insurance	(55)	-	4,977	-	4,922
Pension contributions	1,645	-	(505)	-	1,140
Housing costs	1,162	1	-	-	1,163
Removal, resettlement and other grants	123	-	-	-	123
Other expenses	137	-	-	-	137
	3,012	1	4,472	-	7,485
Support for parish ministry	2,446	5	-	-	2,451
Resourcing Ministerial Education	-	-	-	179	179
Roof Alarm Appeal	-	-	-	47	47
Mission Strategy	-	-	-	116	116
Church Planting and Revitalisation	-	-	-	320	320
	2,446	5	-	662	3,113
Expenditure on education					
Support for church schools	403	-	-	-	403
Grants	-	-	-	216	216
	403	-	-	216	619
Total expenditure on charitable activities	6,523	6	4,472	878	11,879
Total expenditure	6,523	6	4,579	1,207	12,315
9. Analysis of expenditure including allocation of support costs					
	Activities	Grant			
	undertaken	funding of	Support	Total	Total
	directly	activities	costs	2020	2019
	£'000	£'000	£'000	£'000	£'000
Raising funds	436	-	-	436	491
Contributions to Archbishop's Council	662	-	-	662	646
Resourcing Ministry and Mission	8,703	131	1,764	10,598	10,542
Education, Youth Children and Families	403	216	-	619	592
	10,204	347	1,764	12,315	12,271

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

		* Restricted Funds *				
	Unrestricted	Benefice	Stipends	Other	Total Funds	Total Funds
	Funds	Buildings	Fund	Restricted	2020	2019
	£'000	& Pastoral	£'000	Funds	£'000	£'000
		£'000		£'000		
10. Analysis of support costs						
Central administration and office property costs (inc. final salary pension adjustments)	1,540	-	-	-	1,540	1,311
Governance:						
Amounts paid to auditor:						
External audit	25	-	-	-	25	24
Accountancy	5	-	-	-	5	7
Registrar, Chancellor, PCR2 review and HR	187	-	-	-	187	119
Synodical costs	7	-	-	-	7	11
	<u>1,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,764</u>	<u>1,472</u>

11. Analysis of grants made

	Individuals	Institutions	Total	Total
	£'000	£'000	2020	2019
			£'000	£'000
Included within:				
Contributions to the Archbishop's Council	-	563	563	548
Education and training grants	99	-	99	98
Resourcing ministry and mission:				
Resettlement and first incumbency grants	123	-	123	190
Support for parish ministry				
Resourcing Ministerial Education	48	131	179	140
Roof Alarm Appeal		47	47	55
Church quinquennial inspections	-	63	63	57
PCC Faculty fees	-	22	22	25
Repair and reordering of redundant churches	-	5	5	7
PCC grant	-	4	4	7
Sharing good news grants	-	3	3	13
Continuing Ministerial Development	3	-	3	15
Good Work Chaplaincy grants	-	8	8	8
Norfolk and Waveney Churches Together	-	3	3	3
Education				
CEE grants to schools and academies	-	210	210	118
	<u>273</u>	<u>1,059</u>	<u>1,332</u>	<u>1,284</u>

12. Staff costs

Staff costs were as follows:	2020	2019
	£'000	£'000
Gross salaries	1,434	1,346
Social security costs	135	135
Redundancy	5	-
Pension contributions	204	198
Lump sum contributions	143	132
Health insurance contributions	19	19
	<u>1,940</u>	<u>1,830</u>

Payments in respect of redundancy relating to the Events Co-ordinator post totalling £5k were made in the year, this had all been paid over by the year-end.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

12. Staff costs (continued)

	2020	2019
The average head count of total employees:	<u>57</u>	<u>54</u>
The average number of employees, based on full-time equivalents were as follows:		
Resourcing ministry		
Support for parish ministry	24	26
Safeguarding	2	2
Counsellor	1	1
Property	4	4
Parochial lay staff	3	2
Church Planting and Revitalisation	6	2
Education, youth, families and children	6	6
Spire Support Services Limited	4	4
	<u>50</u>	<u>47</u>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) exceeded £60,000 were:

	2020	2019
£60,000 - £70,000	1	2
£70,000 - £80,000	-	1
£80,000 - £90,000	2	1
£90,000 - £100,000	-	-
£100,000 - £110,000	1	-
£110,000 - £120,001	-	1

Pension contributions amounting to £49.6k were made in the year for the provision of money purchase benefits for the above employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the members of the Executive committee, for planning, directing and controlling the activities of the diocese. During 2020 they were:

The Diocesan Secretary and Chief Executive, the Director of Property Services, the Director of Education, the Director of Finance and the Director of Communications. Remuneration (including employers National Insurance, pension costs and benefits-in-kind) and expenses for these employees amounted to £502k (2019: £512k).

