

MANCHESTER DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249424

Details

Status Registered

Legal form Charitable company

Company number [00149999](#)

Registered 1966-09-26

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

Contact

Address Manchester Diocesan Board Of Finance
155-163 The Rock
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Activities

Objects: TO PROMOTE AID AND FURTHER, PRIMARILY BUT NOT EXCLUSIVELY IN THE DIOCESE OF MANCHESTER THE SPIRITUAL TEACHING OF THE CHURCH OF ENGLAND.

Activities: MANCHESTER DIOCESAN BOARD OF FINANCE 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 MANCHESTER AND ELSEWHERE

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Advocacy/advice/information
- **What:** Religious Activities
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF MANCHESTER
- Bolton
- Bury
- Manchester City
- Oldham
- Rochdale
- Salford City
- Stockport
- Tameside
- Trafford
- Wigan

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£14,517,000	£17,613,000	£128,778,000	76
2023-12-31	£14,957,000	£16,085,000	£126,016,000	77
2022-12-31	£19,253,000	£14,701,000	£126,713,000	41
2021-12-31	£17,851,000	£16,394,000	£111,830,000	43
2020-12-31	£15,786,000	£15,062,000	£55,560,000	43

Trustees

Name	Role	Appointed
Andrea Pollock		2025-03-20
Archdeacon Karen Belinda Best		2017-05-14
Canon John Walsh		2024-10-19
Canon Rachel Mann		2021-10-09
Dr Louise Ruth Smail		2025-03-15
JEFFREY NORMAN DUNKERLEY		2022-01-01
Jessica Leaf		2025-03-15
KEITH LEWIS		2017-03-18
PHILIP GELDARD		2022-03-19
Philip Billson		2025-03-15
RT REV DAVID STUART WALKER		2013-11-30
Rev Amy Elizabeth Sheridan		2025-01-01
Rev Andrew Ian Salmon		2022-01-01
Rev Grace Ruth Elizabeth Thomas		2022-01-01
Rev Kathreen Shahbaz		2025-03-15
Rev Paul Hutchins		2025-01-01
Richard Molyneux Lewis		2025-01-01
Solomon John		2025-03-15
THE VERY REVEREND ROGERS MORGAN GOVENDER		2017-01-01
The Right Reverend Mark Davies		2017-01-01
The Rt Revd Dr Mathew James Porter		2023-06-22
Venerable Karen Louise Smeeton		2024-09-15

Accounts

MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2024

Company No 149999 – Registered Charity No 249424

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Trustees' Annual Report

Reference and administrative details

In accordance with the Companies Act 2006, FRS102 and the Charities Statement of Recommended Practice issued in January 2020 (SORP 2020), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow.

Ex-Officio

The Bishop of Manchester, Rt Revd Dr D Walker
 The Bishop of Middleton, Rt Revd M Davies
 The Bishop of Bolton, Rt Revd M Porter
 The Archdeacon of Bolton and Salford, The Ven Dr R Mann
 The Archdeacon of Manchester, The Ven K Best
 The Archdeacon of Rochdale, The Ven D Sharples – To 31 March 2024
 The Archdeacon of Rochdale, The Ven K Smeeton – From 15 September 2024
 The Chairman of the Board of Finance, Canon P Blinkhorn – To 19 October 2024
 The Chairman of the Board of Finance, Canon J Walsh OBE – From 19 October 2024
 The Dean of Manchester – Very Revd R M Govender
 The Chair of the House of Laity – Y Mackereth – To 19 October 2024
 The Chair of the House of Clergy – The Ven Dr R Mann – To 19 October 2024
 The Chair of the House of Laity – P Geldard – From 19 October 2024
 The Chair of the House of Clergy – Revd G Thomas – From 19 October 2024

Elected by Diocesan Synod (1 clergy and 1 laity from each Archdeaconry)

Manchester Archdeaconry

Clergy	Lay
Revd A Wickens – To 31 December 2024	J Dunkerley
Revd P Hutchins – From 1 January 2025	

Bolton Archdeaconry

Clergy	Lay
Revd P Sumsion	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Revd M Read - To 31 December 2024	B Micklethwaite – To 31 December 2024
Revd A Sheridan – From 1 January 2025	A Pollock – From – 20 March 2025

Salford Archdeaconry:

Clergy	Lay
Revd Canon A Salmon	I Hodcroft - To 31 December 2024
	R Lewis – From 1 January 2025

Co-opted

Canon H Lightbourne – To 31 December 2024	J Solomon – From 15 March 2025
Canon P Billson – To 31 December 2024	P Billson – From 15 March 2025
P Geldard - To 31 December 2024	L R Smail – From 15 March 2025
L Mycock - To 31 December 2024	J R F Leaf – From 15 March 2025
Revd G Thomas - To 31 December 2024	K Shahbaz – From 15 March 2025
	P Bull – From 15 March 2025

Company Secretary

H Platts

Reference and administrative details (continued)

St John's House
155-163 The Rock
Bury
BL9 0ND

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

Haysmac LLP
10 Queen Street Place
London
EC4R 1AG

Auditors

Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Bankers

D M Myers LLB (Hons)
HLF Berry LLP
St John's House
155-163 The Rock,
Bury
BL9 0ND

Legal Secretary
Diocesan Registrar

CCLA Investment Management Ltd
1 Angel Lane,
London
EC4R 3AB

Investment Managers
Unlisted Investments

Cazenove Capital
Part of the Schroders Group
Schroder & Co. Limited
1 London Wall Place
London
EC2Y 5AU

WT Gunson
Suite 2, 3rd Floor,
1 King St,
Manchester
M2 6AW

Glebe Estates,
Surveyor & Valuer

Our Vision

Our work together grows out of Jesus's Great Commandment which is to 'love the Lord your God with all your heart and with all your soul and with all your mind...and love your neighbour as yourself'. (Matthew 22: 36-40)...

... and out of his Great Commission, 'to go and make disciples of all nations, baptising them in the name of the Father and the Son and of the Holy Spirit' (Matthew 28:19-20).

Much of what we are doing in Manchester Diocese is already contributing to a culture of hope and an expectation of growth. This includes many forms of inherited as well as fresh expressions of church.

However, we face significant challenges:

- Only 1% of the population attends the Church of England in our diocese – we are in the lowest 25% of dioceses nationally for church attendance.
- Church attendance in our most deprived parishes averages 0.7% of the population.
- Over half of our churches have an average adult weekly attendance of fewer than 35 people.
- We have a large number of church buildings in poor condition and which serve small populations because of demographic changes.

As a diocese, we are completely focused on reversing this decline.

We have made good progress since getting underway with our Transformation Programme, for which we have been awarded over £20m by the Church Commissioners since 2017. Many of us have experienced first-hand how things are changing for the better across the diocese in our parishes, schools and chaplaincies. This is helping us achieve our vision - to be a growing, worshipping, transforming Christian presence at the heart of every community - and our mission goals which are to grow our churches, nurture new and existing disciples, and serve the vulnerable, deprived and excluded.

Our achievements include moving to our new deanery structures, the creation of our 33 mission communities, investing in our lay leaders, supporting children's ministry in each deanery, and increasing the practical support for parishes. Most of these changes have focused on new ways of working together which are becoming embedded in the life of our diocese.

Building on these successes, we are shifting to the next level in setting our priorities and working out what we want to achieve next. Given the excellent start that has been made, we now have the opportunity to be even more creative and ambitious with our plans for the future.

Learning from our recent experience with the new projects and programmes that are underway, we are well-placed to develop the overall strategy and plans for our diocese based on the following distinct but interconnected themes:

- Growing younger
- Church planting and revitalisation
- Developing missional leaders – lay and ordained
- Supporting parish renewal.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

These priorities align with the Church of England's overall vision which is to create a church of missionary disciples, where mixed ecology is the norm, and whose membership is becoming younger and more diverse.

We have been doing great work in the area of **growing younger**, trialling new approaches with the Children Changing Places programme in Bolton, and Man Dio Growing Faith in the other deaneries. We are now bringing this experience and learning together to develop a comprehensive approach to engaging with children, young people, and their families across our diocese. Our particular focus is on how best to strengthen the links between our churches and our church schools.

We have had similar successes with **church planting and revitalisation**. Over the last seven years, we have set up four new resource churches and over ten church plants. We now want to build on this learning, so that churches carrying a DNA of mission are established across our diocese particularly in communities where attendance is low.

Developing missional leaders is a key priority for us. We recognise the importance of investing in our clergy so they are equipped to grow our churches, especially given the number of newly ordained clergy who are being appointed to stipendiary roles. As a diocese we continue to focus on developing our lay people, particularly through our Authorised Lay Ministry, focal ministry and Reader programmes. These developments will inform our future plans for lay ministry to which we remain fully committed. Supporting clergy and lay vocations so we develop a new, diverse generation of church leaders with the calling and skills to grow new faith communities, continues to be important to us.

Providing direct support to ensure **parish renewal** is central to our Transformation Programme. Our Area Deans and Lay Chairs are working closely with our parishes to understand the opportunities and challenges they face and make sure they have access to the support they need. Mission communities are key to this, enabling parishes to work together on mission and ministry. Clergy deployment, parochial reorganisation and supporting our most fragile churches are important strands of this work. We are also strengthening the support we provide to church officers with training, resources and new technology.

Supporting our international congregations is key to achieving **racial justice**, as is ensuring that our clergy and lay leaders represent the diversity of our diocese in their governance roles.

We will continue our work towards the 2030 **net zero carbon** goal set by General Synod, by supporting our churches and schools with measuring their energy use and taking simple, practical steps to reduce their carbon footprint.

We continue to provide a safe environment for all by promoting effective **safeguarding**.

Across our diocese, people hold diverse views and express their faith through different traditions, united in a passion for Jesus Christ and his Church. Our bishops honour these differences by inviting church communities from across our diocese to learn together, support one another and listen to God.

We are working to ensure that we are financially sustainable over the medium- to long-term as we recover from the challenges of the pandemic and the cost-of-living crisis. This includes talking with parishes about mutual support and the need to pay Parish Share so that the current levels of stipendiary clergy – 175 – can be maintained. We are also paying close attention to the management of the diocese's assets to ensure optimal investment returns and capital growth.

Our emerging strategy is enabling us to bring together the key areas of opportunity and challenge in our diocese, so that we can support each other in a positive and co-ordinated

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way. We need to continue to work together to ensure that our Church thrives and grows, supporting even more people in their faith. Developing positive, inspiring and relevant plans for the future mean that we will be well placed to make a bid for significant further funding to the Church Commissioners for this vital work.

About the Diocese

The Diocese of Manchester is one of 42 dioceses in the Church of England, each of which is led by a Bishop.

Manchester Diocese serves a vibrant, dynamic and creative community in the North West of England. It covers an area of 416 square miles and has a total population of 2.2 million. The diocese is divided into four archdeaconries, seven deaneries and 33 mission communities. There are more than 300 places of worship and chaplaincies, which are organised into 256 parishes and 175 benefices.

Geographically, the diocese takes in the two cities of Salford and Manchester and the metropolitan boroughs of Oldham, Rochdale, Bury and Bolton. Parts of the metropolitan boroughs of Wigan, Trafford, Stockport, Tameside and Blackburn with Darwen, and most of the borough of Rossendale in Lancashire, are also within the diocese. It has the fourth highest population density of any diocese in the Church of England.

While predominantly urban, a significant portion of the diocese is rural, although less than 3% of the diocese's population resides in these areas. 125 (48%) of our parishes fall within the 10% most deprived areas nationally. Additionally, 25% of the population in the diocese identifies as having a Global Majority Heritage background.

Parishes and chaplaincies across our diocese are supported by the Diocesan Board of Finance, based at St John's House in Bury town centre. This team works with churches and congregations across the diocese to achieve our strategy and our mission goals. It also provides support with clergy stipends and housing, finance, safeguarding and governance.

Across the diocese, 193 Church of England primary and secondary schools educate over 58,000 pupils. These schools are mostly funded by local authorities, with the diocese providing support with religious education and Christian ethos, governance, the recruitment of head teachers, admissions, and building projects. The team which supports these schools is also based at St John's House, as part of the Diocesan Board of Education.

Activities and Key Achievements in 2024

Our parishes, chaplaincies and schools are engaging with the four themes of growing younger, church planting and revitalisation, developing missional leaders and parish renewal. In 2024 we made significant progress across these areas, celebrating key milestones in ministry and community outreach. The progress made in the past year has been a testament to the commitment and dedication of all those who contribute to the life of the Diocese of Manchester.

Growing Younger

We are uniquely placed to raise our ambitions for children and young people coming to faith and participating in the Church of England, thanks to our recent successes with the Children Changing Places programme in Bolton and the Man Dio Growing Faith programme. With over 180 Church of England primary schools and 13 secondary schools in our diocese, educating over 58,000 pupils every day, we have a particular opportunity to strengthen the engagement between our parishes and their local schools.

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Research

A research project was undertaken during 2024 to ascertain the breadth and variety of ministry with and for children and young people in our churches and schools across the diocese. This is now informing the diocesan-wide strategy for children and young people.

Children Changing Places

The Children Changing Places Programme continues to engage children, young people, and families in activity that creates new discipleship pathways and supports the growth of the Christian faith in schools, parishes, and the home. In 2024, 'Beyond' resources were launched to support churches and schools in helping children process their feelings and discover tools to assist them as they move from Year 6 to Year 7.

Shades Racial Justice and Faith Project

The Shades racial justice and faith project has been supporting schools and churches to be a place of belonging and flourishing for everyone. Shades activities help schools and churches to create safe spaces for dialogue and learning, empowering children, young people and adults to celebrate diversity to champion difference and to put love into action as modelled through the life of Jesus. This project developed out of discipleship approaches being delivered as part of the Children Changing Places project and includes Shades Collective Worship, Shades Identity and Faith Workshops, Shades Ambassadors (discipleship) groups and Shades CPD sessions for school staff teams. New Shades workers have been employed in 2024, funded by the Church Commissioners, to increase the team's capacity to respond to the demand in schools.

Man Dio Growing Faith

The Man Dio Growing Faith programme encourages children, young people and their families to discover and grow in the love of Jesus. Deanery enablers are working within specific mission communities to support the collaboration with schools and churches and encourage the development of expressions of church that are accessible to children and their families. Examples include Café Church, Creative Church, Outdoor Church and intergenerational midweek worship services.

Church Planting and Revitalisation

Church planting was key to the formation of Manchester Diocese when it was founded in 1847. The population of the diocese continues to grow today in numbers and diversity and the need for church planting is as great as ever, as we revitalise our historic churches and start new ones.

The aim is for future planting to happen not just through our resource churches and the Antioch Network, but also through our existing parishes and mission communities. To achieve this, we are focusing on leadership, discipleship, evangelism and social action.

Fabric Church – Manchester City Centre

In January, members of Fabric Church held their first service in Ardwick Barracks. This city centre resource church has been launched with support from the Church Commissioners and the Church Revitalisation Trust and is serving the growing population of people - particularly young adults and students - living in Manchester. The church congregation is growing with over 120 regular attendees and will also foster further Christian renewal in the diocese by planting other church communities.

William Temple Church, Wythenshawe

In December we announced the news that the Revd Andy Bird, Curate at St Werburgh's Chorlton will be moving to take up a new post at William Temple Church in Wythenshawe. Andy will lead a team sent from St Werburgh's, aiming to see the renewal of William Temple's mission and ministry in the coming years. St Werburgh's was itself revitalised in 2021; this will be the first planting team sent from this resource church. Andy will begin at William Temple around Easter 2025.

Antioch Network

The annual review for the Antioch Network took place in May 2024 and built on an in-depth assessment carried out in 2023 by Bishop Matthew. The Antioch Network was established in 2018 to begin a movement of small to small churches in the most deprived 20% of parishes in

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

Manchester Diocese. The network is led by the Revd John Brett and the Revd Ben Woodfield. The focus is on starting small churches – ideally of 20 to 50 people – among two groups the Church has found it hard to reach: people living on estates from a predominantly white working-class background and ethnically diverse people.

The Antioch Network has established a vibrant missional group of Anglican churches in the diocese with seven churches currently operating with a total of 201 adults and 54 children, and eight people exploring ordination.

Revitalisation Grants

As part of the Transformation Programme, we have been offering Revitalisation Grants of up to £3,000 to parishes for new initiatives that promote mission and ministry. This has proven to be a popular and effective way for parishes to secure funding for missional projects. Since the launch of the awards at the beginning of 2024, 25 parishes have applied for and received funding for a wide range of projects aimed at revitalisation and growth. A total of £150,000 has been allocated from the Transformation Programme to support these grants. The grant is available as a one-off payment of up to £3,000, or up to £15,000 over four years.

Developing Missional Leaders

Attracting and Supporting Church Officers

To encourage greater involvement in church officer roles, a range of resources have been developed to provide information about the range of roles available and to encourage people to stand as lay officers in our parishes. A [film with personal testimonies](#) from a wide range of roles was created and a new section on the website developed to provide further details, support and resources for each role, including longer films aimed at encouraging participation.

Lay Training and Development

We continue to provide extensive development opportunities for lay people through the Foundations for Ministry, Authorised Lay Ministry and General Lay Pathway courses. In September, 129 ALMs were commissioned including 37 new ALMs. In 2024, a further 24 people undertook a variety of General Lay Pathway courses and 13 people took part in the Foundations for Ministry course. The first of a series of Lay Leadership conferences was held in Bolton deanery and these are set to continue in each of the deaneries in our diocese.

Focal Leaders

The rollout of focal leaders continued across the diocese to support local mission, ministry and growth across our parishes and mission communities.

Ordinations and Reader Licensing

During Petertide weekend, 18 deacons and 14 priests were ordained to serve in parishes around the diocese. In July, Bishop Matthew admitted ten new Readers and entitled four as Reader Emeritus.

Clergy Training and Development

We have been investing in our clergy, particularly those who are newly ordained, and supporting clergy vocations to cultivate a new, diverse generation of church leaders with the calling and skills to grow new faith communities. Training for curates continues, alongside a wide range of training courses and ministerial development days for all ordained clergy.

Parish Renewal

Parish Support

Area Deans, Parish Support Officers, and Deanery Transformation Support Officers have continued to provide vital support to mission communities and parishes. This support is tailored to the specific needs of each deanery and includes a variety of services such as assisting with mission initiatives, providing financial guidance, helping parishes access grants for church buildings, and organising conferences. Their work is enabling parishes to strengthen their mission and ministry, while supporting long-term sustainability and growth.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

Achieving Financial Sustainability

Discussion and Agreement (D&A) meetings have recently been completed with all parishes. This process has enabled conversations to be held about their finances along with their missional health. Based on this information, a detailed review of all parishes was undertaken to identify those churches which are most at risk and in need of targeted support as well as those which are thriving. This work will help us shape a parish support programme as the basis for the next bid to the Church Commissioners towards the end of 2025.

Mission Communities

At the heart of our inspiring vision for the future are our mission communities which are bringing together the skills and talents of lay and ordained leaders locally. The creation of mission communities is enabling parishes to work closely together in both prayer and action, helping them to engage new disciples, nurture existing disciples and serve their local communities.

Work has taken place to review the role of Mission Community Leaders. The role description has been streamlined to ensure that the expectations are clear and realistic, affirming the prayerful and relational ministry of mission community leaders.

Review of Transformation Programme

As part of our review of progress in implementing the diocese's transformation programme, the Bishop's Leadership Team commissioned an independent evaluation of our new deanery and mission community arrangements. The aim was to identify and build on existing successes, as well as to improve our understanding of how best to support our parishes in their mission and ministry. Olivia conducted face-to-face interviews with a range of individuals across the diocese, and a wider survey was launched in November.

Transforming Prayer Community

In May, our Transforming Prayer Community celebrated its first anniversary with a special Evensong service, during which Bishop Mark recommissioned the community for the year ahead. The community encourages people across the diocese to engage in daily prayer for personal and collective spiritual growth. There is now an active group of almost 1,500 people who are connected, via social media and email, by the simple vocation to pray three prayers: the Lord's Prayer, Our Prayer for Our Diocese and A Prayer for Our Community. At the end of the summer holidays, 40 people met at Debdale Park to participate in a prayer walk and picnic that had been organised by the Transforming Prayer Community and led by Bishop Mark.

Sing my Soul Choral Project

Sing My Soul is a project, funded by the Church Commissioners, which is centred around sacred music within the broader traditional church. The project involves the creation of a choir of ten choral scholars who perform concerts across the diocese with the aim of engaging people with church. Three Associate Choral Leaders have been appointed to work with five churches with the aim of creating a junior and community choir in each church. The project's mission is to grow congregations in line with the journey of faith that is unique to each parish.

Safeguarding

Following the Makin Review and other national safeguarding events, Bishop David wrote to clergy and lay leaders to reaffirm his commitment to safeguarding. Clergy colleagues were encouraged to make time in their Chapter meetings to talk about the impact of these developments in their parishes, including on them personally.

Racial Justice

Throughout the year, we have been continuing to support our international congregations through the work of our Intercultural Mission Enabler. This includes establishing a focus group, and providing advice and guidance to those looking to establish intercultural congregations.

Work is already underway to update and improve the diocese's recruitment and selection processes for DBF employees and clergy posts. We are working to ensure that this reflects best

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

practice and informs any development and training provided to parishes with regard to recruitment and selection.

Having formally committed to working for racial justice at Diocesan Synod in 2019 and in the light of progress since then, we were successful with our bid in 2024 to the Racial Justice Unit in December to fund:

- the roll-out of the Shades diversity and anti-racism programme for young people in our schools and parishes
- direct support for our GMH congregations
- development and training for our clergy and lay leaders to promote diversity and inclusion and combat racism
- the provision of small grants for local parish projects.

This programme will be implemented in 2025.

Net Zero Carbon

Our Church of England schools are the main source of carbon emissions for the diocese, contributing almost 70% of our total emissions, while our church buildings and parsonages contribute 30%. The focus in 2024 was on securing national funding for decarbonisation plans for 54 'high-emitting' churches in the diocese, and piloting measures to ensure that our parsonages are energy efficient. Decarbonisation plans for our schools are already in place - funded by the Diocesan Board of Education. During 2024 the DBE supported schools with accessing funding to help with the implementation of these plans.

Over 100 churches in Manchester Diocese have now achieved Eco Church accreditation. Manchester Cathedral has been awarded Silver Eco Church status, and St John's House received a Bronze Award, marking a significant step towards our goal of becoming a Net Zero Carbon Diocese by 2030. Eco Church, an initiative run by A Rocha UK, supports churches in addressing environmental issues through assessments, guidance, and community engagement.

Other milestones

Investors in People Gold Award

Manchester Diocesan Board of Finance and Board of Education have been awarded the Investors in People 'We invest in people' Gold Award, recognising the effective leadership, ongoing support and motivated team based at St John's House. The Investors in People (IIP) assessment framework provides a benchmark against the best performing companies. An assessor carried out employee interviews and reviewed the approach and processes within the organisation to assess our current performance, and suggest improvements for the future. The Gold Award is granted to organisations that demonstrate a clear commitment to their people. Only 17% of IIP-accredited organisations achieve the gold standard, and we have been working towards this for several years.

Celebrating 30 Years of Women's Ministry

Manchester Cathedral hosted a service to celebrate [30 years since the first ordination of women priests](#). It was an opportunity for colleagues and friends to get together to reflect on all that has been achieved over the last 30 years. A collaborative artwork was also unveiled featuring comments and reflections by women priests from around the diocese. During the service [a short film](#) was shared, which features some of the first women to be ordained in Manchester, those serving as priests today, and the men who have supported them.

University Chaplaincy

For fifty years, St Peter's House has been the base for ecumenical chaplaincy to the University of Manchester and Manchester Metropolitan University. However, in May 2023, key funders decided to withdraw their support, leading to the decision to wind down the chaplaincy and return the building to its owners. A service to celebrate and close the chaplaincy took place in April 2024.

Despite this change, the chaplaincy's partners, including the Manchester Diocesan Board of Finance, the United Reformed Church, the Manchester Methodist Circuit, and the Baptist Church,

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

remain committed to shaping the future of university chaplaincy in Manchester. To this end, we are currently recruiting a full-time Anglican Chaplain to continue supporting the universities and their students.

National Profile

Two films were created for The Church of England’s social media, the first on Ash Wednesday, to mark the beginning of Lent, which involved clergy from across the diocese stepping out into the streets to offer Ashes to Go. The second shared an insight into the Chrism Mass / Renewal of Vows and Blessing of Oils Services which took place on Holy Monday and Holy Tuesday, when clergy and licensed lay leaders from across the diocese gathered together at Manchester Cathedral to share the Eucharist, renew their vows, and bless the sacred oils.

Senior Appointments

In 2024, several significant appointments and transitions took place within the Diocese of Manchester:

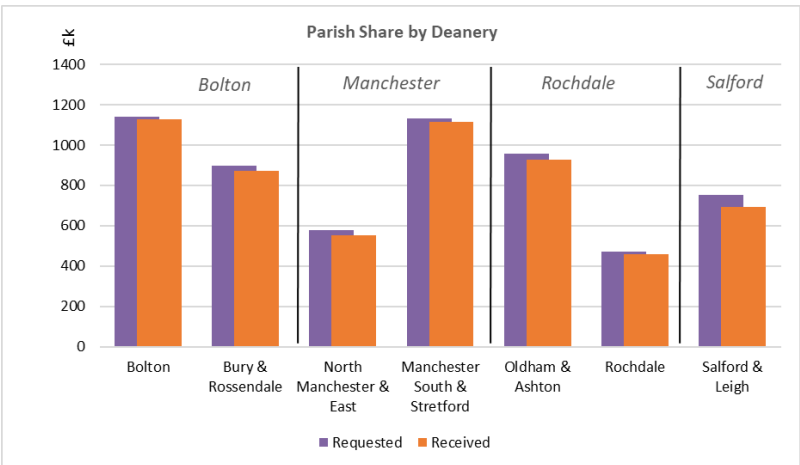
- The Revd Canon Anne Edwards was appointed as the Bishop of Manchester’s Senior Chaplain, following the departure of The Revd Canon Dr Ian Jorysz, who moved to take up the role of Canon Precentor at Manchester Cathedral.
- The Ven Karen Smeeton was appointed as Archdeacon of Rochdale after the retirement of The Ven David Sharples. A service was held to recognise Archdeacon David’s long and faithful service to the diocese, including over forty years in ordained ministry and fourteen years as Archdeacon.
- The Revd Canon Rachel Watts was licensed as the new Director of Vocations, having joined the diocese from the Diocese of Peterborough.
- The Revd Phil Cansdale was appointed as the Director of Mission and Ministry, moving to the diocese from the Diocese of Lichfield, with his role beginning in January 2025.
- Canon John Walsh OBE took on the role of Chair of the Diocesan Board of Finance (DBF). Canon Phillip Blinkhorn, who previously held this role, stepped down and was admitted to the Order of the William Temple. Bishop David expressed his gratitude for Phillip’s nearly five decades of dedicated service to the diocese.

Parish Share and Stewardship

Parish Share

During 2024 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.7m, a decrease of 1.7% compared to £5.8m in 2023.

The individual parish share requests by Deanery, together with contribution by Deanery, are set out in the graph below. (These figures include encouragement scheme credits and exclude prior year receipts):



Share change outcomes

We continue to take steps to ensure our financial viability. Following the review of the Parish Share system in 2022, we undertook the Discussion and Agreement meetings in 2024 with parishes which were organised at Mission Community level. The purpose of the meetings were to discuss and agree a parish share assessment for 2024, 2025 and 2026. The meetings were facilitated by the Parish Support Officer in conjunction with Discussion and Agreement volunteers. Resources on parish share have been created and developed including an animation on parish share.

Giving and Generosity

In 2024 MDBF signed up to two National Church initiatives, the Parish Giving Scheme (PGS) and Cornerstone which will be rolled out in 2025. PGS is a free resource to help churches to offer a simple and secure way for people to give on a regular basis aimed at addressing static giving with the option on inflationary increases. Cornerstone is an online learning platform focusing on the development of giving, generosity, and thankfulness in churches. The online platform has several pathways with resources and guidance to support parishes. We continued to provide support to our parishes with Gift Aid – over 200 churches are members of the Gift Aid Lite scheme.

Strategic Report- Structure and Governance

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the Southern Province and York for the Northern Province. Each province comprises of dioceses, of which there are 41 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (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.

The Church of England is episcopally led - there are over 100 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.

Summary information about the structure of the Church of England

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, spending most of their income on pensions for the clergy. Financial and other support is also provided for the strategic development of dioceses. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners, except for the provision of housing for suffragan bishops which is met by the Diocese.

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 the widows/widowers of

The three National Church Institutions

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The 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.

Manchester Cathedral is the mother church of the diocese and legally is constituted as a separate ecclesiastical corporation for charitable purposes, governed by common law. Copies of the cathedral's annual report and financial statements may be obtained from the Cathedral Office, the Cathedral, Victoria Street, Manchester, M3 1SX.

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

The Cathedral

The Parochial Church Council (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 charity, and those with gross income under £100,000 are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006. 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.

Parochial Church Council (PCC)

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is the principal pastoral and, in turn, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the diocesan bishop.

Parishes, Benefices and Deaneries

Diocesan Synod

The diocese is governed by standing orders approved on 18 June 1994 and subsequent amendments. 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 persons elected by the houses 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. The bishop of the diocese shall be the president of the diocesan synod.

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; and
- provide for the financing of the diocese.

Diocesan Governance

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, a Standing Committee of the Diocesan Synod.

Deanery Synod

Each deanery synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- 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 from there 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.

Bishop's Council

Following the governance review in 2016, the members of Bishop's Council are also trustees of the Manchester Diocesan Board of Finance (MDBF). As well as the delegated functions set out in the Decision Making Structure section below, under the constitution of the Diocesan Synod, Bishop's Council also 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; and
- to carry out such functions as the Synod may delegate to it.

The Board of Trustees will:

1. Act as directors (for the purposes of company law) and trustees (for the purposes of charity law) of the Manchester Diocesan Board of Finance
2. Be chaired by the Chair or vice Chair of the DBF
3. a) determine strategy and policy in relation to:
 - I.Clergy Stipends (in line with Synodical Ministry deployment policy)
 - II.Revenue Budgets
 - III.Capital Budgets
 - IV.Investments
 - V.The Parish Share system
 - VI.Risk Management
 - b) Monitor the implementation of policy
 - c) Approve draft budget submissions for approval by the Board of Finance and Diocesan Synod
- d) Receive and approve the annual Consolidated Financial Statements
- e) Agree financial sub-structures
- f) Consider any business referred by the DBF, Synod, Bishop's Council or the Finance sub structures

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary / Chief Operating Officer, who is supported by a number of heads of departments and their staff.

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice. Below are the seven principles with an explanation of how MDBF operates against these principles:

- **Organisational Purpose**

The company's vision and mission goals which were agreed by Bishop's Council in 2015 are set out above along with activities and key achievements against these goals during the year. The company produces an annual three year medium term financial plan which is considered by the Finance and General Purposes Committee prior to being approved by Bishop's Council and Diocesan Synod.

- **Leadership**

The Board of Trustees comprises of elected clergy and lay representatives from the Diocesan Synod along with ex officio trustees including the Diocesan Bishop and senior clergy. The trustees may co-opt members on to Bishop's Council to bring skills and knowledge in certain areas. The company has a Staffing Committee which considers matters around pay, grading and restructures.

- **Board Effectiveness**

A skills audit is undertaken to identify any skills gaps and trustee recruitment targeted accordingly. The company operates through a committee structure and the details of these committees (including a brief summary of the remit of each committee) are set out in the section below.

- **Diversity**

The Board of Trustees is made up of individuals who reflect the diversity of the Anglican Church in Manchester. Participation by all members is encouraged through supporting new members through initial induction and ongoing development of Trustees. Meetings are timed to maximise attendance of trustees with work or personal commitments.

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the responsibilities of being a trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

- **Decision-Making, Risk and Control**

Formal reports which may be for decision or information are presented to Bishop's Council. For items requiring decision votes are taken and decisions are recorded in the minutes. There is an Audit Committee which responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website.

Charity Governance Code

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

Committee Structure

There are a number of Diocesan Synod committees that, though not committees of MDBF, can influence the operations of MDBF.

The statutory committees are:

Diocesan Mission and Pastoral Committee (DMPC), which is responsible for recommending pastoral reorganisations, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which advises 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.

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

Bishop's Council has the following committees, each of which has written terms of reference:

Property Committee, which is responsible for exercising the functions of the Diocesan Parsonages Board, as set out in the Repair of Benefices Buildings Measure 1972 together with the exercise of responsibility of the Diocesan Board of Finance as set out in the Endowments and Glebe Measure 1976.

Investments Committee, which is responsible for directing and monitoring the investment of the assets of the charity in line with the Board's charitable objectives to promote the mission and ministry of the diocese.

Company Status and Legal Objects

The company, Manchester Diocesan Board of Finance (MDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 26 March 1918 as a charitable company limited by membership guarantees (No. 149999) and its governing documents are the Memorandum and Articles of Association. MDBF is registered with the Charity Commission (No. 249424).

At an Extraordinary General Meeting (EGM) in November 2006 the Articles were amended so that with effect from January 2008 every member of Diocesan Synod is also a member of MDBF for company law purposes. A further EGM was held in September 2020 to amend the Articles to facilitate and enable the DBF, the Board of Directors committees and subcommittees to meet and conduct their business remotely.

Every member has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. The members of the Bishop's Council comprise the Board of Trustees of MDBF – they are its Directors under company law.

The legal objects of the company as set out in the Memorandum of Association are as follows:

'To promote, aid and further, primarily but not exclusively in the Diocese of Manchester (the 'Diocese') the spiritual teaching of the Church of England (the "Church") and maintain the spirit of the doctrines and observances on which it rests and in which it finds expression and to that end.

a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.

b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.

d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

Please note that some of the structures mentioned in these Objects have been superseded by structures established under the Synodical Government Measure, 1969.

Finance and General Purposes Committee, which is responsible for reviewing the financial position in line with income and expenditure, and assessing opportunities and threats to the budget in advance of budget preparation and future financial decision making. This committee has now incorporated the Staffing Committee, which acts on behalf of the trustees on employment practice and the development of human resources. The committee reviews salaries in the MDBF, and approves recommendations for salaries in relation to new posts or regrading of posts. The MDBF has a grading structure with eight pay bands; within each pay band there are three increment points. Posts are allocated a grade with increments or a spot grade; some posts span two grades. The MDBF tracks market rates and occasionally takes part in national benchmarking data collection with other dioceses.

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

An induction programme for MDBF trustees has been developed as part of a governance review. Further to this, Trustees can also attend training courses and briefings commensurate with their development and in order to fulfil their legal and statutory responsibilities. See above for details of the appointment process.

Some Senior Management Group (SMG) members have 'director' in their job titles but are not directors of the MDBF for the purposes of company law, nor are they Trustees of the charity. The SMG comprises:

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

Appointment of Trustees

General Synod, Church Commissioners and Archbishops' Council

MDBF 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.

Parochial Church Councils (PCCs)

MDBF is required by Parochial Church Councils (Powers) Measure 1956 to be custodian trustee in relation to PCC property, miscellaneous funds and investments, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within MDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Related Parties

The trustees consider the following to be connected charities:

Manchester Diocesan Board of Education - a company limited by guarantee and a registered charity, which has responsibility for 192 church schools across the diocese, provides pastoral and

Connected Charities

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The investments, income and expenditure of a separate charity, *JB Stelfox Trust*, have been included in these financial statements, as the Board of Finance is the sole trustee.

The Church of England Pensions Board is responsible for the Clergy Pension Fund and the Church Workers Pension Fund and it is to this body that MDBF pays retirement benefit contributions for stipendiary clergy, licensed lay workers and employees (see note 26).

Pension Scheme

The trustees confirm that the major risks, to which MDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Audit Committee the task of ensuring that risks are reviewed as part of the risk management strategy. The Audit Committee encourage the Heads of Department to define the risks in their areas, report on the measures in place to manage and monitor these risks and implement procedures and controls designed to minimise any potential impact on MDBF should any of the risks materialise. The key risks are summarised on page 21 below.

Risk Management

MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

MDBF 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.

Statutory Functions

The trustees of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Information on these benefits is provided throughout this report.

Public Benefit

Strategic Report: Financial Review

Group incoming resources were £14.517m (2023: £14.957m).

Donations to the MDBF through Parish Share decreased from £5.792m to £5.694m. The Trustees are very grateful to all the donors in what has been another extremely challenging year.

Incoming Resources

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

In 2024, around 39% of the income of the MDBF came from the Parish Share and 17% from National Church Selective Allocations.

Group Resources expended were £17.613m (2023: £16.085m). The largest share of MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Expenditure

Overall, the value of the consolidated balance sheet has increased during the year by £2.762m. Key movements in the year included: the revaluation of parsonage properties of £4.584m, together with overall unrealised gain on investments of £1.274m and revaluation of Glebe Investment Properties resulting in a £0.89m unrealised gains (2023: £0.9m loss); and an increase in tangible fixed assets of £4.083m which includes the revaluation of parsonages less disposals in the year. Other movements on the balance sheet include a decrease in cash of £4.758m due to £5m being invested in managed funds, a decrease in debtors of £0.528m; and a decrease in creditors falling due within one year of £0.043m.

Balance Sheet

The Diocese recorded a deficit on General Unrestricted Funds (including property revaluations and unrealised gains on investments) of £0.849m (consolidated figures). This compares with a deficit of £0.684m in 2023. With the opening General Unrestricted Funds balance of £17.558m and the in-year deficit of £0.849m, the closing reserves now stand at £16.709m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate surplus of £2.762m including property revaluations and unrealised gains) across all funds was recorded during the year (2023: deficit £0.697m). With the opening Total Funds balance of £126.016m and the in- year surplus of £2.762m, the closing reserves now stand at £128.778m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2024 was £33.563m (2023: £30.235m) and the return on investments was 3.89% (2023: 3.51%).

Glebe investments

Glebe property investments were valued at 31 December 2024 at £2.945m (2023: £4.4m). Rents receivable amounted to £0.223k (2023: £388k) – an income yield of 7.6% (2023: 8.8%).

General investments

Investments in CCLA's Investment fund, property fund and Short Duration Bond Fund were valued at £16.461m at 31 December 2024 (2023: £16.125m). MDBF also invested £5m with Cazenove in the Sustainable Multi Asset fund during the year which is valued at £5.047m as at 31 December 2024. Dividends receivable amounted to £655k (2023: £499k) – a yield of 3.05% (2023: 3.1%).

Financial investments are split between investments in equities 87.66% (2023: 87.48%) through investment funds, a property fund 11.74% (2023: 11.92%), and Short Duration Bond Fund 0.6% (2023: 0.6%).

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and on the short-term money markets.

Investments

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a shared equity basis. The total Value Linked Loans advanced at 31 December 2024 amounted to £229k.

Equity Loans

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity was the provision of a Church House for Investment Property and Diocesan purposes. The property was sold in June 2022. The profit for 2024 after tax was £117k (2023: £109k profit) (see note 18).

Subsidiary Undertakings

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

Going Concern

Investment policies

MDBF's investment policies are based on two key policies:

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance, promote the care of the environment and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. The MDBF's 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. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to fund clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2024, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £16.698m (see note 13 to the financial statements), which equates to just over 14 months' gross unrestricted expenditure.

The unrestricted reserves are now above the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. The diocese still faces financial challenges with a deficit budget of £1.8m in 2025.

The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment properties and unlisted investments which provide investment income.

Policies and Other Matters

Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £15.032m (2023: £11.061m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

Principal Risks and Uncertainties

As with other organisations, MDBF faces risks to its operations, finances and reputation. The officers regularly review, evaluate and record major areas of risk to which MDBF is exposed, assessing the likelihood and impact of risks occurring. The MDBF Audit Committee review these risks at their meetings during the year. The outcome of this review is recorded in the MDBF Risk Register. The work undertaken by the Audit Committee is reported to the Finance and General Purposes Committee.

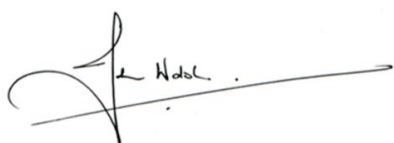
The main risk to MDBF's income is from the impact of COVID-19 and the cost of living challenges in that parish income and expenditure has been significantly affected and parishes are not able to pay their parish share. Work is therefore underway on a medium-term financial strategy from 2026 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

Set out below are the key risks identified which are regularly reviewed by the Charity together with the appropriate control measures:

Key Risks	Control Measures
Missional: - Declining Parish Attendance - Unrepresentative congregations - Lack of vocations - Failure to attract clergy - Transformation Programme and SDF project failure	- Transformation Programme – develop Stage 3 bid with a focus on children & young people - Church planting/revitalisation strategy - Governance arrangements for Transformation Programme and SDF projects - Proactive approach to clergy recruitment, deployment and development; investment in new ordinands and first incumbents; focus on creating confident evangelists - Racial Justice Strategy and engagement with international congregations in the diocese - Support to fragile churches
Financial: - Declining levels of Parish Share - Disaffection with the Parish Share system - Reliance on grant funding from national church - Failure to manage within agreed budgets - Failure to maximise investment income - Asset base not managed effectively – surplus parsonages and glebe	- Medium-term financial planning, budgeting and monitoring - Disposal of surplus parsonages and glebe land and property - Cash flow projections - Reinvestment of surplus proceeds from property assets into managed funds - Oversight by Investment Committee, with independent expertise - Improved communication of Parish Share - Direct engagement with parishes not giving Parish Share - Parish Share system kept under review - Support to parishes with stewardship - Maintain close relations with Church Commissioners
Governance: - Lack of candidates for DBF governance and Diocesan Synod - Failure to appoint trustees of sufficient calibre - Lack of candidates for parish-level governance - Ultra vires decisions	- Synod recruitment campaign from January 2024 - Invite young people into conversation with the diocese/deaneries/parishes - Governance documentation updated - Training for Bishop's Council members at start of new triennium - Schedule of delegation regularly reviewed - Legal opinion on exceptional decisions - Succession planning for key lay roles

The Trustees approve the Trustees' Report, which incorporates the Strategic Report.

By Order of the Board on 15th May 2025



Canon John Walsh OBE, Chairman



Helen Platts, Chief Operating Officer

Principal Risks and Uncertainties

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

Trustees' responsibilities

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

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

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

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MANCHESTER DIOCESAN BOARD OF FINANCE

Opinion on the financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions related to going concern

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

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and

- Cut-off testing in respect of revenue.

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)

For and on behalf of HaysMac LLP, Statutory Auditor

04/09/2025

10 Queen Street Place

London

EC4R 1AG

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2024

	Note	Unrestricted General 2024 £'000	Designated 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,694	-	-	-	5,694	5,792
Archbishops' Council		-	-	2,412	-	2,412	2,489
Other donations		231	12	348	-	591	1,161
Other trading activities	3	98	-	-	-	98	91
Investments	4	1,192	26	397	62	1,677	1,592
Charitable activities	5	-	-	448	-	448	452
Other income	6	218	-	3,294	85	3,597	3,380
TOTAL INCOME AND ENDOWMENTS		7,433	38	6,899	147	14,517	14,957
Expenditure on:							
Raising funds	8	13	-	69	-	82	147
Charitable activities	9	10,170	133	7,228	-	17,531	15,938
Remeasurement of pension schemes	26	-	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-	-
TOTAL EXPENDITURE	7	10,183	133	7,297	-	17,613	16,085
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		(2,750)	(95)	(398)	147	(3,096)	(1,128)
Taxation	16	-	-	-	-	-	-
Net gains / (losses) on investments	23	159	5	98	1,012	1,274	188
Property Revaluation	17	333	-	-	4,251	4,584	243
Net (expenditure) / income		(2,258)	(90)	(300)	5,410	2,762	(697)
Transfers between funds	10	1,409	165	(1,574)	-	-	-
Net movement in funds	13	(849)	75	(1,874)	5,410	2,762	(697)
Total funds at 1 January	13	17,558	1,363	11,341	95,754	126,016	126,713
Total funds at 31 December	13	16,709	1,438	9,467	101,164	128,778	126,016

The group's income and expenditure all relates to continuing operations.

The notes on pages 30 to 66 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2024

		Unrestricted		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds	Funds
		2024	2024	2024	2024	2024	2023
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		5,694	-	-	-	5,694	5,792
Archbishops' Council		-	-	2,412	-	2,412	2,489
Other donations		3,301	12	348	-	3,661	1,281
Other trading activities	3	98	-	-	-	98	91
Investments	4	1,043	26	397	62	1,528	1,449
Charitable activities	5	-	-	448	-	448	452
Other income	6	233	-	3,294	85	3,612	3,395
TOTAL INCOME AND ENDOWMENTS		10,369	38	6,899	147	17,453	14,949
Expenditure on:							
Raising Funds	8	-	-	69	-	69	124
Charitable activities	9	10,170	133	7,228	-	17,531	15,938
Remeasurement on pension schemes	26	-	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-	-
TOTAL EXPENDITURE	7	10,170	133	7,297	-	17,600	16,062
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		199	(95)	(398)	147	(147)	(1,113)
Taxation		-	-	-	-	-	-
Net gains / (losses) on investments	23	159	5	98	1,012	1,274	188
Property Revaluation	17	333	-	-	4,251	4,584	243
Net (expenditure) / income		691	(90)	(300)	5,410	5,711	(682)
Transfers between funds	10	1,409	165	(1,574)	-	-	-
Net movement in funds	13	2,100	75	(1,874)	5,410	5,711	(682)
Total funds at 1 January	13	14,598	1,363	11,341	95,754	123,056	123,738
Total funds at 31 December	13	16,698	1,438	9,467	101,164	128,767	123,056

The Company's income and expenditure all relates to continuing operations.
The notes on pages 30 to 66 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

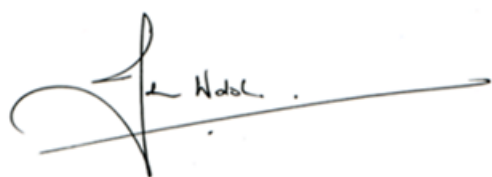
COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2024

	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
FIXED ASSETS					
Tangible assets	17	90,445	86,362	90,445	86,362
Investments	18	24,453	20,530	24,534	20,611
		<u>114,898</u>	<u>106,892</u>	<u>114,979</u>	<u>106,973</u>
CURRENT ASSETS					
Debtors	19	4,480	5,009	4,446	4,983
Cash and cash equivalents	20	12,798	17,556	12,679	14,532
		<u>17,278</u>	<u>22,565</u>	<u>17,125</u>	<u>19,515</u>
CREDITORS:					
Amounts falling due within one year	21	(819)	(862)	(758)	(853)
NET CURRENT ASSETS		<u>16,459</u>	<u>21,703</u>	<u>16,367</u>	<u>18,662</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>131,357</u>	<u>128,595</u>	<u>131,346</u>	<u>125,635</u>
CREDITORS:					
Amounts falling due after more than one year	21	(2,579)	(2,579)	(2,579)	(2,579)
PROVISIONS:					
Deferred tax	27	-	-	-	-
NET ASSETS		<u>128,778</u>	<u>126,016</u>	<u>128,767</u>	<u>123,056</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	101,164	95,754	101,164	95,754
Restricted income funds	13,22	9,467	11,341	9,467	11,341
Unrestricted income funds:					
General funds		16,617	14,517	16,698	14,598
Designated funds		1,438	1,363	1,438	1,363
Non-charitable trading funds		91	2,999	-	-
Pension scheme reserve		-	-	-	-
Minority interest		1	42	-	-
Total unrestricted income funds	13,22	<u>18,147</u>	<u>18,921</u>	<u>18,136</u>	<u>15,961</u>
TOTAL FUNDS		<u>128,778</u>	<u>126,016</u>	<u>128,767</u>	<u>123,056</u>

The notes on pages 30 to 66 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors and are signed on behalf of the Board on 15th May 2025 by:



Canon John Walsh OBE, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

Reconciliation of changes in resources to net cash flow from operating activities

See also Note 25

	2024		2023	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		2,762		(697)
Adjustments for:				
Depreciation charges		40		41
(Gains) / Losses on investments		-		(3)
Dividends, interest and rents from investments		(1,677)		(1,592)
Realised (Gains) / Losses on investment property		29		-
(Profit) on the sale of fixed assets		(6)		(721)
Decrease/(Increase) in debtors		529		(3,289)
(Decrease)/Increase in creditors		(43)		2,180
Unrealised (gain) / loss on investments		(383)		(1,104)
Unrealised (gain) on investment property		890		915
Pension adjustment		-		-
Revaluation of other assets		(4,584)		(243)
Taxation		-		-
Net cash used in operating activities		(4,223)		(4,513)
Cash flows from operating activities:				
Net cash used in operating activities		(4,223)		(4,513)
Cash flows from investing activities:				
Dividends, interest and rents from investments	1,677		1,592	
Proceeds from the sale of property, plant and equipment	1,813		2,591	
Proceeds from sale of investments	2,320		90	
Purchase of property, plant and equipment	(1,345)		(748)	
Purchase of investments	(5,000)		-	
Net cash provided by / (used in) investing activities		(535)		3,525
		(4,758)		(988)
Cash flows from financing activities:				
Deficit contributions paid	-		-	
Net cash used in financing activities		-		-
Change in cash and cash equivalents in the reporting period		(4,758)		(988)
Cash and cash equivalents at the beginning of the reporting period		17,556		18,544
Cash and cash equivalents at the end of the reporting period		12,798		17,556

The notes on pages 30 to 66 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The group and company have taken advantage of adapting their own arrangements of the headings and subheadings of their financial statements due to the special nature of their business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2020.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis. The subsidiary company, Manchester Diocesan Church House Company Limited, has prepared its financial statements under the FRS102 section 1A Small Entities.

The financial statements are prepared on the historical cost basis of accounting, except for investments which have been included at revalued amounts, and a summary of the more important accounting policies, which have been consistently applied, is set out below.

The group and company is a public benefit entity and as such has applied the appropriate reporting standards from FRS102.

(a) *Income and Endowments*

The principal source of income comes from voluntary giving in the form of parish share. Amounts undertaken to be paid by deaneries but not received by the year end are not accrued as the obligation to pay the sums involved is morally but not legally binding. Income is accounted for when received, except legacies that are included on an accruals basis where receipts are reasonably certain and the amounts receivable can be quantified.

(b) *Expenditure*

Expenditure is analysed over the activities undertaken by the Company wherever this is possible. Office and support costs are recharged to operating departments where appropriate. The remaining costs of the Company's offices and administration are shown as support costs within direct charitable expenditure where these relate to the managing and promoting of the Company's charitable activities within the Diocese of Manchester. Costs arising from the administration of the Company as a charity and company are shown as governance costs, in accordance with SORP.

(c) *Dividends and interest*

These are included in the financial statements on an accruals basis.

(d) *Fund accounting*

Funds held by the company are either:

Restricted funds	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
Permanent endowment funds	Funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.
Unrestricted general funds	Funds which may be used for general purposes without any external restriction.
Unrestricted Designated funds	Unrestricted funds which have been set aside by the Board for purposes designated by diocesan policy; such designations may be changed from time to time according to policy decisions.

Details of the major funds are given in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(e) *Stipends*

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners' payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Company and income received by them centrally are shown gross in these financial statements. However, some dignitaries are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(f) *Tangible fixed assets*

Individual fixed assets costing £1,000 or more are capitalised at cost.

Until 2020, Glebe and parsonage houses and other property used by the diocese were included at deemed cost which was either the cost of purchase or the midpoint council tax. In 2022 the trustees decided that as the basis of inclusion represented in many cases neither the historical cost nor the fair value that they would perform a desk top valuation and/or indexation at each year end and this would be included in the balance sheet. This valuation would include an impairment review as required where no depreciation is to be charged. This constitutes a change in accounting estimate as to the value and estimated useful economic life/residual value and as such no prior year adjustment is required.

Houses subject to value-linked loans (previously known as equity sharing loans) are included in the financial statements as fixed assets and loan creditors, where there is a direct liability to the Company relating to such properties. For Value Linked Loan properties which the Company has an equity share, the Company equity value is depreciated in line with the property depreciation rate as confirmed below.

Redundant churches are not included in the financial statements as it is the opinion of the trustees that they are of negligible value.

For all other assets historical cost accounting is applied with depreciation provided as the following rates:

Office Equipment	25% & 33.33% straight line

(g) *Fixed asset investments*

Investments other than in Glebe land and properties are shown at the bid price on the date of the balance sheet. Glebe land and properties were revalued on 31 December 2024. The valuation provided by WT Gunson on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income. The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

Investments held by the Company as custodian trustee are not included in these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(h) *Subsidiary and connected companies*

Details of subsidiary and connected companies are given in note 18 to the financial statements. Consolidated accounts have been produced in accordance with the recommendations of the Charity SORP.

(i) *Clergy pensions*

The Company contributes to the Church of England Funded Pension Scheme which is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company. Pension scheme contributions are charged to the Statement of Financial Activities in the period to which they relate. Details of the schemes operated by the Company are given in note 26 to the financial statements. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(j) *Staff pensions*

The Company contributes to the Church of England Pension Builder Scheme is a multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company and the Church of England Defined Benefits Scheme for other staff. Therefore, in accordance with FRS102, payments to the schemes are accounted for as for defined contribution schemes and the Company accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Following the revaluation of the Church Worker Defined Benefit Scheme (Lay Staff) as at 31 December 2016, this has given rise to a deficit position. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(k) *Reserves*

Funds held for specific purposes and the related income and expenditure are shown in separate reserves under the appropriate headings.

(l) *Allocation of costs to direct charitable and other expenditure*

Governance costs relate to all administration, depreciation and legal costs incurred in the Company's operation as a charitable company in accordance with SORP. All other costs attributable to the support of direct charitable purposes have been included under the appropriate headings in the Statement of Financial Activities.

(m) *Grants*

Grants made to parishes, clergy or other diocesan bodies are treated as direct costs in the financial statements. An analysis of grants made is shown in note 9. Grants payable relate to the contribution to National Church costs. Payments to the clergy for removal, training, etc. are included as ministry in parishes or support for ministry in parishes due to the quasi-contractual nature of the payment or training provision.

(n) *Irrecoverable VAT*

The policy on irrecoverable VAT is to include it with the related expenditure item.

(o) *Deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors have made judgements where appropriate. The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed. A further judgement subject to uncertainty is the valuation of the properties. This estimation has been arrived at with consultation with third party Chartered Surveyors. There is estimation in other areas too such as parish share arrears, outstanding clergy fees. The uncertainty in these areas is considered to be significantly lower.

Significant judgement is also made with respect to defined benefit pensions:

- Pension scheme deficit reduction payments – As explained in note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Schemes for stipendiary clergy and in respect of Church Worker Defined Benefit Scheme (Lay Staff). FRS102 requires a liability be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the use of an appropriate discount rate.

(q) Going concern

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

(r) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(s) Repayable Grant

In 2023, MDBF secured £2.35m funding from National Church Diocesan Investment Programme towards the purchase of premises for the City Centre Resource Church. This grant is to be repaid over a period of 24 years commencing in 2028. This amount is reflected in debtors and long term creditors.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2024	2024	2024	2024	2024
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,694	-	-	-	5,694
Archbishops' Council		-	-	2,412	-	2,412
Other donations		231	12	348	-	591
Other Trading activities	3	98	-	-	-	98
Investments	4	1,192	26	397	62	1,677
Charitable activities	5	-	-	448	-	448
Other income	6	218	-	3,294	85	3,597
TOTAL INCOME AND ENDOWMENTS		7,433	38	6,899	147	14,517

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2023	2023	2023	2023	2023
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	-	5,792
Archbishops' Council		-	-	2,489	-	2,489
Other donations		225	12	924	-	1,161
Other Trading activities	3	91	-	-	-	91
Investments	4	1,002	23	523	44	1,592
Charitable activities	5	-	-	452	-	452
Other income	6	(190)	-	2,326	1,244	3,380
TOTAL INCOME AND ENDOWMENTS		6,920	35	6,714	1,288	14,957

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2024	2024	2024	2024	2024
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,694	-	-	-	5,694
Archbishops' Council		-	-	2,412	-	2,412
Other donations		3,301	12	348	-	3,661
Other trading activities	3	98	-	-	-	98
Investments	4	1,043	26	397	62	1,528
Charitable activities	5	-	-	448	-	448
Other income	6	233	-	3,294	85	3,612
TOTAL INCOME AND ENDOWMENTS		10,369	38	6,899	147	17,453

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

	Note	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted funds 2023 £'000	Endowment funds 2023 £'000	Total funds 2023 £'000
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	-	5,792
Archbishops' Council		-	-	2,489	-	2,489
Other donations		345	12	924	-	1,281
Other Trading activities	3	91	-	-	-	91
Investments	4	859	23	523	44	1,449
Charitable activities	5	-	-	452	-	452
Other income	6	(175)	-	2,326	1,244	3,395
TOTAL INCOME AND ENDOWMENTS		6,912	35	6,714	1,288	14,949

2. DONATIONS

PARISH CONTRIBUTIONS (GROUP AND COMPANY)

The majority of donations are collected from the parishes of the diocese through the parish share system.

	Unrestricted General 2024 £'000	Unrestricted General 2023 £'000
Parish share		
Current year's allocation	5,936	7,708
Shortfall in contributions	(188)	(1,853)
Encouragement scheme	(54)	(63)
	<u>5,694</u>	<u>5,792</u>
Arrears for previous years	-	-
	<u>5,694</u>	<u>5,792</u>

Total parish share receipts represent 95.9% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2024 £'000	Restricted Funds 2023 £'000
Selective allocations	2,412	2,489
TOTAL	<u>2,412</u>	<u>2,489</u>

OTHER DONATIONS (GROUP)

	Unrestricted General 2024 £'000	Designated 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
All Churches Trust	177	-	-	-	177	206
Donations	50	-	212	-	262	211
Legacies	2	-	4	-	6	-
Other	2	12	132	-	146	744
TOTAL	<u>231</u>	<u>12</u>	<u>348</u>	<u>-</u>	<u>591</u>	<u>1,161</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

OTHER DONATIONS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2024	Funds 2024	2024	2023
	2024	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	177	-	-	-	177	206
Donations	50	-	212	-	262	211
Transfer of proceeds from Subsidiary						
Company	3,070	-	-	-	3,070	120
Legacies	2	-	4	-	6	-
Other	2	12	132	-	146	744
TOTAL	3,301	12	348	-	3,661	1,281

3. OTHER TRADING ACTIVITIES (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2024	Funds 2024	2024	2023
	2024	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	98	-	-	-	98	91
Income of the Trading Subsidiary	-	-	-	-	-	-
TOTAL	98	-	-	-	98	91

4. INVESTMENTS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2024	Funds 2024	2024	2023
	2024	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	394	22	61	-	477	387
Interest receivable	798	-	-	-	798	706
Glebe receivable	-	-	221	-	221	386
Trusts receivable	-	4	115	62	181	113
TOTAL	1,192	26	397	62	1,677	1,592

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

4. INVESTMENTS (COMPANY)

	Unrestricted General 2024 £'000	Designated 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
Dividends receivable	394	22	61	-	477	387
Interest receivable	649	-	-	-	649	563
Glebe receivable	-	-	221	-	221	386
Trusts receivable	-	4	115	62	181	113
TOTAL	1,043	26	397	62	1,528	1,449

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted General 2024 £'000	Designated 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
Statutory fees and chaplaincy income	-	-	448	-	448	451
Miscellaneous income	-	-	-	-	-	1
TOTAL	-	-	448	-	448	452

6. OTHER INCOME (GROUP)

	Unrestricted General 2024 £'000	Designated 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
Property sale gains	162	-	-	85	247	728
Other	56	-	3,294	-	3,350	2,652
TOTAL	218	-	3,294	85	3,597	3,380

6. OTHER INCOME (COMPANY)

	Unrestricted General 2024 £'000	Designated 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
Property sale gains	162	-	-	85	247	728
Other	71	-	3,294	-	3,365	2,667
TOTAL	233	-	3,294	85	3,612	3,395

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2024	2024	2024	2024	2024
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	13	-	69	-	82
Charitable activities	9	10,170	133	7,228	-	17,531
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		10,183	133	7,297	-	17,613

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	23	-	124	-	147
Charitable activities	9	8,883	122	6,933	-	15,938
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		8,906	122	7,057	-	16,085

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2024	2024	2024	2024	2024
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	69	-	69
Charitable activities	9	10,170	133	7,228	-	17,531
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		10,170	133	7,297	-	17,600

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

	Note	Unrestricted		Restricted	Endowment	Total
		General 2023 £'000	Designated 2023 £'000	Funds 2023 £'000	Funds 2023 £'000	funds 2023 £'000
2023						
Raising funds	8	-	-	124	-	124
Charitable activities	9	8,883	122	6,933	-	15,938
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		8,883	122	7,057	-	16,062

7. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (GROUP)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2024 £'000	Total 2023 £'000
Investment management costs		13	-	69	82	147
Contributions to Archbishops' Council	9	634	-	-	634	609
Resourcing ministry and mission (Note 9)	9	14,612	1,376	713	16,701	15,156
Education	9	-	140	-	140	140
Diocesan projects	9	-	2	-	2	-
Governance costs	9	54	-	-	54	33
TOTAL		15,313	1,518	782	17,613	16,085

2023		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2023 £'000
Investment management costs		23	-	124	147
Contributions to Archbishops' Council	9	609	-	-	609
Resourcing ministry and mission	9	12,976	1,487	693	15,156
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	33	-	-	33
TOTAL		13,641	1,627	817	16,085

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (COMPANY)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2024 £'000
Investment management costs		-	-	69	69
Contributions to Archbishops' Council	9	634	-	-	634
Resourcing ministry and mission	9	14,612	1,376	713	16,701
Education	9	-	140	-	140
Diocesan projects	9	-	2	-	2
Governance costs	9	54	-	-	54
TOTAL		15,300	1,518	782	17,600

2023	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2023 £'000
Investment management costs		-	-	124	124
Contributions to Archbishops' Council	9	609	-	-	609
Resourcing ministry and mission	9	12,976	1,487	693	15,156
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	33	-	-	33
TOTAL		13,618	1,627	817	16,062

8. RAISING FUNDS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General 2024 £'000	Designated 2024 £'000	Funds 2024 £'000	Funds 2024 £'000	2024 £'000	2023 £'000
Trading expenditure	13	-	-	-	13	23
Glebe expenditure	-	-	69	-	69	124
TOTAL	13	-	69	-	82	147

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

RAISING FUNDS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2024	2023
	2023	2023	2023	2023	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fees	-	-	69	-	69	124
TOTAL	-	-	69	-	69	124

9. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted	Unrestricted
	General	General
	2024	2023
	£'000	£'000
Training for ministry	333	336
National Church responsibilities	199	197
Grants and provisions	34	35
Mission Agency pension contributions	-	11
Retired clergy housing costs (CHARM)	138	133
Pooling of ordinand candidates' costs	(70)	(103)
TOTAL	634	609

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds
	General	Designated	Funds 2024	Funds 2024	2024
	2024	2024	2024	2024	2024
	£'000	£'000	£'000	£'000	£'000
Parish ministry					
Stipends and national insurance	4,480	21	963	-	5,464
Pension contributions	-	-	1,107	-	1,107
Housing costs	1,994	-	-	-	1,994
Removal, settlement and other grants	-	-	254	-	254
Other expenses	393	-	451	-	844
	6,867	21	2,775	-	9,663
Support for ministry	2,475	112	4,451	-	7,038
TOTAL	9,342	133	7,226	-	16,701

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

	Unrestricted		Restricted	Endowment	Total funds
2023	General 2023 £'000	Designated 2023 £'000	Funds 2023 £'000	Funds 2023 £'000	2023 £'000
Parish ministry					
Stipends and national insurance	3,621	20	1,220	-	4,861
Pension contributions	-	-	1,133	-	1,133
Housing costs	1,841	-	-	-	1,841
Removal, settlement and other grants	4	-	254	-	258
Other expenses	379	-	570	-	949
	<u>5,845</u>	<u>20</u>	<u>3,177</u>	<u>-</u>	<u>9,042</u>
Support for ministry	2,256	102	3,756	-	6,114
	<u>2,256</u>	<u>102</u>	<u>3,756</u>	<u>-</u>	<u>6,114</u>
TOTAL	8,101	122	6,933	-	15,156

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted General 2024 £'000	Unrestricted General 2023 £'000
Synodical grant	<u>140</u>	<u>140</u>

GOVERNANCE COSTS (COMPANY)

	Unrestricted General 2024 £'000	Unrestricted General 2023 £'000
Audit fees	28	26
Diocesan Synod	26	7
TOTAL	54	33

Audit Fees of £4k (2023: £4k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2024 £'000	2023 £'000
Pastoral Account	-	-	(1,574)	-	(1,574)	(469)
Stipends Fund Capital	-	-	-	-	-	-
Parsonage Building Fund	-	-	-	-	-	(947)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	1,409	-	-	-	1,409	1,251
	<u>1,409</u>	<u>165</u>	<u>(1,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	1,409	165	(1,574)	-	-	-

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management Costs	-	-	69	-	69	124
Support of Ordinands Training	91	-	-	-	91	107
Central Administration	622	-	-	-	622	586
TOTAL	713	-	69	-	782	817

12. NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (GROUP)

These are stated after charging:

	2024	2023
	£'000	£'000
Depreciation	40	41
Auditors' remuneration - Audit services	32	30

NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (COMPANY)

These are stated after charging:

	2024	2023
	£'000	£'000
Depreciation	40	41
Auditors' remuneration - Audit services	28	26

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

13. SUMMARY OF FUND MOVEMENTS 2024

	Balance at 1 January 2024	Incoming	Outgoing		Gains, Losses and Revaluations	Balance at 31 December 2024
	£'000	resources £'000	Resources £'000	Transfers £'000	£'000	£'000
Unrestricted funds						
General	14,598	10,369	(10,170)	1,409	492	16,698
Pension Deficit	-	-	-	-	-	-
Designated						
Board for Church & Society	139	-	-	-	2	141
Church Building Loans	355	-	-	-	3	358
Church Building Grants	711	3	(91)	150	-	773
Separated/Divorced Clergy Spouses	27	12	(20)	-	-	19
Clergy Training Fund	89	-	-	15	-	104
Urban Aid Grant Fund	22	-	-	-	-	22
Other	20	23	(22)	-	-	21
	15,961	10,407	(10,303)	1,574	497	18,136
Restricted funds						
Stipend Fund income & expenditure	-	6,601	(6,601)	-	-	-
Pastoral Fund	8,507	155	(147)	(1,574)	47	6,988
Clergy Maintenance of the Ministry	2,035	-	-	-	43	2,078
Clergy widows & associated funds	241	11	(9)	-	5	248
Ordinands' training	59	-	-	-	2	61
Resourcing Ministerial Education	347	-	(347)	-	-	-
Restructuring Funding	56	-	(51)	-	-	5
Energy Costs Grant	6	-	(1)	-	-	5
Net Zero Carbon	3	-	(3)	-	-	-
Other	87	132	(138)	-	1	82
	11,341	6,899	(7,297)	(1,574)	98	9,467
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	32,350	190	-	-	1,960	34,500
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	60,759	(53)	-	-	3,245	63,951
Permanent endowment						
Clergy widows & associated funds	206	-	-	-	5	211
J B Stelfox	1,432	-	-	-	33	1,465
Ordinands' training	207	-	-	-	5	212
Chaplaincy	222	10	-	-	2	234
Bequests	573	-	-	-	13	586
	95,754	147	-	-	5,263	101,164
Total funds - Company	123,056	17,453	(17,600)	-	5,858	128,767
	(81)	-	-	-	-	(81)
Adjustments arising on consolidation*						
Non-charitable trading funds*	2,999	32	(2,940)	-	-	91
Minority interest*	42	-	(41)	-	-	1
Total funds - Group	126,016	17,485	(20,581)	-	5,858	128,778

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

SUMMARY OF FUND MOVEMENTS 2023

	Balance at 1 January 2023 £'000	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2023 £'000
Unrestricted funds						
General	15,267	6,912	(8,883)	1,251	51	14,598
Pension Deficit	-	-	-	-	-	-
Designated						
Board for Church & Society	129	-	-	-	10	139
Church Building Loans	345	-	-	-	10	355
Church Building Grants	620	2	(61)	150	-	711
Separated/Divorced Clergy Spouses	34	13	(20)	-	-	27
Clergy Training Fund	94	-	(20)	15	-	89
Urban Aid Grant Fund	22	-	-	-	-	22
Other	21	20	(21)	-	-	20
	16,532	6,947	(9,005)	1,416	71	15,961
Restricted funds						
Stipend Fund income & expenditure	-	6,230	(6,230)	-	-	-
Pastoral Fund	9,123	(33)	(114)	(469)	-	8,507
Clergy Maintenance of the Ministry	1,874	-	(1)	-	162	2,035
Clergy widows & associated funds	226	8	(12)	-	19	241
Ordinands' training	53	-	-	-	6	59
Resourcing Ministerial Education	253	367	(273)	-	-	347
Restructuring Funding	107	27	(78)	-	-	56
Energy Costs Grant	216	-	(210)	-	-	6
Strategic Capacity Funding	-	15	(12)	-	-	3
Other	110	100	(127)	-	4	87
	11,962	6,714	(7,057)	(469)	191	11,341
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	31,449	993	-	-	(92)	32,350
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	61,377	286	-	(947)	43	60,759
Permanent endowment						
Clergy widows & associated funds	186	2	-	-	18	206
J B Stelfox	1,307	-	-	-	125	1,432
Ordinands' training	191	-	-	-	16	207
Chaplaincy	206	7	-	-	9	222
Bequests	523	-	-	-	50	573
	95,244	1,288	-	(947)	169	95,754
Total funds - Company	123,738	14,949	(16,062)	-	431	123,056
Adjustments arising on consolidation*	(81)	-	-	-	-	(81)
Non-charitable trading funds*	3014	8	(23)	-	-	2,999
Minority interest*	42	-	-	-	-	42
Total funds - Group	126,713	14,957	(16,085)	-	431	126,016

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

14. DIRECTORS' REMUNERATION AND EXPENSES

£nil remuneration has been paid to any Director in their capacity as directors (2023: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2023: No Directors) were reimbursed for travel expenses during the year which amounted to £nil (2023: £Nil).

15. EMPLOYEE DETAILS

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
£110,001 - £120,000	1	-
£100,001 - £110,000	-	-
£90,001 - £100,000	-	1
£80,001 - £90,000	-	-
£70,001 - £80,000	1	1
£60,001 - £70,000	3	1

During the year, the following amounts were paid to higher paid employees as shown above:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Pension contributions to Pension Builder Classic scheme	37	18

Remuneration of key management personnel

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

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith*	Director of Education

* Remuneration and pensions for the above employees amounted to £301k (2023: £278k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

The average number of employees, based on full-time equivalents, was as follows:

	2024 No.	2023 No.
Support for parish ministry	37	34
Mission Support and chaplaincy	3	5
	<u>40</u>	<u>39</u>
Externally funded posts	36	38
Total posts	<u>76</u>	<u>77</u>

In addition, a further 10 (2023: 10) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2024 £'000	2023 £'000
Gross salaries	2,509	2,093
Social Security costs	266	216
Pension contributions	355	309
	<u>3,130</u>	<u>2,618</u>

An average of 115 (2023: 115) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024 £'000	2023 £'000
Stipends	5,537	5,056
National Insurance Contributions	465	411
Pension costs - Current year	1,230	1,268
	<u>7,232</u>	<u>6,735</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

16. TAXATION

	2024 £'000	2023 £'000
Domestic current year tax		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	-	-
Current tax charge	-	-
Under/(over) provision in prior year	-	-
Deferred tax		
Deferred tax (charge) / credit current year	-	-
Tax (charge) / credit on profit on ordinary activities	-	-

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

17. TANGIBLE ASSETS

GROUP AND COMPANY	Land and buildings			Equipment	Total
	MDBF £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2024	10,991	56,547	18,726	352	86,616
Transfers	-	-	-	-	-
Additions	567	765	-	13	1,345
Disposals	(528)	(405)	(873)	-	(1,806)
Revaluation	333	3,244	1,007	-	4,584
At 31 December 2024	11,363	60,151	18,860	365	90,739
Accumulated depreciation					
At 1 January 2024	-	-	-	254	254
Charge for the year	-	-	-	40	40
Eliminated on disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2024	-	-	-	294	294
Net book value at 31 December 2024	11,363	60,151	18,860	71	90,445
Net book value at 31 December 2023	10,991	56,547	18,726	98	86,362

Included in MDBF property are some properties that are subject to a value-linked loan from the Church Commissioners. When disposed of the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties is included in the above amounts was £244,750 (2023: £244,750).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

18. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Unlisted £'000	Total £'000
Market value			
At 31 December 2023	4,405	16,125	20,530
Additions at cost	-	5,000	5,000
Transfers	-	-	-
Revaluations	890	-	890
Disposals	(2,350)	-	(2,350)
Unrealised gain/(loss) for the year	-	383	383
Realised gain / (loss) for the year	-	-	-
At 31 December 2024	2,945	21,508	24,453
Historic cost at 31 December 2024	2,855	11,015	13,870
Excess / (reduction) of market value over cost to date	90	10,493	10,583
COMPANY			
		2023	
		£'000	
Group total		20,530	
Investment in subsidiary company (see below)		81	
		20,611	

Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2024 by WT Gunson who confirmed a valuation of £2,945,000 (2023: £4,405,000).

The valuation has been prepared in accordance with RICS valuation - Professional Standards UK January 2017.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

Details of the accounting policy for Glebe are included in note 1(f) and 1(g) to the financial statements.

The Manchester Diocesan Church House Company Limited

Balance sheet

	2024 £'000	2023 £'000
Tangible fixed assets	-	-
Current assets	153	3,065
	153	3,065
Creditors: amounts falling due within one year	(61)	(24)
	92	3,041
Provisions for liabilities and charges	-	-
	92	3,041
Representing:		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	-	-
Profit and loss account	50	2,999
	92	3,041

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

The Manchester Diocesan Church House Company Limited
Income from subsidiary's trading activities

	2024 £000	2023 £000
Turnover	148	143
Administration	(32)	(38)
Gain / (Loss) from changes in fair value of investment property	-	-
Operating (loss) / profit	116	105
Taxation	-	-
(Loss) / profit after taxation	116	105

The Board hold 98.6% (2023: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity was the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH sold the property in June 2022. MDBF charged the Manchester Diocesan Church House Company £15,000 (2023: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £3,070,000 (2023: £120,000). At the balance sheet date, the Manchester Diocesan Church House Company owed Manchester Diocesan Board of Finance £nil (2023: £15,000).

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College (ETC) trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2023: £7,500). Previously, Ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF has received (upto August 2023) funding from the National Church to support the training of Ordinands. In 2024, the MDBF paid Emmanuel Theological College £37,966 (2023: £155,492) for the training of Ordinands and Readers. From September 2023, National Church are now paying the Ordinand tuition costs direct to ETC under Resourcing Ministerial Formation, which is the reason for the reduction in payments in 2023.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

The trading activities for the period 1 September 2023 to 31 August 2024 were:

	£'000
Turnover	1,534
Administration costs	1,215
Surplus	319

Any surplus monies will be transferred to reserves in order to set aside funds for special purposes or as reserves against future expenditure.

19. DEBTORS

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Due within one year				
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	49	81	49	81
For Parishes	236	258	236	258
General debtors	273	311	239	285
Board of Education	47	44	47	44
Manchester Diocesan Church House Company Ltd	-	-	-	-
Glebe debtor	8	61	8	61
Prepayments and accrued income	1,509	1,896	1,509	1,896
Emmanuel Theological College	8	8	8	8
Repayable Grant – Fabric Church *	2,350	2,350	2,350	2,350
TOTAL	4,480	5,009	4,446	4,983

*Further to note 1 (s) above, this debtor is repayable in more than one year

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
CBF deposit fund	12,027	16,979	11,975	14,029
Cash at bank and in hand	771	577	704	503
	<u>12,798</u>	<u>17,556</u>	<u>12,679</u>	<u>14,532</u>

21. CREDITORS

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
General creditors	638	677	577	668
Accruals	87	93	87	93
Taxation and social security	94	92	94	92
Pension Deficit Repayment (Note 26)	-	-	-	-
	<u>819</u>	<u>862</u>	<u>758</u>	<u>853</u>
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	229	229	229	229
Pension Deficit Repayment (Note 26)	-	-	-	-
Repayable Grant – National Church	2,350	2,350	2,350	2,350
	<u>2,579</u>	<u>2,579</u>	<u>2,579</u>	<u>2,579</u>

Value Linked Loans from the Church Commissioners are administered by the Board of Finance on behalf of parishes, other parties and the Board itself. These loans are for the purpose of providing or improving housing for clergy, deaconesses and licensed lay workers engaged in parochial or diocesan work and former clergy spouses. The housing involved is not in benefice or Glebe ownership. The loan only becomes repayable on disposal of the Value Linked Loan property.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets		Net	Long	Total 2024 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	5,047	1,941	-	6,988
Clergy / Maintenance of the Ministry Fund	-	1,920	158	-	2,078
Other restricted funds	-	337	64	-	401
	-	7,304	2,163	-	9,467
Endowment funds					
Diocesan Stipends Fund Capital Account	18,859	5,777	9,864	-	34,500
Parsonage Buildings Fund	60,152	-	3,799	-	63,951
Other endowment funds	-	2,576	137	-	2,713
	79,011	8,353	13,800	-	101,164
Unrestricted funds					
General	11,434	8,639	(796)	(2,579)	16,698
Designated	-	238	1,200	-	1,438
Pension Deficit	-	-	-	-	-
	11,434	8,877	404	(2,579)	18,136
Company	90,445	24,534	16,367	(2,579)	128,767
Non-charitable trading funds	-	-	92	-	92
Consolidation adjustment	-	(81)	-	-	(81)
Group	90,445	24,453	16,459	(2,579)	128,778

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

	Fixed assets		Net	Long	Total 2023 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	-	8,507	-	8,507
Clergy / Maintenance of the Ministry Fund	-	1,877	158	-	2,035
Other restricted funds	-	329	470	-	799
	-	2,206	9,135	-	11,341
Endowment funds					
Diocesan Stipends Fund Capital Account	18,726	7,174	6,450	-	32,350
Parsonage Buildings Fund	56,548	-	4,211	-	60,759
Other endowment funds	-	2,518	127	-	2,645
	75,274	9,692	10,788	-	95,754
Unrestricted funds					
General	11,088	8,481	(2,392)	(2,579)	14,598
Designated	-	232	1,131	-	1,363
Pension Deficit	-	-	-	-	-
	11,088	8,713	(1,261)	(2,579)	15,961
Company	86,362	20,611	18,662	(2,579)	123,056
Non-charitable trading funds	-	-	3,041	-	3,041
Consolidation adjustment	-	(81)	-	-	(81)
Group	86,362	20,530	21,703	(2,579)	126,016

Diocesan Pastoral Account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Diocesan Pastoral Account represents the proceeds of redundant churches and parsonages. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met, when authorised surplus funds may be transferred to the Stipends Fund Capital Account or income funds. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

Clergy/ Maintenance of the Ministry Fund

This fund is administered by the Grants Committee to offer grants to support clergy and Parishes within the Diocese where areas of hardship are identified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

Stipends Fund Capital Account

The Diocesan Stipends Fund Capital Account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can only be utilised for stipend purposes. It has been included as an endowment fund in these financial statements.

Parsonage Buildings Fund

Parsonage Buildings Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage Building Fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Buildings Fund has been included as an endowment fund in these financial statements.

General Fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry.

Designated Fund

This fund represents monies designated by the Board to support specific areas of works including mission, maintenance of church buildings and housing costs for separated/divorced clergy spouses.

Transfers between funds

The Board makes transfers between the Funds on receipt of Orders under the Pastoral Measure 1983 which can move properties between asset categories of Parsonages, Glebe and MDBF, and therefore between Parsonage Building Fund, Stipend Fund Capital Account and Pastoral Account. The background to the major funds is detailed in note (d) of the accounting policies.

Pension Deficit

As at 31 December 2024, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £nil (2023: £nil). In 2024, the company paid £nil (2023: £nil) as a contribution to reduce the pension deficit. As at 31 December 2024, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2023: £nil).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

23. GROUP AND COMPANY REVALUATION RESERVES

The revaluation reserves included in funds has been disclosed below for disclosure purposes only, in order to show the individual gains and losses included in the applicable funds.

	Church House Investment Property 2024 £'000	Unrestricted Investments 2024 £'000	Designated Investments 2024 £'000	Restricted Investments 2024 £'000	Endowment Investments 2024 £'000	Investments Sub Total 2024 £'000	Endowment Glebe 2024 £'000	TOTAL 2024 £'000
At 1 January 2024	-	4,654	215	1,952	3,375	10,196	(2,075)	8,121
Net Gains/(Losses) on Investments	-	159	5	98	122	384	-	384
Glebe Investment	-	-	-	-	-	-	890	890
Property Revaluation	-	-	-	-	-	-	-	-
Investment Property Revaluation (see note 18)	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	(2,350)	(2,350)
Sub Total	-	159	5	98	122	384	(1,460)	(1,076)
At 31 December 2024	-	<u>4,813</u>	<u>220</u>	<u>2,050</u>	<u>3,497</u>	<u>10,580</u>	<u>(3,535)</u>	<u>7,045</u>

	Church House Investment Property 2023 £'000	Unrestricted Investments 2023 £'000	Designated Investments 2023 £'000	Restricted Investments 2023 £'000	Endowment Investments 2023 £'000	Investments Sub Total 2023 £'000	Endowment Glebe 2023 £'000	TOTAL 2023 £'000
At 1 January 2023	-	4,220	195	1,761	2,917	9,093	(1,160)	7,933
Net Gains/(Losses) on Investments	-	434	20	191	458	1,103	-	1,103
Glebe Investment	-	-	-	-	-	-	(915)	(915)
Property Revaluation	-	-	-	-	-	-	-	-
Investment Property Revaluation (see note 18)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Sub Total	-	434	20	191	458	1,103	(915)	188
At 31 December 2023	-	<u>4,654</u>	<u>215</u>	<u>1,952</u>	<u>3,375</u>	<u>10,196</u>	<u>(2,075)</u>	<u>8,121</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at St Johns House, 155-163 The Rock, Bury BL9 0ND. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2023 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2023: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £26k (2023: £25k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £586k (2023: £520k) to the Board of Education, comprising:

	2024 £'000	2023 £'000
Staff costs	467	400
Central services	118	120

25. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2024 £'000	Cash flow 2024 £'000	As at 31 December 2024 £'000
Net cash:			
Cash in hand and at bank	577	194	771
Cash on deposit	16,979	(4,952)	12,027
Cash at bank and at hand	17,556	(4,758)	12,798

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

26. PENSIONS (GROUP AND COMPANY)

(a) Clergy Pensions

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £1.23m in 2024 (2023: £1.268m), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023: £0).

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

PENSIONS (GROUP AND COMPANY) (continued)

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

	2024	2023
Balance sheet liability at 1 January	0	0
Deficit contribution paid	0	0
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability* (recognised in SoFA)	0	-0
Balance sheet liability at 31 December	0	0

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

PENSIONS (GROUP AND COMPANY) (continued)

(b) Staff Pensions

Manchester DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2025.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

PENSIONS (GROUP AND COMPANY) (continued)

The movement in the provision is set out below:

	2024	2023
Balance sheet liability at 1 January	0	0
Deficit contribution paid	0	0
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	0	0
Balance sheet liability at 31 December	0	0

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

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

	December 2024	December 2023	December 2022
Discount rate	N/A	N/A	0.00%

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

Pension Builder Scheme

MDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

PENSIONS (GROUP AND COMPANY) (continued)

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2024: £355k, 2023: £309k).

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

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

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

27. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

£'000

Balance as at 1 January 2024	-
(Charge) / credit for the year	-
Balance as at 31 December 2024	-

Deferred taxation provided in the financial statements is as follows:

	2024 £'000	2023 £'000
Accelerated capital allowances	-	-
Investment property revaluations	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

28. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £15.032m (2023: £11.061m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

29. RELATED PARTIES

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors, also providing houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2023: No Directors) were reimbursed for travel expenses during the year. During the year the aggregate amount of donations received without conditions from MDBF Directors was £2,790 (2023: £2,640).

The Archdeacon of Bolton, The Ven Dr R Mann and the Bishop of Bolton the Rt Revd Matthew Porter served as a Trustee at Emmanuel Theological College during 2024 fees totalling £49,266 (2023: £155,492) were paid for Ordinand and Reader training £30,000 (2023: £nil) was paid as a grant from overpayments of RME funding.

The Archdeacon of Manchester Ven K Best served as Director of Benefact Trust Limited (Formerly Allchurches Trust Ltd) which provided a general grant to MDBF in 2024 for £177K (2023: £206k) They also served as a director of Ecclesiastical Insurance Group who received insurance payments totalling £209K and paid claims totalling £13,419.12. Ven Karen Best and Canon Grace Thomas served as directors of the Manchester City Centre Resource Church Trust Ltd who received grant funding totalling £259,321 in 2024 (2023: £2,506,221 of which £2,350,000 is a repayable grant). The Archdeacon of Rochdale the Ven Karen Smeeton served as a trustee of the Manchester Diocesan Council for Social Aid which made payments of £5,271 (2023: £nil) for recharges of staffing and general expenses.

The Very Reverend R Govender, The Dean of Manchester and Canon Grace Thomas served as Trustees of The Manchester Cathedral Visitor Centre and a Director of Manchester Cathedral Ventures Ltd whom were paid rent and service charges of £23,472.98 in 2024 (2023: £14,300)

The Bishop of Manchester, Rt Revd Dr D Walker and The Rt Reverend M Davies, The Bishop of Middleton served as trustees of the Manchester Diocesan Board of Education for which the details are set out in note 24. The Rt Reverend M Davies, The Bishop of Middleton also served as a trustee of the Greater Manchester Churches Together who were paid a membership subscription fee of £7,070 in 2024 (2023: £7,070).

The Very Reverend R Govender was a member of the Church Commissioners in 2024. In 2024, MDBF received the following funding from the Church Commissioners – Lower Income Communities Funding / Transition Funding £2,326,875 (2023: £2,343,153), Strategic Development Funding £1,329,302 (2023: £878,560), Transformation Programme £1,237,123 (2023: £930,987), Resourcing Ministerial Education £nil (2023: £540,590), Resourcing Ministerial Foundation £15,464 (2023: £16,418), Strategic Ministry Fund £490,160 (2023: £502,363), Manchester Chapter Surplus £84,869 (2023: £106,854.27) and Bishops Staffing recharges £nil (2023: £38,680), Legal Officer Fees £60,386 (2023: £57,454), Proceeds from the sale of a Value Linked Loan property £nil (2023: £85,107) and Diocesan Giving Advisor funding £24,000 (2023: £24,000), Net Zero Carbon £nil (2023: £15,000), Diocesan Improvement Programme £382,044 (2023: £2,350,000). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £634,301 (2023: £608,684), Value Linked Loan Interest £19,834 (2023: £20,683), General Synod, Bishops Advisory Panel Fees, Digital Giving roll out and other recharges £45,757 (2023: £10,273), Resourcing Ministerial Education £317,817 (2023: £nil), Closed church proceeds £15,653 (2023: £nil).

Canon Philip Blinkhorn, Canon John Walsh and the Ven Rachel Mann also served as directors of the Manchester Diocesan Church House Company Limited. Further detail can be found in the following section.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Continued

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2023: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity was the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH sold the property in June 2022. MDBF charged the Manchester Diocesan Church House Company £15,000 (2023: £15,000) for accountancy services rendered.

The transfer of taxable profits under gift aid to the parent company was £3,070,000 (2023: £120,000). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds in 2022. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed Manchester Diocesan Board of Finance £nil (2023: £15,000).

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College (ETC) trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2023: £7,500). Previously, Ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF has received (upto August 2023) funding from the National Church to support the training of Ordinands. In 2024, the MDBF paid Emmanuel Theological College £37,966 (2023: £155,492) for the training of Ordinands and Readers. From September 2023, National Church are now paying the Ordinand tuition costs direct to ETC under Resourcing Ministerial Formation, which is the reason for the reduction in payments in 2023.

Accounts

MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2023

Company No 149999 – Registered Charity No 249424

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Trustees' Annual Report

Reference and administrative details

In accordance with the Companies Act 2006, FRS102 and the Charities Statement of Recommended Practice issued in January 2020 (SORP 2020), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow.

Ex-Officio

The Bishop of Manchester, Rt Revd Dr D Walker
 The Bishop of Middleton, Rt Revd M Davies
 The Bishop of Bolton, Rt Revd M Porter – From 22 June 2023
 The Archdeacon of Bolton and Salford The Ven Dr R Mann – From 4 July 2023
 The Archdeacon of Manchester, The Ven K Best
 The Archdeacon of Rochdale, The Ven D Sharples – To 31 March 2024
 The Chairman of the Board of Finance, Canon P Blinkhorn
 The Dean of Manchester – Very Revd R M Govender
 The Chair of the House of Laity – Y Mackereth
 The Chair of the House of Clergy – The Ven Dr R Mann

Elected by Diocesan Synod (1 clergy and 1 laity from each Archdeaconry)

Manchester Archdeaconry

Clergy	Lay
Rev A Wickens	J Dunkerley

Bolton Archdeaconry

Clergy	Lay
Rev P Sumsion	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Rev M Read	B Micklethwaite

Salford Archdeaconry:

Clergy	Lay
Rev Canon A Salmon	I Hodcroft

Co-opted

Canon H Lightbourne
 Canon P Billson
 P Geldard
 L Mycock
 Revd G Thomas

Company Secretary

H Platts

Reference and administrative details (continued)

St John's House
155-163 The Rock
Bury
BL9 0ND

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Auditors

Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Bankers

D M Myers LLB (Hons)
HLF Berry LLP
St John's House
155-163 The Rock,
Bury
BL9 0ND

Legal Secretary
Diocesan Registrar

CCLA Investment Management Ltd
1 Angel Lane,
London
EC4R 3AB

Investment Managers
Unlisted Investments

WT Gunson
Suite 2, 3rd Floor,
1 King St,
Manchester
M2 6AW

Glebe Estates,
Surveyor & Valuer

Our Vision

We live in a rapidly changing world and a time of great opportunity for the Diocese of Manchester.

Greater Manchester, as a thriving city region, is an integral part of that changing world. In recent years there has been substantial regeneration of significant parts of the Greater Manchester conurbation. The cultural context is also changing – many faith groups are represented with an increasing number of people identifying as having no faith. Young people in the 18-24 age range are least represented in our churches along with those from areas of high deprivation. The church faces challenges too with many historic buildings coming to the end of their life and congregations becoming older and smaller.

The Diocese of Manchester has set about these challenges with the desire to be a Church for a Different World, both reacting to these changing circumstances and seeking to be an agent of transformation in the world today. Manchester is a vibrant diocese of opportunity and creativity. Its rich mixture of church traditions makes it a wonderful place to engage in Gospel ministry.

This is an exciting time for our diocese, in spite of the recent challenges of the pandemic and the cost-of-living crisis. Over the last few years, we have made significant progress in developing an inspiring vision for our diocese - for there to be 'a worshipping, growing and transforming Christian presence at the heart of every community'.

This is underpinned by our 10-year strategy, which is focused on the three mission goals of *Growing*, *Nurturing* and *Serving*. We are clear about the outcomes we want to achieve by 2030. These include ambitious targets for increased church attendance particularly in our most deprived areas; greater opportunities for people to explore their faith; for our church leadership to reflect the diversity of our congregations; for all our churches to be engaged in social action projects; and for us to be an environmentally sustainable church.

Our work together grows out of Jesus's Great Commandment which is to 'love the Lord your God with all your heart and all your soul and with all your mind...and your neighbour as yourself' (Matthew 22:36-40) ...

... and his Great Commission, 'to go and make disciples of all nations, baptising them in the name of the Father and the Son and the Holy Spirit' (Matthew 29: 19-20).

About the Diocese

The Diocese of Manchester is one of 42 areas of the Church of England, each of which is led by a Bishop.

The Diocese of Manchester serves a vibrant, dynamic and creative community in the North West of England. It covers an area of 416 square miles and has a total population of 2.2 million. The diocese is divided into four archdeaconries, seven deaneries and 33 mission communities. There are more than 300 places of worship and chaplaincies, which are organised into 256 parishes (including Manchester Cathedral) and 175 benefices.