Executive Committee Remuneration

No remuneration has been paid to any member of the Executive Committee in their capacity as Executive Committee members (2019: £NIL). One member was reimbursed for travel and incidental costs incurred in undertaking their Executive Committee duties totalling £19 (2019: Four members £542).

During the year the Board made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Executive Committee members and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the Executive Committee members who were in receipt of a stipend and/or housing provided by the Norwich Diocesan Board of Finance Limited during the year:

	Stipend	Housing
The Revd. Michael Asquith	Yes	Yes
The Ven. Steven J. Betts	Yes	Yes
The Revd. Dr Patrick Richmond	Yes	Yes
The Revd. Jeremy G. Sykes	Yes	Yes
The Revd. Canon Simon Stokes	Yes	Yes

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

12. Staff costs (continued)

Stipendiary Clergy (continued)

The Board is responsible for funding via the Church Commissioners the stipend of licenced stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	2020	2019
Parochial Clergy: The average number of clergy holding parochial or archidiaconal posts in the diocese was:	170	172
	£'000	£'000
At a cost before recharges of:		
Stipends	4,596	4,702
National Insurance contributions	376	376
Pension contributions	1,720	1,742
	<u>6,692</u>	<u>6,820</u>

The stipends of the Diocesan Bishop and two Suffragan Bishops are funded by the Church Commissioners and are in the range of £36,930 to £46,180. The annual rate of stipend, funded by the Board, paid to Archdeacons in 2020 was in the range of £36,100 to £36,830 and other clergy who were members of the Executive Committee were paid in the range £26,470 to £27,000. The estimated value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 is an average of £12,900 p.a.

13. Net gains/(losses) on investments

	2020	2019
	£'000	£'000
Investments (note 20)		
Realised	(375)	8
Unrealised - listed	418	2,275
- unlisted	(53)	(14)
Glebe Holding (note 19)		
Realised	62	93
Net gains/(losses)	<u>52</u>	<u>2,362</u>

14. Net income/(expenditure)

This is after charging:

	2020	2019
	£'000	£'000
Depreciation	<u>35</u>	<u>25</u>

15. Analysis of transfers between funds

	Capital and General £'000	Designated Funds £'000	Restricted Funds £'000	Total 2020 £'000
Asset Management costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Asset management costs are funds designated from unrestricted reserves to manage the extensive property portfolio in order to improve the quality of the existing housing stock and make best use of assets to generate additional revenue.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

16. Endowments and Glebe Measure, 1976

	2020	2019
Income and Expenditure Account		
	£'000	£'000
Income (note 5)		
Glebe rents and interest receivable	827	798
Expenditure (note 7)		
Surveyor's and Agent's fees	43	51
Legal and other administration charges	63	76
	<u>107</u>	<u>128</u>
Surplus for the year	<u>720</u>	<u>670</u>

17. Taxation

The Board has no liability to corporation tax or capital gains tax.

18. Tangible assets

	* Freehold Property		* Benefice and Commercial		Other freehold property	Office and other equipment	2020 Consolidated Total
	Subject to value linked loans	Glebe	Pastoral	Property			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation							
At 1 January 2020	723	5,233	78,413	735	3,690	126	88,920
Additions	-	559	946	20	-	8	1,533
Disposals	(238)	-	(703)	-	(198)	-	(1,139)
Transfer	-	-	-	-	-	-	-
At 31 December 2020	<u>485</u>	<u>5,792</u>	<u>78,656</u>	<u>755</u>	<u>3,492</u>	<u>134</u>	<u>89,314</u>
Accumulated depreciation							
At 1 January 2020	-	-	-	-	-	63	63
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	35	35
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>98</u>
Net book value							
At 31 December 2020	<u>485</u>	<u>5,792</u>	<u>78,656</u>	<u>755</u>	<u>3,492</u>	<u>36</u>	<u>89,216</u>
At 31 December 2019	<u>723</u>	<u>5,233</u>	<u>78,413</u>	<u>735</u>	<u>3,690</u>	<u>63</u>	<u>88,857</u>
Company							
At 31 December 2020	<u>485</u>	<u>5,792</u>	<u>78,656</u>	<u>240</u>	<u>3,492</u>	<u>34</u>	<u>88,699</u>
At 31 December 2019	<u>723</u>	<u>5,233</u>	<u>78,413</u>	<u>220</u>	<u>3,690</u>	<u>63</u>	<u>88,342</u>

	2020 £'000	2019 £'000
The net book amount comprises:		
Assets used, or intended to be used, predominantly for direct charitable purposes	87,300	86,933
Assets used for administration and other purposes	<u>1,916</u>	<u>1,924</u>
	<u>89,216</u>	<u>88,857</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

18. Tangible Fixed Assets - continued

Freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and, as part of the agreement, all or part of the sale proceeds will be repayable on final disposal. These properties are carried at their pre-existing balance sheet revaluation as deemed cost. Each year end the loan is carried at an index linked current valuation basis (note 26).