Geographically, the diocese takes in the two cities of Salford and Manchester and the metropolitan boroughs of Oldham, Rochdale, Bury and Bolton. Parts of the metropolitan boroughs of Wigan, Trafford, Stockport, Tameside and Blackburn with Darwen, and most of the borough of Rossendale in Lancashire, are also within the diocese. While predominantly urban, a significant part of the diocese is rural, although less than 3% of the population of the diocese lives in these areas. 125 (48%) of our parishes fall within the 10% most deprived nationally.

The diocese has 309 churches, ranging from historic listed buildings to newer, purpose-built places of worship. Over 300 licensed clergy serve in the diocese along with 140 licensed Readers who help with leading services and pastoral work. Nearly 300 Authorised Lay Ministers also play an important part in the life of our parishes.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

In 2019, before the impact of the pandemic, the diocese had a regular average weekly adult attendance of around 14,750 and total weekly attendance for all ages of 24,500. Attendance fell significantly during the pandemic with regular average weekly attendance increasing back up to 12,913 in 2023 and all-age weekly attendance to 21,312.

Parishes, chaplaincies and schools across our diocese are supported by a dedicated team, based at St John's House in Bury. This team supports churches and congregations across the diocese in achieving our strategy and our mission goals. It also provides support with clergy housing and stipends, finance, safeguarding and governance.

Across the diocese, there are 192 Church of England primary and secondary schools educating over 58,000 pupils every day. These schools are mostly funded by local authorities, with the diocese providing support with religious education and Christian ethos, as well as governance, the recruitment of head-teachers, admissions and building projects through the work of the Diocesan Board of Education.

Activities and Key Achievements in 2023

Our parishes continue to engage with our three mission goals of *Growing, Nurturing* and *Serving* through their everyday ministry to the people they serve. In 2023 we made progress with a wide range of programmes and projects to support them with this, as set out below.

Growing - engaging new disciples in missionary church communities which are younger, more diverse, active and spiritually engaged.

Fabric Church – Manchester City Centre

In September, Fabric Church opened in its temporary location of Factory 251 prior to moving to its new home in Ardwick Barracks at the end of the year. This city centre resource church has been launched with support from the Church Commissioners and the Church Revitalisation Trust and is serving the growing population of people - particularly young adults and students - living in Manchester. The city centre has seen remarkable regeneration and growth in recent years, with 100,000 young adults expected to be living in the city centre by 2025. The church will also foster further Christian renewal in the diocese by planting other church communities.

Children Changing Places

The Children Changing Places Project aims to engage children, young people, and families in activity that creates new discipleship pathways and supports the growth of the Christian faith in schools, parishes, and the home. The Children Changing Places team has been working with churches and schools across Bolton for the past six years and again has been funded by investment from the Church Commissioners. A second bid for additional funding was approved in July to reach more schools, children, young people and their families across the Bolton Deanery and the diocese more widely. In September, hundreds gathered at Bolton Parish Church for a joyous service of singing, dancing, and prayer to celebrate five years of Children Changing Places, with children from schools and youth groups from across Bolton putting on performances, giving praise and offering prayers for the work of the programme.

ManDio Growing Faith

The ManDio Growing Faith programme encourages children, young people and their families to discover and grow in the love of Jesus. Over the last year, recruitment has taken place to establish a ManDio Growing Faith enabler in each deanery. Deanery enablers are working within specific mission communities to support the collaboration with schools and churches and encourage the development of expressions of church that are accessible to children and their families. Examples include Café Church, Creative Church, Outdoor Church and intergenerational midweek worship services.

**Mission Goal 1:
Growing**

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Intercultural Mission

In recent years, many new migrant communities have made Greater Manchester and Rossendale their home and found comfort, companionship, and joy in our churches. Intercultural mission involves intentionally reaching out to people from all nations and integrating them into a worshipping community. This year, an Intercultural Mission Enabler has been recruited to share best practice and work with parishes across the diocese to respond to their changing communities. Case studies have been shared locally and have garnered national media attention.

Village Church chaplaincy

In October, Village Church officially opened as a chaplaincy serving the LGBTQI+ community in the city centre. A small team of clergy led monthly services to share the message that the love of God in Jesus Christ is for everyone.

Nurturing - helping new and existing disciples develop in their faith.

Transforming Prayer Community

In May, our Transforming Prayer Community was launched, encouraging people across the diocese to engage in daily prayer for personal and collective spiritual growth. There is now an active group of almost 1,000 people who are connected, via social media and email, by the simple vocation to pray three prayers: the Lord's Prayer, our diocesan Prayer of Thanksgiving and Hope and a prayer for their local area.

Focal leaders

The rollout of focal leaders continues across the diocese to support local mission, ministry and growth across our parishes and mission communities. A focal leader is a local leader – lay or ordained - who is the everyday face of the church in their local community. In their role, focal leaders bring an intentional focus on growth, mission and discipleship to the life of their church. Focal ministry is open to everyone and will take different forms, depending on the needs of the parish and the focal leaders themselves. In September there was a commissioning service for focal leaders in Bury and Rossendale Deanery with more to follow in 2024.

Lay training and development

We continue to provide extensive development opportunities for lay people through the Foundations for Ministry, Authorised Lay Ministry and General Lay Pathway courses. In September, 70 ALMs were commissioned including 36 new ALMs. In 2023, a further 36 people undertook a variety of General Lay Pathway courses and 12 people took part in the Foundations for Ministry course.

Serving - being present for all, speaking and acting prophetically for justice, supporting pastorally, especially the vulnerable, deprived and excluded.

Eco Church

In September we launched our Eco-Stepping Stones resource. This three-part film series aims to inspire and empower mission communities by sharing stories of eco-mission from across the diocese. For the launch event, we were joined by passionate eco ambassadors from across Manchester.

Our work on the Eco Church programme run by A Rocha UK has continued. During 2023, 30 bronze and 10 silver awards were made to churches taking us to a total of 84 awards in our diocese.

In April 2023, a group led by the Bishop of Salford John Arnold and Dean Rogers Govender, met with Pope Francis at The Vatican, to pledge a commitment to tackling climate change. The Revd Grace Thomas, our Diocesan Environmental Officer, was part of the delegation.

Net Zero Carbon

We are working towards net zero carbon by supporting parishes and schools to measure their energy use through the Energy Footprint Tool, and to take simple, practical steps to reduce their carbon footprint. Our submission rate has increased from 29% in 2021 to 59% in 2023, on one of the highest submission rates nationally. The diocese is developing a comprehensive decarbonisation plan and has secured implementation funding to achieve net zero carbon.

**Mission Goal 2:
Nurturing**

**Mission Goal 3:
Serving**

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Serving our communities

Our parishes continue to work in their communities to combat isolation, homelessness, food poverty and debt and have developed a wide range of initiatives to respond to the new pressures emerging in our local communities. These have included foodbanks, community cafes, bereavement support groups, and community libraries, to name just a few. Our expanding network of Places of Welcome encourages parishes offering warm spaces to sign up and expand their offer to ensure that our church buildings are available for local communities. Parishes also took part in the Big Help Out, a day of volunteering which took place during the Coronation weekend.

Our Transformation Programme

Our ten-year transformation programme, for which we are receiving significant funding from the Church Commissioners, is focused on developing the capacity, skills, structures and processes to enable us to achieve our vision for 2030. Our full-time Area Deans are leading the transformation programme in each of our seven deaneries, ensuring that we are able to bring about the fundamental changes needed on the ground to enable us to achieve our mission goals.

At the heart of our inspiring vision for the future are our mission communities which are bringing together the skills and talents of lay and ordained leaders locally. The creation of mission communities is enabling parishes to work closely together in both prayer and action to enable our parishes to engage new disciples, help existing disciples grow in their faith and to serve their local communities.

Over the last year, we have:

- carried out further work on the deanery Mission Action Plans, putting in place effective programme management arrangements.
- completed the training of over 20 curates to ensure we are able to fill clergy vacancies across the diocese.
- actively promoted racial justice, diversity and inclusion to ensure the full participation of GMH/UKME people in the life of our diocese.
- through our Deanery Support Officers, offered practical support to parishes particularly in accessing grants for revitalisation and building repairs.
- worked directly with our parishes to restore the payment of Parish Share to pre-pandemic levels, focusing on their plans for mission and growth as well as their financial sustainability.
- supported our most fragile churches in planning for the future.
- focused on improving our communications, inspiring and supporting people across the diocese through the creative use of film, personal testimony and case studies.

Other milestones

There were a number of other significant changes for the diocese in 2023.

- Following the sale of Church House, on Deansgate in central Manchester, we relocated to St John's House. Our new offices were opened by the Archbishop of York in March 2023. Modern meeting and conference facilities are used to bring together people from across the diocese for training, events and governance boards.
- The Rt Revd Dr Matthew Porter was appointed as the new Bishop of Bolton, following the retirement of the Rt Revd Mark Ashcroft in April 2023.
- The appointment of The Ven. Dr Rachel Mann as the Archdeacon of Salford and Bolton following the appointment of the Ven. Jean Burgess as Archdeacon of Bournemouth.

Transformation programme

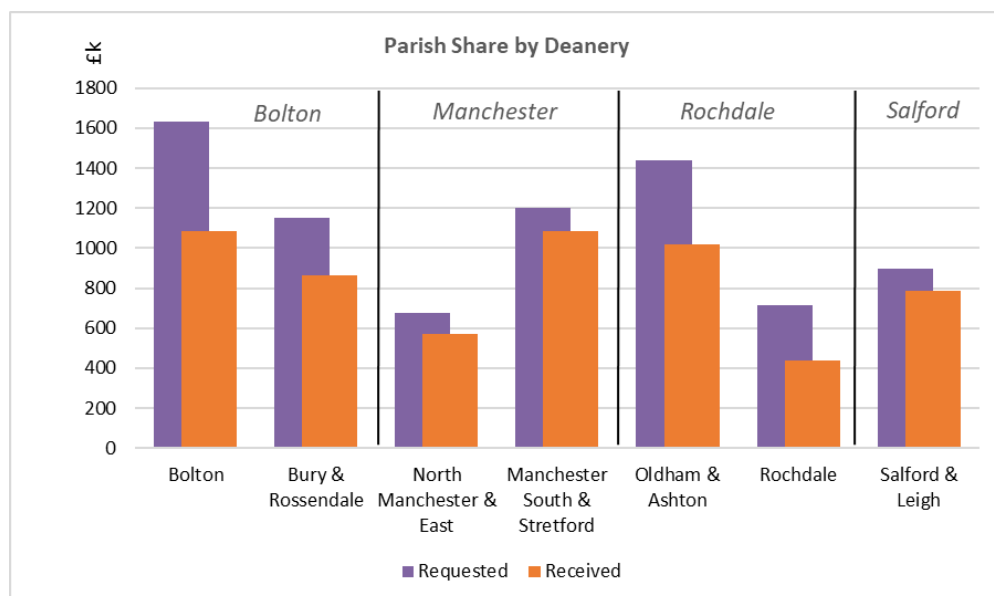
Parish Share and Stewardship

Parish Share

During 2023 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.792m, an increase of 2% compared to £5.686m in 2022.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

The individual parish share requests by Deanery, together with contribution by Deanery, are set out in the graph below. (These figures include encouragement scheme credits and exclude prior year receipts):



Share change outcomes

We continue to take steps to ensure our financial viability. Following the review of the Parish Share system in 2022, we commenced the Discussion and Agreement meetings with parishes which are organised at Mission Community level. The purpose of the meetings are to discuss and agree a parish share assessment for 2024, 2025 and 2026. Following the appointment of a Parish Support Officer, resources on parish share have been created and developed including an animation on parish share.

Giving and Generosity

April 2023 saw the digital giving rollout where 120 contactless devices were issued to parishes funded by National Church and MDBF. We continued to provide support to our parishes with GiftAid – over 190 churches are members of the GiftAid Lite scheme.

Strategic Report - Future Developments

Priorities

Having agreed our vision and ten-year strategy in 2019, work continues to develop a transformation programme for the diocese, to enable us to achieve our vision for 2030.

Mission communities continue to be at the heart of our approach to mission renewal, enabling parishes to work closely together and support each other in achieving missional and financial sustainability for the future. During 2024 we will be working with our current mission community leaders to reflect on the learning from their experiences and the next steps in taking mission communities forward, as their initial three-year term of office comes to an end.

We will continue to develop existing and new resource churches across our diocese as well as help grow and revitalise our other churches, in order to attract new members, particularly young adults. Over the next three years, we will plant new congregations and fresh expressions of church, so that churches carrying a DNA of mission are established in communities where attendance is currently low. We will also focus on every church running an enquirers course, and on creating a culture of invitation.

Leadership development is a key priority for 2024. Over the next year, we have set ourselves the target of recruiting, training and commissioning focal leaders across our diocese, in support of local mission, ministry and growth. We also recognise the need to strengthen our approach to and investment in clergy development. A key focus on 2024 will be on developing a comprehensive support programme for our first incumbents, given the significant number of clergy vacancies that are likely to be filled by the curates who will be ordained in June 2024.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Building on the success of the Children Changing Places programme in Bolton, and our experience in rolling out Man Dio Growing Faith, in 2024 our focus is on developing a comprehensive strategy for engaging with children and young people and their families, with a particular focus on strengthening the links between our parishes and our church schools.

Focusing on our international congregations is a key plank of our approach to racial justice, alongside work we will be taking forward to ensure that people leading the diocese in governance, clergy and lay roles are representative of the diversity of our diocese.

We will continue our work towards the Net Zero Carbon goal set by General Synod in 2020, by supporting our churches and schools with measuring their energy use and with taking simple, practical steps to reduce their carbon footprint.

Alongside these developments, we will take steps to ensure we are financially sustainable over the medium- to long-term. This goal has become even more important as we recover from the financial challenges of the pandemic and the more recent cost-of-living crisis. Our five-year financial strategy includes communicating with parishes the importance of mutual support and of paying Parish Share to ensure that the current levels of stipendiary clergy can be maintained. We expect to complete the next round of Discussion and Agreement meetings with parishes during 2024, which will provide a firm foundation on which to build.

This is an exciting time for us as a diocese. Many of us are developing deeper and better relationships in our mission communities and are able to take heart from the progress we are making in our parishes and as part of our wider diocesan family. With the support of the Church Commissioners, we are now well-resourced and well-placed to take forward a wide range of initiatives to ensure the future missional and financial health of Manchester Diocese.

Strategic Report- Structure and Governance

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the Southern Province and York for the Northern Province. Each province comprises of dioceses, of which there are 41 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (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.

The Church of England is episcopally led - there are over 100 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 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.

**Summary information
about the structure of
the Church of England**

**The three National
Church Institutions**

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. Financial and other support is also provided for the strategic development of dioceses. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners, except for the provision of housing for suffragan bishops which is met by the Diocese.

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 the widows/widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The 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.

Manchester Cathedral is the mother church of the diocese and legally is constituted as a separate ecclesiastical corporation for charitable purposes, governed by common law. Copies of the cathedral's annual report and financial statements may be obtained from the Cathedral Office, the Cathedral, Victoria Street, Manchester, M3 1SX.

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

The Parochial Church Council (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 charity, and those with gross income under £100,000 are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006. 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.

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is the principal pastoral and, in turn, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the diocesan bishop.

Diocesan Synod

The diocese is governed by standing orders approved on 18 June 1994 and subsequent amendments. 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 persons elected by the houses 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. The bishop of the diocese shall be the president of the diocesan synod.

The Cathedral

Parochial Church Council (PCC)

Parishes, Benefices and Deaneries

Diocesan Governance

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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; and
- provide for the financing of the diocese.

Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, a Standing Committee of the Diocesan Synod.

Deanery Synod

Each deanery synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- 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 from there 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.

Bishop's Council

Following the governance review in 2016, the members of Bishop's Council are also trustees of the Manchester Diocesan Board of Finance (MDBF). As well as the delegated functions set out in the Decision Making Structure section below, under the constitution of the Diocesan Synod, Bishop's Council also 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; and
- to carry out such functions as the Synod may delegate to it.

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice. Below are the seven principles with an explanation of how MDBF operates against these principles:

- ***Organisational Purpose***

The company's vision and mission goals which were agreed by Bishop's Council in 2015 are set out above along with activities and key achievements against these goals during the year. The company produces an annual three year medium term financial plan which is considered by the Finance and General Purposes Committee prior to being approved by Bishop's Council and Diocesan Synod.

- ***Leadership***

The Board of Trustees comprises of elected clergy and lay representatives from the Diocesan Synod along with ex officio trustees including the Diocesan Bishop and senior clergy. The trustees may co-opt members on to Bishop's Council to bring skills and knowledge in certain areas. The company has a Staffing Committee which considers matters around pay, grading and restructures.

- ***Board Effectiveness***

A skills audit is undertaken to identify any skills gaps and trustee recruitment targeted accordingly. The company operates through a committee structure and the details of these committees (including a brief summary of the remit of each committee) are set out in the section below.

Charity Governance Code

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

- **Diversity**

The Board of Trustees is made up of individuals who reflect the diversity of the Anglican Church in Manchester. Participation by all members is encouraged through supporting new members through initial induction and ongoing development of Trustees. Meetings are timed to maximise attendance of trustees with work or personal commitments.

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the responsibilities of being a trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

- **Decision-Making, Risk and Control**

Formal reports which may be for decision or information are presented to Bishop's Council. For items requiring decision votes are taken and decisions are recorded in the minutes. There is an Audit Committee which responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website.

Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

MDBF has delegated the following functions to the Board of Trustees:

- management of the funds and property of the diocese;
- advising on action needed to raise the income necessary to finance expenditure;
- advising Diocesan Synod, Bishop's Council and other diocesan bodies, of the financial aspects of its policy and on any other matters referred to it;
- preparation of an annual draft diocesan budget;
- budgetary control within the approved diocesan budget;
- allocation of contingency and general reserve provisions;
- custodian trustee business;
- sealings;
- investment powers over MDBF's own assets and those assets of which MDBF is sole (or managing) trustee;
- the keeping of internal audit systems; and
- to consider and grant or withhold approval for borrowing by any board or committee of the diocese.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary, who is supported by a number of heads of departments and their staff.

There are a number of Diocesan Synod committees that, though not committees of MDBF, can influence the operations of MDBF.

The statutory committees are:

Diocesan Mission and Pastoral Committee (DMPC), which is responsible for recommending pastoral reorganisations, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which advises 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.

Decision-making
Structure

Committee Structure

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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

Bishop's Council has the following committees, each of which has written terms of reference:

Property Committee, which is responsible for exercising the functions of the Diocesan Parsonages Board, as set out in the Repair of Benefices Buildings Measure 1972 together with the exercise of responsibility of the Diocesan Board of Finance as set out in the Endowments and Glebe Measure 1976.

Investments Committee, which is responsible for directing and monitoring the investment of the assets of the charity in line with the Board's charitable objectives to promote the mission and ministry of the diocese.

The company, Manchester Diocesan Board of Finance (MDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 26 March 1918 as a charitable company limited by membership guarantees (No. 149999) and its governing documents are the Memorandum and Articles of Association. MDBF is registered with the Charity Commission (No. 249424).

At an Extraordinary General Meeting (EGM) in November 2006 the Articles were amended so that with effect from January 2008 every member of Diocesan Synod is also a member of MDBF for company law purposes. A further EGM was held in September 2020 to amend the Articles to facilitate and enable the DBF, the Board of Directors committees and subcommittees to meet and conduct their business remotely.

Every member has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. The members of the Bishop's Council comprise the Board of Trustees of MDBF – they are its Directors under company law.

The legal objects of the company as set out in the Memorandum of Association are as follows:

'To promote, aid and further, primarily but not exclusively in the Diocese of Manchester (the 'Diocese') the spiritual teaching of the Church of England (the "Church") and maintain the spirit of the doctrines and observances on which it rests and in which it finds expression and to that end.

- a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.
- b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")
- c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.
- d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

Please note that some of the structures mentioned in these Objects have been superseded by structures established under the Synodical Government Measure, 1969.

Finance and General Purposes Committee, which is responsible for reviewing the financial position in line with income and expenditure, and assessing opportunities and threats to the budget in advance of budget preparation and future financial decision making.

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

Company Status and Legal Objects

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Staffing Committee, which acts on behalf of the trustees on employment practice and the development of human resources. The committee reviews salaries in the MDBF, and approves recommendations for salaries in relation to new posts or regrading of posts. The MDBF has a grading structure with eight pay bands; within each pay band there are three increment points. Posts are allocated a grade with increments or a spot grade; some posts span two grades. The MDBF tracks market rates and occasionally takes part in national benchmarking data collection with other dioceses.

An induction programme for MDBF trustees has been developed as part of a governance review. Further to this, Trustees can also attend training courses and briefings commensurate with their development and in order to fulfil their legal and statutory responsibilities. See above for details of the appointment process.

Some Senior Management Group (SMG) members have 'director' in their job titles but are not directors of the MDBF for the purposes of company law, nor are they Trustees of the charity. The SMG comprises:

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

General Synod, Church Commissioners and Archbishops' Council

MDBF 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.

Parochial Church Councils (PCCs)

MDBF is required by Parochial Church Councils (Powers) Measure 1956 to be custodian trustee in relation to PCC property, miscellaneous funds and investments, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within MDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

The trustees consider the following to be connected charities:

Manchester Diocesan Board of Education - a company limited by guarantee and a registered charity, which has responsibility for 191 church schools across the diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The investments, income and expenditure of a separate charity, **JB Stelfox Trust**, have been included in these financial statements, as the Board of Finance is the sole trustee.

The Church of England Pensions Board is responsible for the Clergy Pension Fund and the Church Workers Pension Fund and it is to this body that MDBF pays retirement benefit contributions for stipendiary clergy, licensed lay workers and employees (see note 26).

Appointment of Trustees

Related Parties

Connected Charities

Pension Scheme

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

The trustees confirm that the major risks, to which MDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Audit Committee the task of ensuring that risks are reviewed as part of the risk management strategy. The Audit Committee encourage the Heads of Department to define the risks in their areas, report on the measures in place to manage and monitor these risks and implement procedures and controls designed to minimise any potential impact on MDBF should any of the risks materialise. The key risks are summarised on page 19 below.

Risk Management

MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

Statutory Functions

MDBF 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.

The trustees of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

Public Benefit

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

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

Information on these benefits is provided throughout this report.

Strategic Report: Financial Review

Group incoming resources were £14.957m (2022: £19.253m).

Incoming Resources

Donations to the MDBF through Parish Share increased from £5.686m to £5.792m. The Trustees are very grateful to all the donors in what has been another extremely challenging year.

In 2023, around 47% of the income of the MDBF came from the Parish Share and 20% from National Church Selective Allocations.

Group Resources expended were £16.085m (2022: £16.095m). The largest share of MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Expenditure

Overall, the value of the consolidated balance sheet has decreased during the year by £0.697m. Key movements in the year included: the revaluation of parsonage properties and St John's House of £0.243m, together with overall unrealised gain on investments of £1.1m

Balance Sheet

and revaluation of Glebe Investment Properties resulting in a £0.9m unrealised loss (2022: £0.296m gain); and a decrease in tangible fixed assets of £0.428m which includes the revaluation of parsonages less disposals in the year. Other movements on the balance sheet include a decrease in cash of £0.988m; an increase in debtors of £2.797m; and a increase in creditors falling due after more than one year of £2.334m.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

The Diocese recorded a deficit on General Unrestricted Funds (including property revaluations and unrealised gains on investments) of £0.684m (consolidated figures). This compares with a surplus of £4.402m in 2022. With the opening General Unrestricted Funds balance of £18.242m and the in-year deficit of £0.684m, the closing reserves now stand at £17.558m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate deficit of £0.697m including property revaluations and unrealised gains) across all funds was recorded during the year (2022: surplus £14.883m). With the opening Total Funds balance of £126.713m and the in- year deficit of £0.697m, the closing reserves now stand at £126.016m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2023 was £30.1m (2022: £23.5m) and the return on investments was 5.1% (2022: 4.9%).

Glebe investments

Glebe property investments were valued at 31 December 2023 at £4.4m (2022: £5.32m). Rents receivable amounted to £385k (2022: £522k) – an income yield of 8.7% (2022: 9.8%).

General investments

Investments in equity, property and fixed interest funds were valued at £16.125m at 31 December 2023 (2022: £15.108m). Dividends receivable amounted to £456k (2022: £465k) – a yield of 2.5% (2022: 2.6%).

Financial investments are split between investments in equities 87.48% (2022: 85.85%) through investment funds, a property fund 11.92% (2022: 13.56%), and Short Duration Bond Fund 0.6% (2022: 0.6%).

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and on the short-term money markets.

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a shared equity basis. The total Value Linked Loans advanced at 31 December 2023 amounted to £229k.

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity was the provision of a Church House for Investment Property and Diocesan purposes. The property was sold in June 2022. The profit for 2023 after tax was £0.105m (2022: £4.419m profit) (see note 18).

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

Investments

Equity Loans

Subsidiary Undertakings

Going Concern

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Investment policies

MDBF's investment policies are based on two key policies:

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance, promote the care of the environment and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. The MDBF's 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. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to fund clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2023, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £17.558m (see note 13 to the financial statements), which equates to just under 14 months' gross unrestricted expenditure.

The unrestricted reserves are now above the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. The diocese still faces financial challenges with a deficit budget of £1.308m in 2024.

The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment properties and unlisted investments which provide investment income.

Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £11.061m (2022: £10.834m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

Principal Risks and Uncertainties

As with other organisations, MDBF faces risks to its operations, finances and reputation. The officers regularly review, evaluate and record major areas of risk to which MDBF is exposed, assessing the likelihood and impact of risks occurring. The MDBF Audit Committee review these risks at their meetings during the year. The outcome of this review is recorded in the MDBF Risk Register. The work undertaken by the Audit Committee is reported to the Finance and General Purposes Committee.

The main risk to MDBF's income is from the impact of COVID-19 and the cost of living challenges in that parish income and expenditure has been significantly affected and parishes are not able to pay their parish share. Work is therefore underway on a medium-term financial strategy from 2025 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

Policies and Other Matters

Principal Risks and Uncertainties

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Set out below are the key risks identified which are regularly reviewed by the Charity together with the appropriate control measures:

Key Risks	Control Measure
Declining Parish Attendance	Growth strategy, SDF bids (current and future), work around local ministry, Investment in new ordinands and increased leadership capacity, Transformation Programme, review of fragile churches
Poor financial performance – declining levels of Parish Share	Reserves policy linked to financial budgets, activities and identified financial and operating risk. Disposal of surplus parsonages, glebe land and property and Church House with re-investment of the proceeds.
Governance – Lack of candidates for MDBF and Parish governance roles	Synod recruitment campaign, induction and training for Bishop's Council members

The Trustees approve the Trustees' Report, which incorporates the Strategic Report.

By Order of the Board on 21st May 2024



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

Trustees' responsibilities

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

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

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

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MANCHESTER DIOCESAN BOARD OF FINANCE

Opinion on the financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions related to going concern

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

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Other Companies Act 2006 reporting

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

23 September 2024

10 Queen Street Place
London
EC4R 1AG

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

		Unrestricted	Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds
		2023	2023	2023	2023	2022
Note		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	5,792	5,686
Archbishops' Council		-	-	2,489	2,489	3,112
Other donations		225	12	924	1,161	1,924
Other trading activities	3	91	-	-	91	3,224
Investments	4	1,002	23	523	1,592	1,161
Charitable activities	5	-	-	452	452	540
Other income	6	(190)	-	2,326	1,244	3,606
TOTAL INCOME AND ENDOWMENTS		6,920	35	6,714	1,288	19,253
Expenditure on:						
Raising funds	8	23	-	124	-	309
Charitable activities	9	8,883	122	6,933	-	16,247
Remeasurement of pension schemes	26	-	-	-	-	5
Pension interest cost	26	-	-	-	-	(466)
TOTAL EXPENDITURE	7	8,906	122	7,057	-	16,095
Net (expenditure) / income before net gains / (losses) on investments and Taxation						
		(1,986)	(87)	(343)	1,288	3,158
Taxation	16	-	-	-	-	1,389
Net gains / (losses) on investments	23	434	20	191	(457)	(1,865)
Property Revaluation	17	(383)	-	-	626	12,201
Net (expenditure) / income		(1,935)	(67)	(152)	1,457	14,883
Transfers between funds	10	1,251	165	(469)	(947)	-
Net movement in funds	13	(684)	98	(621)	510	14,883
Total funds at 1 January	13	18,242	1,265	11,962	95,244	111,830
Total funds at 31 December	13	17,558	1,363	11,341	95,754	126,713

The group's income and expenditure all relates to continuing operations.
The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2023

	Note	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,792	-	-	-	5,792	5,686
Archbishops' Council		-	-	2,489	-	2,489	3,112
Other donations		345	12	924	-	1,281	11,424
Other trading activities	3	91	-	-	-	91	108
Investments	4	859	23	523	44	1,449	1,154
Charitable activities	5	-	-	452	-	452	540
Other income	6	(175)	-	2,326	1,244	3,395	3,606
TOTAL INCOME AND ENDOWMENTS		6,912	35	6,714	1,288	14,949	25,630
Expenditure on:							
Raising Funds	8	-	-	124	-	124	100
Charitable activities	9	8,883	122	6,933	-	15,938	16,247
Remeasurement on pension schemes	26	-	-	-	-	-	5
Pension interest cost	26	-	-	-	-	-	(466)
TOTAL EXPENDITURE	7	8,883	122	7,057	-	16,062	15,886
Net (expenditure) / income before net gains / (losses) on investments and Taxation		(1,971)	(87)	(343)	1,288	(1,113)	9,744
Taxation		-	-	-	-	-	-
Net gains / (losses) on investments	23	434	20	191	(457)	188	(1,865)
Property Revaluation	17	(383)	-	-	626	243	12,201
Net (expenditure) / income		(1,920)	(67)	(152)	1,457	(682)	20,080
Transfers between funds	10	1,251	165	(469)	(947)	-	-
Net movement in funds	13	(669)	98	(621)	510	(682)	20,080
Total funds at 1 January	13	15,267	1,265	11,962	95,244	123,738	103,658
Total funds at 31 December	13	14,598	1,363	11,341	95,754	123,056	123,738

The Company's income and expenditure all relates to continuing operations.

The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2023

	Note	Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	17	86,362	86,790	86,362	86,790
Investments	18	20,530	20,428	20,611	20,509
		<u>106,892</u>	<u>107,218</u>	<u>106,973</u>	<u>107,299</u>
CURRENT ASSETS					
Debtors	19	5,009	2,212	4,983	2,372
Cash and cash equivalents	20	17,556	18,544	14,532	15,302
		<u>22,565</u>	<u>20,756</u>	<u>19,515</u>	<u>17,674</u>
CREDITORS:					
Amounts falling due within one year	21	(862)	(1,016)	(853)	(990)
NET CURRENT ASSETS		<u>21,703</u>	<u>19,740</u>	<u>18,662</u>	<u>16,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>128,595</u>	<u>126,958</u>	<u>125,635</u>	<u>123,983</u>
CREDITORS:					
Amounts falling due after more than one year	21	(2,579)	(245)	(2,579)	(245)
PROVISIONS:					
Deferred tax	27	-	-	-	-
NET ASSETS		<u>126,016</u>	<u>126,713</u>	<u>123,056</u>	<u>123,738</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	95,754	95,244	95,754	95,244
Restricted income funds	13,22	11,341	11,962	11,341	11,962
Unrestricted income funds:					
General funds		14,517	15,186	14,598	15,267
Designated funds		1,363	1,265	1,363	1,265
Non-charitable trading funds		2,999	3,014	-	-
Pension scheme reserve		-	-	-	-
Minority interest		42	42	-	-
Total unrestricted income funds	13,22	<u>18,921</u>	<u>19,507</u>	<u>15,961</u>	<u>16,532</u>
TOTAL FUNDS		<u>126,016</u>	<u>126,713</u>	<u>123,056</u>	<u>123,738</u>

The notes on pages 29 to 63 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors and are signed on behalf of the Board on 21st May 2024 by:



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2023

Reconciliation of changes in resources to net cash flow from operating activities

See also Note 25

	2023		2022	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(697)		14,883
Adjustments for:				
Depreciation charges		41		42
(Gains) on investments		(3)		-
Dividends, interest and rents from investments		(1,592)		(1,161)
Realised (Gains) on investment property		-		(130)
(Profit) on the sale of fixed assets		(721)		(3,844)
(Increase) in debtors		(3,289)		(354)
Increase in creditors		2,180		35
Unrealised (gain) / loss on investments		(1,104)		1,996
Unrealised loss / (gain) on investment property		915		(296)
Pension adjustment		-		(461)
Revaluation of other assets		(243)		(12,038)
Taxation		-		(1,386)
Net cash used in operating activities		(4,513)		(2,714)
Cash flows from investing activities:				
Dividends, interest and rents from investments	1,592		1,161	
Proceeds from the sale of property, plant and equipment	2,591		6,215	
Proceeds from sale of investments	90		9,813	
Purchase of property, plant and equipment	(748)		(916)	
Net cash provided by / (used in) investing activities		3,525		16,273
		(988)		13,559
Cash flows from financing activities:				
Deficit contributions paid	-		(282)	
Net cash used in financing activities		-		(282)
Change in cash and cash equivalents in the reporting period		(988)		13,277
Cash and cash equivalents at the beginning of the reporting period		18,544		5,267
Cash and cash equivalents at the end of the reporting period		17,556		18,544

The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The group and company have taken advantage of adapting their own arrangements of the headings and subheadings of their financial statements due to the special nature of their business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2020.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis. The subsidiary company, Manchester Diocesan Church House Company Limited, has prepared its financial statements under the FRS102 section 1A Small Entities.

The financial statements are prepared on the historical cost basis of accounting, except for investments which have been included at revalued amounts, and a summary of the more important accounting policies, which have been consistently applied, is set out below.

The group and company is a public benefit entity and as such has applied the appropriate reporting standards from FRS102.

(a) *Income and Endowments*

The principal source of income comes from voluntary giving in the form of parish share. Amounts undertaken to be paid by deaneries but not received by the year end are not accrued as the obligation to pay the sums involved is morally but not legally binding. Income is accounted for when received, except legacies that are included on an accruals basis where receipts are reasonably certain and the amounts receivable can be quantified.

(b) *Expenditure*

Expenditure is analysed over the activities undertaken by the Company wherever this is possible. Office and support costs are recharged to operating departments where appropriate. The remaining costs of the Company's offices and administration are shown as support costs within direct charitable expenditure where these relate to the managing and promoting of the Company's charitable activities within the Diocese of Manchester. Costs arising from the administration of the Company as a charity and company are shown as governance costs, in accordance with SORP.

(c) *Dividends and interest*

These are included in the financial statements on an accruals basis.

(d) *Fund accounting*

Funds held by the company are either:

Restricted funds	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
Permanent endowment funds	Funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.
Unrestricted general funds	Funds which may be used for general purposes without any external restriction.
Unrestricted Designated funds	Unrestricted funds which have been set aside by the Board for purposes designated by diocesan policy; such designations may be changed from time to time according to policy decisions.

Details of the major funds are given in Note 22.

(e) *Stipends*

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners' payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Company and income received by them centrally are shown gross in these financial statements. However, some dignitaries are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

PRINCIPAL ACCOUNTING POLICIES (continued)

(f) *Tangible fixed assets*

Individual fixed assets costing £1,000 or more are capitalised at cost.

Until 2020, Glebe and parsonage houses and other property used by the diocese were included at deemed cost which was either the cost of purchase or the midpoint council tax. In 2022 the trustees decided that as the basis of inclusion represented in many cases neither the historical cost nor the fair value that they would perform a desk top valuation and/or indexation at each year end and this would be included in the balance sheet. This valuation would include an impairment review as required where no depreciation is to be charged. This constitutes a change in accounting estimate as to the value and estimated useful economic life/residual value and as such no prior year adjustment is required.

Houses subject to value-linked loans (previously known as equity sharing loans) are included in the financial statements as fixed assets and loan creditors, where there is a direct liability to the Company relating to such properties. For Value Linked Loan properties which the Company has an equity share, the Company equity value is depreciated in line with the property depreciation rate as confirmed below.

Redundant churches are not included in the financial statements as it is the opinion of the trustees that they are of negligible value.

For all other assets historical cost accounting is applied with depreciation provided as the following rates:

Office Equipment	25% & 33.33% straight line
Property at 90 Deansgate (Diocesan Church House)	2% straight line

(g) *Fixed asset investments*

Investments other than in Glebe land and properties and Church House property are shown at the bid price on the date of the balance sheet. Glebe land and properties were revalued on 31 December 2022. The valuation provided by Rapleys on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income. The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Following the decision to market Church House property, the Trustees obtained appropriate advice under the Charities Act and that value has been included in these financial statements as the fair value. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

Investments held by the Company as custodian trustee are not included in these financial statements.

(h) *Subsidiary and connected companies*

Details of subsidiary and connected companies are given in note 18 to the financial statements. Consolidated accounts have been produced in accordance with the recommendations of the Charity SORP.

(i) *Clergy pensions*

The Company contributes to the Church of England Funded Pension Scheme which is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company. Pension scheme contributions are charged to the Statement of Financial Activities in the period to which they relate. Details of the schemes operated by the Company are given in note 26 to the financial statements. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Staff pensions

The Company contributes to the Church of England Pension Builder Scheme is a multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company and the Church of England Defined Benefits Scheme for other staff. Therefore, in accordance with FRS102, payments to the schemes are accounted for as for defined contribution schemes and the Company accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Following the revaluation of the Church Worker Defined Benefit Scheme (Lay Staff) as at 31 December 2016, this has given rise to a deficit position. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(k) Reserves

Funds held for specific purposes and the related income and expenditure are shown in separate reserves under the appropriate headings.

(l) Allocation of costs to direct charitable and other expenditure

Governance costs relate to all administration, depreciation and legal costs incurred in the Company's operation as a charitable company in accordance with SORP. All other costs attributable to the support of direct charitable purposes have been included under the appropriate headings in the Statement of Financial Activities.

(m) Grants

Grants made to parishes, clergy or other diocesan bodies are treated as direct costs in the financial statements. An analysis of grants made is shown in note 9. Grants payable relate to the contribution to National Church costs. Payments to the clergy for removal, training, etc. are included as ministry in parishes or support for ministry in parishes due to the quasi-contractual nature of the payment or training provision.

(n) Irrecoverable VAT

The policy on irrecoverable VAT is to include it with the related expenditure item.

(o) Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

PRINCIPAL ACCOUNTING POLICIES (continued)

(p) *Judgements in applying accounting policies and key sources of estimation uncertainty*

In preparing these financial statements the directors have made judgements where appropriate. The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed. A further judgement subject to uncertainty is the valuation of the properties. This estimation has been arrived at with consultation with third party Chartered Surveyors. There is estimation in other areas too such as parish share arrears, outstanding clergy fees. The uncertainty in these areas is considered to be significantly lower.

Significant judgement is also made with respect to defined benefit pensions:

- Pension scheme deficit reduction payments – As explained in note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Schemes for stipendiary clergy and in respect of Church Worker Defined Benefit Scheme (Lay Staff). FRS102 requires a liability be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the use of an appropriate discount rate.

(q) *Going concern*

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

(r) *Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(s) *Repayable Grant*

During the year MDBF secured £2.35m funding from National Church Diocesan Investment Programme towards the purchase of premises for the City Centre Resource Church. This grant is to be repaid over a period of 24 years commencing in 2028. This amount is reflected in debtors and long term creditors.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	-	5,792
Archbishops' Council		-	-	2,489	-	2,489
Other donations		225	12	924	-	1,161
Other Trading activities	3	91	-	-	-	91
Investments	4	1,002	23	523	44	1,592
Charitable activities	5	-	-	452	-	452
Other income	6	(190)	-	2,326	1,244	3,380
TOTAL INCOME AND ENDOWMENTS		6,920	35	6,714	1,288	14,957

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2022	2022	2022	2022	2022
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		285	10	1,629	-	1,924
Other Trading activities	3	3,224	-	-	-	3,224
Investments	4	417	23	679	42	1,161
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		9,689	33	8,495	1,036	19,253

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	-	5,792
Archbishops' Council		-	-	2,489	-	2,489
Other donations		345	12	924	-	1,281
Other trading activities	3	91	-	-	-	91
Investments	4	859	23	523	44	1,449
Charitable activities	5	-	-	452	-	452
Other income	6	(175)	-	2,326	1,244	3,395
TOTAL INCOME AND ENDOWMENTS		6,912	35	6,714	1,288	14,949

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

		Unrestricted		Restricted	Endowment	Total
		General	Designated	funds	funds	funds
		2022	2022	2022	2022	2022
Note		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		9,785	10	1,629	-	11,424
Other Trading activities	3	108	-	-	-	108
Investments	4	410	23	679	42	1,154
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		16,066	33	8,495	1,036	25,630

2. DONATIONS

PARISH CONTRIBUTIONS (GROUP AND COMPANY)

The majority of donations are collected from the parishes of the diocese through the parish share system.

	Unrestricted General 2023 £'000	Unrestricted General 2022 £'000
Parish share		
Current year's allocation	7,708	7,714
Shortfall in contributions	(1,853)	(1,953)
Encouragement scheme	(63)	(75)
	<u>5,792</u>	<u>5,686</u>
Arrears for previous years	-	-
	<u>5,792</u>	<u>5,686</u>

Total parish share receipts represent 73.7% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2023 £'000	Restricted Funds 2022 £'000
Selective allocations	2,489	2,512
Sustainability Funding	-	600
TOTAL	<u>2,489</u>	<u>3,112</u>

OTHER DONATIONS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	206	-	-	-	206	235
Donations	9	-	202	-	211	120
Other	10	12	722	-	744	1,569
TOTAL	<u>225</u>	<u>12</u>	<u>924</u>	<u>-</u>	<u>1,161</u>	<u>1,924</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

OTHER DONATIONS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	206	-	-	-	206	235
Donations	9	-	202	-	211	120
Transfer of proceeds from Subsidiary						
Company	120	-	-	-	120	9,500
Other	10	12	722	-	744	1,503
TOTAL	345	12	924	-	1,281	11,358

3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	91	-	-	-	91	108
Income of the Trading Subsidiary	-	-	-	-	-	3,116
TOTAL	91	-	-	-	91	3,224

OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	91	-	-	-	91	108
TOTAL	91	-	-	-	91	108

4. INVESTMENTS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	296	20	71	-	387	488
Interest receivable	706	-	-	-	706	39
Glebe receivable	-	-	386	-	386	522
Trusts receivable	-	3	66	44	113	112
TOTAL	1,002	23	523	44	1,592	1,161

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

INVESTMENTS (COMPANY)

	Unrestricted	Designated	Restricted	Endowment	Total funds	Total funds
	General	2023	Funds	Funds	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	296	20	71	-	387	488
Interest receivable	563	-	-	-	563	32
Glebe receivable	-	-	386	-	386	522
Trusts receivable	-	3	66	44	113	112
TOTAL	859	23	523	44	1,449	1,154

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted	Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2023
	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000
Statutory fees and chaplaincy income	-	-	451	-	451
Miscellaneous income	-	-	1	-	1
TOTAL	-	-	452	-	540

6. OTHER INCOME (GROUP)

	Unrestricted	Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2023
	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000
Property sale gains	(213)	-	(303)	1,244	728
Other	23	-	2,629	-	2,652
TOTAL	(190)	-	2,326	1,244	3,380

OTHER INCOME (COMPANY)

	Unrestricted	Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2023
	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000
Property sale gains	(213)	-	(303)	1,244	728
Other	38	-	2,629	-	2,667
TOTAL	(175)	-	2,326	1,244	3,395

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	23	-	124	-	147
Charitable activities	9	8,883	122	6,933	-	15,938
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		8,906	122	7,057	-	16,085

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2022	2022	2022	2022	2022
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	209	-	100	-	309
Charitable activities	9	8,033	52	8,162	-	16,247
Remeasurement on pension schemes	26	5	-	-	-	5
Pension interest cost	26	(466)	-	-	-	(466)
TOTAL		7,781	52	8,262	-	16,095

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	124	-	124
Charitable activities	9	8,883	122	6,933	-	15,938
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		8,883	122	7,057	-	16,062

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2022	2022	2022	2022	2022
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	100	-	100
Charitable activities	9	8,033	52	8,096	-	16,181
Remeasurement on pension schemes	26	5	-	-	-	5
Pension interest cost	26	(466)	-	-	-	(466)
TOTAL		7,572	52	8,196	-	15,820

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (GROUP)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2023 £'000	Total 2022 £'000
Investment management costs		23	-	124	147	309
Contributions to Archbishops' Council	9	609	-	-	609	602
Resourcing ministry and mission (Note 9)	9	12,976	1,487	693	15,156	15,468
Education	9	-	140	-	140	140
Diocesan projects	9	-	-	-	-	-
Governance costs	9	33	-	-	33	37
Pension interest cost		-	-	-	-	(466)
Remeasurement on pension schemes		-	-	-	-	5
TOTAL		13,641	1,627	817	16,085	16,095

		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000
2022					
Investment management costs		209	-	100	309
Contributions to Archbishops' Council	9	602	-	-	602
Resourcing ministry and mission	9	12,944	1,957	567	15,468
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	37	-	-	37
Pension interest cost		(466)	-	-	(466)
Remeasurement on pension schemes		5	-	-	5
TOTAL		13,331	2,097	667	16,095

ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (COMPANY)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2023 £'000
Investment management costs		-	-	124	124
Contributions to Archbishops' Council	9	609	-	-	609
Resourcing ministry and mission	9	12,976	1,487	693	15,156
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	33	-	-	33
Pension Interest cost		-	-	-	-
Remeasurement on CEFPS pension schemes		-	-	-	-
TOTAL		13,618	1,627	817	16,062

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

2022	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000
Investment management costs		-	-	100	100
Contributions to Archbishops' Council	9	602	-	-	602
Resourcing ministry and mission	9	12,944	1,957	567	15,468
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	37	-	-	37
Pension Interest cost		(466)	-	-	(466)
Remeasurement on CEFPS pension schemes		5	-	-	5
TOTAL		13,122	2,097	667	15,886

7. RAISING FUNDS (GROUP)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Trading expenditure	23	-	-	-	23	209
Glebe expenditure	-	-	124	-	124	100
TOTAL	23	-	124	-	147	309

RAISING FUNDS (COMPANY)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Glebe agent's fees	-	-	124	-	124	100
TOTAL	-	-	124	-	124	100

8. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted General 2023 £'000	Unrestricted General 2022 £'000
Training for ministry	336	336
National Church responsibilities	197	206
Grants and provisions	35	28
Mission Agency pension contributions	11	15
Retired clergy housing costs (CHARM)	133	127
Pooling of ordinand candidates' costs	(103)	(110)
TOTAL	609	602

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	
	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000
Parish ministry					
Stipends and national insurance	3,621	20	1,220	-	4,861
Pension contributions	-	-	1,133	-	1,133
Housing costs	1,841	-	-	-	1,841
Removal, settlement and other grants	4	-	254	-	258
Other expenses	379	-	570	-	949
	5,845	20	3,177	-	9,042
Support for ministry	2,256	102	3,756	-	6,114
TOTAL	8,101	122	6,933	-	15,156

	Unrestricted		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	
	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000
Parish ministry					
Stipends and national insurance	3,716	18	1,614	-	5,348
Pension contributions	-	-	1,376	-	1,376
Housing costs	1,293	-	-	-	1,293
Removal, settlement and other grants	-	-	240	-	240
Other expenses	176	-	764	-	940
	5,185	18	3,994	-	9,197
Support for ministry	2,069	34	4,168	-	6,271
TOTAL	7,254	52	8,162	-	15,468

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted	
	General	General
	2023	2022
	£'000	£'000
Synodical grant	140	140

GOVERNANCE COSTS (COMPANY)

	Unrestricted	Unrestricted
	General	General
	2023	2022
	£'000	£'000
Audit fees	26	24
Diocesan Synod	7	13
TOTAL	33	37

Audit Fees of £4k (2022: £7k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. ANALYSIS OF TRANSFERS BETWEEN FUNDS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Pastoral Account	-	-	(469)	-	(469)	212
Stipends Fund Capital	-	-	-	-	-	(773)
Parsonage Building Fund	-	-	-	(947)	(947)	(1,217)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	1,251	-	-	-	1,251	1,613
TOTAL	1,251	165	(469)	(947)	-	-

10. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management Costs	-	-	124	-	124	100
Support of Ordinands Training	107	-	-	-	107	103
Central Administration	586	-	-	-	586	464
TOTAL	693	-	124	-	817	667

11. NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (GROUP)

These are stated after charging:

	2023	2022
	£'000	£'000
Depreciation	41	42
Auditors' remuneration - Audit services	30	32

NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (COMPANY)

These are stated after charging:

	2023	2022
	£'000	£'000
Depreciation	41	22
Auditors' remuneration - Audit services	26	24

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. SUMMARY OF FUND MOVEMENTS 2023

	Balance at 1 January 2023	Incoming	Outgoing		Gains, Losses and Revaluations	Balance at 31 December 2023
	£'000	resources £'000	Resources £'000	Transfers £'000	£'000	£'000
Unrestricted funds						
General	15,267	6,912	(8,883)	1,251	51	14,598
Pension Deficit	-	-	-	-	-	-
Designated						
Board for Church & Society	129	-	-	-	10	139
Church Building Loans	345	-	-	-	10	355
Church Building Grants	620	2	(61)	150	-	711
Separated/Divorced Clergy Spouses	34	13	(20)	-	-	27
Clergy Training Fund	94	-	(20)	15	-	89
Urban Aid Grant Fund	22	-	-	-	-	22
Other	21	20	(21)	-	-	20
	16,532	6,947	(9,005)	1,416	71	15,961
Restricted funds						
Stipend Fund income & expenditure	-	6,230	(6,230)	-	-	-
Pastoral Fund	9,123	(33)	(114)	(469)	-	8,507
Clergy Maintenance of the Ministry	1,874	-	(1)	-	162	2,035
Clergy widows & associated funds	226	8	(12)	-	19	241
Ordinands' training	53	-	-	-	6	59
Resourcing Ministerial Education	253	367	(273)	-	-	347
Restructuring Funding	107	27	(78)	-	-	56
Energy Costs Grant	216	-	(210)	-	-	6
Net Zero Carbon	-	15	(12)	-	-	3
Other	110	100	(127)	-	4	87
	11,962	6,714	(7,057)	(469)	191	11,341
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	31,449	993	-	-	(92)	32,350
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	61,377	286	-	(947)	43	60,759
Permanent endowment						
Clergy widows & associated funds	186	2	-	-	18	206
J B Stelfox	1,307	-	-	-	125	1,432
Ordinands' training	191	-	-	-	16	207
Chaplaincy	206	7	-	-	9	222
Bequests	523	-	-	-	50	573
	95,244	1,288	-	(947)	169	95,754
Total funds - Company	123,738	14,949	(16,062)	-	431	123,056
Adjustments arising on consolidation*	(81)	-	-	-	-	(81)
Non-charitable trading funds*	3014	8	(23)	-	-	2,999
Minority interest*	42	-	-	-	-	42
Total funds - Group	126,713	14,957	(16,085)	-	431	126,016

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

SUMMARY OF FUND MOVEMENTS 2022

	Balance at 1 January 2022 £'000	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2022 £'000
Unrestricted funds						
General	6,411	16,066	(8,033)	1,331	(508)	15,267
Pension Deficit	(743)	-	461	282	-	-
Designated						
Board for Church & Society	143	-	-	-	(14)	129
Church Building Loans	359	-	-	-	(14)	345
Church Building Grants	482	4	(16)	150	-	620
Separated/Divorced Clergy Spouses	41	10	(17)	-	-	34
Clergy Training Fund	77	-	2	15	-	94
Urban Aid Grant Fund	22	-	-	-	-	22
Other	23	19	(21)	-	-	21
	6,815	16,099	(7,624)	1,778	(536)	16,532
Restricted funds						
Stipend Fund income & expenditure	-	6,908	(6,908)	-	-	-
Pastoral Fund	9,003	60	(152)	212	-	9,123
Clergy Maintenance of the Ministry	2,102	-	-	-	(228)	1,874
Clergy widows & associated funds	324	5	(73)	-	(30)	226
Ordinands' training	62	-	-	-	(9)	53
Resourcing Ministerial Education	130	606	(483)	-	-	253
Restructuring Funding	114	80	(87)	-	-	107
Energy Costs Grant	-	592	(376)	-	-	216
Strategic Capacity Funding	(65)	103	(38)	-	-	-
Other	120	141	(145)	-	(6)	110
	11,790	8,495	(8,262)	212	(273)	11,962
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	30,906	387	-	(773)	929	31,449
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	51,437	639	-	(1,217)	10,518	61,377
Permanent endowment						
Clergy widows & associated funds	207	-	-	-	(21)	186
J B Stelfox	1,481	-	-	-	(174)	1,307
Ordinands' training	214	-	-	-	(23)	191
Chaplaincy	210	10	-	-	(14)	206
Bequests	593	-	-	-	(70)	523
	85,053	1,036	-	(1,990)	11,145	95,244
Total funds - Company	103,658	25,630	(15,886)	-	10,336	123,738
Adjustments arising on consolidation*	(81)	44	(44)	-	-	(81)
Non-charitable trading funds*	8,245	(6,421)	1,190	-	-	3014
Minority interest*	8	-	34	-	-	42
Total funds - Group	111,830	19,253	(14,706)	-	10,336	126,713

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. DIRECTORS' REMUNERATION AND EXPENSES

£nil remuneration has been paid to any Director in their capacity as directors (2022: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2022: No Directors) were reimbursed for travel expenses during the year which amounted to £nil (2022: £Nil).

14. EMPLOYEE DETAILS

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
£100,001 - £110,000	-	1
£90,001 - £100,000	1	-
£80,001 - £90,000	1	1
£70,001 - £80,000	1	-
£60,001 - £70,000	2	2

During the year, the following amounts were paid to higher paid employees as shown above:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Pension contributions to Pension Builder Classic scheme	34	25

Remuneration of key management personnel

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

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith*	Director of Education

* Remuneration and pensions for the above employees amounted to £378k (2022: £314k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

The average number of employees, based on full-time equivalents, was as follows:

	2023 No.	2022 No.
Support for parish ministry	34	33
Mission Support and chaplaincy	5	8
	<u>39</u>	<u>41</u>
Externally funded posts	38	22
Total posts	<u>77</u>	<u>63</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

In addition, a further 10 (2022: 10) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2023 £'000	2022 £'000
Gross salaries	2,093	1,743
Social Security costs	216	187
Pension contributions	309	227
	<u>2,618</u>	<u>2,157</u>

An average of 115 (2022: 114) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2023 £'000	2022 £'000
Stipends	5,056	5,466
National Insurance Contributions	411	445
Pension costs - Current year	1,268	1,552
	<u>6,735</u>	<u>7,463</u>

15. TAXATION

	2023 £'000	2022 £'000
Domestic current year tax		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	-	(3)
	<u>-</u>	<u>(3)</u>
Current tax charge	-	-
Under/(over) provision in prior year	-	-
Deferred tax		
Deferred tax (charge) / credit current year	-	(1,386)
Tax (charge) / credit on profit on ordinary activities	<u>-</u>	<u>(1,386)</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. TANGIBLE ASSETS

GROUP AND COMPANY	Land and buildings			Equipment	Total
	MDBF £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2023	10,853	57,164	18,729	257	87,003
Transfers	-	-	-	-	-
Additions	1,145	-	-	95	1,240
Disposals	(624)	(660)	(586)	-	(1,870)
Revaluation	(383)	43	583	-	243
At 31 December 2023	10,991	56,547	18,726	352	86,616
Accumulated depreciation					
At 1 January 2023	-	-	-	213	213
Charge for the year	-	-	-	41	41
Eliminated on disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2023	-	-	-	254	254
Net book value at 31 December 2023	10,991	56,547	18,726	98	86,362
Net book value at 31 December 2022	10,853	57,164	18,729	44	86,790

Included in MDBF property are some properties that are subject to a value-linked loan from the Church Commissioners. When disposed of the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties is included in the above amounts was £228,750 (2022: £244,750).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Church House Investment Property £'000	Unlisted £'000	Total £'000
Market value				
At 31 December 2022	5,320	-	15,108	20,428
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Revaluations	(915)	-	-	(915)
Disposals	-	-	(90)	(90)
Unrealised gain for the year	-	-	1,104	1,104
Realised gain for the year	-	-	3	3
At 31 December 2023	4,405	-	16,125	20,530
Historic cost at 31 December 2023	5,205	-	6,015	11,220
Excess / (reduction) of market value over cost to date	(800)	-	10,110	9,310
COMPANY			2023	2022
			£'000	£'000
Group total			20,530	20,428
Investment in subsidiary company (see below)			81	81
			20,611	20,509

Details of the accounting policy for Unlisted Investments is included in note 1 (g) to the financial statements.

Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2023 by WT Gunson who confirmed a valuation of £4,405,000 (2022: £5,320,000).

The valuation has been prepared in accordance with RICS valuation - Professional Standards UK January 2017.

Details of the accounting policy for Glebe are included in note 1(f) and 1(g) to the financial statements.

The Manchester Diocesan Church House Company Limited Balance sheet

	2023 £'000	2022 £'000
Current assets	3,065	3,253
Creditors: amounts falling due within one year	(24)	(197)
	3,041	3,056
	3,041	3,056
Representing:		
Share capital	42	42
Profit and loss account	2,999	3,014
	3,041	3,056

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

The Manchester Diocesan Church House Company Limited Income from subsidiary's trading activities

	2023 £000	2022 £000
Turnover	143	284
Administration	(38)	(253)
Gain / (Loss) from changes in fair value of investment property	-	2,998
Operating (loss) / profit	105	3,029
Taxation	-	1,389
(Loss) / profit after taxation	105	4,418

The Board hold 98.6% (2022: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity was the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH sold the property in June 2022. In 2023 MDCH charged MDBF rental and service charges of £nil (2022: £29,045) for use of the property for Diocesan purposes. MDBF charged the Manchester Diocesan Church House Company £15,000 (2022: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £120,000 (2022: £nil). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds in 2022. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed Manchester Diocesan Board of Finance £15,000 (2022: £170,995). This is in relation to payments made by MDBF on behalf of Church House Company which includes expenditure purchases. A rent and service charge debtor balance of £nil (2022: £nil) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College (ETC) trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2022: £7,500). Previously, Ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF has received (upto August 2023) funding from the National Church to support the training of Ordinands. In 2023, the MDBF paid Emmanuel Theological College £155,492 (2022: £243,020) for the training of Ordinands and Readers. From September 2023, National Church are now paying the Ordinand tuition costs direct to ETC under Resourcing Ministerial Formation, which is the reason for the reduction in payments in 2023.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The trading activities for the period 1 September 2022 to 31 August 2023 were:

	£'000
Turnover	1,206
Administration costs	(1,135)
Surplus	71

Any surplus monies will be transferred to reserves in order to set aside funds for special purposes or as reserves against future expenditure.

18. DEBTORS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	81	69	81	69
For Parishes	258	121	258	121
General debtors	311	209	285	198
Board of Education	44	38	44	38
Manchester Diocesan Church House Company Ltd	-	-	-	171
Glebe debtor	61	173	61	173
Prepayments and accrued income	1,896	1,594	1,896	1,594
Emmanuel Theological College	8	8	8	8
Repayable Grant – Fabric Church	2,350	-	2,350	-
TOTAL	5,009	2,212	4,983	2,372

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
CBF deposit fund	16,979	15,441	14,029	12,241
Cash at bank and in hand	577	3,103	503	3,061
	17,556	18,544	14,532	15,302

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. CREDITORS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts falling due within one year				
General creditors	677	802	668	776
Accruals	93	99	93	99
Taxation and social security	92	115	92	115
Pension Deficit Repayment (Note 26)	-	-	-	-
	862	1,016	853	990
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	229	245	229	245
Pension Deficit Repayment (Note 26)	-	-	-	-
Repayable Grant – National Church	2,350	-	2,350	-
	2,579	245	2,579	245

Value Linked Loans from the Church Commissioners are administered by the Board of Finance on behalf of parishes, other parties and the Board itself. These loans are for the purpose of providing or improving housing for clergy, deaconesses and licensed lay workers engaged in parochial or diocesan work and former clergy spouses. The housing involved is not in benefice or Glebe ownership. The loan only becomes repayable on disposal of the Value Linked Loan property.

21. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets Tangible £'000	Loans / investment £'000	Net current assets £'000	Long term liabilities £'000	Total 2023 £'000
Restricted funds					
Diocesan Pastoral Account	-	-	8,507	-	8,507
Clergy / Maintenance of the Ministry Fund	-	1,877	158	-	2,035
Other restricted funds	-	329	470	-	799
	-	2,206	9,135	-	11,341
Endowment funds					
Diocesan Stipends Fund Capital Account	18,726	7,174	6,450	-	32,350
Parsonage Buildings Fund	56,548	-	4,211	-	60,759
Other endowment funds	-	2,518	127	-	2,645
	75,274	9,692	10,788	-	95,754
Unrestricted funds					
General	11,088	8,481	(2,392)	(2,579)	14,598
Designated	-	232	1,131	-	1,363
Pension Deficit	-	-	-	-	-
	11,088	8,713	(1,261)	(2,579)	15,961
Company	86,362	20,611	18,662	(2,579)	123,056
Non-charitable trading funds	-	-	3,041	-	3,041
Consolidation adjustment	-	(81)	-	-	(81)
Group	86,362	20,530	21,703	(2,579)	126,016

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Fixed assets		Net	Long	Total 2022 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	-	9,123	-	9,123
Clergy / Maintenance of the Ministry Fund	-	1,715	159	-	1,874
Other restricted funds	-	387	578	-	965
	-	2,102	9,860	-	11,962
Endowment funds					
Diocesan Stipends Fund Capital Account	18,728	7,849	4,871	-	31,448
Parsonage Buildings Fund	57,165	-	4,212	-	61,377
Other endowment funds	-	2,300	119	-	2,419
	75,893	10,149	9,202	-	95,244
Unrestricted funds					
General	10,897	8,046	(3,431)	(245)	15,267
Designated	-	212	1,053	-	1,265
Pension Deficit	-	-	-	-	-
	10,897	8,258	(2,378)	(245)	16,532
Company	86,790	20,509	16,684	(245)	123,738
Non-charitable trading funds	-	-	3,056	-	3,056
Consolidation adjustment	-	(81)	-	-	(81)
Group	86,790	20,428	19,740	(245)	126,713

Diocesan Pastoral Account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Diocesan Pastoral Account represents the proceeds of redundant churches and parsonages. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met, when authorised surplus funds may be transferred to the Stipends Fund Capital Account or income funds. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

Clergy/ Maintenance of the Ministry Fund

This fund is administered by the Grants Committee to offer grants to support clergy and Parishes within the Diocese where areas of hardship are identified.

Stipends Fund Capital Account

The Diocesan Stipends Fund Capital Account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for

the purchase of Glebe or benefice property though the income can only be utilised for stipend purposes. It has been included as an endowment fund in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Parsonage Buildings Fund

Parsonage Buildings Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage Building Fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Buildings Fund has been included as an endowment fund in these financial statements.

General Fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry.

Designated Fund

This fund represents monies designated by the Board to support specific areas of works including mission, maintenance of church buildings and housing costs for separated/divorced clergy spouses.

Transfers between funds

The Board makes transfers between the Funds on receipt of Orders under the Pastoral Measure 1983 which can move properties between asset categories of Parsonages, Glebe and MDBF, and therefore between Parsonage Building Fund, Stipend Fund Capital Account and Pastoral Account. The background to the major funds is detailed in note (d) of the accounting policies.

Pension Deficit

As at 31 December 2022, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £nil (2022: £nil). In 2023, the company paid £nil (2022: £0.282m) as a contribution to reduce the pension deficit. As at 31 December 2023, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2022: £nil).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. GROUP AND COMPANY REVALUATION RESERVES

The revaluation reserves included in funds has been disclosed below for disclosure purposes only, in order to show the individual gains and losses included in the applicable funds.

	Church House Investment Property 2023 £'000	Unrestricted Investments 2023 £'000	Designated Investments 2023 £'000	Restricted Investments 2023 £'000	Endowment Investments 2023 £'000	Investments Sub Total 2023 £'000	Endowment Glebe 2023 £'000	TOTAL 2023 £'000
At 1 January 2023	-	4,220	195	1,761	2,917	9,093	(1,160)	7,933
Net Gains/(Losses) on Investments	-	434	20	191	458	1,103	-	1,103
Glebe Investment Property Revaluation Investment Property Revaluation (see note 18)	-	-	-	-	-	-	(915)	(915)
Transfers	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Sub Total	-	434	20	191	458	1,103	(915)	188
At 31 December 2023	-	4,654	215	1,952	3,375	10,196	(2,075)	8,121

	Church House Investment Property 2022 £'000	Unrestricted Investments 2022 £'000	Designated Investments 2022 £'000	Restricted Investments 2022 £'000	Endowment Investments 2022 £'000	Investments Sub Total 2022 £'000	Endowment Glebe 2022 £'000	TOTAL 2022 £'000
At 1 January 2022	7,537	5,278	223	2,034	3,554	18,626	(180)	18,446
Net Gains/(Losses) on Investments	-	(1,058)	(28)	(273)	(637)	(1,996)	-	(1,996)
Glebe Investment Property Revaluation Investment Property Revaluation (see note 18)	-	-	-	-	-	-	296	296
Transfers	-	-	-	-	-	-	(773)	(773)
Disposal	(7,537)	-	-	-	-	(7,537)	(503)	(8,040)
Sub Total	(7,537)	(1,058)	(28)	(273)	(637)	(9,533)	(980)	(10,513)
At 31 December 2022	-	4,220	195	1,761	2,917	9,093	(1,160)	7,933

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at St Johns House, 155-163 The Rock, Bury BL9 0ND. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2023 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2022: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £25k (2022: £24k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £520k (2022: £506k) to the Board of Education, comprising:

	2023 £'000	2022 £'000
Staff costs	400	404
Central services	120	102

24. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2023 £'000	Cash flow 2023 £'000	As at 31 December 2023 £'000
Net cash:			
Cash in hand and at bank	3,103	(2,526)	577
Cash on deposit	15,441	1,538	16,979
Cash at bank and at hand	18,544	(988)	17,556

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. PENSIONS (GROUP AND COMPANY)

(a) Clergy Pensions

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table below as being recognised in the SoFA.

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

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

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

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

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

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

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

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

	2023	2022
Balance sheet liability at 1 January	-	346,000
Deficit contribution paid	-	(198,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(148,000)
Balance sheet liability at 31 December	-	-

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

PENSIONS (GROUP AND COMPANY) (continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

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

(b) Staff Pensions

Manchester DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

PENSIONS (GROUP AND COMPANY) (continued)

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,600 per year. In addition deficit payments of £84,080 per year were agreed for 5.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2023	2022
Balance sheet liability at 1 January	-	397,000
Deficit contribution paid	-	(84,000)
Interest cost (recognised in SoFA)	-	5,000
Remaining change to the balance sheet liability*(recognised in SoFA)	-	(318,000)
Balance sheet liability at 31 December	-	-

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

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

	December 2023	December 2022	December 2021
Discount rate	N/A	0.00%	1.40%

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

Pension Builder Scheme

MDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

PENSIONS (GROUP AND COMPANY) (continued)

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £309k, 2022: £227k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

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

26. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

	£'000
Balance as at 1 January 2023	-
(Charge) / credit for the year	-
Balance as at 31 December 2023	-

Deferred taxation provided in the financial statements is as follows:

	2023 £'000	2022 £'000
Accelerated capital allowances	-	(1,264)
Investment property revaluations	-	(122)

27. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £11.061m (2022: £10.834m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

28. RELATED PARTIES

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2022: no Directors) were reimbursed for travel expenses during the year. During the year the aggregate amount of donations received without conditions from MDBF Directors was £2,640 (2022: £1,500).

The Archdeacon of Bolton The Ven Dr R Mann served as a Trustee at Emmanuel Theological College during 2023 fees totalling £155,492 (2022: £243,020) were paid for Ordinand and Reader training.

The Archdeacon of Manchester Ven K Best served as Director of Benefact Trust Limited (Formerly Allchurches Trust Ltd) which provided a general grant to MDBF in 2023 for £205,625 (2022: £235k). Ven K Best also served as a trustee of St Peters chaplaincy which received grants totalling £63,606.88 in 2023 (2022: £52,500) and also served as a director of the Manchester City Centre Resource Church Trust Ltd who received grant funding totalling £2,506,221 in 2023 (2022: Nil) of which £2,350,000 is a repayable grant.

The Very Reverend R Govender The Dean of Manchester served as a Trustee of The Manchester Cathedral Visitor Centre and a Director of Manchester Cathedral Ventures Ltd whom were paid rent and service charges of £14,300 in 2023 (2022: £12,000)

The Bishop of Manchester, Rt Revd Dr D Walker and The Rt Reverend M Davies, The Bishop of Middleton served as trustees of the Manchester Diocesan Board of Education for which the details are set out in note 24. The Rt Reverend M Davies, The Bishop of Middleton also served as a trustee of the Greater Manchester Churches Together who were paid a membership subscription fee of £7,070 in 2023 (2022: £7,070).

The Rt Revd Dr D Walker and the Very Reverend R Govender were members of the Church Commissioners in 2023 with the Rt Revd Dr D Walker also serving on the Archbishops Council. In 2023, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,343,153 (2022: £2,381,559), Sustainability Funding £nil (2022: £600,000), Strategic Development Funding £878,560 (2022: £1,376,598), Transformation Programme £930,987 (2022: £644,296), Restructuring Funding Nil (2022: £79,843), Resourcing Ministerial Education £540,590 (2022: £605,915), Resourcing Ministerial Foundation £16,418 (2022: Nil), Strategic Capacity Funding Nil (2022: £102,676), Strategic Ministry Fund £502,363 (2022: £515,235), Manchester Chapter Surplus £106,854.27 (2022: £55,161) and Bishops Staffing recharges £38,680 (2022: £74,985), The Energy Costs Grant Nil (2022: £592,000), Ministry Hardship Fund £Nil (2022: £79,000), Legal Officer Fees £57,454 (2022: £50,358), Proceeds from the sale of a Value Linked Loan property £85,107 (2022: Nil) and Diocesan Giving Advisor funding £24,000 (2022: £28,000), Net Zero Carbon £15,000 (2022: Nil), Diocesan Improvement Programme £2,350,000 (2022: Nil). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £608,684 (2022: £601,501), Value Linked Loan Interest £20,683 (2022: £19,282), General Synod, Bishops Advisory Panel Fees and other recharges £10,273 (2022: £1,730).

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2022: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity was the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH sold the property in June 2022. In 2023 MDCH charged MDBF rental and service charges of £nil (2022: £29,045) for use of the property for Diocesan purposes. MDBF charged the Manchester Diocesan Church House Company £15,000 (2022: £15,000) for accountancy services rendered.

The transfer of taxable profits under gift aid to the parent company was £120,000 (2022: £nil). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds in 2022. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed Manchester Diocesan Board of Finance £15,000 (2022: £170,995). This is in relation to payments made by MDBF on behalf of Church House Company which includes expenditure purchases. A rent and service charge debtor balance of £nil (2022: £nil) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College (ETC) trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2022: £7,500). Previously, Ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF has received (upto August 2023) funding from the National Church to support the training of Ordinands. In 2023, the MDBF paid Emmanuel Theological College £155,492 (2022: £243,020) for the training of Ordinands and Readers. From September 2023, National Church are now paying the Ordinand tuition costs direct to ETC under Resourcing Ministerial Formation, which is the reason for the reduction in payments in 2023.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2022

Company No 149999 – Registered Charity No 249424



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Reference and administrative details

In accordance with the Companies Act 2006, FRS102 and the Charities Statement of Recommended Practice issued in January 2020 (SORP 2020), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow.

Ex-Officio

The Bishop of Manchester, Rt Revd Dr D Walker
 The Bishop of Middleton, Rt Revd M Davies
 The Bishop of Bolton, Rt Revd M Ashcroft – To 28 February 2023
 The Archdeacon of Bolton and Salford Ven J Burgess – To 4 June 2023
 The Archdeacon of Manchester, Ven K Lund
 The Archdeacon of Rochdale, Ven D Sharples
 The Chairman of the Board of Finance, Canon P Blinkhorn
 The Dean of Manchester – Very Revd R M Govender
 The Chair of the House of Laity – Y Mackereth
 The Chair of the House of Clergy – Revd Canon Dr R Mann

Elected by Diocesan Synod (1 clergy and 1 laity from each Archdeaconry)

Manchester Archdeaconry

Clergy	Lay
Revd A Wickens	J Dunkerley

Bolton Archdeaconry

Clergy	Lay
Revd P Sumsion	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Revd M Read	B Micklethwaite – From 26 September 2022

Salford Archdeaconry:

Clergy	Lay
Revd Canon A Salmon	I Hodcroft – From 26 September 2022

Co-opted

Canon H Lightbourne
 Canon P Billson
 P Geldard
 L Mycock
 Revd G Thomas

Company Secretary

H Platts

Reference and administrative details of the Diocese of Manchester (continued)

St John's House
155-163 The Rock
Bury
BL9 0ND

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Auditors

Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Bankers

D M Myers LLB (Hons)
HLF Berry LLP
St John's House
155-163 The Rock,
Bury
BL9 0ND

**Legal Secretary
Diocesan Registrar**

CCLA Investment Management Ltd
1 Angel Ln,
London
EC4R 3AB

**Investment Managers
Unlisted Investments**

WT Gunson
Suite 2, 3rd Floor,
1 King St,
Manchester
M2 6AW

**Glebe Estates,
Surveyor & Valuer**

Our Vision

We live in a rapidly changing world and a time of great opportunity for the Diocese of Manchester.

Greater Manchester, as a thriving city region, is an integral part of that changing world. In recent years there has been substantial regeneration of significant parts of the Greater Manchester conurbation – the development of Media City at Salford Quays and the prospect of the Northern Powerhouse exemplify this. The cultural context is also changing – many faith groups are represented with an increasing number of people identifying as having no faith. Young people in the 18-24 age range are least represented in our churches along with those from areas of high deprivation. The church faces challenges too with many historic buildings coming to the end of their life and congregations becoming older and smaller.

The Diocese of Manchester has set about these challenges with the desire to be a Church for a Different World, both reacting to these changing circumstances and being an agent of transformation in the world today. Manchester is a vibrant diocese of opportunity and creativity. Its rich mixture of church traditions makes it a wonderful place to engage in Gospel ministry.

In spite of the recent challenges of the pandemic and the cost-of-living crisis, this is an exciting time for our diocese. Over the last few years, we've made significant progress in developing an inspiring vision for our diocese - for there to be 'a worshipping, growing and transforming Christian presence at the heart of every community'.

This is underpinned by our 10-year strategy, which is focused on the three mission goals of *Growing*, *Nurturing* and *Serving*. We are clear about the outcomes we want to achieve by 2030.

These include ambitious targets for increased church attendance particularly in our most deprived areas; greater opportunities for people to explore their faith; for our church leadership to reflect the diversity of our congregations; for all our churches to be engaged in social action projects; and for us to be an environmentally sustainable church.

Our work together grows out of Jesus's Great Commandment which is to 'love the Lord your God with all your heart and all your soul and with all your mind...and your neighbour as yourself' (Matthew 22:36-40) ...

... and his Great Commission, 'to go and make disciples of all nations, baptising them in the name of the Father and the Son and the Holy Spirit' (Matthew 29: 19-20).

About the Diocese

The Diocese of Manchester is one of 42 areas of the Church of England, each of which is led by a Bishop.

The diocese, which covers an area of 416 square miles, was created in 1847. The overall population is 2.2 million. 125 (49%) of the parishes in the diocese fall within the 10% most deprived areas nationally.

The diocese is divided into four archdeaconries and seven deaneries. There are more than 300 places of worship and chaplaincies which are organised into 255 parishes and 179 benefices, including Manchester Cathedral.

Geographically the diocese takes in the two cities of Salford and Manchester and the metropolitan boroughs of Oldham, Rochdale, Bury and Bolton. Parts of the metropolitan boroughs of Wigan, Trafford, Stockport and Tameside and Blackburn with Darwen and most of the borough of Rossendale in Lancashire, are also within the diocese. While predominantly urban, a significant part of the diocese is rural, although less than 3% of the population of the diocese lives in these areas.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

The diocese has 309 churches, ranging from historic listed buildings to brand new, purpose-built places of worship. Over 320 licensed clergy serve in the diocese along with 100 licensed readers who help with leading services and pastoral work. Our 250 Authorised Lay Ministers also play a hugely important role in the life of the Church. In 2019, before the impact of the pandemic, the diocese had a regular average weekly adult attendance of around 14,750 and total weekly attendance for all ages of 24,500. Attendance fell significantly during the pandemic with regular average weekly attendance increasing back up to 12,700 in 2022 and all-age weekly attendance to nearly 22,000. The diocese is completely focused on ensuring that attendance recovers to pre-pandemic levels over the next five years.

Parishes and chaplaincies across the diocese are supported by a dedicated team of DBF and SBE staff, now based at St John's House, Bury, who provide support with our three Mission Goals of *Growing*, *Nurturing* and *Serving*. They also provides support with safeguarding, clergy housing and stipends, finance, HR and property management, and governance.

Across the diocese there are nearly 200 Church of England primary and secondary schools, educating 57,000 pupils every day. These schools are mostly funded by local authorities, with the diocese providing support with religious education and Christian ethos, as well as governance, the recruitment of head-teachers, admissions and building projects. The team which supports these schools is also based at St John's House under the authority of the Diocesan Board of Education.

Strategic Report: Activities and Key Achievements in the year

The diocese's Growing strategy involves pioneering new faith communities and reinvigorating existing ones. Much of what we are doing is already contributing to a culture of hope and an expectation of growth. The key elements of the strategy to enable us to achieve our vision are already being developed and implemented in spite of the continuing impact of the pandemic on church attendance.

Following the successful bid for Strategic Development Funding of £5m in 2020, work continued on developing St Werburgh's in Chorlton and Nelson Street Church in Rochdale. Both churches have now opened for worship and are attracting new members. During 2022 we made good progress with our plans for a city centre resource church in partnership with the Church Revitalisation Trust, with financial support being agreed by the Church Commissioners. We have now identified a suitable property and are due the launch the new church in the second half of 2023, subject to planning consent from the local authority.

The existing SDF projects, Children Changing Places in Bolton and Small to Small Community Church Plants, continued to develop, with Children Changing Places attracting national recognition for its ground-breaking work.

As part of our strategy for growth, we also continued to nurture and support vocations to both lay and ordained ministries. In 2022, 17 candidates entered ordination training, of whom 24% were UKME. Reader ministry continued to be a priority for the diocese.

Mission Goal 1: Growing

Manchester Diocese has a strong commitment to discipleship and evangelism as part of our *Nurturing* strategy. Our aim is to help form and equip lay people to follow Jesus confidently in every sphere of life, and enable laity and clergy to minister together, based on their baptismal mutuality. We believe these changes would represent a seismic revolution in the health and vibrancy of our people and our churches.

#MoreThanSunday - part of the national Setting God's People Free initiative – continued to be developed during the year with eight parishes, a chaplaincy and one of our church secondary schools. ALM training continued in 2022. Forty Authorised Lay Ministers were commissioned at

Mission Goal 2: Nurturing

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

Manchester Cathedral in September and existing ALMs were also relicensed by the Bishop of Bolton, Mark Ashcroft, in a joyful celebration. A further 36 people accessed the training available as part of the ALM programme under individual electives. Our proposals for focal ministry continued to be developed and communicated, following the appointment of our new Head of Lay Development, prior to the appointment of our first focal ministers in 2023.

Recognising the importance of investing in the care, support and leadership of clergy and in response to the Clergy Wellbeing Covenant, in 2022 the diocese was able to provide Pastoral Supervision to clergy, facilitated by six clergy members who had been trained in pastoral supervision.

The primary focus of our *Serving* strategy over the coming decade is the environment. The diocese has appointed two curates as Environment Officers to help stimulate creative responses to environmental issues and work towards the goal of becoming 'net zero carbon' by 2030. Diocesan Synod has endorsed steps to; encourage parishes to integrate Creation Care into their liturgy, worship and teaching; work to achieve year-on-year reductions in carbon emissions; and prioritise the use of renewable energy.

After achieving Bronze Eco Diocese status in December 2020, we continued to work towards a Silver award. In support of this aim, churches are encouraged to register for Eco Church accreditation. By the end of the year, 118 churches had registered and there were 57 Eco Church awards: 38 bronze and 19 silver. In 2022 the Energy Footprint Tool was completed by 168 churches (53%) in 2022 and deanery eco-champions have been identified to develop support for Eco Church at the local level.

In a diocese where 48% of parishes fall within the most deprived 10% in England, social action is an important focus. We support our parishes in delivering social action programmes through our partnership with Greater Together Manchester.

Church involvement in social and community action remains high. Our most recent data shows that over 850 social action projects were either run, hosted or supported by churches in the diocese and that 84% of churches were involved. Food banks, parent and toddler groups, and night shelters for the homeless were the three most common areas of activity.

We continue to work with key partners such as Greater Together Manchester, the Mothers' Union and Greater Manchester Poverty Action in speaking and acting prophetically for justice, especially for the vulnerable, deprived and excluded.

Mission Goal 3: Serving

Our transformation programme, which involves reviewing all our resources and establishing sustainable models of ministry, continued apace. Working within our new deanery structures, our seven full-time Area Deans and Lay Chairs led the delivery of our transformation programme at local level. Deanery-level strategies with a focus on the key missional opportunities for Growing, Nurturing and Serving in each area have now been developed.

During 2022 the focus has been on establishing our 33 mission communities, with the licensing and induction of our new mission community leaders at the beginning of the year. Good progress has been made with creating these new local partnerships and strong relationships are being forged between clergy and laity as they support each other with mission and ministry on the ground.

Having secured the financial support of the National Church for the next stage of our transformation journey, during 2022 we were able to appoint support officers in each deanery to work with the Area Deans, Lay Chairs and parishes. Their focus is on connecting best practice across our deaneries and coordinating and rolling out discipleship and growth opportunities.

In 2022 we also launched our new #ManDioGrowingFaith programme, which is enabling us to appoint a children and families worker in every deanery. This funding is testament to the confidence the National Church has in our plans to support our parishes, invest in our leaders - both lay and ordained - and grow younger and more diverse.

Transformation programme

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

Safeguarding continues to be an important focus, with training being provided online and in person. The diocese's Independent Safeguarding Panel meets regularly. During 2022 the diocese published an Executive Summary of the Past Cases Review 2 (PCR2) report, to coincide with the publication of the national PCR2 report.

A strategy for disposing of surplus parsonages has been agreed with a further seven parsonages sold during 2022. A review of our most vulnerable churches is underway with support being provided to our most fragile churches.

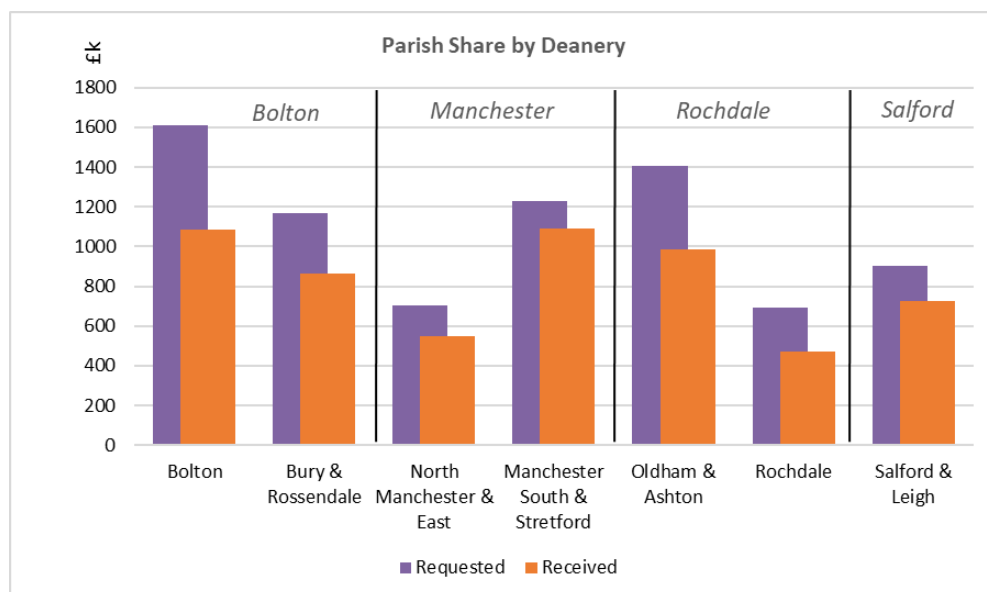
As part of our property strategy, we sold our historic diocesan offices in the centre of Manchester in June 2022, continuing as tenants in the building while we prepared for our relocation to our newly refurbished offices in Bury town in a building already owned by the diocese, St John's House. The move took place in February 2023 following a formal consultation with staff. Our new offices were formally opened by the Archbishop of York, The Most Revd and Right Honorable Stephen Cottrell, in March 2023.

Parish Share and Stewardship

Parish Share

During 2022 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.686m, a decrease of 2% compared to £5.831m in 2021.

The individual parish share requests by Deanery, together with contribution by Deanery, are set out in the graph below. (These figures include encouragement scheme credits and exclude prior year receipts):



Share change outcomes

We continue to take steps to ensure our financial viability. During 2022 a review of the Parish Share system was completed following a number of consultation events in the second half of the year. There will be a continued focus on the communication of financial issues to parishes and deaneries in 2023, particularly in light of the recent decline in Parish Share payments.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

Giving and Generosity

In September 2022 we held a well-attended online Giving Conference where we were able to showcase the support and resources available to help ensure that clergy and laity promote Generosity and Thankfulness. We continued to provide support to our parishes with GiftAid – over 180 churches are members of the GiftAid Lite scheme.

Strategic Report - Future Developments

Priorities

Having agreed our vision and ten-year strategy in 2019, work continues to develop a transformation programme for the diocese, to enable us to achieve our vision by 2030.

We will continue to develop and set up existing and new resource churches across our diocese - with a focus in 2023 in our new resource church for Manchester City Centre - as well as help grow and revitalise our other churches, in order to attract new members, particularly young adults. Over the next three years, we will plant new congregations and fresh expressions of church, so that churches carrying a DNA of mission are established in communities where attendance is currently low. We will also focus on every church running an enquirers course, and on creating a culture of invitation.

Focusing on our international congregations is a key plank of our approach to racial justice, alongside work we will be taking forward to ensure that people leading the diocese in governance, clergy and lay roles are representative of the diversity of our diocese.

A key priority for 2023 is to develop our proposals for focal ministry and to start the process of recruiting, training and commissioning focal leaders, in support of local mission, ministry and growth across our churches.

We recognise that prayer needs to be at the heart of everything we are doing to transform our diocese. In 2023 our focus will be on establishing a diocesan prayer community, to encourage clergy and laity to participate regularly in prayer. We will also promote #MoreThanSunday with mission communities to inspire everyday faith, seven days a week. Working with parishes, we will also encourage and resource all church members to participate regularly in discipleship development.

With the financial support of the Church Commissioners, we will look to extend our successful Children Changing Places programme in Bolton, and use this as a test-bed for approaches to be rolled out across the diocese over the next five years as part of #ManDioGrowingFaith.

Working with Greater Together Manchester, we will continue to support initiatives with parishes to respond to the pressures of isolation, homelessness, food poverty and debt.

We will also continue our work towards the Net Zero Carbon goal set by General Synod in 2020, by supporting our churches and schools with measuring their energy use and with taking simple, practical steps to reduce their carbon footprint.

Alongside these developments, we will take steps to ensure we are financially sustainable over the medium- to long-term. This goal has become even more important as we recover from the financial challenges of the pandemic and the more recent cost-of-living crisis. Our five-year financial strategy includes communicating with parishes the importance of mutual support and of paying Parish Share to ensure that the current levels of stipendiary clergy can be maintained.

This is an exciting time for us as a diocese. After the years of Covid, most of us are now able to participate in the life and worship of our church and community. Many of us are developing deeper and better relationships in our mission communities and are able to take heart from the progress we are making in our parishes and as part of our wider diocesan family. With the support of the Church Commissioners, we are now well-resourced and well-placed to take forward a wide range of initiatives to ensure the future missional and financial health of Manchester Diocese.

Strategic Report- Structure and Governance

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the Southern Province and York for the Northern Province. Each province comprises of dioceses, of which there are 41 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (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.

The Church of England is episcopally led - there are over 100 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 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, spending most of their income on pensions for the clergy. Financial and other support is also provided for the strategic development of dioceses. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners, except for the provision of housing for suffragan bishops which is met by the Diocese.

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 the widows/widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The 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.

Manchester Cathedral is the mother church of the diocese and legally is constituted as a separate ecclesiastical corporation for charitable purposes, governed by common law. Copies of the cathedral's annual report and financial statements may be obtained from the Cathedral Office, the Cathedral, Victoria Street, Manchester, M3 1SX.

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

Summary information about the structure of the Church of England

The three National Church Institutions

The Cathedral

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The Parochial Church Council (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 charity, and those with gross income under £100,000 are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006. 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.

Parochial Church Council
(PCC)

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is the principal pastoral and, in turn, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the diocesan bishop.

Parishes, Benefices and
Deaneries

Diocesan Synod

The diocese is governed by standing orders approved on 18 June 1994 and subsequent amendments. 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 persons elected by the houses 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. The bishop of the diocese shall be the president of the diocesan synod.

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; and
- provide for the financing of the diocese.

Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, a Standing Committee of the Diocesan Synod.

Deanery Synod

Each deanery synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- 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 from there 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.

Diocesan Governance

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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Bishop's Council

Following the governance review in 2016, the members of Bishop's Council are also trustees of the Manchester Diocesan Board of Finance (MDBF). As well as the delegated functions set out in the Decision Making Structure section below, under the constitution of the Diocesan Synod, Bishop's Council also 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; and
- to carry out such functions as the Synod may delegate to it.

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice. Below are the seven principles with an explanation of how MDBF operates against these principles:

- **Organisational Purpose**

The company's vision and mission goals which were agreed by Bishop's Council in 2015 are set out above along with activities and key achievements against these goals during the year. The company produces an annual three year medium term financial plan which is considered by the Finance and General Purposes Committee prior to being approved by Bishop's Council and Diocesan Synod.

- **Leadership**

The Board of Trustees comprises of elected clergy and lay representatives from the Diocesan Synod along with ex officio trustees including the Diocesan Bishop and senior clergy. The trustees may co-opt members on to Bishop's Council to bring skills and knowledge in certain areas. The company has a Staffing Committee which considers matters around pay, grading and restructures.

- **Board Effectiveness**

A skills audit is undertaken to identify any skills gaps and trustee recruitment targeted accordingly. The company operates through a committee structure and the details of these committees (including a brief summary of the remit of each committee) are set out in the section below.

- **Diversity**

The Board of Trustees is made up of individuals who reflect the diversity of the Anglican Church in Manchester. Participation by all members is encouraged through supporting new members through initial induction and ongoing development of Trustees. Meetings are timed to maximise attendance of trustees with work or personal commitments.

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the responsibilities of being a trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

Charity Governance Code

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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- **Decision-Making, Risk and Control**

Formal reports which may be for decision or information are presented to Bishop's Council. For items requiring decision votes are taken and decisions are recorded in the minutes. There is an Audit Committee which responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website.

Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

MDBF has delegated the following functions to the Board of Trustees:

- management of the funds and property of the diocese;
- advising on action needed to raise the income necessary to finance expenditure;
- advising Diocesan Synod, Bishop's Council and other diocesan bodies, of the financial aspects of its policy and on any other matters referred to it;
- preparation of an annual draft diocesan budget;
- budgetary control within the approved diocesan budget;
- allocation of contingency and general reserve provisions;
- custodian trustee business;
- sealings;
- investment powers over MDBF's own assets and those assets of which MDBF is sole (or managing) trustee;
- the keeping of internal audit systems; and
- to consider and grant or withhold approval for borrowing by any board or committee of the diocese.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary, who is supported by a number of heads of departments and their staff.

There are a number of Diocesan Synod committees that, though not committees of MDBF, can influence the operations of MDBF.

The statutory committees are:

Diocesan Mission and Pastoral Committee (DMPC), which is responsible for recommending pastoral reorganisations, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which advises 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.

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

Decision-making Structure

Committee Structure

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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Bishop's Council has the following committees, each of which has written terms of reference:

Property Committee, which is responsible for exercising the functions of the Diocesan Parsonages Board, as set out in the Repair of Benefices Buildings Measure 1972 together with the exercise of responsibility of the Diocesan Board of Finance as set out in the Endowments and Glebe Measure 1976.