	2020 £'000	2019 £'000
Glebe Property (mainly residential houses) comprises:		
Houses at valuation as at 1 January 2020	5,233	4,390
Transfer from Benefice and Pastoral Fund	-	839
Additions	559	4
Disposals	-	-
Valuation as at 31 December 2020	<u>5,792</u>	<u>5,233</u>
Benefice and Pastoral Property comprises -		
Houses -		
At valuation as at 1 January 2020	78,413	78,302
Subsequent additions at cost	946	2,076
Transfer to Glebe Property	-	(839)
Disposals	(703)	(1,126)
Valuation as at 31 December 2020	<u>78,656</u>	<u>78,413</u>

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Property held by the Diocesan Consolidated Education Endowments, comprising school land and buildings including teachers' houses, some of which are let, is vested in the Board. It is not considered appropriate to include these as assets in the balance sheet because they are in the main held in the very long term and their disposal and the right to any proceeds of sale are subject to the agreement of the Local Education Authority.

19. Glebe Land

	£'000
Consolidated	
Valuation at 1 January 2020	37,105
Additions	-
Disposal proceeds	(65)
Profit on disposal	62
Revaluation adjustment	-
Valuation at 31 December 2020	<u>37,102</u>
Company	
Valuation at 31 December 2020	<u>37,047</u>

The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2017. This valuation, which represents an average £6,388 per acre, will be updated every five years. Details of the historic cost of the majority of the Glebe holding is not available.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

20. Fixed asset investments

	At 1 January 2020 £'000	Additions £'000	Disposal proceeds £'000	Profit/(loss) on Disposal £'000	Increase/(decrease) in Market value £'000	At 31 December 2020 £'000
Unrestricted Funds						
Listed investments	2,755	141	(259)	(30)	(2)	2,605
Unlisted investments	97	3	-	-	-	100
Cash	89	-	(83)	-	-	6
	<u>2,941</u>	<u>144</u>	<u>(342)</u>	<u>(30)</u>	<u>(2)</u>	<u>2,711</u>
Restricted Funds						
Listed investments	15,206	1,328	(1,952)	(345)	420	14,657
Unlisted investments	1,364	-	-	-	(53)	1,311
Cash	289	-	(92)	-	-	197
	<u>16,859</u>	<u>1,328</u>	<u>(2,044)</u>	<u>(345)</u>	<u>367</u>	<u>16,165</u>
Total	<u>19,800</u>	<u>1,472</u>	<u>(2,386)</u>	<u>(375)</u>	<u>365</u>	<u>18,876</u>

	2020 £'000	2019 £'000
The unlisted securities comprise:-		
Shares in the Central Board of Finance -		
Investment Fund	42	39
Property Fund	1,175	1,236
(valued as per the Central Board of Finance)		
COIF Charities Investment Fund Income shares		
(valued as per COIF Charity Funds)	94	89
Investment in Eastern Landowners Consortium	97	94
Investment in CMCU shares	3	3
	<u>1,411</u>	<u>1,461</u>

The historical cost of the above assets is as follows:

Listed securities	13,493	14,363
Unlisted securities	1,140	1,137
Cash	203	378
	<u>14,836</u>	<u>15,878</u>

The following shareholdings, at valuation, form a material part of the investment portfolio (i.e. greater than 5% of the total of the Board's consolidated investments).

	2020 £'000	2019 £'000
M & G Charifund income units	1,447	1,751
Central Board of Finance Property Fund	1,175	1,237
Eskmuir Diversified Property Fund	2,104	2,068
	<u>4,726</u>	<u>5,056</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