Investments Committee, which is responsible for directing and monitoring the investment of the assets of the charity in line with the Board's charitable objectives to promote the mission and ministry of the diocese.

The company, Manchester Diocesan Board of Finance (MDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 26 March 1918 as a charitable company limited by membership guarantees (No. 149999) and its governing documents are the Memorandum and Articles of Association. MDBF is registered with the Charity Commission (No. 249424).

At an Extraordinary General Meeting (EGM) in November 2006 the Articles were amended so that with effect from January 2008 every member of Diocesan Synod is also a member of MDBF for company law purposes. A further EGM was held in September 2020 to amend the Articles to facilitate and enable the DBF, the Board of Directors committees and subcommittees to meet and conduct their business remotely.

Every member has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. The members of the Bishop's Council comprise the Board of Trustees of MDBF – they are its Directors under company law.

The legal objects of the company as set out in the Memorandum of Association are as follows:

'To promote, aid and further, primarily but not exclusively in the Diocese of Manchester (the 'Diocese') the spiritual teaching of the Church of England (the "Church") and maintain the spirit of the doctrines and observances on which it rests and in which it finds expression and to that end.

- a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.
- b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")
- c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.
- d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

Please note that some of the structures mentioned in these Objects have been superseded by structures established under the Synodical Government Measure, 1969.

Finance and General Purposes Committee, which is responsible for reviewing the financial position in line with income and expenditure, and assessing opportunities and threats to the budget in advance of budget preparation and future financial decision making.

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

Company Status and Legal Objects

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Staffing Committee, which acts on behalf of the trustees on employment practice and the development of human resources. The committee reviews salaries in the MDBF, and approves recommendations for salaries in relation to new posts or regrading of posts. The MDBF has a grading structure with eight pay bands; within each pay band there are three increment points. Posts are allocated a grade with increments or a spot grade; some posts span two grades. The MDBF tracks market rates and occasionally takes part in national benchmarking data collection with other dioceses.

An induction programme for MDBF trustees has been developed as part of a governance review. Further to this, Trustees can also attend training courses and briefings commensurate with their development and in order to fulfil their legal and statutory responsibilities. See above for details of the appointment process.

Some Senior Management Group (SMG) members have 'director' in their job titles but are not directors of the MDBF for the purposes of company law, nor are they Trustees of the charity. The SMG comprises:

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

Appointment of Trustees

General Synod, Church Commissioners and Archbishops' Council

MDBF 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.

Parochial Church Councils (PCCs)

MDBF is required by Parochial Church Councils (Powers) Measure 1956 to be custodian trustee in relation to PCC property, miscellaneous funds and investments, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within MDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Related Parties

The trustees consider the following to be connected charities:

Manchester Diocesan Board of Education - a company limited by guarantee and a registered charity, which has responsibility for 191 church schools across the diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The investments, income and expenditure of a separate charity, **JB Stelfox Trust**, have been included in these financial statements, as the Board of Finance is the sole trustee.

Connected Charities

The Church of England Pensions Board is responsible for the Clergy Pension Fund and the Church Workers Pension Fund and it is to this body that MDBF pays retirement benefit contributions for stipendiary clergy, licensed lay workers and employees (see note 26).

Pension Scheme

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The trustees confirm that the major risks, to which MDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Audit Committee the task of ensuring that risks are reviewed as part of the risk management strategy. The Audit Committee encourage the Heads of Department to define the risks in their areas, report on the measures in place to manage and monitor these risks and implement procedures and controls designed to minimise any potential impact on MDBF should any of the risks materialise. The key risks are summarised on page 19 below.

Risk Management

MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

MDBF 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.

Statutory Functions

The trustees of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Information on these benefits is provided throughout this report.

Public Benefit

Strategic Report: Financial Review

Group incoming resources were £19.253m (2021: £17.851m).

Donations to the MDBF through Parish Share decreased from £5.831m to £5.686m. The Trustees are very grateful to all the donors in what has been another extremely challenging year.

In 2022, around 29.5% of the income of the MDBF came from the Parish Share and 16.2% from National Church Selective Allocations. In addition, MDBF received £0.6m sustainability funding from the National Church for support following the pandemic.

Incoming Resources

Group Resources expended were £16.095m (2021: £15.829m), which includes Pension Operating Costs. The largest share of MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Expenditure

Overall, the value of the consolidated balance sheet has increased during the year by £14.883m. Key movements in the year included: the revaluation of parsonage properties of £12.201m

Balance Sheet

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(£11.267m Endowment funds and £0.934m Unrestricted funds), actuarial loss and deficit repayment of the Lay Staff Pension Scheme of £0.084m; the deficit repayment on the Clergy Pension Scheme of £0.198m together with overall unrealised losses on investments of £1.865m and revaluation of Glebe Investment Properties resulting in a £0.296m gain (2021: £0.486m loss) ; and an increase in tangible fixed assets which includes the revaluation of parsonages less disposals in the year £11.314m. Other movements on the balance sheet include an increase in cash of £13.277m due to the sale of Church House: an increase in debtors of £0.354m; and a decrease in creditors falling due after more than one year of £0.394m.

The Diocese recorded a surplus on General Unrestricted Funds (including property revaluations, unrealised losses on investments, actuarial gain on the pension scheme, pension interest cost and corporation tax) of £4.402m deficit (consolidated figures). This compares with a surplus of £7.498m in 2021. With the opening General Unrestricted Funds balance of £13.840m and the in-year surplus of £4.402m, the closing reserves now stand at £18.242m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate surplus of £14.883m including property revaluations, unrealised losses, actuarial gain on the pension scheme, pension interest cost and corporation tax) across all funds was recorded during the year (2021: surplus £56.27m). With the opening Total Funds balance of £111.83m and the in- year surplus of £14.883m, the closing reserves now stand at £126.713m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2022 was £23.5m (2021: £22.5m) and the return on investments was 4.9% (2021: 4%).

Glebe investments

Glebe property investments were valued at 31 December 2022 at £5.32m (2021: £6.3m). Rents receivable amounted to £522k (2021: £439k) – an income yield of 9.8% (2021: 6.9%).

General investments

Investments in equity, property and fixed interest funds were valued at £15.108m at 31 December 2022 (2021: £17.104m). Dividends receivable amounted to £465k (2021: £445k) – a yield of 3% (2021: 2.6%).

Financial investments are split between investments in equities 85.85% (2021: 85.8%) through investment funds, a property fund 13.56% (2021: 13.6%), and fixed interest securities 0.6% (2021: 0.7%).

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and on the short-term money markets.

Investments

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a shared equity basis. The total Value Linked Loans advanced at 31 December 2022 amounted to £245k.

Equity Loans

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity was the provision of a Church House for Investment Property and Diocesan

Subsidiary Undertakings

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purposes. The property was sold in June 2022. The profit for 2022 after tax was £4.419m (2021: £2.276m profit) (see note 18).

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

Going Concern

Investment policies

MDBF's investment policies are based on two key policies:

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance, promote the care of the environment and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. The MDBF's 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. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to fund clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2022, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £18.242m (see note 13 to the financial statements), which equates to just under 16 months' gross unrestricted expenditure.

The unrestricted reserves are now above the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. As at 31 December 2022, the pension deficit on the Church Worker Defined Benefit Scheme and Clergy Pension Scheme was £nil (2021: £0.743m). The diocese still faces financial challenges with a deficit budget of £0.974m in 2023.

In 2022, the company paid £0.198m (2021: £0.358m) as a contribution to reduce the Clergy Pension Scheme deficit. As at 31 December 2022 the deficit stands at nil and therefore, there are no deficit contributions required in 2023. As at 31 December 2022, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2021: £0.397m). In 2022, the company paid £84k (2021: £84k) as a contribution to reduce the pension deficit. The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment properties and unlisted investments which provide investment income. These are not included within the General Unrestricted Funds.

Policies and Other Matters

Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate

market value of £11.898m (2021: £13.317m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

Strategic Report: Principal Risks and Uncertainties

As with other organisations, MDBF faces risks to its operations, finances and reputation. The officers regularly review, evaluate and record major areas of risk to which MDBF is exposed, assessing the likelihood and impact of risks occurring. The MDBF Audit Committee review these risks at their meetings during the year. The outcome of this review is recorded in the MDBF Risk Register. The work undertaken by the Audit Committee is reported to the Finance and General Purposes Committee.

The main risk to MDBF's income is from the impact of COVID-19 in that parish income has been significantly affected due to lockdown and other restrictions and parishes are not able to pay their parish share. The COVID-19 pandemic, along with declining church attendance, makes this more likely than was the case a number of years ago. On expenditure, there are risks that additional pension contributions may be required in the future to fund pension deficits. Overall there is a risk that reserves could become depleted. Work is therefore underway on a medium-term financial strategy from 2022 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

Set out below are the key risks identified which are regularly reviewed by the Charity together with the appropriate control measures:

Key Risks	Control Measure
Declining Parish Attendance	Growth strategy, SDF bids (current and future), work around local ministry, Investment in new ordinands and increased leadership capacity, Transformation Programme, review of fragile churches
Poor financial performance	Reserves policy linked to financial budgets, activities and identified financial and operating risk. Disposal of surplus parsonages, glebe land and property and Church House with re-investment of the proceeds.
Poor income from Parish Share	Monthly reports to Parishes & DBF, Review of the Parish Share system, Implementation of the Giving Strategy, Deanery Budget Meetings

The Trustees approve the Trustees' Report, which incorporates the Strategic Report.

By Order of the Board on 24th May 2023



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

Principal Risks and Uncertainties

Trustees' responsibilities

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

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

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

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MANCHESTER DIOCESAN BOARD OF FINANCE

Opinion on the financial statements

We have audited the financial statements of The Manchester Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Consolidated and Company Statements of Financial Activities, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions related to going concern

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

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Other Companies Act 2006 reporting

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

31 August 2023

10 Queen Street Place
London
EC4R 1AG

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

	Note	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,686	-	-	-	5,686	5,831
Archbishops' Council		-	-	3,112	-	3,112	3,487
Other donations		285	10	1,629	-	1,924	1,383
Other trading activities	3	3,224	-	-	-	3,224	573
Investments	4	417	23	679	42	1,161	916
Charitable activities	5	-	-	540	-	540	509
Other income	6	77	-	2,535	994	3,606	5,152
TOTAL INCOME AND ENDOWMENTS		9,689	33	8,495	1,036	19,253	17,851
Expenditure on:							
Raising funds	8	209	-	100	-	309	460
Charitable activities	9	8,033	52	8,162	-	16,247	15,242
Remeasurement of pension schemes	26	5	-	-	-	5	125
Pension interest cost	26	(466)	-	-	-	(466)	2
TOTAL EXPENDITURE	7	7,781	52	8,262	-	16,095	15,829
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		1,908	(19)	233	1,036	3,158	2,022
Taxation	16	1,389	-	-	-	1,389	(690)
Net gains / (losses) on investments	23	(1,442)	(28)	(273)	(122)	(1,865)	4,715
Property Revaluation	17	934	-	-	11,267	12,201	50,223
Net (expenditure) / income		2,789	(47)	(40)	12,181	14,883	56,270
Transfers between funds	10	1,613	165	212	(1,990)	-	-
Net movement in funds	13	4,402	118	172	10,191	14,883	56,270
Total funds at 1 January	13	13,840	1,147	11,790	85,053	111,830	55,560
Total funds at 31 December	13	18,242	1,265	11,962	95,244	126,713	111,830

The group's income and expenditure all relates to continuing operations.

The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

	Note	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,686	-	-	-	5,686	5,831
Archbishops' Council		-	-	3,112	-	3,112	3,487
Other donations		9,785	10	1,629	-	11,424	1,450
Other trading activities	3	108	-	-	-	108	168
Investments	4	410	23	679	42	1,154	916
Charitable activities	5	-	-	540	-	540	509
Other income	6	77	-	2,535	994	3,606	5,152
TOTAL INCOME AND ENDOWMENTS		16,066	33	8,495	1,036	25,630	17,513
Expenditure on:							
Raising Funds	8	-	-	100	-	100	77
Charitable activities	9	8,033	52	8,162	-	16,247	15,242
Remeasurement on pension schemes	26	5	-	-	-	5	125
Pension interest cost	26	(466)	-	-	-	(466)	2
TOTAL EXPENDITURE	7	7,572	52	8,262	-	15,886	15,446
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		8,494	(19)	233	1,036	9,744	2,067
Taxation		-	-	-	-	-	-
Net gains / (losses) on investments	23	(1,442)	(28)	(273)	(122)	(1,865)	1,655
Property Revaluation	17	934	-	-	11,267	12,201	50,223
Net (expenditure) / income		7,986	(47)	(40)	12,181	20,080	53,945
Transfers between funds	10	1,613	165	212	(1,990)	-	-
Net movement in funds	13	9,599	118	172	10,191	20,080	53,945
Total funds at 1 January	13	5,668	1,147	11,790	85,053	103,658	49,713
Total funds at 31 December	13	15,267	1,265	11,962	95,244	123,738	103,658

The Company's income and expenditure all relates to continuing operations.

The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2022

		Group		Company	
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	17	86,790	75,476	86,790	74,934
Investments	18	20,428	32,584	20,509	23,485
		<u>107,218</u>	<u>108,060</u>	<u>107,299</u>	<u>98,419</u>
CURRENT ASSETS					
Debtors	19	2,212	1,858	2,372	1,790
Cash and cash equivalents	20	18,544	5,267	15,302	5,186
		<u>20,756</u>	<u>7,125</u>	<u>17,674</u>	<u>6,976</u>
CREDITORS:					
Amounts falling due within one year	21	(1,016)	(1,410)	(990)	(1,178)
NET CURRENT ASSETS		<u>19,740</u>	<u>5,715</u>	<u>16,684</u>	<u>5,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>126,958</u>	<u>113,775</u>	<u>123,983</u>	<u>104,217</u>
CREDITORS:					
Amounts falling due after more than one year	21	(245)	(559)	(245)	(559)
PROVISIONS:					
Deferred tax	27	-	(1,386)	-	-
NET ASSETS		<u>126,713</u>	<u>111,830</u>	<u>123,738</u>	<u>103,658</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	95,244	85,053	95,244	85,053
Restricted income funds	13,22	11,962	11,790	11,962	11,790
Unrestricted income funds:					
General funds		15,186	6,330	15,267	6,411
Designated funds		1,265	1,147	1,265	1,147
Non-charitable trading funds		3,014	8,245	-	-
Pension scheme reserve		-	(743)	-	(743)
Minority interest		42	8	-	-
Total unrestricted income funds	13,22	<u>19,507</u>	<u>14,987</u>	<u>16,532</u>	<u>6,815</u>
TOTAL FUNDS		<u>126,713</u>	<u>111,830</u>	<u>123,738</u>	<u>103,658</u>

The notes on pages 29 to 63 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors and are signed on behalf of the Board on 24th May 2023 by:



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

Reconciliation of changes in resources to net cash flow from operating activities

See also Note 25

	2022		2021	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		14,883		6,047
Adjustments for:				
Depreciation charges		42		58
(Gains) / Losses on investments		-		45
Dividends, interest and rents from investments		(1,161)		(916)
Realised (Gains) / Losses on investment property		(130)		-
(Profit) on the sale of fixed assets		(3,844)		(3,052)
Decrease/(Increase) in debtors		(354)		(80)
(Decrease)/Increase in creditors		35		(172)
Unrealised (gain) / loss on investments		1,996		(1,655)
Unrealised (gain) on investment property		(296)		(3,060)
Pension adjustment		(461)		127
Revaluation of other assets		(12,038)		-
Taxation		(1,386)		605
Net cash used in operating activities		(2,714)		(2,053)
Cash flows from operating activities:				
Net cash used in operating activities		(2,714)		(2,053)
Cash flows from investing activities:				
Dividends, interest and rents from investments	1,161		916	
Proceeds from the sale of property, plant and equipment	6,215		4,077	
Proceeds from sale of investments	9,813		569	
Purchase of property, plant and equipment	(916)		(465)	
Purchase of investments	-		-	
Net cash provided by / (used in) investing activities		16,273		5,097
		13,559		3,044
Cash flows from financing activities:				
Deficit contributions paid	(282)		(442)	
Net cash used in financing activities		(282)		(442)
Change in cash and cash equivalents in the reporting period		13,277		2,602
Cash and cash equivalents at the beginning of the reporting period		5,267		2,665
Cash and cash equivalents at the end of the reporting period		18,544		5,267

The notes on pages 29 to 63 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The group and company have taken advantage of adapting their own arrangements of the headings and subheadings of their financial statements due to the special nature of their business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2020.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis. The subsidiary company, Manchester Diocesan Church House Company Limited, has prepared its financial statements under the FRS102 section 1A Small Entities.

The financial statements are prepared on the historical cost basis of accounting, except for investments which have been included at revalued amounts, and a summary of the more important accounting policies, which have been consistently applied, is set out below.

The group and company is a public benefit entity and as such has applied the appropriate reporting standards from FRS102.

(a) *Income and Endowments*

The principal source of income comes from voluntary giving in the form of parish share. Amounts undertaken to be paid by deaneries but not received by the year end are not accrued as the obligation to pay the sums involved is morally but not legally binding. Income is accounted for when received, except legacies that are included on an accruals basis where receipts are reasonably certain and the amounts receivable can be quantified.

(b) *Expenditure*

Expenditure is analysed over the activities undertaken by the Company wherever this is possible. Office and support costs are recharged to operating departments where appropriate. The remaining costs of the Company's offices and administration are shown as support costs within direct charitable expenditure where these relate to the managing and promoting of the Company's charitable activities within the Diocese of Manchester. Costs arising from the administration of the Company as a charity and company are shown as governance costs, in accordance with SORP.

(c) *Dividends and interest*

These are included in the financial statements on an accruals basis.

(d) *Fund accounting*

Funds held by the company are either:

Restricted funds	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
Permanent endowment funds	Funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.
Unrestricted general funds	Funds which may be used for general purposes without any external restriction.
Unrestricted Designated funds	Unrestricted funds which have been set aside by the Board for purposes designated by diocesan policy; such designations may be changed from time to time according to policy decisions.

Details of the major funds are given in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners' payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Company and income received by them centrally are shown gross in these financial statements. However, some dignitaries are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(f) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost.

Until 2020, Glebe and parsonage houses and other property used by the diocese were included at deemed cost which was either the cost of purchase or the midpoint council tax. In 2022 the trustees decided that as the basis of inclusion represented in many cases neither the historical cost nor the fair value that they would perform a desk top valuation and/or indexation at each year end and this would be included in the balance sheet. This valuation would include an impairment review as required where no depreciation is to be charged. This constitutes a change in accounting estimate as to the value and estimated useful economic life/residual value and as such no prior year adjustment is required.

Houses subject to value-linked loans (previously known as equity sharing loans) are included in the financial statements as fixed assets and loan creditors, where there is a direct liability to the Company relating to such properties. For Value Linked Loan properties which the Company has an equity share, the Company equity value is depreciated in line with the property depreciation rate as confirmed below.

Redundant churches are not included in the financial statements as it is the opinion of the trustees that they are of negligible value.

For all other assets historical cost accounting is applied with depreciation provided as the following rates:

Office Equipment	25% & 33.33% straight line
Property at 90 Deansgate (Diocesan Church House)	2% straight line

(g) Fixed asset investments

Investments other than in Glebe land and properties and Church House property are shown at the bid price on the date of the balance sheet. Glebe land and properties were revalued on 31 December 2022. The valuation provided by Rapleys on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income. The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Following the decision to market Church House property, the Trustees obtained appropriate advice under the Charities Act and that value has been included in these financial statements as the fair value. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

Investments held by the Company as custodian trustee are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(h) *Subsidiary and connected companies*

Details of subsidiary and connected companies are given in note 18 to the financial statements. Consolidated accounts have been produced in accordance with the recommendations of the Charity SORP.

(i) *Clergy pensions*

The Company contributes to the Church of England Funded Pension Scheme which is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company. Pension scheme contributions are charged to the Statement of Financial Activities in the period to which they relate. Details of the schemes operated by the Company are given in note 26 to the financial statements. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(j) *Staff pensions*

The Company contributes to the Church of England Pension Builder Scheme is a multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company and the Church of England Defined Benefits Scheme for other staff. Therefore, in accordance with FRS102, payments to the schemes are accounted for as for defined contribution schemes and the Company accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Following the revaluation of the Church Worker Defined Benefit Scheme (Lay Staff) as at 31 December 2016, this has given rise to a deficit position. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(k) *Reserves*

Funds held for specific purposes and the related income and expenditure are shown in separate reserves under the appropriate headings.

(l) *Allocation of costs to direct charitable and other expenditure*

Governance costs relate to all administration, depreciation and legal costs incurred in the Company's operation as a charitable company in accordance with SORP. All other costs attributable to the support of direct charitable purposes have been included under the appropriate headings in the Statement of Financial Activities.

(m) *Grants*

Grants made to parishes, clergy or other diocesan bodies are treated as direct costs in the financial statements. An analysis of grants made is shown in note 9. Grants payable relate to the contribution to National Church costs. Payments to the clergy for removal, training, etc. are included as ministry in parishes or support for ministry in parishes due to the quasi-contractual nature of the payment or training provision.

(n) *Irrecoverable VAT*

The policy on irrecoverable VAT is to include it with the related expenditure item.

(o) *Deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors have made judgements where appropriate. The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed. A further judgement subject to uncertainty is the valuation of the properties. This estimation has been arrived at with consultation with third party Chartered Surveyors. There is estimation in other areas too such as parish share arrears, outstanding clergy fees. The uncertainty in these areas is considered to be significantly lower.

Significant judgement is also made with respect to defined benefit pensions:

- Pension scheme deficit reduction payments – As explained in note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Schemes for stipendiary clergy and in respect of Church Worker Defined Benefit Scheme (Lay Staff). FRS102 requires a liability be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the use of an appropriate discount rate.

(q) Going concern

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

(r) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2022	2022	2022	2022	2022
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		285	10	1,629	-	1,924
Other Trading activities	3	3,224	-	-	-	3,224
Investments	4	417	23	679	42	1,161
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		9,689	33	8,495	1,036	19,253

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2021	2021	2021	2021	2021
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,831	-	-	-	5,831
Archbishops' Council		-	-	3,487	-	3,487
Other donations		383	12	988	-	1,383
Other Trading activities	3	573	-	-	-	573
Investments	4	277	21	580	38	916
Charitable activities	5	-	-	509	-	509
Other income	6	995	-	1,990	2,167	5,152
TOTAL INCOME AND ENDOWMENTS		8,059	33	7,554	2,205	17,851

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2022	2022	2022	2022	2022
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		9,785	10	1,563	-	11,358
Other trading activities	3	108	-	-	-	108
Investments	4	430	23	659	42	1,154
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		16,086	33	8,409	1,036	25,564

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

		Unrestricted		Restricted	Endowment	Total
		General	Designated	funds	funds	funds
		2021	2021	2021	2021	2021
Note		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,831	-	-	-	5,831
Archbishops' Council		-	-	3,487	-	3,487
Other donations		450	12	988	-	1,450
Other Trading activities	3	168	-	-	-	168
Investments	4	277	21	580	38	916
Charitable activities	5	-	-	509	-	509
Other income	6	995	-	1,990	2,167	5,152
TOTAL INCOME AND ENDOWMENTS		7,721	33	7,554	2,205	17,513

2. DONATIONS

PARISH CONTRIBUTIONS (GROUP AND COMPANY)

The majority of donations are collected from the parishes of the diocese through the parish share system.

	Unrestricted General 2022 £'000	Unrestricted General 2021 £'000
Parish share		
Current year's allocation	7,714	7,546
Shortfall in contributions	(1,953)	(1,640)
Encouragement scheme	(75)	(75)
	<u>5,686</u>	<u>5,831</u>
Arrears for previous years	-	-
	<u>5,686</u>	<u>5,831</u>

Total parish share receipts represent 73.7% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2022 £'000	Restricted Funds 2021 £'000
Selective allocations	2,512	2,587
Sustainability Funding	600	900
TOTAL	<u>3,112</u>	<u>3,487</u>

OTHER DONATIONS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2022	Funds 2022	2022	2021
	2022	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	235	-	-	-	235	231
Donations	13	-	107	-	120	83
Other	37	10	1,522	-	1,569	1,069
TOTAL	<u>285</u>	<u>10</u>	<u>1,629</u>	<u>-</u>	<u>1,924</u>	<u>1,383</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

OTHER DONATIONS (COMPANY)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
All Churches Trust	235	-	-	-	235	231
Donations	13	-	107	-	120	83
Transfer of proceeds from Subsidiary Company	9,500	-	-	-	9,500	67
Other	37	10	1,456	-	1,503	1,069
TOTAL	9,785	10	1,563	-	11,358	1,450

3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Rental income from parsonages	108	-	-	-	108	168
Income of the Trading Subsidiary	3,116	-	-	-	3,116	405
TOTAL	3,224	-	-	-	3,224	573

OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Rental income from parsonages	108	-	-	-	108	168
TOTAL	168	-	-	-	168	168

4. INVESTMENTS (GROUP)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Dividends receivable	385	18	85	-	488	385
Interest receivable	32	-	7	-	39	1
Glebe receivable	-	-	522	-	522	439
Trusts receivable	-	5	65	42	112	91
TOTAL	417	23	679	42	1,161	916

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

4. INVESTMENTS (COMPANY)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Dividends receivable	385	18	85	-	488	385
Interest receivable	25	-	7	-	32	1
Glebe receivable	-	-	522	-	522	439
Trusts receivable	-	5	65	42	112	91
TOTAL	410	23	679	42	1,154	916

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Statutory fees and chaplaincy income	-	-	539	-	539	509
Miscellaneous income	-	-	1	-	1	-
TOTAL	-	-	540	-	540	509

6. OTHER INCOME (GROUP AND COMPANY)

	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Property sale gains	-	-	-	994	994	3,053
Other	77	-	2,535	-	2,612	2,099
TOTAL	77	-	2,535	994	3,606	5,152

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

	Note	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000
Raising funds	8	209	-	100	-	309
Charitable activities	9	8,033	52	8,162	-	16,247
Remeasurement on pension schemes	26	5	-	-	-	5
Pension interest cost	26	(466)	-	-	-	(466)
TOTAL		7,781	52	8,262	-	16,095

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
2021		2021	2021	2021	2021	2021
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	383	-	77	-	460
Charitable activities	9	7,741	88	7,411	2	15,242
Remeasurement on pension schemes	26	125	-	-	-	125
Pension interest cost	26	2	-	-	-	2
TOTAL		8,251	88	7,488	2	15,829

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2022	2022	2022	2022	2022
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	100	-	100
Charitable activities	9	8,033	52	8,096	-	16,181
Remeasurement on pension schemes	26	5	-	-	-	5
Pension interest cost	26	(466)	-	-	-	(466)
TOTAL		7,572	52	8,196	-	15,820

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
2021		2021	2021	2021	2021	2021
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	77	-	77
Charitable activities	9	7,741	88	7,411	2	15,242
Remeasurement on pension schemes	26	125	-	-	-	125
Pension interest cost	26	2	-	-	-	2
TOTAL		7,868	88	7,488	2	15,446

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

7. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (GROUP)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000	Total 2021 £'000
Investment management costs		209	-	100	309	460
Contributions to Archbishops' Council	9	602	-	-	602	630
Resourcing ministry and mission (Note 9)	9	12,944	1,957	567	15,468	14,449
Education	9	-	140	-	140	140
Diocesan projects	9	-	-	-	-	-
Governance costs	9	37	-	-	37	23
Pension interest cost		(466)	-	-	(466)	2
Remeasurement on pension schemes		5	-	-	5	125
TOTAL		13,331	2,097	667	16,095	15,829

2021		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2021 £'000
Investment management costs		383	-	77	460
Contributions to Archbishops' Council	9	630	-	-	630
Resourcing ministry and mission	9	12,262	1,721	466	14,449
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	23	-	-	23
Pension interest cost		2	-	-	2
Remeasurement on pension schemes		125	-	-	125
TOTAL		13,425	1,861	543	15,829

ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (COMPANY)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000
Investment management costs		-	-	100	100
Contributions to Archbishops' Council	9	602	-	-	602
Resourcing ministry and mission	9	12,944	1,957	567	15,468
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	37	-	-	37
Pension Interest cost		(466)	-	-	(466)
Remeasurement on CEFPS pension schemes		5	-	-	5
TOTAL		13,122	2,097	667	15,886

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

2021	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2021 £'000
Investment management costs		-	-	77	77
Contributions to Archbishops' Council	9	630	-	-	630
Resourcing ministry and mission	9	12,262	1,721	466	14,449
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	23	-	-	23
Pension Interest cost		2	-	-	2
Remeasurement on CEFPS pension schemes		125	-	-	125
TOTAL		13,042	1,861	543	15,446

8. RAISING FUNDS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	2022	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Trading expenditure	209	-	-	-	209	383
Glebe expenditure	-	-	100	-	100	77
TOTAL	209	-	100	-	309	460

RAISING FUNDS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	2022	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fees	-	-	100	-	100	77
TOTAL	-	-	100	-	100	77

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

9. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted General 2022 £'000	Unrestricted General 2021 £'000
Training for ministry	336	336
National Church responsibilities	206	234
Grants and provisions	28	29
Mission Agency pension contributions	15	15
Retired clergy housing costs (CHARM)	127	124
Pooling of ordinand candidates' costs	(110)	(108)
TOTAL	602	630

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted General 2022 £'000	Unrestricted Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000
Parish ministry					
Stipends and national insurance	3,716	18	1,614	-	5,348
Pension contributions	-	-	1,376	-	1,376
Housing costs	1,293	-	-	-	1,293
Removal, settlement and other grants	-	-	240	-	240
Other expenses	176	-	764	-	940
	5,185	18	3,994	-	9,197
Support for ministry	2,069	34	4,168	2	6,271
TOTAL	7,254	52	8,162	2	15,468

	Unrestricted General 2021 £'000	Unrestricted Designated 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total funds 2021 £'000
2021					
Parish ministry					
Stipends and national insurance	3,669	18	2,014	-	5,925
Pension contributions	-	-	1,522	-	1,298
Housing costs	1,157	-	(25)	-	1,132
Removal, settlement and other grants	73	-	260	-	333
Other expenses	213	-	588	-	801
	5,112	18	4,359	-	9,489
Support for ministry	1,836	70	3,052	2	4,960
TOTAL	6,948	88	7,411	2	14,449

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted General 2022 £'000	General 2021 £'000
Synodical grant	140	140

GOVERNANCE COSTS (COMPANY)

	Unrestricted General 2022 £'000	Unrestricted General 2021 £'000
Audit fees	24	21
Diocesan Synod	13	2
TOTAL	37	23

Audit Fees of £7k (2021: £7k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS (GROUP AND COMPANY)

	Unrestricted General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Pastoral Account	-	-	212	-	212	524
Stipends Fund Capital	-	-	-	(773)	(773)	-
Parsonage Building Fund	-	-	-	(1,217)	(1,217)	(1,294)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	1,613	-	-	-	1,613	605
TOTAL	1,613	165	212	(1,990)	-	-

11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Investment Management Costs	-	-	100	-	100	77
Support of Ordinands Training	103	-	-	-	103	100
Central Administration	464	-	-	-	464	366
TOTAL	567	-	100	-	667	543

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

12. NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (GROUP)

These are stated after charging:

	2022 £'000	2021 £'000
Depreciation	42	58
Auditors' remuneration - Audit services	32	31

NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (COMPANY)

These are stated after charging:

	2022 £'000	2021 £'000
Depreciation	22	15
Auditors' remuneration - Audit services	24	22

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

13. SUMMARY OF FUND MOVEMENTS 2022

	Balance at 1 January 2022	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains, Losses and Revaluations £'000	Balance at 31 December 2022 £'000
Unrestricted funds						
General	6,411	16,066	(8,033)	1,331	(508)	15,267
Pension Deficit	(743)	-	461	282	-	-
Designated						
Board for Church & Society	143	-	-	-	(14)	129
Church Building Loans	359	-	-	-	(14)	345
Church Building Grants	482	4	(16)	150	-	620
Separated/Divorced Clergy Spouses	41	10	(17)	-	-	34
Clergy Training Fund	77	-	2	15	-	94
Urban Aid Grant Fund	22	-	-	-	-	22
Other	23	19	(21)	-	-	21
	6,815	16,099	(7,624)	1,778	(536)	16,532
Restricted funds						
Stipend Fund income & expenditure	-	6,908	(6,908)	-	-	-
Pastoral Fund	9,003	60	(152)	212	-	9,123
Clergy Maintenance of the Ministry	2,102	-	-	-	(228)	1,874
Clergy widows & associated funds	324	5	(73)	-	(30)	226
Ordinands' training	62	-	-	-	(9)	53
Resourcing Ministerial Education	130	606	(483)	-	-	253
Restructuring Funding	114	80	(87)	-	-	107
Energy Costs Grant	-	592	(376)	-	-	216
Strategic Capacity Funding	(65)	103	(38)	-	-	-
Other	120	141	(145)	-	(6)	110
	11,790	8,495	(8,262)	212	(273)	11,962
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	30,906	387	-	(773)	929	31,449
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	51,437	639	-	(1,217)	10,518	61,377
Permanent endowment						
Clergy widows & associated funds	207	-	-	-	(21)	186
J B Stelfox	1,481	-	-	-	(174)	1,307
Ordinands' training	214	-	-	-	(23)	191
Chaplaincy	210	10	-	-	(14)	206
Bequests	593	-	-	-	(70)	523
	85,053	1,036	-	(1,990)	11,145	95,244
Total funds - Company	103,658	25,630	(15,886)	-	10,336	123,738
Adjustments arising on consolidation*	(81)	44	(44)	-	-	(81)
Non-charitable trading funds*	8,245	(6,421)	1,190	-	-	3014
Minority interest*	8	-	34	-	-	42
Total funds - Group	111,830	19,253	(14,706)	-	10,336	126,713

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

SUMMARY OF FUND MOVEMENTS 2021

	Balance at 1 January 2021 £'000	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2021 £'000
Unrestricted funds						
General	1,553	7,721	(7741)	163	4,715	6,411
Pension Deficit	(1,058)	-	(127)	442	-	(743)
Designated						
Board for Church & Society	128	-	-	-	15	143
Church Building Loans	344	-	-	-	15	359
Church Building Grants	378	2	(48)	150	-	482
Separated/Divorced Clergy Spouses	48	12	(19)	-	-	41
Clergy Training Fund	65	-	(3)	15	-	77
Urban Aid Grant Fund	22	-	-	-	-	22
Other	22	19	(18)	-	-	23
	1,502	7,754	(7,956)	770	4,745	6,815
Restricted funds						
Stipend Fund income & expenditure	-	6,573	(6,573)	-	-	-
Pastoral Fund	8,452	42	(15)	524	-	9,003
Clergy Maintenance of the Ministry	1,862	-	-	-	240	2,102
Clergy widows & associated funds	293	-	(10)	-	41	324
Ordinands' training	54	-	-	-	8	62
Resourcing Ministerial Education	50	652	(572)	-	-	130
Restructuring Funding	164	106	(156)	-	-	114
Strategic Capacity Funding	(73)	114	(106)	-	-	(65)
Other	102	67	(56)	-	7	120
	10,904	7,554	(7,488)	524	296	11,790
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	18,095	(6)	-	-	12,817	30,906
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	16,837	2,203	(2)	(1,294)	33,693	51,437
Permanent endowment						
Clergy widows & associated funds	180	-	-	-	27	207
J B Stelfox	1,295	-	-	-	186	1,481
Ordinands' training	189	-	-	-	25	214
Chaplaincy	188	8	-	-	14	210
Bequests	518	-	-	-	75	593
	37,307	2,205	(2)	(1,294)	46,837	85,053
Total funds - Company	49,713	17,513	(15,446)	-	51,878	103,658
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	5,910	278	(1,003)	-	3,060	8,245
Minority interest*	18	-	(10)	-	-	8
Total funds - Group	55,560	17,851	(16,519)	-	54,938	111,830

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

14. DIRECTORS' REMUNERATION AND EXPENSES

£nil remuneration has been paid to any Director in their capacity as directors (2021: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2021: No Directors) were reimbursed for travel expenses during the year which amounted to £nil (2021: £nil).

15. EMPLOYEE DETAILS

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
£100,001 - £110,000	1	-
£90,001 - £100,000	-	1
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	2	1

During the year, the following amounts were paid to higher paid employees as shown above:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Pension contributions to Pension Builder Classic scheme	17	17

Remuneration of key management personnel

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

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith*	Director of Education

* Remuneration and pensions for the above employees amounted to £314k (2021: £295k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

The average number of employees, based on full-time equivalents, was as follows:

	2022 No.	2021 No.
Support for parish ministry	33	33
Mission Support and chaplaincy	2	3
Church House	6	9
	<u>41</u>	<u>43</u>
Externally funded posts	22	17
Total posts	<u>63</u>	<u>60</u>

In addition, a further 10 (2021: 12) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2022 £'000	2021 £'000
Gross salaries	1,743	1,452
Social Security costs	187	144
Pension contributions	227	201
	<u>2,157</u>	<u>1,797</u>

An average of 114 (2021: 135) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	5,466	5,534
National Insurance Contributions	445	443
Pension costs - Current year	1,552	1,385
	<u>7,463</u>	<u>7,241</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

16. TAXATION

	2022	2021
	£	£
Domestic current year tax		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	(3,013)	(84,825)
Current tax charge	-	-
Under/(over) provision in prior year	-	-
Deferred tax		
Deferred tax (charge) / credit current year	(1,386,357)	(605,337)
Tax (charge) / credit on profit on ordinary activities	(1,386,357)	(605,337)

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

17. TANGIBLE ASSETS

GROUP	Land and buildings			Equipment	Total
	MDBF and Church House £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2022	9,328	47,777	18,476	522	76,103
Transfers	773	-	-	-	773
Additions	888	-	-	28	916
Disposals	(686)	(1,132)	(716)	(293)	(2,827)
Revaluation	550	10,519	969	-	12,038
At 31 December 2022	10,853	57,164	18,729	257	87,003
Accumulated depreciation					
At 1 January 2022	246	-	-	381	627
Charge for the year	7	-	-	35	42
Eliminated on disposals	(253)	-	-	(203)	(456)
Revaluation	-	-	-	-	-
At 31 December 2022	-	-	-	213	213
Net book value at 31 December 2022	10,853	57,164	18,729	44	86,790
Net book value at 31 December 2021	9,082	47,777	18,476	141	75,476
COMPANY					
	Land and buildings			Equipment	Total
	MDBF £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2022	8,642	47,777	18,476	229	75,124
Additions	889	-	-	28	917
Disposals	-	(1,132)	(716)	-	1,497
Transfers	773	-	-	-	773
Revaluation	549	10,519	968	-	12,038
At 31 December 2022	10,853	57,164	18,728	257	87,002
Accumulated depreciation					
At 1 January 2022	-	-	-	190	190
Charge for the year	-	-	-	22	22
Eliminated on disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2022	-	-	-	212	212
Net book value at 31 December 2022	10,853	57,164	18,728	45	86,790
Net book value at 31 December 2021	8,642	47,777	18,476	39	74,934

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

Included in MDBF property are some properties that are subject to a value-linked loan from the Church Commissioners. When disposed of the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties is included in the above amounts was £244,750 (2021: £275,750).

18. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Church House Investment Property £'000	Unlisted £'000	Total £'000
Market value				
At 31 December 2021	6,300	9,180	17,104	32,584
Additions at cost	-	-	-	-
Transfers	(773)	-	-	(773)
Revaluations	296	-	-	296
Disposals	(503)	(9,180)	-	(9,683)
Unrealised gain/(loss) for the year	-	-	(1,996)	(1,996)
Realised gain / (loss) for the year	-	-	-	-
At 31 December 2022	5,320	-	15,108	20,428
Historic cost at 31 December 2022	5,205	-	6,015	14,139
Excess / (reduction) of market value over cost to date	115	-	9,093	9,208
COMPANY				
			2022	2021
			£'000	£'000
Group total			20,428	32,584
Church House Investment Property			-	(9,180)
Investment in subsidiary company (see below)			81	81
			20,509	23,485

Details of the accounting policy for Unlisted Investments is included in note 1 (g) to the financial statements.

Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2022 by WT Gunson who confirmed a valuation of £5,320,000 (2021: £6,300,000). Following the decision to market Church House property, the sale of this property completed on 24th June 2022.

The valuation has been prepared in accordance with RICS valuation - Professional Standards UK January 2017.

All other tangible assets are stated at historical cost less depreciation.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

Details of the accounting policy for Glebe are included in note 1(f) and 1(g) to the financial statements.

The Manchester Diocesan Church House Company Limited Balance sheet

	2022 £'000	2021 £'000
Tangible fixed assets	-	9,722
Current assets	3,253	302
	3,253	10,024
Creditors: amounts falling due within one year	(197)	(385)
	3,056	9,639
Provisions for liabilities and charges	-	(1,386)
	3,056	8,253
Representing:		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	-	7,627
Profit and loss account	3,014	584
	3,056	8,253

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

The Manchester Diocesan Church House Company Limited Income from subsidiary's trading activities

	2022 £000	2021 £000
Turnover	284	464
Administration	(253)	(443)
Gain / (Loss) from changes in fair value of investment property	2,998	3,060
Operating (loss) / profit	3,029	3,081
Taxation	1,389	(690)
(Loss) / profit after taxation	4,418	2,391

The Board hold 98.6% (2021: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £29,045 (2021: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2021: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2021: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £nil (2021: £66,984). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed £170,995 Manchester Diocesan Board of Finance (2021: £152,272). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent and service charge debtor balance of £nil (2021: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2021: £7,500). In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through Emmanuel Theological College with Durham University Common Awards. In 2022, the payment amounted to £nil (2021: £1,656). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2022, the MDBF paid Emmanuel Theological College £243,020 (2021: £238,259) for the training of ordinands and Readers.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

The trading activities for the period 1 September 2021 to 31 August 2022 were:

	£'000
Turnover	926
Administration costs	1,120
Deficit	194

Any surplus monies will be transferred to reserves in order to set aside funds for special purposes or as reserves against future expenditure.

19. DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year				
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	69	85	69	85
For Parishes	121	118	121	118
General debtors	209	415	198	195
Board of Education	38	39	38	39
Manchester Diocesan Church House Company Ltd	-	-	171	152
Glebe debtor	173	87	173	87
Prepayments and accrued income	1,594	1,106	1,594	1,106
Emmanuel Theological College	8	8	8	8
TOTAL	2,212	1,858	2,372	1,790

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
CBF deposit fund	15,441	4,222	12,241	4,222
Cash at bank and in hand	3,103	1,045	3,061	964
	<u>18,544</u>	<u>5,267</u>	<u>15,302</u>	<u>5,186</u>

21. CREDITORS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
General creditors	802	760	776	607
Accruals	99	150	99	75
Taxation and social security	115	71	115	67
Manchester Diocesan Church House Company	-	-	-	-
Pension Deficit Repayment (Note 26)	-	429	-	429
	<u>1,016</u>	<u>1,410</u>	<u>990</u>	<u>1,178</u>
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	245	245	245	245
Pension Deficit Repayment (Note 26)	-	314	-	314
	<u>245</u>	<u>559</u>	<u>245</u>	<u>559</u>

Value Linked Loans from the Church Commissioners are administered by the Board of Finance on behalf of parishes, other parties and the Board itself. These loans are for the purpose of providing or improving housing for clergy, deaconesses and licensed lay workers engaged in parochial or diocesan work and former clergy spouses. The housing involved is not in benefice or Glebe ownership. The loan only becomes repayable on disposal of the Value Linked Loan property.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets		Net	Long	Total 2022 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	-	9,123	-	9,123
Clergy / Maintenance of the Ministry Fund	-	1,715	159	-	1,874
Other restricted funds	-	387	578	-	965
	-	2,102	9,860	-	11,962
Endowment funds					
Diocesan Stipends Fund Capital Account	18,728	7,849	4,871	-	31,448
Parsonage Buildings Fund	57,165	-	4,212	-	61,377
Other endowment funds	-	2,300	119	-	2,419
	75,893	10,149	9,202	-	95,244
Unrestricted funds					
General	10,897	8,046	(3,431)	(245)	15,267
Designated	-	212	1,053	-	1,265
Pension Deficit	-	-	-	-	-
	10,897	8,258	(2,378)	(245)	16,532
Company	86,790	20,509	16,684	(245)	123,738
Non-charitable trading funds	-	-	3,056	-	3,056
Consolidation adjustment	-	(81)	-	-	(81)
Group	86,790	20,428	19,740	(245)	126,713

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

	Fixed assets Tangible £'000	Loans / investment £'000	Net current assets £'000	Long term liabilities £'000	Total 2021 £'000
Restricted funds					
Diocesan Pastoral Account	-	-	9,003	-	9,003
Clergy / Maintenance of the Ministry Fund	-	1,943	159	-	2,102
Other restricted funds	-	432	253	-	685
	-	2,375	9,415	-	11,790
Endowment funds					
Diocesan Stipends Fund Capital Account	18,476	9,165	3,265	-	30,906
Parsonage Buildings Fund	47,778	-	3,659	-	51,437
Other endowment funds	-	2,601	109	-	2,710
	66,254	11,766	7,033	-	85,053
Unrestricted funds					
General	8,680	9,104	(11,128)	(245)	6,411
Designated	-	240	907	-	1,147
Pension Deficit	-	-	-	(743)	(743)
	8,680	9,344	(10,221)	(988)	6,815
Company	74,934	23,485	6,227	(988)	103,658
Non-charitable trading funds	542	9,180	(83)	(1,386)	8,253
Consolidation adjustment	-	(81)	-	-	(81)
Group	75,476	32,584	6,144	(2,374)	111,830

Diocesan Pastoral Account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Diocesan Pastoral Account represents the proceeds of redundant churches and parsonages. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met, when authorised surplus funds may be transferred to the Stipends Fund Capital Account or income funds. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

Clergy/ Maintenance of the Ministry Fund

This fund is administered by the Grants Committee to offer grants to support clergy and Parishes within the Diocese where areas of hardship are identified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

Stipends Fund Capital Account

The Diocesan Stipends Fund Capital Account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can only be utilised for stipend purposes. It has been included as an endowment fund in these financial statements.

Parsonage Buildings Fund

Parsonage Buildings Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage Building Fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Buildings Fund has been included as an endowment fund in these financial statements.

General Fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry.

Designated Fund

This fund represents monies designated by the Board to support specific areas of works including mission, maintenance of church buildings and housing costs for separated/divorced clergy spouses.

Transfers between funds

The Board makes transfers between the Funds on receipt of Orders under the Pastoral Measure 1983 which can move properties between asset categories of Parsonages, Glebe and MDBF, and therefore between Parsonage Building Fund, Stipend Fund Capital Account and Pastoral Account. The background to the major funds is detailed in note (d) of the accounting policies.

Pension Deficit

As at 31 December 2022, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £nil (2021: £0.346m). In 2022, the company paid £0.282m (2021: £0.358m) as a contribution to reduce the pension deficit. As at 31 December 2022, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2021: £0.397m).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

23. GROUP AND COMPANY REVALUATION RESERVES

The revaluation reserves included in funds has been disclosed below for disclosure purposes only, in order to show the individual gains and losses included in the applicable funds.

	Church House Investment Property 2022 £'000	Unrestricted Investments 2022 £'000	Designated Investments 2022 £'000	Restricted Investments 2022 £'000	Endowment Investments 2022 £'000	Investments Sub Total 2022 £'000	Endowment Glebe 2022 £'000	TOTAL 2022 £'000
At 1 January 2022	7,537	5,278	223	2,034	3,554	18,626	(180)	18,446
Net Gains/(Losses) on Investments	-	(1,058)	(28)	(273)	(637)	(1,996)	-	(1,996)
Glebe Investment Property Revaluation	-	-	-	-	-	-	296	296
Investment Property Revaluation (see note 18)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(773)	(773)
Disposal	(7,537)	-	-	-	-	(7,537)	(503)	(8,040)
Sub Total	(7,537)	(1,058)	(28)	(273)	(637)	(9,533)	(980)	(10,513)
At 31 December 2022	-	4,220	195	1,761	2,917	9,093	(1,160)	7,933

	Church House Investment Property 2021 £'000	Unrestricted Investments 2021 £'000	Designated Investments 2021 £'000	Restricted Investments 2021 £'000	Endowment Investments 2021 £'000	Investments Sub Total 2021 £'000	Endowment Glebe 2021 £'000	TOTAL 2021 £'000
At 1 January 2021	4,477	4,151	193	1,738	2,867	13,426	306	13,732
Net Gains/(Losses) on Investments	-	1,127	30	296	687	2,140	-	2,140
Glebe Investment Property Revaluation	-	-	-	-	-	-	(486)	(486)
Investment Property Revaluation (see note 18)	3,060	-	-	-	-	3,060	-	3,060
Disposal	-	-	-	-	-	-	-	-
Sub Total	3,060	1,127	30	296	687	5,200	(486)	4,714
At 31 December 2021	7,537	5,278	223	2,034	3,554	18,626	(180)	18,446

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at St Johns House, 155-163 The Rock, Bury BL9 0. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2022 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2021: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £25k (2021: £24k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £540k (2021: £529k) to the Board of Education, comprising:

	2022 £'000	2021 £'000
Staff costs	404	429
Central services	136	100

Manchester Diocesan Board of Education's accommodation was provided by Manchester Diocesan Church House Company (which is a subsidiary of the Manchester Diocesan Board of Finance) upto 24 June 2022 and by Novo Property Ltd from 25th June to 31 December 2022 due to the sale of Church House, for a service charge of £13k (2021: £14k), which is included in the Manchester Diocesan Board of Finance's recharges.

25. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2022 £'000	Cash flow 2022 £'000	As at 31 December 2022 £'000
Net cash:			
Cash in hand and at bank	1,045	2,058	3,103
Cash on deposit	4,222	11,219	15,441
Cash at bank and at hand	5,267	13,277	18,544

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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26. PENSIONS (GROUP AND COMPANY)

(a) Clergy Pensions

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table below as being recognised in the SoFA.

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

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

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

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

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

	2022	2021
Balance sheet liability at 1 January	346,000	704,000
Deficit contribution paid	-198,000	-358,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-148,000	-1,000
Balance sheet liability at 31 December	0	346,000

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

(b) Staff Pensions

Manchester DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,600 per year. In addition deficit payments of £84,080 per year were agreed for 5.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

The movement in the provision is set out below:

	2022	2021
Balance sheet liability at 1 January	397,000	354,000
Deficit contribution paid	-84,000	-84,000
Interest cost (recognised in SoFA)	5,000	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-318,000	126,000
Balance sheet liability at 31 December	0	397,000

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	1.40%	0.40%

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

Pension Builder Scheme

MDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £227k, 2021: £201k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

27. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

	£'000
Balance as at 1 January 2022	1,386
(Charge) / credit for the year	(1,386)
Balance as at 31 December 2022	-

Deferred taxation provided in the financial statements is as follows:

	2022 £'000	2021 £'000
Accelerated capital allowances	(1,264)	119
Investment property revaluations	(122)	587

28. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £11.898m (2021: £13.317m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

29. RELATED PARTIES

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2021: no Directors) were reimbursed for travel expenses during the year. During the year the aggregate amount of donations received without conditions from MDBF Directors was £1,500 (2021: £900). The Bishop of Middleton, Rt Revd M Davies and The Archdeacon of Bolton Ven J Burgess, The Rev'd Canon Dr Rachel Mann and Canon R Lewis all served as Trustees at Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) during 2022 and details of the related party transactions are set out below.

The Archdeacon of Manchester Ven K Lund served as Trustee on Allchurches Trust Ltd which provided a general grant to MDBF in 2022 for £235k (2021: £231k).

The Bishop of Manchester, Rt Revd Dr D Walker is the Deputy Chair of the Church Commissioners and also sits on the Strategic Investment Board and Strategic Ministry Board of the Archbishops Council. In 2022, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,381,559 (2021: £2,405,809), Sustainability Funding £600,000 (2021: £900,000), Strategic Development Funding £1,376,598 (2021: £1,536,957), Transformation Programme £644,296 (2021: £220,856), Restructuring Funding £79,843 (2021: £106,460), Resourcing Ministerial Education £605,915 (2021: £652,191), Strategic Capacity Funding £102,676 (2021: £113,926), Strategic Ministry Fund £515,235 (2021: £226,882), Manchester Chapter Surplus £55,161 (2021: £107,752) and Bishops Staffing recharges £74,985 (2021: £73,707). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £601,501 (2021: £630,311), Value Linked Loan Interest £19,282 (2021: £20,005), General Synod, Bishops Advisory Panel Fees and other recharges £1,730 (2021: £9,902), The Energy Costs Grant £592,000 (2021: £nil), Ministry Hardship Fund £79,000 (2021: £nil), Legal Officer Fees £50,358 (2021: £49,536), Proceeds from the sale of a Value Linked Loan property £nil (2021: ££85,107) and Diocesan Giving Advisor funding £28,000 (2021: £18,000).

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2021: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £29,045 (2021: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2021: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2021: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £nil (2021: £66,984). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed £170,995 Manchester Diocesan Board of Finance (2021: £152,272). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent and service charge debtor balance of £nil (2021: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2021: £7,500).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through Emmanuel Theological College with Durham University Common Awards. In 2022, the payment amounted to £nil (2021: £1,656). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2022, the MDBF paid Emmanuel Theological College £243,020 (2021: £238,259) for the training of ordinands and Readers.

Accounts

MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2021

Company No 149999 – Registered Charity No 249424



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Appendix 1 – Structure and Governance

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

Trustees' Annual Report (including the Strategic Report)

Reference and administrative details

In accordance with the Companies Act 2006, FRS102 and the Charities Statement of Recommended Practice issued in January 2020 (SORP 2020), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow.

Ex-Officio

The Bishop of Manchester, Rt Revd Dr D Walker
The Bishop of Middleton, Rt Revd M Davies
The Bishop of Bolton, Rt Revd M Ashcroft
The Archdeacon of Bolton and Salford Ven J Burgess
The Archdeacon of Manchester, Ven K Lund
The Archdeacon of Rochdale, Ven D Sharples
The Chairman of the Board of Finance, Canon P Blinkhorn
The Dean of Manchester – Very Revd R M Govender
The Chair of the House of Laity – Canon R Lewis – To 9 October 2021
The Chair of the House of Clergy - Revd J Farnworth – To 9 October 2021
The Chair of the House of Laity – Y Mackereth – From 9 October 2021
The Chair of the House of Clergy – Revd Canon Dr R Mann – From 9 October 2021

Elected by Diocesan Synod (1 clergy and 1 laity from each Archdeaconry)

Manchester Archdeaconry

Clergy	Lay
Revd Canon M Wall – To 31 December 2021	P Geldard – To 31 December 2021
Revd A Wickens – From 1 January 2022	J Dunkerley – From 1 January 2022

Bolton Archdeaconry

Clergy	Lay
Revd P Sumsion – From 1 January 2022	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Revd Capt. D Penny – To 31 December 2021	G Dent – To 31 December 2021
Revd M Read – From 1 January 2022	Vacant

Salford Archdeaconry:

Clergy	Lay
Revd Canon A Edwards – To 31 December 2021	J Jones – To 31 December 2021
Revd Canon A Salmon – From 1 January 2022	Vacant

Co-opted

Canon H Lightbourne – To 31 December 2021	Canon P Billson – From 1 January 2022
Canon P Billson – To 31 December 2021	P Geldard - From 1 January 2022
Canon C Hilton – To 31 December 2021	L Mycock - From 1 January 2022
J Pilling – To 31 December 2021	Revd G Thomas - From 1 January 2022
Y Mackereth – To 9 October 2021	Canon H Lightbourne - From 1 January 2022

Company Secretary

D Weldon – Resigned 12 June 2021
H Platts – Appointed 12 June 2021

Reference and administrative details of the Diocese of Manchester (continued)

Church House
90 Deansgate
Manchester
M3 2GH

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Auditors

Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Bankers

J Monks LLB
HLF Berry LLP
Church House
90 Deansgate
Manchester
M3 2QH

**Legal Secretary
Diocesan Registrar**

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

**Investment Managers
Unlisted Investments**

Graham Smith
Rapleys LLP
55 Spring Gardens
Manchester
M2 2BY

**Glebe Estates,
Surveyor & Valuer**

Our Vision

We live in a rapidly changing world and a time of great opportunity for the Diocese of Manchester.

Greater Manchester, as a thriving city region, is an integral part of that changing world. In recent years there has been substantial regeneration of significant parts of the Greater Manchester conurbation – the development of Media City at Salford Quays and the prospect of the Northern Powerhouse exemplify this. The cultural context is also changing – many faith groups are represented with an increasing number of people identifying as having no faith. Young people in the 18-24 age range are least represented in our churches along with those from areas of high deprivation. The church faces challenges too with many historic buildings coming to the end of their life and congregations becoming older and smaller.

The Diocese of Manchester has set about these challenges with the desire to be a Church for a Different World, both reacting to these changing circumstances and being an agent of transformation in the world today. Manchester is a vibrant diocese of opportunity and creativity. Its rich mixture of church traditions makes it a wonderful place to engage in Gospel ministry.

In spite of all the challenges of the pandemic, this is an exciting time for our diocese. Over the last few years, we've made significant progress in developing an inspiring vision for our diocese - for there to be 'a worshipping, growing and transforming Christian presence at the heart of every community'.

This is underpinned by our 10-year strategy, which is focused on the three mission goals of Growing, Nurturing and Serving. We are clear about the outcomes we want to achieve by 2030.

These include ambitious targets for increased church attendance particularly in our most deprived areas; greater opportunities for people to explore their faith; for our church leadership to reflect the diversity of our congregations; for all our churches and schools to be engaged in social action projects; and for us to be an environmentally sustainable church.

Our work together grows out of Jesus's Great Commandment which is to 'love the Lord your God with all your heart and all your soul and with all your mind...and your neighbour as yourself' (Matthew 22:36-40) ...

... and his Great Commission, 'to go and make disciples of all nations, baptising them in the name of the Father and the Son and the Holy Spirit' (Matthew 29: 19-20).

About the Diocese

The Diocese of Manchester is one of 42 areas of the Church of England, each of which is led by a Bishop.

The diocese, which covers an area of 416 square miles, was created in 1847. The overall population is 2.2 million. 125 (48%) of the parishes in the diocese fall within the 10% most deprived areas nationally.

The diocese is divided into four archdeaconries and seven deaneries. There are more than 300 places of worship and chaplaincies, which are organised into 255 parishes and 179 benefices, including Manchester Cathedral.

Geographically the diocese takes in the two cities of Salford and Manchester and the metropolitan boroughs of Oldham, Rochdale, Bury and Bolton. Parts of the metropolitan boroughs of Wigan, Trafford, Stockport and Tameside, and most of the borough of Rossendale in Lancashire, are also within the diocese. While predominantly urban, a significant part of the diocese is rural, although less than 3% of the population of the diocese lives in these areas.

The diocese has 310 churches, ranging from historic listed buildings to brand new, purpose-built places of worship. 432 licensed clergy serve in the diocese along with 145 licensed readers

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

Trustees' Annual Report (including the Strategic Report)

who help with leading services and pastoral work. Our 263 Authorised Lay Ministers also play a hugely important role in the life of the Church. In 2019, before the impact of the pandemic, the diocese had a regular average weekly adult attendance of around 14,750 and total weekly attendance for all ages of 24,500.

Parishes and chaplaincies across the diocese are supported by a dedicated team, based at Church House on Deansgate in central Manchester. This team supports churches and congregations across the diocese with our three Mission Goals of Growing, Nurturing and Serving. It also provides support with governance, clergy housing and stipends, management of the property portfolio and safeguarding.

Across the diocese there are nearly 200 Church of England primary and secondary schools, educating 57,000 pupils every day. These schools are mostly funded by local authorities, with the diocese providing support with religious education and Christian ethos, as well as governance, the recruitment of head-teachers, admissions and building projects. The team which supports these schools is also based at Church House under the authority of the Diocesan Board of Education.

Strategic Report: Activities and Key Achievements in the year

The diocese's Growing strategy involves pioneering new faith communities and reinvigorating existing ones. Much of what we are doing is already contributing to a culture of hope and an expectation of growth. The key elements of the strategy to enable us to achieve our vision are already being developed and implemented, in spite of the challenges of lockdown.

Following the successful bid for Strategic Development funding of £5m in 2020, work continued on the refurbishment of The Ascension Hulme and Nelson Street Church in Rochdale. Both churches opened for worship and are attracting new members.

As part of the Refresh strategy, personal support is offered to every new incumbent on issues of growth, and targeted support to churches with declining congregations. Three church revitalisations were undertaken, led by existing curates from Platt, St Philip's and St Peter's Halliwell. A church planting strategy was agreed and the Antioch Network planted three churches into Bolton and Rochdale.

The existing projects, Children Changing Places and Small to Small Community Church Plants, continued to develop in line with the bid, and each adapted to the unexpected challenges of lockdown.

As part of our strategy for growth, we also continued to nurture and support vocations to both lay and ordained ministries. In 2021, 19 candidates entered ordination training, of whom 15% were UKME. Reader ministry continued to be a priority for the diocese.

Mission Goal 1: Growing

Manchester Diocese has a strong commitment to discipleship and evangelism as part of our Nurturing strategy. Our aim is to help all of us to grow in confidence by forming and equipping lay people to follow Jesus confidently in every sphere of life, and enabling laity and clergy to minister together, based on their baptismal mutuality. We believe these changes would represent a seismic revolution in the health and vibrancy of our people and our churches.

#MoreThanSunday - part of the national Setting God's People Free initiative – was run as a pilot with eight parishes, a chaplaincy and one of our church secondary schools. The first steps were taken to cascade the learning across the diocese.

ALM training resumed after the 'fallow year' in 2020. Despite lockdown restrictions there were record numbers of applications for the lay training courses offered. New modules on Digital Communications and Parish Administration, Finance & Governance were delivered. Bishop David authorised and commissioned nearly 100 Authorised Lay Ministers at Manchester Cathedral in September.

Recognising the importance of investing in the care, support and leadership of clergy and in response to the Clergy Wellbeing Covenant, the diocesan steering group on Clergy Wellbeing met

Mission Goal 2: Nurturing

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

Trustees' Annual Report (including the Strategic Report)

regularly. Six members of clergy began training to equip them to provide pastoral supervision to clergy. Resources on clergy wellbeing were updated and made available online.

Issues of Racial Justice continue to be of high importance and efforts are made to ensure diverse representation on boards, committees and in the governance of our churches and schools.

The primary focus of our Serving strategy over the coming decade is the environment. The diocese appointed two curates as Environment Officers to help stimulate creative responses to environmental issues and work towards the goal of becoming 'net zero carbon' by 2030. Diocesan Synod declared a climate emergency in March, and called for all churches to work towards achieving net zero by 2030. Synod endorsed steps to; encourage parishes to integrate Creation Care into their liturgy, worship and teaching; work to achieve year-on-year reductions in carbon emissions; and prioritise the use of renewable energy.

After achieving Bronze Eco Diocese status in December 2020, we continued to work towards a Silver award. In support of this aim, churches are encouraged to register for Eco Church accreditation. By the end of the year, 88 churches had registered and there were 28 Eco Church awards: 21 bronze and seven silver.

A service for Climate Sunday was held online, with participation from our link dioceses who are already experiencing the effects of climate change. We engaged with the Young Christian Climate Network relay when it passed through the diocese in September on its way to Glasgow for COP26.

In a diocese where 48% of parishes fall within the most deprived 10% in England, social action is an important focus and we support our parishes in delivering social action programmes through our partnership with Greater Together Manchester.

Church involvement in social and community action remains high. Our most recent data shows that over 850 social action projects were either run, hosted or supported by churches in the diocese and that 84% of churches were involved. Food banks, parent and toddler groups, and night shelters for the homeless were the three most common areas of activity.

We continue to work with key partners such as Greater Together Manchester, the Mothers' Union and Greater Manchester Poverty Action in speaking and acting prophetically for justice, especially for the vulnerable, deprived and excluded.

Mission Goal 3: Serving

The transformation programme, which involves reviewing all our resources and establishing sustainable models of ministry, continued apace. We implemented proposals to move from 20 to seven deaneries in June and appointed a new, full-time Area Dean for each. Together with seven newly elected Lay Chairs, they will lead the delivery of the transformation programme at local level.

Our mission community proposals were developed in the light of feedback from an extensive consultation exercise. The boundaries were agreed in October and the final mission community guidance was published in November.

The diocese secured the support of the National Church for the next stage of its transformation journey, with the award in December of £4.2m over the next five years. This funding is testament to the confidence the National Church has in our plans to support our parishes, invest in our leaders - both lay and ordained - and grow younger and more diverse.

The transformation journey is underpinned by prayer, with monthly online prayer events on different themes being held throughout the year. These will continue into 2022, and people are invited to share their stories and prayers during the sessions.

A joint leadership development training programme for senior clergy and lay leaders was delivered as part of our transformation programme.

We continue to take steps to ensure our financial sustainability. A review of the Parish Share system is underway, and there will be a focus on communication of financial issues to parishes and deaneries next year.

Transformation programme

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

Trustees' Annual Report (including the Strategic Report)

A strategy for disposing of surplus parsonages was agreed and 15 parsonages sold. A review of our most vulnerable churches is underway with support being provided to our most fragile churches.

The pandemic continued to affect all areas of life throughout 2021. Restrictions on gathering and social distancing affected geographical areas of the diocese differently from time to time, and churches exercised their discretion about measures required to keep people safe in church. Worshipers began returning to church buildings, but not in the same numbers seen before the pandemic.

Online worship continued to be important for people who did not return to church and for reaching a new audience. Having a good online presence was recognised as being essential for churches, and important in presenting the public face of the Church to the local community.

To support churches in digital matters a broad programme of training was offered by the Digital Communications Officer, and a survey was created to help churches better understand the digital landscape of their congregations, and balance online and in-person worship.

Board, Synod and PCC meetings were mostly held online, as was a one-day clergy conference in June with guest speaker the Archbishop of York. Towards the end of the year some physical gatherings were able to take place. Notable among these was Diocesan Synod in October, which was a positive event with good attendance and engagement. A clergy conference, Heaven Blessed, Heaven Sent, was held at Manchester Cathedral, also in October.

Elections to General Synod took place using the new electronic voting system. Elections of lay chairs and chairs of the houses of clergy and laity were also held. The elections attracted more candidates than usual and demonstrated a good level of interest and engagement in the governance of the diocese.

Safeguarding continues to be an important focus, with training provided online. The diocese's Independent Safeguarding Panel meets regularly. During 2021, an independent reviewer concluded a safeguarding review - Past Cases Review 2 (PCR2) - to confirm that all past cases of abuse involving clergy or other church officers were properly addressed. The diocesan report will form part of a national report due to be published in May 2022.

Parish Share and Stewardship

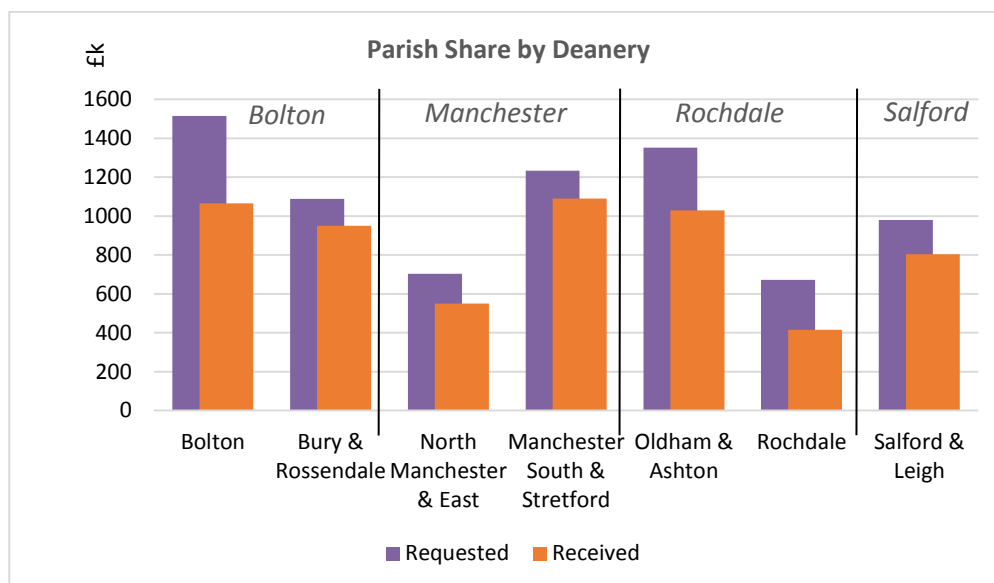
Parish Share

During 2021 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.831m, a increase of 2% compared to £5.707m in 2020.

The individual parish share requests by Deanery, together with contribution by Deanery, are set out in the graph below. (These figures include encouragement scheme credits and exclude prior year receipts):

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Share change outcomes

A Parish Share Review Group has been established to review and make recommendations to the current system. In September, a Parish Share Survey was undertaken and the results will be used to support the review process.

Giving and Generosity

The new five-year Giving Strategy was launched and we held our first Generosity Week in November when we showcased the support and resources available to help ensure that clergy and laity have the skills and resources to promote Generosity and Thankfulness. Training courses were delivered to support the rollout of the strategy to our churches.

An online will writing scheme was launched in partnership with the National Giving Team and Farewill. There are now over 180 churches that are members of the Gift Aid Lite scheme.

Strategic Report - Future Developments

Priorities

Having agreed our vision and ten-year strategy in 2019, work continues to develop a transformation programme for the diocese, to enable us to achieve our vision by 2030.

The new mission communities will start to be implemented as a set of informal arrangements from January 2022. Thirty three mission community leaders will be appointed by June 2022. After induction and training they will agree priority actions, with implementation underway in the second half of the year.

We will develop deanery-level strategies with a focus on the key missional opportunities for Growing, Nurturing and Serving in each area.

Deanery Transformation Support Officers will be appointed to each deanery to support the implementation of these plans. They will connect best practice across deaneries and coordinate and roll out discipleship and growth opportunities. Deanery eco-champions will be identified who will help promote use of the Energy Footprint Tool and develop support for Eco Church.

To support our work to grow a younger and more diverse church, we will appoint a Children and Families worker in each deanery. Work will begin in one mission community per deanery on a specific Children and Families project. The #MoreThanSunday programme will be cascaded to 10 mission communities, with more to follow in subsequent years.

With support from the Church Commissioners, we are aiming to identify a suitable property for a city centre resource church project and submit missional design proposals to secure funding,

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We recognise that prayer needs to be at the heart of everything we are doing to transform our diocese. Opportunities for corporate prayer will be provided, led by the Bishop of Middleton.

We will continue to develop an ambitious programme of development and training to support clergy and lay leaders with the changes ahead. Training will be provided for Area Deans, mission community leaders and others with a focus on developing missional leaders.

We will design a new programme for lay development and a Head of Lay Development will be recruited to lead this work. There will be increased investment in leadership development and support for all our leaders, both lay and ordained, with a particular focus on our new lay focal leaders.

We will hold a Digital Sunday in June to celebrate what churches are already offering in the digital space and recognise how this is meeting diocesan mission goals of Growing, Nurturing and Serving. The annual Church for a Different World Awards will focus on successful digital engagement with communities. Inspirational stories will be backed up with ongoing training and support in digital communications for those that need it.

Alongside these developments, we will take steps to ensure we are financially sustainable over the medium to long term. This goal has become even more important as a result of the additional financial challenges created by the pandemic. Our five-year financial strategy includes a review of the Parish Share system to support a culture of generosity and ensure that levels of giving from our parishes are maintained - and where appropriate increased in line with congregation numbers.

This is an exciting time for us as a diocese. During 2022 all our mission communities will be coming together and our new endeavour will be grounded in prayer as we explore missional opportunities together.

Strategic Report – Structure and Governance

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the Southern Province and York for the Northern Province. Each province comprises of dioceses, of which there are 41 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (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 over 100 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 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, spending most of their income on pensions for the clergy. Financial and other support is also provided for the strategic development of dioceses. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners, except for the provision of housing for suffragan bishops which is met by the Diocese.

**Summary information
about the structure of
the Church of England**

**The three National
Church Institutions**

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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 the widows/widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The 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.

Manchester Cathedral is the mother church of the diocese and legally is constituted as a separate ecclesiastical corporation for charitable purposes, governed by common law. Copies of the cathedral's annual report and financial statements may be obtained from the Cathedral Office, the Cathedral, Victoria Street, Manchester, M3 1SX.

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

The Cathedral

The Parochial Church Council (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 charity, and those with gross income under £100,000 are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006. 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.

Parochial Church Council (PCC)

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is the principal pastoral and, in turn, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the diocesan bishop.

Parishes, Benefices and Deaneries

Diocesan Synod

The diocese is governed by standing orders approved on 18 June 1994 and subsequent amendments. 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 persons elected by the houses 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. The bishop of the diocese shall be the president of the diocesan synod.

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;

Diocesan Governance

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- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, a Standing Committee of the Diocesan Synod.

Deanery Synod

Each deanery synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- 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 from there 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.

Bishop's Council

Following the governance review in 2016, the members of Bishop's Council are also trustees of the Manchester Diocesan Board of Finance (MDBF). As well as the delegated functions set out in the Decision Making Structure section below, under the constitution of the Diocesan Synod, Bishop's Council also 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; and
- to carry out such functions as the Synod may delegate to it.

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice. Below are the seven principles with an explanation of how MDBF operates against these principles:

- **Organisational Purpose**

The company's vision and mission goals which were agreed by Bishop's Council in 2015 are set out above along with activities and key achievements against these goals during the year. The company produces an annual three year medium term financial plan which is considered by the Finance and General Purposes Committee prior to being approved by Bishop's Council and Diocesan Synod.

- **Leadership**

The Board of trustees comprises of elected clergy and lay representatives from the Diocesan Synod along with ex officio trustees including the Diocesan Bishop and senior clergy. The trustees may co-opt members on to Bishop's Council to bring skills and knowledge in certain areas. The company has a Staffing Committee which considers matters around pay, grading and restructures.

Charity Governance Code

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- **Board Effectiveness**

A skills audit is undertaken to identify any skills gaps and trustee recruitment targeted accordingly. The company operates through a committee structure and the details of these committees (including a brief summary of the remit of each committee) are set out in the section below.

- **Diversity**

The Board of Trustees is made up of individuals who reflect the diversity of the Anglican Church in Manchester. Participation by all members is encouraged through supporting new members through initial induction and ongoing development of Trustees. Meetings are timed to maximise attendance of trustees with work or personal commitments.

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the responsibilities of being a Trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

- **Decision-Making, Risk and Control**

Formal reports which may be for decision or information are presented to Bishop's Council. For items requiring decision votes are taken and decisions are recorded in the minutes. There is an Audit Committee which responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website.

Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

MDBF has delegated the following functions to the Board of Trustees:

- management of the funds and property of the diocese;
- advising on action needed to raise the income necessary to finance expenditure;
- advising Diocesan Synod, Bishop's Council and other diocesan bodies, of the financial aspects of its policy and on any other matters referred to it;
- preparation of an annual draft diocesan budget;
- budgetary control within the approved diocesan budget;
- allocation of contingency and general reserve provisions;
- custodian trustee business;
- sealings;
- investment powers over MDBF's own assets and those assets of which MDBF is sole (or managing) trustee;
- the keeping of internal audit systems; and
- to consider and grant or withhold approval for borrowing by any board or committee of the diocese.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary, who is supported by a number of heads of departments and their staff.

Decision-making Structure

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There are a number of Diocesan Synod committees that, though not committees of MDBF, can influence the operations of MDBF.

The statutory committees are:

Diocesan Mission and Pastoral Committee (DMPC), which is responsible for recommending pastoral reorganisations, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which advises 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.

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

Bishop's Council has the following committees, each of which has written terms of reference:

Property Committee, which is responsible for exercising the functions of the Diocesan Parsonages Board, as set out in the Repair of Benefices Buildings Measure 1972 together with the exercise of responsibility of the Diocesan Board of Finance as set out in the Endowments and Glebe Measure 1976.

Investments Committee, which is responsible for directing and monitoring the investment of the assets of the charity in line with the Board's charitable objectives to promote the mission and ministry of the diocese.

Committee Structure

The company, Manchester Diocesan Board of Finance (MDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 26 March 1918 as a charitable company limited by membership guarantees (No. 149999) and its governing documents are the

Memorandum and Articles of Association. MDBF is registered with the Charity Commission (No. 249424).

At an Extraordinary General Meeting (EGM) in November 2006 the Articles were amended so that with effect from January 2008 every member of Diocesan Synod is also a member of MDBF for company law purposes. A further EGM was held in September 2020 to amend the Articles to facilitate and enable the DBF, the Board of Directors committees and subcommittees to meet and conduct their business remotely.

Every member has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. The members of the Bishop's Council comprise the Board of Trustees of MDBF – they are its Directors under company law.

The legal objects of the company as set out in the Memorandum of Association are as follows:

'To promote, aid and further, primarily but not exclusively in the Diocese of Manchester (the 'Diocese') the spiritual teaching of the Church of England (the "Church") and maintain the spirit of the doctrines and observances on which it rests and in which it finds expression and to that end.

- a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.
- b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")
- c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.
- d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

Company Status and Legal Objects

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Please note that some of the structures mentioned in these Objects have been superseded by structures established under the Synodical Government Measure, 1969.

Finance and General Purposes Committee, which is responsible for reviewing the financial position in line with income and expenditure, and assessing opportunities and threats to the budget in advance of budget preparation and future financial decision making.

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

Staffing Committee, which acts on behalf of the trustees on employment practice and the development of human resources. The committee reviews salaries in the MDBF, and approves recommendations for salaries in relation to new posts or regrading of posts. The MDBF has a grading structure with eight pay bands; within each pay band there are three increment points. Posts are allocated a grade with increments or a spot grade; some posts span two grades. The MDBF tracks market rates and occasionally takes part in national benchmarking data collection with other dioceses.

An induction programme for MDBF trustees has been developed as part of a governance review. Further to this, Trustees can also attend training courses and briefings commensurate with their development and in order to fulfil their legal and statutory responsibilities. See above for details of the appointment process.

Some Senior Management Group (SMG) members have 'director' in their job titles but are not directors of the MDBF for the purposes of company law, nor are they Trustees of the charity. The SMG comprises:

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

Appointment of Trustees

General Synod, Church Commissioners and Archbishops' Council

MDBF 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.

Parochial Church Councils (PCCs)

MDBF is required by Parochial Church Councils (Powers) Measure 1956 to be custodian trustee in relation to PCC property, miscellaneous funds and investments, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within MDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Related Parties

The trustees consider the following to be connected charities:

Manchester Diocesan Board of Education - a company limited by guarantee and a registered charity, which has responsibility for 191 church schools across the diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The investments, income and expenditure of a separate charity, **JB Stelfox Trust**, have been included in these financial statements, as the Board of Finance is the sole trustee.

Connected Charities

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The Church of England Pensions Board is responsible for the Clergy Pension Fund and the Church Workers Pension Fund and it is to this body that MDBF pays retirement benefit contributions for stipendiary clergy, licensed lay workers and employees (see note 26).

The trustees confirm that the major risks, to which MDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Audit Committee the task of ensuring that risks are reviewed as part of the risk management strategy. The Audit Committee encourage the Heads of Department to define the risks in their areas, report on the measures in place to manage and monitor these risks and implement procedures and controls designed to minimise any potential impact on MDBF should any of the risks materialise. The key risks are summarised on page 19 below.

MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

MDBF 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.

Risk Management

Statutory Functions

The trustees of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Information on these benefits is provided throughout this report.

Public Benefit

Strategic Report: Financial Review

Group incoming resources were £17.851m (2020: £15.786m).

Donations to the MDBF through Parish Share increased from £5.707m to £5.831m. The Trustees are very grateful to all the donors in what has been another extremely challenging year.

In 2021, around 32.6% of the income of the MDBF came from the Parish Share and 14.4% from National Church Selective Allocations. In addition, MDBF received £0.9m sustainability funding from the National Church for support during the pandemic.

Incoming Resources

Group Resources expended were £15.829m (2020: £15.256m), which includes Pension Operating Costs. The largest share of MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Expenditure

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Overall, the value of the consolidated balance sheet has increased during the year by around £53m. Key movements in the year included: the revaluation of parsonage properties of £50.223m (£46.6m Endowment funds and £3.6m Unrestricted funds), actuarial loss and deficit repayment of the Lay Staff Pension Scheme of £0.043m; the deficit repayment on the Clergy Pension Scheme of £0.358m together with overall unrealised gains on investments of £1.151m which includes the revaluation of Church House £3.06m gain (2020: £1.512m loss) and revaluation of Glebe Investment Properties resulting in a £0.486m loss (2020: £2.225m loss); and an increase in tangible fixed assets which includes the revaluation of parsonages less disposals in the year £49.606m. Other movements on the balance sheet include an increase in cash of £2.602m; an increase in debtors of £0.08m; and a decrease in creditors falling due after more than one year of £0.339m which includes the pension deficit.

Balance Sheet

The Diocese recorded a surplus on General Unrestricted Funds (including property revaluations, unrealised gains on investments, actuarial loss on the pension scheme, pension interest cost and corporation tax) of £4.614m deficit (consolidated figures). This compares with a deficit of £1.103m in 2020. With the opening General Unrestricted Funds balance of £6.342m and the in-year surplus of £4.614m, the closing reserves now stand at £10.956m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate deficit including property revaluations, unrealised gains and losses, actuarial loss on the pension scheme, pension interest cost and corporation tax) across all funds of £53.386m was recorded during the year (2020: deficit £2.3m). With the opening Total Funds balance of £55.56m and the in-year surplus of £53.386, the closing reserves now stand at £108.946m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2021 was £23.5m (2020: £22.5m) and the return on investments was 4% (2020: 4%).

Glebe investments

Glebe property investments were valued at 31 December 2021 at £6.3m (2020: £7.4m). Rents receivable amounted to £439k (2020: £468k) – an income yield of 6.9% (2020: 6.0%).

General investments

Investments in equity, property and fixed interest funds were valued at £17.104m at 31 December 2021 (2020: £14.96m). Dividends receivable amounted to £445k (2020: £436k) – a yield of 2.6% (2020: 3%).

Financial investments are split between investments in equities 85.8% (2020: 85.7%) through investment funds, a property fund 13.6% (2020: 13.6%), and fixed interest securities 0.6% (2020: 0.7%).

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and on the short-term money markets.

Investments

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a shared equity basis. The total Value Linked Loans advanced at 31 December 2021 amounted to £245k.

Equity Loans

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity is the provision of a Church House for Investment Property and Diocesan purposes. The profit for 2021 after tax was £2.391m (2020: £1.102m loss) (see note 18).

Subsidiary Undertakings

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

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Going Concern

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

Investment policies

MDBF's investment policies are based on two key policies:

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance, promote the care of the environment and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. The MDBF's 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. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to fund clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2021, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £6.411m (see note 13 to the financial statements), which equates to just under 6 months' gross unrestricted expenditure.

The unrestricted reserves are now above the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. As at 31 December 2021, the pension deficit on the Church Worker Defined Benefit Scheme and Clergy Pension Scheme was £0.743m (2020: £1.058m). The diocese still faces financial challenges with a deficit budget of £1.481m in 2022.

In 2021, the company paid £0.358m (2020: £0.582m) as a contribution to reduce the Clergy Pension Scheme deficit. Further contributions will be paid to continue to reduce the deficit. As at 31 December 2021, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £0.397m (2020: £0.354m). In 2021, the company paid £84k (2020: £84k) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment properties and unlisted investments which provide investment income. These are not included within the General Unrestricted Funds.

Policies and Other Matters

Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £13.317m (2020: £12.387m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

Strategic Report: Principal Risks and Uncertainties

As with other organisations, MDBF faces risks to its operations, finances and reputation. The officers regularly review, evaluate and record major areas of risk to which MDBF is exposed, assessing the likelihood and impact of risks occurring. The MDBF Audit Committee review these risks at their meetings during the year. The outcome of this review is recorded in the MDBF Risk

Register. The work undertaken by the Audit Committee is reported to the Finance and General Purposes Committee.

The main risk to MDBF's income is from the impact of COVID-19 in that parish income has been significantly affected due to lockdown and other restrictions and parishes are not able to pay their parish share. The COVID-19 pandemic, along with declining church attendance, makes this more likely than was the case a number of years ago. On expenditure, there are risks that additional pension contributions may be required in the future to fund pension deficits. Overall there is a risk that reserves could become depleted. Work is therefore underway on a medium-term financial strategy from 2021 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

Set out below are the key risks identified which are regularly reviewed by the Charity together with the appropriate control measures:

Principal Risks and Uncertainties

Key Risks	Control Measure
Declining Parish Attendance	Growth strategy, SDF bids (current and future), work around local ministry, Investment in new ordinands and increased leadership capacity, Transformation Programme, review of fragile churches
Poor financial performance	Reserves policy linked to financial budgets, activities and identified financial and operating risk. Disposal of surplus parsonages, glebe land and property and Church House with re-investment of the proceeds.
Poor income from Parish Share	Monthly reports to Parishes & DBF, Review of the Parish Share system, Implementation of the Giving Strategy, Deanery Budget Meetings

The Trustees approve the Trustees' Report, which incorporates the Strategic Report.

By Order of the Board



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

Date: 25th May 2022

Trustees' responsibilities

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

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

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

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MANCHESTER DIOCESAN BOARD OF FINANCE

Opinion on the financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions related to going concern

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

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Other Companies Act 2006 reporting

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

16/12/2022

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021

		Unrestricted		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds	Funds
		2021	2021	2021	2021	2021	2020
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		5,831	-	-	-	5,831	5,707
Archbishops' Council		-	-	3,487	-	3,487	3,814
Other donations		383	12	988	-	1,383	1,359
Other trading activities	3	573	-	-	-	573	749
Investments	4	277	21	580	38	916	934
Charitable activities	5	-	-	509	-	509	526
Other income	6	995	-	1,990	2,167	5,152	2,697
TOTAL INCOME AND ENDOWMENTS		8,059	33	7,554	2,205	17,851	15,786
Expenditure on:							
Raising funds	8	383	-	77	-	460	455
Charitable activities	9	7,741	88	7,411	2	15,242	14,765
Remeasurement of pension schemes	26	125	-	-	-	125	20
Pension interest cost	26	2	-	-	-	2	16
TOTAL EXPENDITURE	7	8,251	88	7,488	2	15,829	15,256
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		(192)	(55)	66	2,203	2,022	530
Taxation	16	(690)	-	-	-	(690)	174
Net gains / (losses) on investments	23	4,187	30	296	202	4,715	(2,998)
Property Revaluation	17	3,588	-	-	46,635	50,223	-
Net (expenditure) / income		6,893	(25)	362	49,040	56,270	(2,294)
Transfers between funds	10	605	165	524	(1,294)	-	-
Net movement in funds	13	7,498	140	886	47,746	56,270	(2,294)
Total funds at 1 January	13	6,342	1,007	10,904	37,307	55,560	57,854
Total funds at 31 December	13	13,840	1,147	11,790	85,053	111,830	55,560

The group's income and expenditure all relates to continuing operations.

The notes on pages 27 to 58 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021

	Note	Unrestricted General 2021 £'000	Designated 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,831	-	-	-	5,831	5,707
Archbishops' Council		-	-	3,487	-	3,487	3,814
Other donations		450	12	988	-	1,450	1,778
Other trading activities	3	168	-	-	-	168	217
Investments	4	277	21	580	38	916	934
Charitable activities	5	-	-	509	-	509	526
Other income	6	995	-	1,990	2,167	5,152	2,697
TOTAL INCOME AND ENDOWMENTS		7,721	33	7,554	2,205	17,513	15,673
Expenditure on:							
Raising Funds	8	-	-	77	-	77	159
Charitable activities	9	7,741	88	7,411	2	15,242	14,765
Remeasurement on pension schemes	26	125	-	-	-	125	20
Pension interest cost	26	2	-	-	-	2	16
TOTAL EXPENDITURE	7	7,868	88	7,488	2	15,446	14,960
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		(147)	(55)	66	2,203	2,067	713
Taxation		-	-	-	-	-	-
Net gains / (losses) on investments	23	1,127	30	296	202	1,655	(1,486)
Property Revaluation	17	3,588	-	-	46,635	50,223	-
Net (expenditure) / income		4,568	(25)	362	49,040	53,945	(773)
Transfers between funds	10	605	165	524	(1,294)	-	-
Net movement in funds	13	5,173	140	886	47,746	53,945	(773)
Total funds at 1 January	13	495	1,007	10,904	37,307	49,713	50,486
Total funds at 31 December	13	5,668	1,147	11,790	85,053	103,658	49,713

The Company's income and expenditure all relates to continuing operations.

The notes on pages 27 to 58 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2021

		Group		Company	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
FIXED ASSETS					
Tangible assets	17	75,476	25,870	74,934	25,286
Investments	18	32,584	28,484	23,485	22,445
		<u>108,060</u>	<u>54,354</u>	<u>98,419</u>	<u>47,731</u>
CURRENT ASSETS					
Debtors	19	1,858	1,778	1,790	1,698
Cash and cash equivalents	20	5,267	2,665	5,186	2,478
		<u>7,125</u>	<u>4,443</u>	<u>6,976</u>	<u>4,176</u>
CREDITORS:					
Amounts falling due within one year	21	(1,410)	(1,558)	(1,178)	(1,296)
NET CURRENT ASSETS		<u>5,715</u>	<u>2,885</u>	<u>5,798</u>	<u>2,880</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>113,775</u>	<u>57,239</u>	<u>104,217</u>	<u>50,611</u>
CREDITORS:					
Amounts falling due after more than one year	21	(559)	(898)	(559)	(898)
PROVISIONS:					
Deferred tax	27	(1,386)	(781)	-	-
NET ASSETS		<u>111,830</u>	<u>55,560</u>	<u>103,658</u>	<u>49,713</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	85,053	37,307	85,053	37,307
Restricted income funds	13,22	11,790	10,904	11,790	10,904
Unrestricted income funds:					
General funds		6,330	1,472	6,411	1,553
Designated funds		1,147	1,007	1,147	1,007
Non-charitable trading funds		8,245	5,910	-	-
Pension scheme reserve		(743)	(1,058)	(743)	(1,058)
Minority interest		8	18	-	-
Total unrestricted income funds	13,22	<u>14,987</u>	<u>7,349</u>	<u>6,815</u>	<u>1,502</u>
TOTAL FUNDS		<u>111,830</u>	<u>55,560</u>	<u>103,658</u>	<u>49,713</u>

The notes on pages 27 to 58 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors and are signed on behalf of the Board on 25th May 2022 by:



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

Reconciliation of changes in resources to net cash flow from operating activities

See also Note 25

	2021		2020	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		6,047		(2,294)
Adjustments for:				
Depreciation charges		58		602
(Gains) / Losses on investments		45		
Dividends, interest and rents from investments		(916)		(934)
(Profit) on the sale of fixed assets		(3,052)		(1,626)
Decrease/(Increase) in debtors		(80)		(315)
(Decrease)/Increase in creditors		(172)		356
Unrealised (gain) / loss on investments		(1,655)		1,486
Unrealised (gain) on investment property		(3,060)		1,512
Remeasurement of pension schemes		2		20
Pension interest cost		125		16
Taxation		605		(174)
Net cash used in operating activities		(2,053)		(1,351)
Cash flows from operating activities:				
Net cash used in operating activities		(2,053)		(1,351)
Cash flows from investing activities:				
Dividends, interest and rents from investments	916		934	
Proceeds from the sale of property, plant and equipment	4,077		2,131	
Proceeds from sale of investments	569		-	
Purchase of property, plant and equipment	(465)		(601)	
Purchase of investments	-		-	
Net cash provided by / (used in) investing activities		5,097		2,464
		3,044		1,113
Cash flows from financing activities:				
Deficit contributions paid	(442)		(666)	
Net cash used in financing activities		(442)		(666)
Change in cash and cash equivalents in the reporting period		2,602		447
Cash and cash equivalents at the beginning of the reporting period		2,665		2,218
Cash and cash equivalents at the end of the reporting period		5,267		2,665

The notes on pages 27 to 58 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The group and company have taken advantage of adapting their own arrangements of the headings and subheadings of their financial statements due to the special nature of their business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2020.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis. The subsidiary company, Manchester Diocesan Church House Company Limited, has prepared its financial statements under the FRS102 section 1A Small Entities.

The financial statements are prepared on the historical cost basis of accounting, except for investments which have been included at revalued amounts, and a summary of the more important accounting policies, which have been consistently applied, is set out below.

The group and company is a public benefit entity and as such has applied the appropriate reporting standards from FRS102.