21. Stock	2020 £'000	2019 £'000
Stock and Work-in-Progress	<u>25</u>	<u>63</u>
22. Debtors	2020	2019
Company	£'000	£'000
Due within one year		
Parish share	273	439
Assigned fees	58	105
Prepayments and accrued income	247	259
Amounts due from Subsidiary undertakings	179	182
Other debtors	523	903
Loans (note 23)	<u>-</u>	<u>12</u>
	1,280	1,900
Consolidated		
Prepayments and accrued income	2	7
Other debtors	<u>185</u>	<u>175</u>
	1,467	2,082
Company and Consolidated		
Due after more than one year		
Deferred costs on development project	601	601
Loans (note 23)	<u>477</u>	<u>479</u>
	<u>2,545</u>	<u>3,162</u>
23. Loans Receivable	2020	2019
	£'000	£'000
Company and Consolidated		
Amounts due from parishes	-	12
Amounts due from Subsidiary undertakings	<u>477</u>	<u>479</u>
	<u>477</u>	<u>491</u>
Amounts falling due after more than one year	<u>477</u>	<u>479</u>
24. Creditors - amounts falling due within one year	2020	2019
	£'000	£'000
Company		
Tax and social security costs	37	41
Other creditors	746	351
Accruals and deferred income (note 35)	<u>1,546</u>	<u>1,536</u>
	2,329	1,928
Consolidated		
Tax and social security costs	45	11
Other creditors	837	676
Accruals and deferred income (note 35)	<u>1,327</u>	<u>185</u>
	<u>4,538</u>	<u>2,800</u>
25. Creditors - amounts falling due after more than one year	2020	2019
	£'000	£'000
Loans due by the Board (note 26)	<u>830</u>	<u>990</u>
26. Loans due by the Board	2020	2019
Company	£'000	£'000
Church Commissioners Property Loans - Value Linked Loans	353	511
Consolidated		
Amount owed to group undertakings	<u>477</u>	<u>479</u>
	<u>830</u>	<u>990</u>
Amounts falling due after more than one year	<u>830</u>	<u>990</u>
Interest payable on loans due by the Board	<u>11</u>	<u>11</u>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

27. Summary of fund movements

	Balances at 1 January 2020	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Capital and General	4,422	8,352	(6,522)	-	(373)	5,879
Designated funds:						
Aided Church Schools						
Buildings Reserve	178	-	-	-	-	178
Diocesan Parsonages Fund	85	-	-	-	-	85
Jane Bailey Bequest	605	-	(1)	-	-	604
Asset Management Fund	-	-	-	-	-	-
	868	-	(1)	-	-	867
Total unrestricted funds	5,290	8,352	(6,523)	-	(373)	6,746
Restricted funds						
Stipends Fund	59,318	2,575	(4,579)	-	(68)	57,246
Benefice Buildings and Pastoral Fund	80,830	286	(6)	-	116	81,226
Other Restricted Funds						
Margaret Young Fund	242	-	-	-	-	242
Cormorants	-	-	-	-	-	-
Bishops' Fund for Readers in Training	8	-	-	-	-	8
Burning Bush Barn	6	-	-	-	-	6
Roof Alarm Appeal	-	47	(47)	-	-	-
Mission Strategy	3	113	(116)	-	-	-
Resourcing Ministerial Education	2	196	(178)	-	-	20
Church Planting and Revitalisation	-	321	(320)	-	-	1
Subsidiaries and Quasi subsidiaries						
Trading Subsidiaries: (see note 33)						
Non-charitable trading funds	55	359	(330)	-	-	84
Consolidated Education Endowments	2,133	37	(210)	-	29	1,989
Trusts	104	1	(6)	-	2	101
Total other restricted funds	2,553	1,074	(1,207)	-	31	2,451
Total restricted funds	142,701	3,935	(5,792)	-	79	140,923
Total funds	147,991	12,287	(12,315)	-	(294)	147,669

Unrestricted funds

The Board's Capital and General Funds includes £990,000 relating to capital (2019: £990,000). The General Reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing.

Designated funds

The Aided Church Schools Buildings Reserve represents designated funds set aside for the maintenance and repair of Church schools.

The Diocesan Parsonages Fund represents Parsonage Building Funds held by the Board, which may be applied to either the Benefice Buildings and Pastoral or the Stipends Capital.

The Jane Bailey Bequest was established by the will of the late Miss Sybella Jane Bailey, who died on 16 November 1993. The Board became entitled to this by a Deed of Appointment, dated 14 November 1995 and the assets thereof, consisting of Cavick House and grounds, together with three adjacent dwellings near Wymondham, were vested in the Board with effect from 30 August 1996. Following agreement with the executors of the estate, the property was sold in December 1998. The resulting funds have been used for the provision of archdeacons housing and related housing costs.

The Asset Management Fund relates to funds set aside to meet costs to be incurred by the Asset Management Committee in their work in connection with the return on land and housing assets.

Restricted funds

The Stipends Fund derives mainly from the historic Glebe property of the Diocese and is restricted as to its use by Section 35 of the Endowments and Glebe Measure, 1976. It is regarded as an expendable endowment fund.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

27. Summary of fund movements (continued)

Restricted funds - continued

The Margaret Young Fund was established by the will of the late Margaret Caroline Young. The Board became entitled to the property Babur Hill Cottage, Bawburgh, on the death of the life tenant on 26 July 2008, and the transfer of ownership took place during 2009. This was subsequently sold in October 2010. The fund is to be used towards the provision of housing for retired clergy.