(a) *Income and Endowments*

The principal source of income comes from voluntary giving in the form of parish share. Amounts undertaken to be paid by deaneries but not received by the year end are not accrued as the obligation to pay the sums involved is morally but not legally binding. Income is accounted for when received, except legacies that are included on an accruals basis where receipts are reasonably certain and the amounts receivable can be quantified.

(b) *Expenditure*

Expenditure is analysed over the activities undertaken by the Company wherever this is possible. Office and support costs are recharged to operating departments where appropriate. The remaining costs of the Company's offices and administration are shown as support costs within direct charitable expenditure where these relate to the managing and promoting of the Company's charitable activities within the Diocese of Manchester. Costs arising from the administration of the Company as a charity and company are shown as governance costs, in accordance with SORP.

(c) *Dividends and interest*

These are included in the financial statements on an accruals basis.

(d) *Fund accounting*

Funds held by the company are either:

Restricted funds	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
Permanent endowment funds	Funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.
Unrestricted general funds	Funds which may be used for general purposes without any external restriction.
Unrestricted Designated funds	Unrestricted funds which have been set aside by the Board for purposes designated by diocesan policy; such designations may be changed from time to time according to policy decisions.

Details of the major funds are given in Note 22.

(e) *Stipends*

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners' payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Company and income received by them centrally are shown gross in these financial statements. However, some dignitaries are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost.

Until 2020, Glebe and parsonage houses and other property used by the diocese were included at deemed cost which was either the cost of purchase or the midpoint council tax. In 2021 the trustees decided that as the basis of inclusion represented in many cases neither the historical cost nor the fair value that they would perform a desk top valuation and/or indexation at each year end and this would be included in the balance sheet. This valuation would include an impairment review as required where no depreciation is to be charged. This constitutes a change in accounting estimate as to the value and estimated useful economic life/residual value and as such no prior year adjustment is required.

Houses subject to value-linked loans (previously known as equity sharing loans) are included in the financial statements as fixed assets and loan creditors, where there is a direct liability to the Company relating to such properties. For Value Linked Loan properties which the Company has an equity share, the Company equity value is depreciated in line with the property depreciation rate as confirmed below.

Redundant churches are not included in the financial statements as it is the opinion of the trustees that they are of negligible value.

For all other assets historical cost accounting is applied with depreciation provided as the following rates:

Office Equipment	25% & 33.33% straight line
Property at 90 Deansgate (Diocesan Church House)	2% straight line

(g) Fixed asset investments

Investments other than in Glebe land and properties and Church House property are shown at the bid price on the date of the balance sheet. Glebe land and properties were revalued on 31 December 2021. The valuation provided by Rapleys on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income. The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Following the decision to market Church House property, the Trustees obtained appropriate advice under the Charities Act and that value has been included in these financial statements as the fair value. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

Investments held by the Company as custodian trustee are not included in these financial statements.

(h) Subsidiary and connected companies

Details of subsidiary and connected companies are given in note 18 to the financial statements. Consolidated accounts have been produced in accordance with the recommendations of the Charity SORP.

(i) Clergy pensions

The Company contributes to the Church of England Funded Pension Scheme which is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company. Pension scheme contributions are charged to the Statement of Financial Activities in the period to which they relate. Details of the schemes operated by the Company are given in note 26 to the financial statements. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(j) Staff pensions

The Company contributes to the Church of England Pension Builder Scheme is a multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company and the Church of England Defined Benefits Scheme for other staff. Therefore, in accordance with FRS102, payments to the schemes are accounted for as for defined contribution schemes and the Company accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Following the revaluation of the Church Worker Defined Benefit Scheme (Lay Staff) as at 31 December 2016, this has given rise to a deficit position.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(k) Reserves

Funds held for specific purposes and the related income and expenditure are shown in separate reserves under the appropriate headings.

(l) Allocation of costs to direct charitable and other expenditure

Governance costs relate to all administration, depreciation and legal costs incurred in the Company's operation as a charitable company in accordance with SORP. All other costs attributable to the support of direct charitable purposes have been included under the appropriate headings in the Statement of Financial Activities.

(m) Grants

Grants made to parishes, clergy or other diocesan bodies are treated as direct costs in the financial statements. An analysis of grants made is shown in note 9. Grants payable relate to the contribution to National Church costs. Payments to the clergy for removal, training, etc. are included as ministry in parishes or support for ministry in parishes due to the quasi-contractual nature of the payment or training provision.

(n) Irrecoverable VAT

The policy on irrecoverable VAT is to include it with the related expenditure item.

(o) Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors have made judgements where appropriate. The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed. A further judgement subject to uncertainty is the valuation of the properties. This estimation has been arrived at with consultation with third party Chartered Surveyors. There is estimation in other areas too such as parish share arrears, outstanding clergy fees. The uncertainty in these areas is considered to be significantly lower.

Significant judgement is also made with respect to defined benefit pensions:

- Pension scheme deficit reduction payments – As explained in note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Schemes for stipendiary clergy and in respect of Church Worker Defined Benefit Scheme (Lay Staff). FRS102 requires a liability be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the use of an appropriate discount rate.

(q) Going concern

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

(r) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted General	Designated	Restricted Funds	Endowment Funds	Total Funds
		2021	2021	2021	2021	2021
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:	Note					
Donations	2					
Parish contributions		5,831	-	-	-	5,831
Archbishops' Council		-	-	3,487	-	3,487
Other donations		383	12	988	-	1,383
Other Trading activities	3	573	-	-	-	573
Investments	4	277	21	580	38	916
Charitable activities	5	-	-	509	-	509
Other income	6	995	-	1,990	2,167	5,152
TOTAL INCOME AND ENDOWMENTS		8,059	33	7,554	2,205	17,851

		Unrestricted General	Designated	Restricted Funds	Endowment Funds	Total Funds
		2020	2020	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,707	-	-	-	5,707
Archbishops' Council		-	-	3,814	-	3,814
Other donations		491	13	855	-	1,359
Other Trading activities	3	749	-	-	-	749
Investments	4	278	28	592	36	934
Charitable activities	5	-	-	526	-	526
Other income	6	84	-	988	1,625	2,697
TOTAL INCOME AND ENDOWMENTS		7,309	41	6,775	1,661	15,786

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted General	Designated	Restricted Funds	Endowment Funds	Total Funds
		2021	2021	2021	2021	2021
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:	Note					
Donations	2					
Parish contributions		5,831	-	-	-	5,831
Archbishops' Council		-	-	3,487	-	3,487
Other donations		450	12	988	-	1,450
Other trading activities	3	168	-	-	-	168
Investments	4	277	21	580	38	916
Charitable activities	5	-	-	509	-	509
Other income	6	995	-	1,990	2,167	5,152
TOTAL INCOME AND ENDOWMENTS		7,721	33	7,554	2,205	17,513

		Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds
		2020	2020	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:	Note					
Donations	2					
Parish contributions		5,707	-	-	-	5,707
Archbishops' Council		-	-	3,814	-	3,814
Other donations		910	13	855	-	1,778
Other Trading activities	3	217	-	-	-	217
Investments	4	278	28	592	36	934
Charitable activities	5	-	-	526	-	526
Other income	6	84	-	988	1,625	2,697
TOTAL INCOME AND ENDOWMENTS		7,196	41	6,775	1,661	15,673

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

2. DONATIONS

PARISH CONTRIBUTIONS (GROUP AND COMPANY)

The majority of donations are collected from the parishes of the diocese through the parish share system.

	Unrestricted General 2021 £'000	Unrestricted General 2020 £'000
Parish share		
Current year's allocation	7,546	7,476
Shortfall in contributions	(1,640)	(1,690)
Encouragement scheme	(75)	(79)
	5,831	5,707
Arrears for previous years	-	-
	5,831	5,707

Total parish share receipts represent 77.3% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2021 £'000	Restricted Funds 2020 £'000
Selective allocations	2,587	2,614
Sustainability Funding	900	1,200
TOTAL	3,487	3,814

OTHER DONATIONS (GROUP)

	Unrestricted General 2021 £'000	Unrestricted Designated 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000
All Churches Trust	231	-	-	-	231	227
Donations	35	-	48	-	83	14
Other	117	12	940	-	1,069	1,118
TOTAL	383	12	988	-	1,383	1,359

OTHER DONATIONS (COMPANY)

	Unrestricted General 2021 £'000	Unrestricted Designated 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000
All Churches Trust	231	-	-	-	231	227
Donations	35	-	48	-	83	14
Gift Aid from Subsidiary Company	67	-	-	-	67	419
Other	117	12	940	-	1,069	1,118
TOTAL	450	12	988	-	1,450	1,778

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2021	Funds 2021	2021	2020
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	168	-	-	-	168	217
Income of the Trading Subsidiary	405	-	-	-	405	532
TOTAL	573	-	-	-	573	749

OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2021	Funds 2021	2021	2020
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	168	-	-	-	168	217
TOTAL	168	-	-	-	168	217

4. INVESTMENTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2021	Funds 2021	2021	2020
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	276	18	91	-	385	381
Interest receivable	1	-	-	-	1	2
Glebe receivable	-	-	439	-	439	468
Trusts receivable	-	3	50	38	91	83
TOTAL	277	21	580	38	916	934

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2021	Funds 2021	2021	2020
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees and chaplaincy income	-	-	509	-	509	511
Guarantee annuities	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	15
TOTAL	-	-	509	-	509	526

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

6. OTHER INCOME (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Property sale gains	886	-	-	2,167	3,053	1,625
Other	109	-	1,990	-	2,099	1,072
TOTAL	995	-	1,990	2,167	5,152	2,697

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total funds
		General	Designated	Funds	Funds	2021
		2021	2021	2021	2021	2021
	Note	£'000	£'000	£'000	£'000	£'000
2021						
Raising funds	8	383	-	77	-	460
Charitable activities	9	7,741	88	7,411	2	15,242
Remeasurement on pension schemes	26	125	-	-	-	125
Pension interest cost	26	2	-	-	-	2
TOTAL		8,251	88	7,488	2	15,829
2020						
Raising funds	8	296	-	159	-	455
Charitable activities	9	7,299	95	6,909	462	14,765
Remeasurement on pension schemes	26	20	-	-	-	20
Pension interest cost	26	16	-	-	-	16
TOTAL		7,631	95	7,068	462	15,256

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2021	2021	2021	2021	2021
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	77	-	77
Charitable activities	9	7,741	88	7,411	2	15,242
Remeasurement on pension schemes	26	125	-	-	-	125
Pension interest cost	26	2	-	-	-	2
TOTAL		7,868	88	7,488	2	15,446

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2020	2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	159	-	159
Charitable activities	9	7,299	95	6,909	462	14,765
Remeasurement on pension schemes	26	20	-	-	-	20
Pension interest cost	26	16	-	-	-	16
TOTAL		7,335	95	7,068	462	14,960

7. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (GROUP)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2021 £'000	Total 2020 £'000
Investment management costs		383	-	77	460	455
Contributions to Archbishops' Council	9	630	-	-	630	751
Resourcing ministry and mission (Note 9)	9	12,262	1,721	466	14,449	13,840
Education	9	-	140	-	140	140
Diocesan projects	9	-	-	-	-	2
Governance costs	9	23	-	-	23	32
Pension interest cost		2	-	-	2	16
Remeasurement on pension schemes		125	-	-	125	20
TOTAL		13,425	1,861	543	15,829	15,256

		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2020 £'000
Investment management costs		296	-	159	455
Contributions to Archbishops' Council	9	751	-	-	751
Resourcing ministry and mission	9	11,055	2,337	448	13,840
Education	9	-	140	-	140
Diocesan projects	9	-	2	-	2
Governance costs	9	32	-	-	32
Pension interest cost		16	-	-	16
Remeasurement on pension schemes		20	-	-	20
TOTAL		12,170	2,479	607	15,256

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (COMPANY)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2021 £'000
Investment management costs		-	-	77	77
Contributions to Archbishops' Council	9	630	-	-	630
Resourcing ministry and mission	9	12,262	1,721	466	14,449
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	23	-	-	23
Pension Interest cost		2	-	-	2
Remeasurement on CEFPS pension schemes		125	-	-	125
TOTAL		13,042	1,861	543	15,446

2020	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2020 £'000
Investment management costs		-	-	159	159
Contributions to Archbishops' Council	9	751	-	-	751
Resourcing ministry and mission	9	11,055	2,337	448	13,840
Education	9	-	140	-	140
Diocesan projects	9	-	2	-	2
Governance costs	9	32	-	-	32
Pension Interest cost		16	-	-	16
Remeasurement on CEFPS pension schemes		20	20	-	20
TOTAL		11,892	2,479	607	14,960

8. RAISING FUNDS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2021	Funds 2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Trading expenditure	383	-	-	-	383	296
Glebe expenditure	-	-	77	-	77	159
TOTAL	383	-	77	-	460	455

RAISING FUNDS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2021	Funds 2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fees	-	-	77	-	77	159
TOTAL	-	-	77	-	77	159

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted General 2021 £'000	Unrestricted General 2020 £'000
Training for ministry	336	336
National Church responsibilities	234	253
Grants and provisions	29	28
Mission Agency pension contributions	15	13
Retired clergy housing costs (CHARM)	124	121
Pooling of ordinand candidates' costs	(108)	-
TOTAL	630	751

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted General 2021 £'000	Unrestricted Designated 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total funds 2021 £'000
Parish ministry					
Stipends and national insurance	3,669	18	2,238	-	5,925
Pension contributions	-	-	1,298	-	1,298
Housing costs	1,157	-	(25)	-	1,132
Removal, settlement and other grants	73	-	260	-	333
Other expenses	213	-	588	-	801
	5,112	18	4,359	-	9,489
Support for ministry	1,836	70	3,052	2	4,960
TOTAL	6,948	88	7,411	2	14,449

	Unrestricted General 2020 £'000	Unrestricted Designated 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000
Parish ministry					
Stipends and national insurance	3,105	12	2,739	-	5,856
Pension contributions	-	-	1,301	-	1,301
Housing costs	1,028	-	-	-	1,028
Removal, settlement and other grants	87	-	164	-	251
Other expenses	369	12	394	-	775
	4,589	24	4,598	-	9,211
Support for ministry	1,787	71	2,311	462	4,631
TOTAL	6,376	95	6,909	462	13,842

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted	
	General	General
	2021	2020
	£'000	£'000
Synodical grant	140	140

EXPENDITURE ON DIOCESAN PROJECTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	2021	2021	2021	2021	£'000	£'000
	£'000	£'000	£'000	£'000		
Other	-	-	-	-	-	2
TOTAL	-	-	-	-	-	2

GOVERNANCE COSTS (COMPANY)

	Unrestricted	Unrestricted
	General	General
	2021	2020
	£'000	£'000
Audit fees	21	26
Diocesan Synod	2	6
TOTAL	23	32

Audit Fees of £7k (2020: £7k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Pastoral Account	-	-	524	-	524	390
Parsonage Building Fund	-	-	-	(1,294)	(1,294)	(840)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	605	-	524	-	605	285
TOTAL	605	165	524	(1,294)	-	-

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management Costs	-	-	77	-	77	159
Support of Ordinands Training	100	-	-	-	100	93
Central Administration	366	-	-	-	366	355
TOTAL	466	-	77	-	543	607

12. NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (GROUP)

These are stated after charging:

	2021	2020
	£'000	£'000
Depreciation	58	602
Auditors' remuneration - Audit services	31	33

NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (COMPANY)

These are stated after charging:

	2021	2020
	£'000	£'000
Depreciation	15	552
Auditors' remuneration - Audit services	22	26

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

13. SUMMARY OF FUND MOVEMENTS

	Balance at 1 January 2021	Incoming	Outgoing		Gains, Losses and Revaluations	Balance at 31 December 2021
	£'000	resources £'000	Resources £'000	Transfers £'000	£'000	£'000
Unrestricted funds						
General	1,553	7,721	(7741)	163	4,715	6,411
Pension Deficit	(1,058)	-	(127)	442	-	(743)
Designated						
Board for Church & Society	128	-	-	-	30	143
Church Building Loans	344	-	-	-	30	359
Church Building Grants	378	2	(48)	150	-	482
Separated/Divorced Clergy Spouses	48	12	(19)	-	-	41
Clergy Training Fund	65	-	(3)	15	-	77
Urban Aid Grant Fund	22	-	-	-	-	22
Other	22	19	(18)	-	-	23
	1,502	7,754	(7,956)	770	4,745	6,815
Restricted funds						
Stipend Fund income & expenditure	-	6,573	(6,573)	-	-	-
Pastoral Fund	8452	42	(13)	524	-	9003
Clergy Maintenance of the Ministry	1862	-	-	-	240	2,102
Clergy widows & associated funds	293	-	(10)	-	41	324
Ordinands' training	54	-	-	-	8	62
Resourcing Ministerial Education	50	652	(572)	-	-	130
Restructuring Funding	164	106	(156)	-	-	114
Strategic Capacity Funding	(73)	114	(106)	-	-	(65)
Other	102	67	(58)	-	7	120
	10,904	7,554	(7,488)	524	296	11,790
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	18,095	(6)	-	-	12,817	30,906
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	16,837	2,203	(2)	(1,294)	33,693	51,437
Permanent endowment						
Clergy widows & associated funds	180	-	-	-	27	207
J B Stelfox	1,295	-	-	-	186	1,481
Ordinands' training	189	-	-	-	25	214
Chaplaincy	188	8	-	-	14	210
Bequests	518	-	-	-	75	593
	37,307	2,205	(2)	(1,294)	46,837	85,053
Total funds - Company	49,713	17,513	(15,446)	-	51,878	103,658
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	5,910	278	(1,003)	-	3,060	8,245
Minority interest*	18	-	(10)	-	-	8
Total funds - Group	55,560	17,851	(16,519)	-	54,938	111,830

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Balance at 1 January 2020	Incoming resources	Outgoing Resources	Transfers	Gains and losses	Balance at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General	1,765	7,196	(7,299)	(381)	272	1,553
Pension Deficit	(1,688)	-	(36)	666	-	(1,058)
Designated						
Board for Church & Society	122	-	(1)	-	7	128
Church Building Loans	337	-	0	-	7	344
Church Building Grants	278	3	(53)	150	-	378
Separated/Divorced Clergy Spouses	51	14	(17)	-	-	48
Clergy Training Fund	50	-	0	15	-	65
Urban Aid Grant Fund	22	-	0	-	-	22
Other	22	24	(24)	-	-	22
	959	7,237	(7,430)	450	286	1,502
Restricted funds						
Stipend Fund income & expenditure	-	5,898	(5,898)	-	-	0
Pastoral Fund	8,287	43	(268)	390	-	8,452
Clergy Maintenance of the Ministry	1,753	-	-	-	109	1,862
Clergy widows & associated funds	275	-	(6)	-	24	293
Ordinands' training	50	-	-	-	4	54
Resourcing Ministerial Education	12	586	(548)	-	-	50
Restructuring Funding	201	125	(162)	-	-	164
Strategic Capacity Funding	-	94	(167)	-	-	(73)
Other	89	29	(19)	-	3	102
	10,667	6,775	(7,068)	390	140	10,904
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	19,784	503	(129)	-	(2,063)	18,095
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	16,858	1152	(333)	(840)	-	16,837
Permanent endowment						
Clergy widows & associated funds	163	-	-	-	17	180
J B Stelfox	1,211	-	-	-	84	1,295
Ordinands' training	178	-	-	-	11	189
Chaplaincy	176	6	-	-	6	188
Bequests	485	-	-	-	33	518
	38,860	1,661	(462)	(840)	-1,912	37,307
Total funds - Company	50,486	15,673	(14,960)	-	(1,486)	49,713
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	7,430	53	(61)	-	(1,512)	5,910
Minority interest*	19	-	(1)	-	-	18
Total funds - Group	57,854	15,786	(15,082)	-	(2,998)	55,560

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

14. DIRECTORS' REMUNERATION AND EXPENSES

£nil remuneration has been paid to any Director in their capacity as directors (2020: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2020: Two Directors) were reimbursed for travel expenses during the year which amounted to £nil (2020: £382).

15. EMPLOYEE DETAILS

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	2021	2020
£90,001 - £100,000	1	-
£80,001 - £90,000	-	1
£70,001 - £80,000	1	1
£60,001 - £70,000	1	1

During the year, the following amounts were paid to higher paid employees as shown above:

	2021 £'000	2020 £'000
Pension contributions to Pension Builder Classic scheme	17	17

Remuneration of key management personnel

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

Helen Platts	Diocesan Secretary and Chief Operating Officer and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith*	Director of Education

* Remuneration and pensions for the above employees amounted to £231k (2020: £229k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

The average number of employees, based on full-time equivalents, was as follows:

	2021 No.	2020 No.
Support for parish ministry	33	31
Mission Support and chaplaincy	3	3
Church House	7	9
	<u>43</u>	<u>43</u>

In addition, a further 12 (2020: 11) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2021 £'000	2020 £'000
Gross salaries	1,452	1,375
Social Security costs	144	130
Pension contributions	201	173
	<u></u>	<u></u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

<u>1,797</u>	<u>1,678</u>

An average of 135 (2020: 144) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	5,534	5,413
National Insurance Contributions	445	443
Pension costs - Current year	1,685	1,385
	<u>7,664</u>	<u>7,241</u>

16. TAXATION

	2021 £'000	2020 £'000
Domestic current year tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	(85)	-
Current tax charge	-	-
Under/(over) provision	-	-
Deferred tax		
Deferred tax charge/(credit) current year	(605)	174
Adjustments in respect of prior periods	-	-
	<u>(690)</u>	<u>174</u>
Tax change/(credit) on profit on ordinary activities	<u>(690)</u>	<u>174</u>

See note 27

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

17. TANGIBLE ASSETS

GROUP	Land and buildings			Equipment	Total
	MDBF and Church House £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2021	6,860	21,676	8,056	501	37,093
Additions	445	-	-	21	466
Disposals	(573)	(924)	-	-	(1,497)
Revaluation	2,596	27,025	10,420	-	40,041
At 31 December 2021	9,328	47,777	18,476	522	76,103
Accumulated depreciation					
At 1 January 2021	1,372	6,992	2,522	337	11,223
Charge for the year	14	-	-	44	58
Eliminated on disposals	(148)	(324)	-	-	(472)
Revaluation	(992)	(6,668)	(2,522)	-	(10,182)
At 31 December 2021	246	-	-	381	627
Net book value at 31 December 2021	9,082	47,777	18,476	141	75,476
Net book value at 31 December 2020	5,488	14,684	5,534	164	25,870
COMPANY					
	Land and buildings			Equipment	Total
	MDBF £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2021	6,174	21,677	8,056	208	36,115
Additions	445	-	-	21	466
Disposals	(573)	(924)	-	-	1,497
Revaluation	2,596	27,025	10,420	-	40,041
At 31 December 2021	8,642	47,777	18,476	229	75,124
Accumulated depreciation					
At 1 January 2021	1,140	6,992	2,522	175	10,829
Charge for the year	-	-	-	15	15
Eliminated on disposals	(148)	(325)	-	-	(473)
Revaluation	(992)	(6,667)	(2,552)	-	(10,211)
At 31 December 2021	-	-	-	190	190
Net book value at 31 December 2021	8,642	47,777	18,476	39	74,934
Net book value at 31 December 2020	5,034	14,685	5,534	33	25,286

Included in MDBF property are some properties that are subject to a value-linked loan from the Church Commissioners. When disposed of the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties is included in the above amounts was £244,750 (2020: £275,750).

18. INVESTMENTS

GROUP	Glebe Investment Properties	Church House	Unlisted	Total

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	£'000	Investment Property £'000	£'000	£'000
Market value				
At 31 December 2020	7,400	6,120	14,964	28,484
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Revaluations	(486)	3,060	-	2,574
Disposals	(614)	-	-	(614)
Unrealised gain/(loss) for the year	-	-	2,140	2,140
Realised gain / (loss) for the year	-	-	-	-
At 31 December 2021	6,300	9,180	17,104	32,584
Historic cost at 31 December 2021	6,481	1,643	6,015	14,139
Excess / (reduction) of market value over cost to date	(181)	7,537	11,089	18,445

COMPANY	2021 £'000	2020 £'000
Group total	32,584	28,484
Church House Investment Property	(9,180)	(6,120)
Investment in subsidiary company (see below)	81	81
	23,485	22,445

Details of the accounting policy for Unlisted Investments is included in note 1 (g) to the financial statements.

Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2021 by Rapleys LLP who confirmed a valuation of £6,300,000 (2020: £7,400,000). Following the decision to market Church House property, the Trustees obtained appropriate advice under the Charities Act and that value has been included in these financial statements as the fair value. With respect to this property, the use of the building is split for investment purposes and charitable use for which the floor area in 2021 is 72% and 28% respectively (2020: 72% and 28% respectively). Church House is held part as long leasehold land and buildings and part as investment property.

The valuation has been prepared in accordance with RICS valuation - Professional Standards UK January 2017.

All other tangible assets are stated at historical cost less depreciation.

Details of the accounting policy for Glebe are included in note 1(f) and 1(g) to the financial statements.

The Manchester Diocesan Church House Company Limited Balance sheet

	2021 £'000	2020 £'000
Tangible fixed assets	9,722	6,705
Current assets	302	479
	10,024	7,184
Creditors: amounts falling due within one year	(385)	(475)
	9,639	6,709
Provisions for liabilities and charges	(1,386)	(781)

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

	8,253	5,928
Representing:		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	7,627	4,567
Profit and loss account	584	1,319
	8,253	5,928

18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

The Manchester Diocesan Church House Company Limited Income from subsidiary's trading activities

	2021 £000	2020 £000
Turnover	464	591
Administration	(443)	(356)
Gain / (Loss) from changes in fair value of investment property	3,060	(1,512)
Operating (loss) / profit	3,081	(1,277)
Taxation	(690)	174
(Loss) / profit after taxation	2,391	1,103

The Board hold 98.6% (2020: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £54,240 (2020: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2020: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2020: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £66,984 (2020: £419,040). This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed £152,272 Manchester Diocesan Board of Finance (2020: £212,632). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent and service charge debtor balance of £753 (2020: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2020: £7,500). Manchester Diocesan Board of Finance makes an annual payment to Emmanuel Theological College for £nil (2020: £36,000) for the training of its Reader Candidates. In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through Emmanuel Theological College with Durham University Common Awards. In 2021, the payment amounted to £1,656 (2020: £1,204). Previously,

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2021, the MDBF paid Emmanuel Theological College £238,259 (2020: £100,386) for the training of ordinands. MDBF receive monies from Emmanuel Theological College towards the work which the Director of Studies does in training ordinands at Emmanuel Theological College. Each member diocese employs a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at Emmanuel Theological College.

The payment equates to the equivalent of a 0.7fte post to the diocese. In 2021, this position was vacant and therefore, the amount received was £nil (2020: £31,772). The Director of Studies left in August 2019, therefore, MDBF also paid Emmanuel Theological College for Teaching costs in 2021 for £32,000 (2020: £48,000).

The trading activities for the period 1 September 2020 to 31 August 2021 were:

	£'000
Turnover	792
Administration costs	641
Surplus	151

Any surplus monies will be transferred to reserves in order to set aside funds for special purposes or as reserves against future expenditure.

19. DEBTORS

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year				
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	85	114	85	114
For Parishes	118	129	118	129
General debtors	415	354	195	61
Board of Education	39	71	39	71
Manchester Diocesan Church House Company Ltd	-	-	152	213
Glebe debtor	87	82	87	82
Prepayments and accrued income	1,106	1,020	1,106	1,020
Emmanuel Theological College	8	8	8	8
TOTAL	1,858	1,778	1,790	1,698

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
CBF deposit fund	4,222	699	4,222	699
Cash at bank and in hand	1,045	1,966	964	1,799
	5,267	2,665	5,186	2,478

21. CREDITORS

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year				
General creditors	760	850	607	645

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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Accruals	150	203	75	143
Taxation and social security	71	69	67	72
Manchester Diocesan Church House Company	-	-	-	-
Pension Deficit Repayment (Note 26)	429	436	429	436
	<u>1,410</u>	<u>1,558</u>	<u>1,178</u>	<u>1,296</u>
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	245	276	245	276
Pension Deficit Repayment (Note 26)	314	622	314	622
	<u>559</u>	<u>2,456</u>	<u>559</u>	<u>2,194</u>

Included within creditors falling due after more than one year are liabilities concerning pension deficit repayments due more than five years estimated as being £nil (2020: £nil).

Value Linked Loans from the Church Commissioners are administered by the Board of Finance on behalf of parishes, other parties and the Board itself. These loans are for the purpose of providing or improving housing for clergy, deaconesses and licensed lay workers engaged in parochial or diocesan work and former clergy spouses. The housing involved is not in benefice or Glebe ownership. The loan only becomes repayable on disposal of the Value Linked Loan property.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets Tangible £'000	Loans / investment £'000	Net current assets £'000	Long term liabilities £'000	Total 2021 £'000
Restricted funds					
Diocesan Pastoral Account	-	-	9,003	-	9,003
Clergy / Maintenance of the Ministry Fund	-	1,943	159	-	2,102
Other restricted funds	-	432	253	-	685
	-	2,375	9,415	-	11,790
Endowment funds					
Diocesan Stipends Fund Capital Account	18,476	9,165	3,265	-	30,906
Parsonage Buildings Fund	47,778	-	3,659	-	51,437
Other endowment funds	-	2,601	109	-	2,710
	66,254	11,766	7,033	-	85,053
Unrestricted funds					
General	8,680	9,104	(11,128)	(245)	6,411
Designated	-	240	907	-	1,147
Pension Deficit	-	-	-	(743)	(743)
	8,680	9,344	(10,221)	(988)	6,815
Company	74,934	23,485	6,227	(988)	103,658
Non-charitable trading funds	542	9,180	(83)	(1,386)	8,253
Consolidation adjustment	-	(81)	-	-	(81)
Group	75,476	32,584	6,144	(2,374)	111,830

	Fixed assets Tangible (Restated) £'000	Loans / investment £'000	Net current assets £'000	Long term liabilities £'000	Total 2020 £'000
Restricted funds					
Diocesan Pastoral Account	-	-	8,452	-	8,452
Clergy / Maintenance of the Ministry Fund	-	1,703	159	-	1,862
Other restricted funds	-	376	214	-	590
	-	2,079	8,825	-	10,904
Endowment funds					
Diocesan Stipends Fund Capital Account *	5,534	9,905	2,656	-	18,095
Parsonage Buildings Fund*	14,685	-	2,152	-	16,837
Other endowment funds	-	2,274	101	-	2,375
	20,219	12,179	4,909	-	37,307
Unrestricted funds					
General *	5,067	7,977	(11,215)	(276)	1,553
Designated	-	210	797	-	1,007
Pension Deficit	-	-	(436)	(622)	(1,058)
	5,067	8,187	(10,854)	(898)	1,502
Company	25,286	22,445	2,880	(898)	49,713
Non-charitable trading funds	584	6,120	5	(781)	5,928
Consolidation adjustment	-	(81)	-	-	(81)
Group	25,870	28,484	2,885	(1,679)	55,560

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For the year ended 31 December 2021

Continued

Diocesan Pastoral Account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Diocesan Pastoral Account represents the proceeds of redundant churches and parsonages. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met, when authorised surplus funds may be transferred to the Stipends Fund Capital Account or income funds. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

Clergy/ Maintenance of the Ministry Fund

This fund is administered by the Grants Committee to offer grants to support clergy and Parishes within the Diocese where areas of hardship are identified.

Stipends Fund Capital Account

The Diocesan Stipends Fund Capital Account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can only be utilised for stipend purposes. It has been included as an endowment fund in these financial statements.

Parsonage Buildings Fund

Parsonage Buildings Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage Building Fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Buildings Fund has been included as an endowment fund in these financial statements.

General Fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry.

Designated Fund

This fund represents monies designated by the Board to support specific areas of works including mission, maintenance of church buildings and housing costs for separated/divorced clergy spouses.

Transfers between funds

The Board makes transfers between the Funds on receipt of Orders under the Pastoral Measure 1983 which can move properties between asset categories of Parsonages, Glebe and MDBF, and therefore between Parsonage Building Fund, Stipend Fund Capital Account and Pastoral Account. The background to the major funds is detailed in note (d) of the accounting policies.

Pension Deficit

As at 31 December 2021, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £0.346m (2020: £0.704m). In 2021, the company paid £0.358m (2020: £0.582m) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. As at 31 December 2021, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £0.397m (2020: £0.354m). In 2021, the company paid £0.084m (2020: £0.084m) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

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23. GROUP AND COMPANY REVALUATION RESERVES

The revaluation reserves included in funds has been disclosed below for disclosure purposes only, in order to show the individual gains and losses included in the applicable funds.

	Church House Investment Property 2021 £'000	Unrestricted Investments 2021 £'000	Designated Investments 2021 £'000	Restricted Investments 2021 £'000	Endowment Investments 2021 £'000	Investments Sub Total 2021 £'000	Endowment Glebe 2021 £'000	TOTAL 2021 £'000
At 1 January 2021	4,477	4,151	193	1,738	2,867	13,426	306	13,732
Net Gains/(Losses) on Investments	-	1,127	30	296	687	2,140	-	2,140
Glebe Investment Property Revaluation	-	-	-	-	-	-	(486)	(486)
Investment Property Revaluation (see note 18)	3,060	-	-	-	-	3,060	-	3,060
Disposal	-	-	-	-	-	-	-	-
Sub Total	3,060	1,127	30	296	687	5,200	(486)	4,714
At 31 December 2021	<u>7,537</u>	<u>5,278</u>	<u>223</u>	<u>2,034</u>	<u>3,554</u>	<u>18,626</u>	<u>(180)</u>	<u>18,446</u>

	Church House Investment Property 2020 £'000	Unrestricted Investments 2020 £'000	Designated Investments 2020 £'000	Restricted Investments 2020 £'000	Endowment Investments 2020 £'000	Investments Sub Total 2020 £'000	Endowment Glebe 2020 £'000	TOTAL 2020 £'000
At 1 January 2020	5,989	3,879	179	1,598	2,554	14,199	2,531	16,730
Net Gains/(Losses) on Investments	-	272	14	140	313	739	-	739
Glebe Investment Property Revaluation	-	-	-	-	-	-	(2,225)	(2,225)
Investment Property Revaluation (see note 18)	(1,512)	-	-	-	-	(1,512)	-	(1,512)
Disposal	-	-	-	-	-	-	-	-
Sub Total	(1,512)	272	14	140	313	(773)	(2,225)	(2,998)
At 31 December 2020	<u>4,477</u>	<u>4,151</u>	<u>193</u>	<u>1,738</u>	<u>2,867</u>	<u>13,426</u>	<u>306</u>	<u>13,732</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at 90 Deansgate, Manchester, M3 2GH. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2021 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2020: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £24k (2020: £24k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £529k (2020: £554k) to the Board of Education, comprising:

	2021 £'000	2020 £'000
Staff costs	429	464
Central services	100	90

Manchester Diocesan Board of Education's accommodation is provided by Manchester Diocesan Church House Company (which is a subsidiary of the Manchester Diocesan Board of Finance) for a service charge of £14k (2020: £13k), which is included in the Manchester Diocesan Board of Finance's recharges.

25. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2021 £'000	Cash flow 2021 £'000	As at 31 December 2021 £'000
Net cash:			
Cash in hand and at bank	1,966	(921)	1,045
Cash on deposit	699	3,523	4,222
Cash at bank and at hand	2,665	2,602	5,267

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

26. PENSIONS (GROUP AND COMPANY)

(a) Clergy Pensions

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table below as being recognised in the SoFA.

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

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

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

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

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

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

	2021	2020
Balance sheet liability at 1 January	704,000	1,264,000
Deficit contribution paid	(358,000)	(582,000)
Interest cost (recognised in SoFA)	1,000	11,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(1,000)	11,000
Balance sheet liability at 31 December	346,000	704,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

PENSIONS (GROUP AND COMPANY)

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

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

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

(b) Staff Pensions

Manchester DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

PENSIONS (GROUP AND COMPANY)

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

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,600 per year. In addition deficit payments of £84,080 per year have been agreed for 5.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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	2020
Balance sheet liability at 1 January	354,000	424,000
Deficit contribution paid	(84,000)	(84,000)
Interest cost (recognised in SoFA)	1,000	5,000
Remaining change to the balance sheet liability*(recognised in SoFA)	126,000	9,000
Balance sheet liability at 31 December	397,000	354,000

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

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

	December 2021	December 2020	December 2019
Discount rate	1.4%	0.40%	1.30%

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

Pension Builder Scheme

MDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Continued

PENSIONS (GROUP AND COMPANY)

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2021: £201k, 2020: £173k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

27. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

	2021 £'000	2020 £'000
Balance as at 1 January 2021	781	955
(Charge) / credit for the year	75	(174)
Balance as at 31 December 2021	706	781

Deferred taxation provided in the financial statements is as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	119	98
Investment property revaluations	587	683
	706	781

28. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £13.317m (2020: £12.387m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2020: two Directors) were reimbursed for travel expenses during the year which amounted to £nil (2020: £382). During the year the aggregate amount of donations received without conditions from MDBF Directors was £900 (2020: £6,450).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

The Bishop of Middleton, Rt Revd M Davies and The Archdeacon of Bolton Ven J Burgess, The Rev'd Canon Dr Rachel Mann and Canon R Lewis all served as Trustees at Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) during 2021 and details of the related party transactions are set out below.

The Archdeacon of Manchester Ven K Lund served as Trustee on Allchurches Trust Ltd which provided a general grant to MDBF in 2021 for £231k (2020: £227k).

The Bishop of Manchester, Rt Revd Dr D Walker is the Deputy Chair of the Church Commissioners and also sits on the Strategic Investment Board and Strategic Ministry Board of the Archbishops Council. In 2021, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,405,809 (2020: £2,444,750), Sustainability Funding £900,000 (2020: £1,200,000), Strategic Development Funding £1,536,957 (2020: £949,637), Restructuring Funding £106,460 (2020: £125,000), Resourcing Ministerial Education £652,191 (2020: £585,655), Strategic Capacity Funding £113,926 (2020: £94,126), Manchester Chapter Surplus £107,752 (2020: £79,383) and Bishops Staffing recharges £73,707 (2020: £90,286). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £630,311 (2020: £750,571), Value Linked Loan Interest £20,005 (2020: £19,767), General Synod, Bishops Advisory Panel Fees and other recharges £9,902 (2020: £2,325).

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2020: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £54,240 (2020: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2020: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2020: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £66,984 (2020: £419,040). This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed £152,272 Manchester Diocesan Board of Finance (2020: £212,632). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent and service charge debtor balance of £753 (2020: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2020: £7,500). Manchester Diocesan Board of Finance makes an annual payment to Emmanuel Theological College for £nil (2020: £36,000) for the training of its Reader Candidates. In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through Emmanuel Theological College with

Durham University Common Awards. In 2021, the payment amounted to £1,656 (2020: £1,204). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2021, the MDBF paid Emmanuel Theological College £238,259 (2020: £100,386) for the training of ordinands. MDBF receive monies from Emmanuel Theological College towards the work which the Director of Studies does in training ordinands at Emmanuel Theological College. Each member diocese employs a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at Emmanuel Theological College.

The payment equates to the equivalent of a 0.7fte post to the diocese. In 2021, this position was vacant and therefore, the amount received was £nil (2020: £31,772). The Director of Studies left in August 2019, therefore, MDBF also paid Emmanuel Theological College for Teaching costs in 2021 for £32,000 (2020: £48,000).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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Accounts

MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2020

Company No 149999 – Registered Charity No 249424





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Reference and administrative details

In accordance with the Companies Act 2006, FRS102 and the Charities Statement of Recommended Practice issued in January 2020 (SORP 2020), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow.

Ex-Officio

The Bishop of Manchester, Rt Revd Dr D Walker
 The Bishop of Middleton, Rt Revd M Davies
 The Bishop of Bolton, Rt Revd M Ashcroft
 The Archdeacon of Bolton Ven J Burgess
 The Archdeacon of Manchester, Ven K Lund
 The Archdeacon of Salford and Rochdale, Ven D Sharples
 The Chairman of the Board of Finance, Canon P Blinkhorn
 The Dean of Manchester – Very Revd R M Govender
 The Chair of the House of Laity – Canon R Lewis
 The Chair of the House of Clergy - Revd J Farnworth

Elected by Diocesan Synod (1 clergy and 1 laity from each Archdeaconry)

Manchester Archdeaconry

Clergy	Lay
Revd Canon M Wall	P Geldard

Bolton Archdeaconry

Clergy	Lay
Vacant	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Revd Capt. D Penny	G Dent

Salford Archdeaconry:

Clergy	Lay
Revd Canon A Edwards	J Jones

Co-opted

Canon H Lightbourne
 B Hodgson – Resigned 23rd September 2019
 P Billson
 Y Mackereth
 Canon C Hilton
 J Pilling

Company Secretary

D Weldon

Reference and administrative details of the Diocese of Manchester (continued)

Church House
90 Deansgate
Manchester
M3 2GH

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Auditors

Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Bankers

J Monks LLB
HLF Berry LLP
Church House
90 Deansgate
Manchester
M3 2QH

**Legal Secretary
Diocesan Registrar**

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

**Investment Managers
Unlisted Investments**

Graham Smith
Rapleys LLP
55 Spring Gardens
Manchester
M2 2BY

**Glebe Estates,
Surveyor & Valuer**

Our Vision

We live in a rapidly changing world and a time of great opportunity for the Diocese of Manchester.

Greater Manchester, as a thriving city region, is an integral part of that changing world. In recent years there has been substantial regeneration of significant parts of the Greater Manchester conurbation – the development of Media City at Salford Quays and the prospect of the Northern Powerhouse exemplify this. The cultural context is also changing – many faith groups are represented with an increasing number of people identifying as having no faith. Young people in the 18-24 age range are least represented in our churches along with those from areas of high deprivation. The church faces challenges too with many historic buildings coming to the end of their life and congregations becoming older and smaller.

The Diocese of Manchester has set about these challenges with the desire to be a Church for a Different World, both reacting to these changing circumstances and being an agent of transformation in the world today. Manchester is a vibrant diocese of opportunity and creativity. Its rich mixture of church traditions makes it a wonderful place to engage in Gospel ministry.

In spite of all the challenges of the pandemic, this is an exciting time for our diocese. Over the last few years, we've made significant progress in developing an inspiring vision for our diocese - for there to be 'a worshipping, growing and transforming Christian presence at the heart of every community'.

This is underpinned by our 10-year strategy, which is focused on the three mission goals of Growing, Nurturing and Serving. We are clear about the outcomes we want to achieve by 2030.

These include ambitious targets for increased church attendance particularly in our most deprived areas; greater opportunities for people to explore their faith; for our church leadership to reflect the diversity of our congregations; for all our churches and schools to be engaged in social action projects; and for us to be an environmentally sustainable church.

Our work together grows out of Jesus's Great Commandment which is to 'love the Lord your God with all your heart and all your soul and with all your mind...and your neighbour as yourself' (Matthew 22:36-40) ...

... and his Great Commission, 'to go and make disciples of all nations, baptising them in the name of the Father and the Son and the Holy Spirit' (Matthew 29: 19-20).

About the Diocese

The Diocese of Manchester is one of 42 areas of the Church of England, each of which is led by a Bishop.

The diocese, which covers an area of 416 square miles, was created in 1847. The overall population is 2.2 million. 125 (48%) of the parishes in the diocese fall within the 10% most deprived areas nationally.

The diocese is divided into four archdeaconries and currently 20 deaneries. There are more than 300 places of worship and chaplaincies, which are organised into 255 parishes and 179 benefices, including Manchester Cathedral.

Geographically the diocese takes in the two cities of Salford and Manchester and the metropolitan boroughs of Oldham, Rochdale, Bury and Bolton. Parts of the metropolitan boroughs of Wigan, Trafford, Stockport and Tameside, and most of the borough of Rossendale in Lancashire, are also within the diocese. While predominantly urban, a significant part of the diocese is rural, although less than 3% of the population of the diocese lives in these areas.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

The diocese has 310 churches, ranging from historic listed buildings to brand new, purpose-built places of worship. 432 licensed clergy serve in the diocese along with 145 licensed readers who help with leading services and pastoral work. Our 263 Authorised Lay Ministers also play a hugely important role in the life of the Church. In 2019, before the impact of the pandemic, the diocese had a regular average weekly adult attendance of around 14,750 and total weekly attendance for all ages of 24,500.

Parishes and chaplaincies across the diocese are supported by a dedicated team, based at Church House on Deansgate in central Manchester. This team supports churches and congregations across the diocese with our three Mission Goals of Growing, Nurturing and Serving. It also provides support with governance, clergy housing and stipends, management of the property portfolio and safeguarding.

Across the diocese there are nearly 200 Church of England primary and secondary schools, educating 57,000 pupils every day. These schools are mostly funded by local authorities, with the diocese providing support with religious education and Christian ethos, as well as governance, the recruitment of head-teachers, admissions and building projects. The team which supports these schools is also based at Church House under the authority of the Diocesan Board of Education.

Strategic Report: Activities and Key Achievements in the year

2020 will always be remembered as the year of the Coronavirus pandemic. Our world was turned upside down by the emergence of a virus that, by the end of March, resulted in the first imposed national lockdown. Everyone was instructed to stay at home to minimise person to person contact and the spread of the virus. Where possible, people had to work from home, schools and non-essential shops were closed, public transport avoided and, just weeks before Easter, churches were closed for public worship.

These measures changed the normal patterns of worship in church buildings and meant that churches had to find different ways to keep in contact with people and provide pastoral support. Churches and chaplaincies rose to the challenge by redoubling their efforts to serve their communities and adapting their ministry at speed under lockdown.

The Coronavirus did not close the Church, but rather opened it up in different ways. Our response to the pandemic should give us tremendous confidence for the future. We have shown that we can respond positively, even in the most challenging of circumstances, when we have been tired and frustrated at the restrictions placed upon us and hurt by being deprived of our normal ways of gathering.

We have learned we can do church differently in new and creative ways. We have understood better what it is to be church outside our existing walls and buildings, which has enabled us to release new missional energy. And we have found new ways of working together and supporting each other. All this is enabling us to move forward under God.

One of the most remarkable changes during lockdown was the speed with which churches took their worship offering online. For the first time they used technology to provide live or pre-recorded services, and many churches found they attracted new members who joined them online.

Amongst the population in general there was an increased interest in spiritual matters and online searches for prayer. The diocese's investment in digital support for churches and social media training through its Digital Communications Officer was rewarded with 273 churches offering online worship by the end of the year, as referenced on the national site, A Church Near You.