Cormorants was established to run Christian sailing holidays for young people. Income is derived from fees for specific sailing holidays and donations. The income is restricted for the specific purpose of providing sailing holidays.

The Bishops' Fund for Readers in Training was set up by the former Archdeacon of Lynn, John Ashe from a collection in Norwich Cathedral, to provide financial assistance to students.

The Burning Bush Barn was contemplative art space set in the rural village of Rockland St Mary 6 miles south of Norwich City centre. This is currently being re-imagined for future spiritual growth through creative visual art.

To combat the threat of church lead thefts the Bishop of Norwich, the Police and Crime Commissioner for Norfolk, the Norfolk Churches Trust, Allchurches Trust and the Round Tower Churches Society have been working together to find a long-term solution and have created The Roof Alarm Scheme. The appeal raises funds towards the cost of installing alarms on church roofs. Income is released to match expenditure.

Mission Strategy 2021 is an extension of 'Committed to Growth', building on what is already being done and continuing to look to grow in discipleship, service and numbers. It identifies four 'streams' of work - Listen, Celebrate, Imagine and Empower and has been resourced by restructuring grants from the Archbishop's Council and local Trust funds. Income is released to match expenditure.

Resourcing Ministerial Education is a framework for paying to support Ordinands in initial training which supports diocesan and national ministry strategies, incentivises sponsorship of younger candidates and offers clear links between training choices and financial implications. Block grants are restricted and income is released to match expenditure.

The Church Planting and Revitalisation project began in September 2019, its aims are to create 10 new or revitalised churches across Norfolk and Waveney. Teams of church and worship leaders, sports ministers and others will be appointed to areas where research shows there are local needs the church can help meet and communities that can be better supported. The programme seeks to reach both rural and urban area, engaging with young people and families by focusing on areas of population around secondary school catchment areas. The project is part-funded by a grant of £1.98m from the national Church of England.

The Benefice Buildings and Pastoral Fund is represented by parsonage and other houses and assets derived from the sale of such houses or churches which have become redundant. The use of pastoral monies is restricted by Section 78 of the Pastoral Measure, 1983. However, the Bishop of Norwich has given the Diocesan Secretary sanction for the use of these funds at his discretion for ministry and mission purposes.

28. Pension costs

The Church of England Funded Pension Scheme

The Norwich Diocesan Board of Finance participates in the Church of England Funded Pension 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 Body.

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 that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged in the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

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

An average discount rate of 3.2% pa;

RPI inflation of 3.4% pa (and pension increases consistent with this);

Increase in pensionable stipends 3.4% pa; and

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% pa.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

28. Pension costs (continued)

The Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put into place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2018 to 31 December 2020	1 January 2021 to 31 December 2022
Deficit repair contributions	11.9%	7.1%

The deficit recovery contributions under the recovery plan in force as at 31 December 2020 were as set out above.

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

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 £'000	2019 £'000
Balance sheet liability at 1 January	1,113	3,466
Deficit contribution paid	(514)	(517)
Interest cost (recognised in Statement of Financial Activities)	9	67
Remaining change to the balance sheet liability* (recognised in SoFA)	6	(1,903)
Balance sheet liability at 31 December	<u>614</u>	<u>1,113</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 set by reference to the duration of the deficit recovery payments:

% of pensionable stipends	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 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, the Norwich Diocesan Board of Finance Limited could become responsible for paying a share of that Responsible Body's pension liabilities.

The Board's Pension Scheme

Norwich Diocesan Board of Finance Limited operates a final salary defined benefit pension plan in the UK, the Norwich Diocesan Board of Finance Limited Pension Scheme. A comprehensive actuarial valuation of the scheme was carried out as at 1 April 2019, which has been updated to 31 December 2019 by a qualified independent actuary.

Information about the Scheme is set out below consistent with section 28 of FRS 102.

Employee benefit obligations - amounts recognised in the balance sheet:

	2020 £'000	2019 £'000
Present value of funded obligations	2,661	2,353
Fair value of plan assets	<u>2,766</u>	<u>2,707</u>
Net defined benefit asset	<u>105</u>	<u>354</u>

The pension plan assets do not include property occupied by the sponsoring employer.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

28. Pension costs (continued)

The Board's Pension Scheme (continued)

The scheme assets include insurance policies that exactly match the amount and timing of the benefits payable under the Scheme to those current pensioners whose pensions are fully secured in immediate annuity policies. Since the fair value of these insurance policies is deemed to be the present value of the related obligations, both the asset and corresponding liability have been ignored in the disclosures.

The amounts recognised in the Statement of Financial Activities are as follows:

	For year to 31 December 2020 £'000	For year to 31 December 2019 £'000
Current service cost	9	11
Scheme administration expenses	-	2
Interest expense	47	60
Interest income	(55)	(71)
Total cost recognised in Statement of Financial Activities	1	2
Actual return on plan assets	(4)	146

Changes in the present value of the defined benefit obligation are as follows:

	For year to 31 December 2020 £'000
Opening defined benefit obligation	2,353
Current service cost	9
Interest expense	47
Actuarial losses	302
Benefits paid	(50)
Closing defined benefit obligation	2,661

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

The projected unit credit valuation method has been used to arrive at the above service cost. The use of this method is prescribed in FRS 102. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. However, as the scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

28. Pension costs (continued)

The Board's Pension Scheme (continued)

Changes in the fair value of plan assets are as follows:

	For year to 31 December 2020 £'000
Opening fair value of plan assets	2,707
Interest income	55
Return on Scheme assets, excluding amounts included in	
Interest expense/income	(59)
Contributions by employer	113
Benefits paid	(50)
	<u>2,766</u>
Closing fair value of plan assets	<u>2,766</u>

FRS 102 states that the reconciliation of changes in the fair value of plan assets need not be presented for prior periods.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2020 % total plan assets	2019 % total plan assets
Unitised with profits policy	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

a) Financial assumptions	2020	2019
Discount rate	1.3% pa	2.0% pa
RPI inflation assumption	2.85% pa	2.9% pa
CPI inflation assumption	2.45% pa	2.1% pa
Future salary increases	2.85% pa	2.9% pa
Pension increases in payment		
(RPI - maximum 5%)	2.8% pa	2.85% pa
(CPI - maximum 2.5%)	1.95% pa	1.75% pa
b) Demographic assumptions		
Assumed life expectancy in years, on retirement at 65:	2020	2019
Retiring today		
Males	22.3	22.2
Females	24.6	24.4
Retiring in 20 years		
Males	23.6	23.5
Females	26	25.8

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

29. Redundant Churches

The Board was responsible for the care and maintenance of 3 redundant churches during the year (2019: 3). The cost to the Board was £4,705 (2019: £6,716).

No value has been attributed to these churches on the grounds that it is not material having regard to the liability for repair.

30. Voluntary Aided Schools pooling arrangement

In April 2006 the DFE made voluntary aided school annual devolved formula capital grants available to schools in advance of project spend. A significant number of Diocesan education and finance staff are involved in administering the projects and use of the funds received.

A summary of the transactions between 1 January 2020 and 31 December 2020 is detailed below:

	2020 £'000	2019 £'000
Cash held at 1 January 2020	580	398
Grants received from DFE	175	411
Payments on behalf of Schools	(143)	(229)
Cash held at 31 December 2020	<u>612</u>	<u>580</u>

These grants belong to the individual schools in the pooling arrangement and are not included in the consolidated accounts of Norwich Diocesan Board of Finance Limited.

31. Related party transactions

Transactions with the Ministry division and the Board of Education are included with the Unrestricted Funds in the Statement of Financial Activities. Consolidated Education Endowments is included as a Restricted Fund in the Statement of Financial Activities.

Norwich Diocesan Board of Finance Ltd is Managing or Custodian Trustee for approximately 1,800 Trusts. Where Norwich Diocesan Board of Finance Ltd is Managing Trustee, these trusts are included as a quasi subsidiary in the Statement of Financial Activities.

The Board co-operates closely with The Horstead Centre. The Board leases the Horstead Conference Centre to the Horstead Centre over a fifty year lease at £12 per annum. The market value of this rent is £18,000 per annum. During the year there was no expenditure recharged to Norwich Diocesan Board of Finance Limited by the Horstead Centre (2019: £5,836), with nothing outstanding at the year end (2019: £Nil). There were no charges made to the Horstead Centre by the Board in 2020 (2019: £30,000 dilapidations).

£54,217 (2019: £71,181) was recharged to The Diocese of Norwich Education and Academies Trust (DNEAT) in 2020 by the Consolidated Education Endowments Fund (CEE) and the Norwich Diocesan Board of Finance Ltd, with £12,591 outstanding at the year end (2019: £19,860). £40,033 (2019: £25,600) was charged to the Norwich Diocesan Board of Finance with respect to subscriptions and staff costs, with nothing (2019: nil) outstanding at the year end. Nothing was paid during 2020 in respect of Free Schools bids on behalf of the Diocese of Norwich Education and Academies Trust and St Benet's Multi-Academy Trust (2019: £12,000). £692 was recharged to The Diocese of Norwich Education Support Company (DONESC) with respect to staff costs (2019: nil).

£2,503 (2019: £3,075) was recharged to St Benet's Multi-Academy Trust by the Norwich Diocesan Board of Finance Ltd in 2020, with £525 (2019: £730) outstanding at the year end. Nothing was transferred to St Benet's Multi-Academy Trust in 2020 (2019: nil), with respect to devolved formula capital for schools transferring to academy status. Nothing was paid from the Consolidated Education Endowments Fund (CEE) in grant funding for St Benet's Multi-Academy Trust (2019: £95,000).

£43,077 was recharged to The Anne French Memorial Trust in 2019 (2019: £46,186), with £12,042 outstanding at the year end (2019: £10,416). Grants totalling £77,000 were given towards housing costs, national donations and education projects (2019: £230,000 including mission strategy), this income is released to match expenditure, £30,000 grant income has been deferred to 2021 for housing costs.

The Diocese of Norwich Churches Trust was established during 2015. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs. £496 was due at the year end to the Trust by the Norwich Diocesan Board of Finance Limited in respect of fees (2019: repayable by the Trust £1,132).

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

32. Capital commitment

The Board has a long term commitment towards the purchase of development land, the amount of which depends on future planning permission. The Board's best estimate is that this will not exceed £700,000.

33. Subsidiary Undertakings

All subsidiary undertakings are included within restricted funds.

(a) Spire Support Services Limited

Spire Support Services Limited is a wholly owned subsidiary of Norwich Diocesan Board of Finance Limited, incorporated on 19 May 2011.

	2020 £'000	2019 £'000
Net profit (before tax and Corporate Gift Aid) for the year ended 31 December	<u>29</u>	<u>75</u>
Transactions between Spire Support Services Limited and Norwich Diocesan Board of Finance Limited are as follows:		
	2020 £'000	2019 £'000
Expenses paid on behalf of Spire Support Services Limited (inc. recharges)	<u>179</u>	<u>182</u>
Amounts owing by Subsidiary undertaking at 31 December 2020 (debtor)	<u>179</u>	<u>182</u>
Shareholders Equity/(Deficit)	<u>-</u>	<u>-</u>

During the year Spire Support Services Limited collected rental income net of 8% commission plus VAT of £322,919. Spire Support Services charged Norwich Diocesan Board of Finance Limited £256,805 inc VAT for design, surveying services and Church Quinquennials. Norwich Diocesan Board of Finance Limited charged Spire Support Services £20,897 for management oversight, financial services, office rental and loan interest. Spire Support Services Limited will gift £28,841 distributable profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Spire Support Services Limited for the year ended 31 December 2020 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

(b) NDBF (Easton) Limited

NDBF (Easton) Limited was incorporated on 4th April 2014 to be part of a land-owners consortium for property development in the village of Easton. Since that date the company has been dormant. During 2018 8.604 acres of Glebe land was transferred to NDBF (Easton) Limited from Norwich Diocesan Board of Finance Limited at a valuation of £54,966, being £6,388.22 per acre. The company should become active during 2021.

(c) Norwich Glebe Property Limited

Norwich Glebe Property Limited was incorporated on 26 February 2016 and was set up in order to hold commercial glebe property.

	2020 £'000	2019 £'000
Norwich Glebe Property Limited net profit for the year ended 31 December	<u>30</u>	<u>30</u>

During the year Norwich Diocesan Board of Finance Limited collected rental income and expenses net of VAT of £49,017 on behalf of Norwich Glebe Property Limited, paid costs of £1,895 and charged loan interest of £16,435 to Norwich Glebe Property Limited. Norwich Glebe Property Limited will gift the above net profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Norwich Glebe Property Limited for the year ended 31 December 2020 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

34. Financial Instruments

2020
£'000

2019
£'000

The carrying amounts of the company's financial instruments are as follows:

Financial assets

Measured at fair value through net income/expenditure:

Fixed asset listed investments (note 20)	<u>17,262</u>	<u>17,961</u>
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Equity instruments measured at cost less impairment:

Fixed asset unlisted investments (note 20)	<u>1,411</u>	<u>1,461</u>
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Financial liabilities

Measured at fair value through net income/expenditure:

Value Linked loans (note 26)	<u>353</u>	<u>511</u>
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35. Deferred income (note 24)

Deferred income brought forward at 1 January 2020	1,591	1,263
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Deferred income added/(released) during the year	<u>1,123</u>	<u>328</u>
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Deferred income carried forward at 31 December 2020	<u>2,714</u>	<u>1,591</u>
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Deferred income relates to funds received for specific projects which are deferred until the expenditure is incurred.

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

36. Prior year comparative Statement of Financial Activities

	* Restricted Funds *				
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2019 £'000
Income and endowments from					
Donations					
Parish contributions	7,086	-	-	-	7,086
Archbishops' Council	-	-	1,432	270	1,702
Other donations	300	-	-	213	513
Charitable activities	847	2	3	9	861
Other activities	446	2	-	380	828
Investments	98	167	1,224	23	1,512
Other sources	-	257	-	-	257
Total income	8,777	428	2,659	895	12,759
Expenditure on					
Raising funds	2	-	128	361	491
Charitable activities	9,093	8	2,104	575	11,780
Total expenditure	9,095	8	2,232	936	12,271
Net income before investment gains	(318)	420	427	(41)	488
Net gains on investments	394	582	1,279	107	2,362
Net income/(expenditure)	76	1,002	1,706	66	2,850
Transfers between funds	31	(839)	839	(31)	-
Other recognised gains/(losses)					
Adjustment of value linked loans	(1)	-	-	-	(1)
Actuarial gain/(loss) on defined benefit pension scheme	(169)	-	1,903	-	1,734
Net movement in funds	(63)	163	4,448	35	4,583
Reconciliation of funds					
Total funds at 1 January 2019	5,353	80,667	54,870	2,518	135,064
Total funds at 31 December 2019	5,290	80,830	59,318	2,553	147,991

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

37. Statement of Financial Activities at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* Restricted Funds *				Total Funds	<i>Total Funds</i>
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	2020 £'000	<i>2019 £'000</i>
Income and endowments from						
Donations						
Parish contributions	6,160	-	-	-	6,160	<i>7,086</i>
Archbishops' Council	215	-	1,365	518	2,098	<i>1,702</i>
Other	339	-	-	160	499	<i>513</i>
Charitable activities	934	1	4	-	939	<i>861</i>
Other activities	507	2	-	-	509	<i>448</i>
Investments	74	134	1,206	-	1,414	<i>1,489</i>
Other sources	123	149	-	-	272	<i>257</i>
Total income	8,352	286	2,575	678	11,891	<i>12,356</i>
Expenditure on						
Raising funds	-	-	107	-	107	<i>130</i>
Charitable activities	6,523	6	4,472	661	11,662	<i>11,662</i>
Total expenditure	6,523	6	4,579	661	11,769	<i>11,792</i>
Net (expenditure)/income before investment gains	1,829	280	(2,004)	17	122	<i>564</i>
Net gains/(losses) on investments	(33)	116	(62)	-	21	<i>2,255</i>
Net income/(expenditure)	1,796	396	(2,066)	17	143	<i>2,819</i>
Transfers between funds	-	-	-	-	-	-
Other recognised gains/(losses)						
Adjustment of value linked loans	(38)	-	-	-	(38)	<i>(1)</i>
Actuarial gain/(loss) on defined benefit pension scheme	(302)	-	(6)	-	(308)	<i>1,734</i>
Net movement in funds	1,456	396	(2,072)	17	(203)	<i>4,552</i>
Reconciliation of funds						
Total funds at 1 January 2020	5,290	80,830	59,318	259	145,697	<i>141,145</i>
Total funds at 31 December 2020	6,746	81,226	57,246	276	145,494	<i>145,697</i>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

38. Balance Sheet at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* Restricted Funds *					
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	2020 Total £'000 *	<i>2019 Total £'000</i>
Fixed Assets						
Tangible assets	4,250	78,656	5,792	-	88,698	88,339
Investment assets						
Glebe holding	-	-	37,047	-	37,047	37,050
Investments	2,711	4,603	10,744	-	18,058	19,013
	6,961	83,259	53,583	-	143,803	144,402
Current Assets						
Debtors	1,448	23	874	9	2,354	2,980
Pension scheme asset	105	-	-	-	105	354
Balances with Church Commissioners	-	15	-	-	15	-
Central Board of Finance Deposit Fund	96	302	-	2	400	367
Cash /(overdrawn balance) at bank	(908)	(2,317)	3,995	1,342	2,112	1,146
	741	(1,977)	4,869	1,353	4,986	4,847
Creditors - Amounts falling due within one year	603	56	592	1,077	2,328	1,928
Net Current Assets	138	(2,033)	4,277	276	2,658	2,919
Total Assets Less current liabilities	7,099	81,226	57,860	276	146,461	147,321
Creditors - Amounts falling due after more than one year	353	-	-	-	353	511
Net Assets excluding pension scheme liability	6,746	81,226	57,860	276	146,108	146,810
Defined benefit pension scheme liability	-	-	614	-	614	1,113
Net assets after pensions liability	6,746	81,226	57,246	276	145,494	145,697
Fund Balances At 31 December 2020	6,746	81,226	57,246	276	145,494	145,697



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