Meetings and events also had to go online including Synod, PCCs, clergy chapters and training events. People became adept at using Zoom to join meetings, and for many, especially people with mobility issues or lack of access to transport, this opened up a whole new world of participation in events that had been previously closed to them.

Mission Goal 1: Growing

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

Trustees' Annual Report (including the Strategic Report)

Instead of the planned three-day residential conference, 300 clergy took part in a hugely successful virtual clergy conference over Zoom in June. 'Church for a Different World Under Lockdown' heard from 25 clergy about their personal experiences of lockdown. Reflections were delivered using video on topics including evangelism and discipleship, pastoral care and chaplaincy, Sunday worship, and children's and youth work. Clergy shared together in breakout groups and considered how future ministry might be reshaped by the experiences and opportunities of lockdown. Feedback showed that participants were uplifted by the conference and felt supported by the opportunity to meet for fellowship online during this critical time.

Later in the year the Church for a Different World awards celebrated how churches modified their ministry under lockdown, demonstrating that they were able to adapt to difficult circumstances. Bishop David was impressed by the stories he heard about the pastoral work that was taking place, the responses to the deep human need in our communities, and the ways churches continued to nurture one another in faith – all being delivered in new and imaginative ways.

New mechanisms were set up to communicate the ever-changing Coronavirus landscape and government rules to churches. Suffragan Bishops met regularly online with clergy chapters to update and provide pastoral support, and the diocesan website became the go-to place to find up-to-the-minute information and advice on Sunday worship, occasional offices, risk assessments, governance issues and permissible uses of church buildings and church halls at different stages of the lockdowns and local tier systems.

2020 turned out to be a very challenging year for many reasons, but for Christians, challenges can always open up to opportunity, change and growth. The Diocese of Manchester grasped the opportunity presented by the Black Lives Matter movement to establish a Race, Inequality and Justice Group. The group was established by the Archdeacon of Manchester with the blessing of Bishop David, as a response to the murder of George Floyd in the USA and the subsequent demand to affirm that Black Lives Matter in this country – and in particular, in the Diocese of Manchester.

Diocesan Synod passed a Motion on Racism in October, affirming "that every parish and Diocese in England is an appropriate place for global majority candidates to exercise their ministry and leadership". The Race, Inequality and Justice Group also created resources to enable Christians to respond to issues of race and privilege, including helpful conversations in a series of videos that explore contemporary issues.

During 2020 the diocese refreshed its visual identity to reflect the mission goals of growing, nurturing and serving, and launched a new diocesan website that is more closely aligned with these goals. The first public Diocesan Online Directory was created, which enables users to find contact details for people in public roles, according to the permissions they have granted. Both the website and Online Directory provide improved access to relevant and accurate information.

Our Growing strategy involves pioneering new faith communities and reinvigorating existing ones. Much of what we are doing is already contributing to a culture of hope and an expectation of growth. The key elements of the strategy to enable us to achieve our vision are already being developed and implemented, in spite of the challenges of lockdown:

We were successful in a Stage 2 Strategic Development Fund bid for £5m from the Church Commissioners for St Werburgh's Resource Church, Chorlton; The Ascension Hulme and Nelson Street, Rochdale. It is hoped that these resource churches will attract new members, particularly young adults in areas of high deprivation.

The existing SDF-funded projects, Children Changing Places and Small to Small Community Church Plants, continued to develop, and each adapted to the unexpected challenges of lockdown by taking their offering online.

A significant component of the Refresh strategy is Stepping Stones for Growth. This is a training programme in church growth which was created in-house and attended by 600 people (all 300 clergy and 300 lay leaders) in November. The course has been very well received, both locally

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and by other dioceses and networks, and is now available on the diocesan YouTube channel as a resource for further study.

As part of our strategy for growth, we also continued to nurture and support vocations to both lay and ordained ministries. In 2020, 25 candidates entered ordination training, of whom 15% were UKME.

Manchester Diocese has a strong commitment to discipleship and evangelism as part of our Nurturing strategy. Our aim is to help all of us to grow in confidence by forming and equipping lay people to follow Jesus confidently in every sphere of life, and enabling laity and clergy to minister together, based on their baptismal mutuality. We believe these changes would represent a seismic revolution in the health and vibrancy of our people and our churches.

A Head of Discipleship and Evangelism has been appointed to lead this work and has begun the first steps on a learning journey to develop discipleship in the lives of our parishes, school and chaplaincies.

This is part of the national Setting God's People Free initiative. As part of this, a pilot programme - #MoreThanSunday - has been launched involving eight parishes, a chaplaincy and one of our church secondary schools. The learning from the pilot will be shared widely across the diocese as it develops.

The Authorised Lay Ministry programme had a 'fallow year' in 2020, which was an opportunity to evaluate the training which has equipped and enabled over 300 ALMS to serve in parishes since its inception ten years ago. The programme was developed and relaunched for 2021 with nine different ministry electives and a new, standalone lay training course.

A new pathway from ALM to Reader ministry was also designed and delivered, resulting in a doubling of Reader candidates to nine.

Mission Goal 2: Nurturing

The primary focus of our Serving strategy over the coming decade is the environment, specifically achieving Net-Zero by 2030. We trialled a carbon footprint calculator in the diocese with 59 parishes participating in the pilot and 27 engaged with the full version.

Manchester Diocese received a Bronze Eco Diocese award in December from the national environmental charity A Rocha, in recognition of its work to embed environmental issues into the life of the diocese. The award also recognises the many churches across the diocese who have worked hard to make their buildings and worship greener, and who have received Eco Church awards over the past three years. There is still much hard work to do to aim for Silver and Gold Eco Diocese awards with a motion on the environment to be debated at Synod in 2021.

In a Diocese where 48% of parishes fall within the most deprived 10% in England, social action is an important focus and we will support our parishes in delivering social action programmes through our partnership with Greater Together Manchester.

Church involvement in social and community action remains high. Our most recent data shows that over 850 social action projects were either run, hosted or supported by churches in the diocese and that 84% of churches were involved. Food banks, parent and toddler groups, and night shelters for the homeless were the three most common areas of activity.

We continue to work with key partners such as Greater Together Manchester (GTM), the Mothers' Union and Greater Manchester Poverty Action in speaking and acting prophetically for justice, especially for the vulnerable, deprived and excluded.

Safeguarding continues to be an important focus, with training provided online. The diocese's Independent Safeguarding Panel meets regularly. During 2020, the diocese began an independent safeguarding review - Past Cases Review 2 (PCR2) - to confirm that all past cases of abuse involving clergy or other church officers have been properly addressed.

Mission Goal 3: Serving

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As well as developing an inspiring vision for our diocese and securing widespread support for this, we also recognise that we have now reached the point, particularly in the light of the pandemic, where radical changes need to be made to the way we deliver church if we are to reverse the decline in attendance of recent years.

The aim of our transformation programme is to reshape the diocese as a missional church for a different world, addressing both the culture and structures of the diocese and aligning them with our vision.

An extensive consultation exercise was concluded on proposals to reduce the number of deaneries from 20 to seven and to appoint full-time Area Deans as the necessary first step on the road to change and transformation. Agreement was reached on these proposals during 2020, with a view to implementing the new deanery structure from June 2021. Further proposals for our ministry at the most local level – in particular our vision for mission communities – were shared in October 2020. These will be consulted on and developed further in the months ahead. Funding of £1.74m was secured for the Transformation Programme from the Church Commissioners in December 2020.

A joint leadership development training exercise for senior clergy and lay leaders was delivered online in second half of the year, as part of our Transformation Programme.

We are also taking steps to ensure our financial sustainability. A hugely successful Giving Conference was held just before lockdown in February, attended by more than 200 people. The Gift-Aid Lite Scheme was extended to 190 churches, with 137 trained in My Giving Online and 104 beginning to input data. An extensive consultation was held on a new five-year Giving Strategy which has now been agreed. During the first lockdown period a number of DBF staff, who were unable to fulfil their usual duties, were temporarily furloughed. By taking advantage of the government furlough scheme, the diocese realised a small financial saving in salary costs.

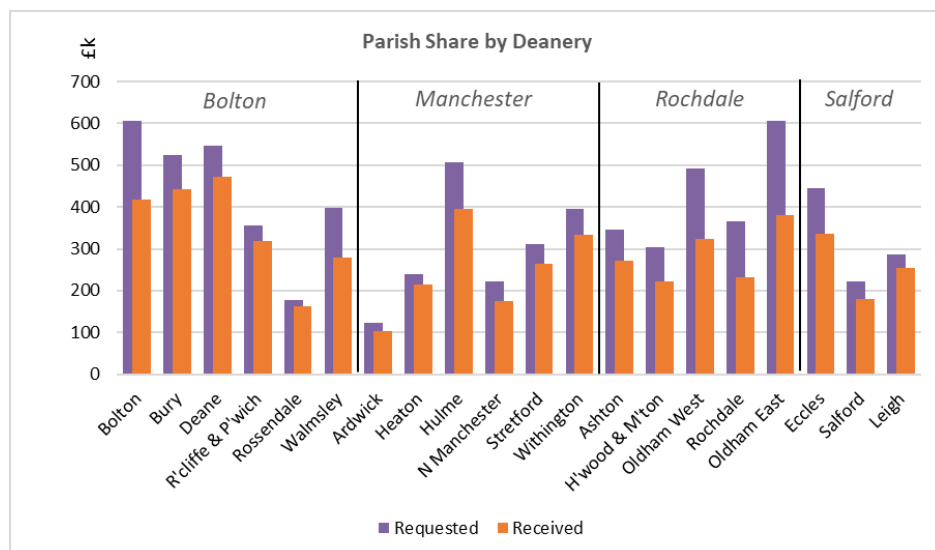
Fit for Mission

Parish Share and Stewardship

Parish Share

During 2020 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.707m, a decrease of 16% compared to £6.807m in 2019.

The individual parish share requests by Deanery, together with contribution by Deanery, are set out in the graph below. (These figures include encouragement scheme credits and exclude prior year receipts):



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Share change outcomes

Following a review of Parish Share in 2015, the diocese started a three-year round of Discussion and Agreement meetings with parishes, with a view to setting up three-year agreements with every parish. 2020 Discussion and Agreement meetings have been affected by the COVID-19 pandemic resulting in a number of meetings not taking place. In 2020, a Parish Share Review Group has been established to review and make recommendations to the current system.

Gift Aid Lite

As part of the upgrade to the Gift Aid software system, further developments have been undertaken during 2020 for the Gift Aid Lite scheme operated by the diocese. The new system incorporates new ways of giving including by Direct Debit and card payments via contactless technology.

Strategic Report - Future Developments

Having agreed our vision and ten-year strategy in 2019, work continues to develop a transformation programme for the diocese, to enable us to achieve our vision by 2030.

Following an extensive consultation exercise, the proposals for mission communities will be further developed during 2021 in the light of feedback received.

In June 2021 we will be launching our seven new deaneries, headed up by our new full-time Area Deans and our newly elected Lay Chairs. They have a key role to play in achieving our vision for mission communities by leading local discussions with clergy and lay leaders and their parishes on how best to implement these proposals on the ground. They will build on work that has already been done to define boundaries based on missional need and opportunity, the diocese's overall plans for clergy deployment, and an assessment of the strengths and weaknesses of our current places of worship. They will be responsible for developing deanery-level strategies with a focus on the key missional opportunities for Growing, Nurturing and Serving in each area, in particular those involving children and young people and their families.

The new mission communities will start to be implemented as a set of informal arrangements from January 2022. A bid for Stage 2 Transformation Funding from the Church Commissioners will be made in 2021 to support this work.

We recognise that prayer needs to be at the heart of everything we are doing to transform our diocese.

Alongside this change programme, we are taking steps to ensure we are financially sustainable over the medium to long term. This goal has become even more important as a result of the additional financial challenges created by the pandemic. Our five-year financial strategy includes a review of the Parish Share system to support a culture of generosity and ensure that levels of giving from our parishes are maintained - and where appropriate increased in line with congregation numbers. We are committed to implementing our five-year Giving Strategy to create a culture of generosity and thankfulness and to ensure that clergy and laity alike have the skills and resources to promote financial giving.

We will continue to develop an ambitious programme of development and training to support clergy and lay leaders with the changes ahead. The Covid-19 pandemic has changed the face of worship forever. One of the challenges for churches as they enter the post-Covid environment will be to find an appropriate balance between in-person and online mission. What is clear is that we cannot go back to a place where digital did not play a role in our churches' presence in every community. With support from the centre, there is the opportunity for churches to grow, nurture and serve their communities in new and exciting ways, by transforming their offering to meet the needs of the digital space.

Strategic Report- Structure and Governance

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the Southern Province and York for the Northern Province. Each province comprises of dioceses, of which there are 41 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (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 over 100 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 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, spending most of their income on pensions for the clergy. Financial and other support is also provided for the strategic development of dioceses. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners, except for the provision of housing for suffragan bishops which is met by the Diocese.

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 the widows/widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The 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.

Manchester Cathedral is the mother church of the diocese and legally is constituted as a separate ecclesiastical corporation for charitable purposes, governed by common law. Copies of the cathedral's annual report and financial statements may be obtained from the Cathedral Office, the Cathedral, Victoria Street, Manchester, M3 1SX.

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

Summary information about the structure of the Church of England

The three National Church Institutions

The Cathedral

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The Parochial Church Council (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 charity, and those with gross income under £100,000 are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006. 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.

Parochial Church Council (PCC)

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is the principal pastoral and, in turn, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the diocesan bishop.

Parishes, Benefices and Deaneries

Diocesan Synod

The diocese is governed by standing orders approved on 18 June 1994 and subsequent amendments. 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 persons elected by the houses 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. The bishop of the diocese shall be the president of the diocesan synod.

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; and
- provide for the financing of the diocese.

Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, a Standing Committee of the Diocesan Synod.

Deanery Synod

Each deanery synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- 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 from there to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and

Diocesan Governance

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- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

Bishop's Council

Following the governance review in 2016, the members of Bishop's Council are also trustees of the Manchester Diocesan Board of Finance (MDBF). As well as the delegated functions set out in the Decision Making Structure section below, under the constitution of the Diocesan Synod, Bishop's Council also 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; and
- to carry out such functions as the Synod may delegate to it.

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice. Below are the seven principles with an explanation of how MDBF operates against these principles:

- **Organisational Purpose**

The company's vision and mission goals which were agreed by Bishop's Council in 2015 are set out above along with activities and key achievements against these goals during the year. The company produces an annual three year medium term financial plan which is considered by the Finance and General Purposes Committee prior to being approved by Bishop's Council and Diocesan Synod.

- **Leadership**

The Board of trustees comprises of elected clergy and lay representatives from the Diocesan Synod along with ex officio trustees including the Diocesan Bishop and senior clergy. The trustees may co-opt members on to Bishop's Council to bring skills and knowledge in certain areas. The company has a Staffing Committee which considers matters around pay, grading and restructures.

- **Board Effectiveness**

A skills audit is undertaken to identify any skills gaps and trustee recruitment targeted accordingly. The company operates through a committee structure and the details of these committees (including a brief summary of the remit of each committee) are set out in the section below.

- **Diversity**

The Board of Trustees is made up of individuals who reflect the diversity of the Anglican Church in Manchester. Participation by all members is encouraged through supporting new members through initial induction and ongoing development of Trustees. Meetings are timed to maximise attendance of trustees with work or personal commitments.

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the

Charity Governance Code

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responsibilities of being a Trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

- **Decision-Making, Risk and Control**

Formal reports which may be for decision or information are presented to Bishop's Council. For items requiring decision votes are taken and decisions are recorded in the minutes. There is an Audit Committee which responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website. Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

MDBF has delegated the following functions to the Board of Trustees:

- management of the funds and property of the diocese;
- advising on action needed to raise the income necessary to finance expenditure;
- advising Diocesan Synod, Bishop's Council and other diocesan bodies, of the financial aspects of its policy and on any other matters referred to it;
- preparation of an annual draft diocesan budget;
- budgetary control within the approved diocesan budget;
- allocation of contingency and general reserve provisions;
- custodian trustee business;
- sealings;
- investment powers over MDBF's own assets and those assets of which MDBF is sole (or managing) trustee;
- the keeping of internal audit systems; and
- to consider and grant or withhold approval for borrowing by any board or committee of the diocese.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary, who is supported by a number of heads of departments and their staff.

There are a number of Diocesan Synod committees that, though not committees of MDBF, can influence the operations of MDBF.

The statutory committees are:

Diocesan Mission and Pastoral Committee (DMPC), which is responsible for recommending pastoral reorganisations, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which advises 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.

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

Bishop's Council has the following committees, each of which has written terms of reference:

Decision-making
Structure

Committee Structure

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Property Committee, which is responsible for exercising the functions of the Diocesan Parsonages Board, as set out in the Repair of Benefices Buildings Measure 1972 together with the exercise of responsibility of the Diocesan Board of Finance as set out in the Endowments and Glebe Measure 1976.

Investments Committee, which is responsible for directing and monitoring the investment of the assets of the charity in line with the Board's charitable objectives to promote the mission and ministry of the diocese.

Company Status and Legal Objects

The company, Manchester Diocesan Board of Finance (MDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 26 March 1918 as a charitable company limited by membership guarantees (No. 149999) and its governing documents are the Memorandum and Articles of Association. MDBF is registered with the Charity Commission (No. 249424).

At an Extraordinary General Meeting (EGM) in November 2006 the Articles were amended so that with effect from January 2008 every member of Diocesan Synod is also a member of MDBF for company law purposes. A further EGM was held in September 2020 to amend the Articles to facilitate and enable the DBF, the Board of Directors committees and subcommittees to meet and conduct their business remotely.

Every member has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. The members of the Bishop's Council comprise the Board of Trustees of MDBF – they are its Directors under company law.

The legal objects of the company as set out in the Memorandum of Association are as follows:

'To promote, aid and further, primarily but not exclusively in the Diocese of Manchester (the 'Diocese') the spiritual teaching of the Church of England (the "Church") and maintain the spirit of the doctrines and observances on which it rests and in which it finds expression and to that end.

a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.

b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")

c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.

d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

Please note that some of the structures mentioned in these Objects have been superseded by structures established under the Synodical Government Measure, 1969.

Finance and General Purposes Committee, which is responsible for reviewing the financial position in line with income and expenditure, and assessing opportunities and threats to the budget in advance of budget preparation and future financial decision making.

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

Staffing Committee, which acts on behalf of the trustees on employment practice and the development of human resources. The committee reviews salaries in the MDBF, and approves recommendations for salaries in relation to new posts or regrading of posts. The MDBF has a grading structure with eight pay bands; within each pay band there are three increment points. Posts are allocated a grade with increments or a spot grade; some posts span two grades. The MDBF tracks market rates and occasionally takes part in national benchmarking data collection with other dioceses.

An induction programme for MDBF trustees has been developed as part of a governance review. Further to this, Trustees can also attend training courses and briefings commensurate with their development and in order to fulfil their legal and statutory responsibilities. See above for details of the appointment process.

Some Senior Management Group (SMG) members have 'director' in their job titles but are not directors of the MDBF for the purposes of company law, nor are they Trustees of the charity. The SMG comprises:

Helen Platts	Diocesan Secretary and Chief Operating Officer
David Weldon	Director of Finance and Corporate Services and Company Secretary
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

Appointment of Trustees

General Synod, Church Commissioners and Archbishops' Council

MDBF 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.

Parochial Church Councils (PCCs)

MDBF is required by Parochial Church Councils (Powers) Measure 1956 to be custodian trustee in relation to PCC property, miscellaneous funds and investments, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within MDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Related Parties

The trustees consider the following to be connected charities:

Manchester Diocesan Board of Education - a company limited by guarantee and a registered charity, which has responsibility for 191 church schools across the diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The investments, income and expenditure of a separate charity, **JB Stelfox Trust**, have been included in these financial statements, as the Board of Finance is the sole trustee.

Connected Charities

Pension Scheme

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The Church of England Pensions Board is responsible for the Clergy Pension Fund and the Church Workers Pension Fund and it is to this body that MDBF pays retirement benefit contributions for stipendiary clergy, licensed lay workers and employees (see note 26).

The trustees confirm that the major risks, to which MDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Audit Committee the task of ensuring that risks are reviewed as part of the risk management strategy. The Audit Committee encourage the Heads of Department to define the risks in their areas, report on the measures in place to manage and monitor these risks and implement procedures and controls designed to minimise any potential impact on MDBF should any of the risks materialise. The key risks are summarised on page 19 below.

MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

MDBF 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.

Risk Management

Statutory Functions

The trustees of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Information on these benefits is provided throughout this report.

Public Benefit

Strategic Report: Financial Review

Group incoming resources were £15.786m (2019: £14.228m).

Donations to the MDBF through Parish Share decreased from £6.807m to £5.707m. The Trustees are very grateful to all the donors in what has been an extremely challenging year.

In 2020, around 36% of the income of the MDBF came from the Parish Share and 16% from National Church Selective Allocations. In addition, MDBF received £1.2m sustainability funding from the National Church for support during the pandemic.

Incoming Resources

Group Resources expended were £15.256m (2019: £12.828m - restated), which includes the property depreciation charge under FRS102 and Pension Operating Costs. The largest share of

Expenditure

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Trustees' Annual Report (including the Strategic Report)

MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Overall, the value of the consolidated balance sheet has decreased during the year by around £2.3m. Key movements in the year included: the actuarial gain and deficit repayment of the Lay Staff Pension Scheme of £0.07m; the actuarial loss and deficit repayment on the Clergy Pension Scheme of £0.56m together with unrealised losses on investments of £2.998m which includes the revaluation of Church House £1.512m loss (2019: £0.1m gain) and revaluation of Glebe Investment Properties resulting in a £2.225m loss (2019: £0.76m loss) ; and a decrease in tangible fixed assets which includes disposals of parsonages in the year £0.76m. Other movements on the balance sheet include an increase in cash of £0.447m; an increase in debtors of £0.3m; and a decrease in creditors falling due after more than one year of £0.574m which includes the pension deficit.

Balance Sheet

The Diocese recorded a deficit on General Unrestricted Funds (including unrealised losses, actuarial loss on the pension scheme, pension interest cost and corporation tax) of £1.103m deficit (consolidated figures). This compares with a surplus of £2.78m in 2019. With the opening General Unrestricted Funds balance of £7.445m and the in-year deficit of £1.103m, the closing reserves now stand at £6.342m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate deficit including unrealised losses, actuarial loss on the pension scheme, pension interest cost and corporation tax) across all funds of £2.3m was recorded during the year (2019: deficit £2.6m). With the opening Total Funds balance of £57.854m and the in- year deficit of £2.294m, the closing reserves now stand at £55.56m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2020 was £22.5m (2019: £23.9m) and the return on investments was 4% (2019: 5%).

Glebe investments

Glebe property investments were valued at 31 December 2020 at £7.4m (2019: £9.6m). Rents receivable amounted to £468k (2019: £668k) – an income yield of 6% (2019: 7.0%).

General investments

Investments in equity, property and fixed interest funds were valued at £14.96m at 31 December 2020 (2019: £14.2m). Dividends receivable amounted to £436k (2019: £562k) – a yield of 3% (2019: 4%).

Financial investments are split between investments in equities 85.7% (2019: 84.24%) through investment funds, a property fund 13.6% (2019: 15.02%), and fixed interest securities 0.7% (2019: 0.73%).

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and on the short-term money markets.

Investments

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a

Equity Loans

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

shared equity basis. The total Value Linked Loans advanced at 31 December 2020 amounted to £276k.

Trustees' Annual Report (including the Strategic Report)

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity is the provision of a Church House for Investment Property and Diocesan purposes. The loss for 2020 after tax was £1.277m (2019: £0.472m profit) (see note 18).

Subsidiary Undertakings

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

Going Concern

Investment policies

MDBF's investment policies are based on two key policies:

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. The MDBF's 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. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to fund clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2020, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £1.553m (see note 13 to the financial statements), which equates to just under 3 months' gross unrestricted expenditure.

The unrestricted reserves are now at the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. As at 31 December 2020, the pension deficit on the Church Worker Defined Benefit Scheme and Clergy Pension Scheme was £1.058m (2019: £1.264m).

In 2020, the company paid £582k (2019: £582k) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. As at 31 December 2020, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £0.424m (2019: £0.424m). In 2020, the company paid £84k (2019: £84k) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment

Policies and Other Matters

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

Trustees' Annual Report (including the Strategic Report)

properties and unlisted investments which provide investment income. These are not included within the General Unrestricted Funds.

Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £12.387m (2019: £11.7m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

Strategic Report: Principal Risks and Uncertainties

As with other organisations, MDBF faces risks to its operations, finances and reputation. The officers regularly review, evaluate and record major areas of risk to which MDBF is exposed, assessing the likelihood and impact of risks occurring. The MDBF Audit Committee review these risks at their meetings during the year. The outcome of this review is recorded in the MDBF Risk Register. The work undertaken by the Audit Committee is reported to the Finance and General Purposes Committee.

The main risk to MDBF's income is from the impact of COVID-19 in that parish income has been significantly affected due to lockdown and other restrictions and parishes are not able to pay their parish share. The COVID-19 pandemic, along with declining church attendance, makes this more likely than was the case a number of years ago. On expenditure, there are risks that additional pension contributions may be required in the future to fund pension deficits. Overall there is a risk that reserves could become depleted. Work is therefore underway on a medium-term financial strategy from 2021 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

Set out below are the key risks identified which are regularly reviewed by the Charity together with the appropriate control measures:

Key Risks	Control Measure
Declining Parish Attendance	Growth strategy, SDF bids (current and future), work around local ministry, Investment in new ordinands and increased leadership capacity, Sustainability funding, Transformation programme, Review of fragile churches
Poor financial performance	Reserves policy linked to financial budgets, activities and identified financial and operating risk. There should be an annual review of the policy. Sustainability funding, disposal of surplus parsonages
Poor income from Parish Share	Monthly reports to Parishes & DBF, Archdeacon & Chair of DBF meetings Implementation of Discussion and Agreement meetings, Implementation of the Giving Strategy, Deanery Budget Meetings
Lack of resilience planning - severe pandemic	Out of date plan
Current or historic breach of Safeguarding Regulations within the Diocese	Safeguarding officer, Safeguarding Support Officer Appointment of CCPAS, Safeguarding Panel, External Peer Review, Past Cases Review 2
Cash flow problem	Ongoing monitoring of cash balances, sales of surplus parsonages
Lack of candidates at parish level for parish leadership	Address through new Deanery arrangements and Mission Communities, Key communications, recruitment and training opportunities

Principal Risks and Uncertainties

The Trustees approve the Trustees' Report, which incorporates the Strategic Report.

By Order of the Board



Canon Phillip Blinkhorn, Chairman

Helen Platts, Chief Operating Officer

Date: 23rd August 2021

Trustees' responsibilities

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

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

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

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MANCHESTER DIOCESAN BOARD OF FINANCE

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Manchester Diocesan Board of Finance ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated and company statement of financial activities, the consolidated and company balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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 the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding and accumulated knowledge of the Group and Parent Charitable Company, and the sector in which they operate, we considered the risk of acts by the Group or Parent Charitable Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice (including FRS102 and the Charities Statement of Recommended Practice) and the UK Companies Act

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

2006. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper incoming resources recognition.

Our audit procedures in response to the above included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties, the recoverability of debtors including parish share arrears and outstanding clergy fees, and the assumptions used to calculate the present value of future contributions payable under the terms of the deficit recovery plan;
- Procedures to test incoming resources including agreement of incoming resources recognised to supporting documentation on a sample basis and testing incoming resources recorded around the year end to check the appropriate year end cut-off;
- Identifying and testing journal entries identified as potentially unusual. This testing included, but was not limited to, any journal entries posted with specific keywords, journals posted by unexpected users, and journals posted to least used accounts;
- Discussions with management, and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions with management, and those charged with governance to understand if there has been any Serious Incident Reports made to the Charity Commission either during the period or post year end;
- A review of trustees' meeting minutes both during the period, and post year end, for any known or suspected instances of non-compliance with laws and regulation, Serious Incident Reports made to the Charity Commission or fraud;
- Enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



Hamid Chafoor (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Manchester, UK

Date: 31 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted General	Designated	Restricted Funds	Endowment Funds	Total Funds	Total Funds 2019 Restated
	Note	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2020 £'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		5,707	-	-	-	5,707	6,807
Archbishops' Council		-	-	3,814	-	3,814	2,655
Other donations		491	13	855	-	1,359	1,219
Other trading activities	3	749	-	-	-	749	875
Investments	4	278	28	592	36	934	1,210
Charitable activities	5	-	-	526	-	526	535
Other income	6	84	-	988	1,625	2,697	927
TOTAL INCOME AND ENDOWMENTS		7,309	41	6,775	1,661	15,786	14,228
Expenditure on:							
Raising funds	8	296	-	159	-	455	371
Charitable activities	9	7,299	95	6,909	462	14,765	14,444
Remeasurement of pension schemes	26	20	-	-	-	20	(2,071)
Pension interest cost	26	16	-	-	-	16	84
TOTAL EXPENDITURE	7	7,631	95	7,068	462	15,256	12,828
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		(322)	(54)	(293)	1,199	530	1,400
Taxation	16	174	-	-	-	174	(18)
Net gains / (losses) on investments	23	(1,240)	14	140	(1,912)	(2,998)	1,194
Net (expenditure) / income		(1,388)	(40)	(153)	(713)	(2,294)	2,576
Transfers between funds	10	285	165	390	(840)	-	-
Net movement in funds	13	(1,103)	125	237	(1,553)	(2,294)	2,576
Total funds at 1 January	13	7,445	882	10,667	38,860	57,854	60,190
Total funds at 31 December	13	6,342	1,007	10,904	37,307	55,560	57,854

The group's income and expenditure all relates to continuing operations.
The notes on pages 29 to 65 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted General	Designated	Restricted Funds	Endowment Funds	Total Funds	Total Funds 2018 Restated
	Note	2019 £'000	2019 £'000	2019 £'000	2019 £'000	2019 £'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		5,707	-	-	-	5,707	6,807
Archbishops' Council		-	-	3,814	-	3,814	2,655
Other donations		910	13	855	-	1,778	1,485
Other trading activities	3	217	-	-	-	217	215
Investments	4	278	28	592	36	934	1,210
Charitable activities	5	-	-	526	-	526	535
Other income	6	84	-	988	1,625	2,697	927
TOTAL INCOME AND ENDOWMENTS		7,196	41	6,775	1,661	15,673	13,834
Expenditure on:							
Raising Funds	8	-	-	159	-	159	93
Charitable activities	9	7,299	95	6,909	462	14,765	14,444
Remeasurement on pension schemes	26	20	-	-	-	20	(2,071)
Pension interest cost	26	16	-	-	-	16	84
TOTAL EXPENDITURE	7	7,335	95	7,068	462	14,960	12,550
Net (expenditure) / income before net gains / (losses) on investments and Taxation		(139)	(54)	(293)	1,199	713	1,284
Net gains / (losses) on investments	23	272	14	140	(1,912)	(1,486)	1,086
Net (expenditure) / income		133	(40)	(153)	(713)	(773)	2,370
Transfers between funds	10	285	165	390	(840)	-	-
Net movement in funds	13	418	125	237	(1,553)	(773)	2,370
Total funds at 1 January	13	77	882	10,667	38,860	50,486	53,028
Total funds at 31 December	13	495	1,007	10,904	37,307	49,713	50,486

The Company's income and expenditure all relates to continuing operations.
The notes on pages 29 to 65 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2020

		Group		Company	
	Note	2020 £'000	2019 Restated £'000	2020 £'000	2019 Restated £'000
FIXED ASSETS					
Tangible assets	17	25,870	26,375	25,286	25,777
Investments	18	28,484	31,483	22,445	23,932
		<u>54,354</u>	<u>57,858</u>	<u>47,731</u>	<u>49,709</u>
CURRENT ASSETS					
Debtors	19	1,778	1,463	1,698	1,359
Cash and cash equivalents	20	2,665	2,218	2,478	1,915
		<u>4,443</u>	<u>3,681</u>	<u>4,176</u>	<u>3,274</u>
CREDITORS:					
Amounts falling due within one year	21	(1,558)	(1,432)	(1,296)	(1,199)
		<u>2,885</u>	<u>2,249</u>	<u>2,880</u>	<u>2,075</u>
NET CURRENT ASSETS					
		<u>57,239</u>	<u>60,107</u>	<u>50,611</u>	<u>51,784</u>
CREDITORS:					
Amounts falling due after more than one year	21	(898)	(1,298)	(898)	(1,298)
PROVISIONS:					
Deferred tax	27	(781)	(955)	-	-
		<u>55,560</u>	<u>57,854</u>	<u>49,713</u>	<u>50,486</u>
NET ASSETS					
		<u>55,560</u>	<u>57,854</u>	<u>49,713</u>	<u>50,486</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	37,307	38,860	37,307	38,860
Restricted income funds	13,22	10,904	10,667	10,904	10,667
Unrestricted income funds:					
General funds		1,472	1,684	1,553	1,765
Designated funds		1,007	882	1,007	882
Non-charitable trading funds		5,910	7,430	-	-
Pension scheme reserve		(1,058)	(1,688)	(1,058)	(1,688)
Minority interest		18	19	-	-
Total unrestricted income funds	13,22	<u>7,349</u>	<u>8,327</u>	<u>1,502</u>	<u>959</u>
TOTAL FUNDS		<u>55,560</u>	<u>57,854</u>	<u>49,713</u>	<u>50,486</u>

The notes on pages 29 to 65 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors and are signed on behalf of the Board on 23rd August 2021 by:

P. S. Blinkhorn

Helen Platts

Canon Phillip Blinkhorn, Chairman

Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

Reconciliation of changes in resources to net cash flow from operating activities

See also Note 25

	2020		2019 Restated	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(2,294)		2,576
Adjustments for:				
Depreciation charges		602		599
Dividends, interest and rents from investments		(934)		(1,210)
(Profit) on the sale of fixed assets		(1,626)		(572)
Decrease/(Increase) in debtors		(315)		174
(Decrease)/Increase in creditors		356		(151)
Unrealised (gain) / loss on investments		1,486		(1,086)
Unrealised (gain) on investment property		1,512		(108)
Remeasurement of pension schemes		20		(2,071)
Pension interest cost		16		84
Taxation		(174)		18
Net cash used in operating activities		(1,351)		(1,747)
Cash flows from operating activities:				
Net cash used in operating activities		(1,351)		(1,747)
Cash flows from investing activities:				
Dividends, interest and rents from investments	934		1,210	
Proceeds from the sale of property, plant and equipment	2,131		497	
Proceeds from sale of investments	-		2,100	
Purchase of property, plant and equipment	(601)		(1,981)	
Purchase of investments	-		-	
Net cash provided by / (used in) investing activities		2,464		1,826
		1,113		79
Cash flows from financing activities:				
Deficit contributions paid	(666)		(666)	
Net cash used in financing activities		(666)		(666)
Change in cash and cash equivalents in the reporting period		447		(587)
Cash and cash equivalents at the beginning of the reporting period		2,218		2,805
Cash and cash equivalents at the end of the reporting period		2,665		2,218

The notes on pages 29 to 65 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The group and company have taken advantage of adapting their own arrangements of the headings and subheadings of their financial statements due to the special nature of their business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2020.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis. The subsidiary company, Manchester Diocesan Church House Company Limited, has prepared its financial statements under the FRS102 section 1A Small Entities.

The financial statements are prepared on the historical cost basis of accounting, except for investments which have been included at revalued amounts, and a summary of the more important accounting policies, which have been consistently applied, is set out below.

The group and company is a public benefit entity and as such has applied the appropriate reporting standards from FRS102.

(a) *Income and Endowments*

The principal source of income comes from voluntary giving in the form of parish share. Amounts undertaken to be paid by deaneries but not received by the year end are not accrued as the obligation to pay the sums involved is morally but not legally binding. Income is accounted for when received, except legacies that are included on an accruals basis where receipts are reasonably certain and the amounts receivable can be quantified.

(b) *Expenditure*

Expenditure is analysed over the activities undertaken by the Company wherever this is possible. Office and support costs are recharged to operating departments where appropriate. The remaining costs of the Company's offices and administration are shown as support costs within direct charitable expenditure where these relate to the managing and promoting of the Company's charitable activities within the Diocese of Manchester. Costs arising from the administration of the Company as a charity and company are shown as governance costs, in accordance with SORP.

(c) *Dividends and interest*

These are included in the financial statements on an accruals basis.

(d) *Fund accounting*

Funds held by the company are either:

Restricted funds	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
Permanent endowment funds	Funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.
Unrestricted general funds	Funds which may be used for general purposes without any external restriction.
Unrestricted Designated funds	Unrestricted funds which have been set aside by the Board for purposes designated by diocesan policy; such designations may be changed from time to time according to policy decisions.

Details of the major funds are given in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners' payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Company and income received by them centrally are shown gross in these financial statements. However, some dignitaries are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(f) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost.

Glebe and parsonage houses and other property used by the diocese are included at cost. The transitional provisions of UK GAAP have been followed in respect of properties owned at 31 December 2000 that have been subject to previous valuations. Houses owned prior to 31 December 2000 were valued at the midpoint council tax band at that date and this valuation has not been updated.

Houses subject to value-linked loans (previously known as equity sharing loans) are included in the financial statements as fixed assets and loan creditors, where there is a direct liability to the Company relating to such properties. For Value Linked Loan properties which the Company has an equity share, the Company equity value is depreciated in line with the property depreciation rate as confirmed below.

Redundant churches are not included in the financial statements as it is the opinion of the trustees that they are of negligible value.

The Company has undertaken an impairment review of its housing stock in accordance with UK GAAP. It has concluded the carrying amount of the fixed asset is less than the net realisable value or the value in use.

Depreciation is provided at the following rates:

Office Equipment	25% & 33.33% straight line
Property at 90 Deansgate (Diocesan Church House)	2% straight line

MDBF, Glebe and Parsonage properties are depreciated on a component accounting basis as follows:

Component	Useful Economic Life
Structure	100
Roof	70
Windows and external doors	30
Gas boilers / fires	15
Kitchen	20
Bathroom / WC	30
Mechanical systems	30
Electrics	40

(g) Fixed asset investments

Investments other than in Glebe land and properties and Church House property are shown at the bid price on the date of the balance sheet. Glebe land and properties and Church House property were revalued on 31 December 2020. The valuation provided by Rapleys on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income. The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

Investments held by the Company as custodian trustee are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(h) *Subsidiary and connected companies*

Details of subsidiary and connected companies are given in note 18 to the financial statements. Consolidated accounts have been produced in accordance with the recommendations of the Charity SORP.

(i) *Clergy pensions*

The Company contributes to the Church of England Funded Pension Scheme which is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company. Pension scheme contributions are charged to the Statement of Financial Activities in the period to which they relate. Details of the schemes operated by the Company are given in note 26 to the financial statements. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(j) *Staff pensions*

The Company contributes to the Church of England Pension Builder Scheme is a multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company and the Church of England Defined Benefits Scheme for other staff. Therefore, in accordance with FRS102, payments to the schemes are accounted for as for defined contribution schemes and the Company accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Following the revaluation of the Church Worker Defined Benefit Scheme (Lay Staff) as at 31 December 2016, this has given rise to a deficit position. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

(k) *Reserves*

Funds held for specific purposes and the related income and expenditure are shown in separate reserves under the appropriate headings.

(l) *Allocation of costs to direct charitable and other expenditure*

Governance costs relate to all administration, depreciation and legal costs incurred in the Company's operation as a charitable company in accordance with SORP. All other costs attributable to the support of direct charitable purposes have been included under the appropriate headings in the Statement of Financial Activities.

(m) *Grants*

Grants made to parishes, clergy or other diocesan bodies are treated as direct costs in the financial statements. An analysis of grants made is shown in note 9. Grants payable relate to the contribution to National Church costs. Payments to the clergy for removal, training, etc. are included as ministry in parishes or support for ministry in parishes due to the quasi-contractual nature of the payment or training provision.

(n) *Irrecoverable VAT*

The policy on irrecoverable VAT is to include it with the related expenditure item.

(o) *Deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors have made judgements where appropriate. The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed. A further judgement subject to uncertainty is the valuation of the properties. This estimation has been arrived at with consultation with third party Chartered Surveyors. There is estimation in other areas too such as parish share arrears, outstanding clergy fees. The uncertainty in these areas is considered to be significantly lower.

Significant judgement is also made with respect to defined benefit pensions:

- Pension scheme deficit reduction payments – As explained in note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Schemes for stipendiary clergy and in respect of Church Worker Defined Benefit Scheme (Lay Staff). FRS102 requires a liability be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the use of an appropriate discount rate.

(q) Going concern

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

(r) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2020	2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,707	-	-	-	5,707
Archbishops' Council		-	-	3,814	-	3,814
Other donations		491	13	855	-	1,359
Other Trading activities	3	749	-	-	-	749
Investments	4	278	28	592	36	934
Charitable activities	5	-	-	526	-	526
Other income	6	84	-	988	1,625	2,697
TOTAL INCOME AND ENDOWMENTS		7,309	41	6,775	1,661	15,786

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2019	2019	2019	2019	2019
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		6,807	-	-	-	6,807
Archbishops' Council		-	-	2,655	-	2,655
Other donations		266	12	941	-	1,219
Other Trading activities	3	875	-	-	-	875
Investments	4	323	23	825	39	1,210
Charitable activities	5	-	-	535	-	535
Other income	6	492	-	274	161	927
TOTAL INCOME AND ENDOWMENTS		8,763	35	5,230	200	14,228

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2020	2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,707	-	-	-	5,707
Archbishops' Council		-	-	3,814	-	3,814
Other donations		910	13	855	-	1,778
Other trading activities	3	217	-	-	-	217
Investments	4	278	28	592	36	934
Charitable activities	5	-	-	526	-	526
Other income	6	84	-	988	1,625	2,697
TOTAL INCOME AND ENDOWMENTS		7,196	41	6,775	1,661	15,673

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

		Unrestricted		Restricted	Endowment	Total
		General	Designated	funds	funds	funds
		2019	2019	2019	2019	2019
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		6,807	-	-	-	6,807
Archbishops' Council		-	-	2,655	-	2,655
Other donations		532	12	941	-	1,485
Other Trading activities	3	215	-	-	-	215
Investments	4	323	23	825	39	1,210
Charitable activities	5	-	-	535	-	535
Other income	6	492	-	274	161	927
TOTAL INCOME AND ENDOWMENTS		8,369	35	5,230	200	13,834

2. DONATIONS

PARISH CONTRIBUTIONS (GROUP AND COMPANY)

The majority of donations are collected from the parishes of the diocese through the parish share system.

	Unrestricted General 2020 £'000	Unrestricted General 2019 £'000
Parish share		
Current year's allocation	7,476	7,315
Shortfall in contributions	(1,690)	(410)
Encouragement scheme	(79)	(95)
	5,707	6,810
Arrears for previous years	-	(3)
	5,707	6,807

Total parish share receipts represent 76.34% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2020 £'000	Restricted Funds 2019 £'000
Selective allocations	2,614	2,655
Sustainability Funding	1,200	-
TOTAL	3,814	2,655

OTHER DONATIONS (GROUP)

	Unrestricted General 2020 £'000	Designated 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
All Churches Trust	227	-	-	-	227	222
Donations	14	-	-	-	14	16

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

Other	250	13	855	-	1,118	981
TOTAL	491	13	855	-	1,359	1,219

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

OTHER DONATIONS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2020	Funds 2020	2020	2019
	2020	2020	Funds 2020	Funds 2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	227	-	-	-	227	222
Donations	14	-	-	-	14	16
Gift Aid from						
Subsidiary Company	419	-	-	-	419	266
Other	250	13	855	-	1,118	981
TOTAL	910	13	855	-	1,778	1,485

3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2020	Funds 2020	2020	2019
	2020	2020	Funds 2020	Funds 2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from						
parsonages	217	-	-	-	217	215
Income of the Trading						
Subsidiary	532	-	-	-	532	660
TOTAL	749	-	-	-	749	875

OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2020	Funds 2020	2020	2019
	2020	2020	Funds 2020	Funds 2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from						
parsonages	217	-	-	-	217	215
TOTAL	217	-	-	-	217	215

4. INVESTMENTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2020	Funds 2020	2020	2019
	2020	2020	Funds 2020	Funds 2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	276	24	81	-	381	431
Interest receivable	2	-	-	-	2	3

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

Glebe receivable	-	-	468	-	468	690
Trusts receivable	-	4	43	36	83	86
TOTAL	278	28	592	36	934	1,210

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees and chaplaincy income	-	-	511	-	511	502
Guarantee annuities	-	-	-	-	-	-
Miscellaneous income	-	-	15	-	15	33
TOTAL	-	-	526	-	526	535

6. OTHER INCOME (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Property sale gains	-	-	-	1,625	1,625	611
Other	84	-	988	-	1,072	316
TOTAL	84	-	988	1,625	2,697	927

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total funds
		General	Designated	Funds	Funds	2020
	Note	2020	2020	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000
Raising funds	8	296	-	159	-	455
Charitable activities	9	7,299	95	6,909	462	14,765
Remeasurement on pension schemes	26	20	-	-	-	20
Pension interest cost	26	16	-	-	-	16
TOTAL		7,631	95	7,068	462	15,256

		Unrestricted		Restricted	Endowment	Total funds
		General	Designated	Funds	Funds	2019
	Note	2019	2019	2019	2019	2019
		£'000	£'000	£'000	£'000	£'000
Raising funds	8	278	-	93	-	371
Charitable activities	9	8,868	145	4,947	484	14,444
Remeasurement on pension schemes	26	(2,071)	-	-	-	(2,071)

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

Pension interest cost	26	84	-	-	-	84
TOTAL		7,159	145	5,040	484	12,828

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2020	2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	159	-	159
Charitable activities	9	7,299	95	6,909	462	14,765
Remeasurement on pension schemes	26	20	-	-	-	20
Pension interest cost	26	16	-	-	-	16
TOTAL		7,335	95	7,068	462	14,960

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2019	2019	2019	2019	2019
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	93	-	93
Charitable activities	9	8,868	145	4,947	484	14,444
Remeasurement on pension schemes	26	(2,071)	-	-	-	(2,071)
Pension interest cost	26	84	-	-	-	84
TOTAL		6,881	145	5,040	484	12,550

7. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (GROUP)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2020 £'000	Total 2019 £'000
Investment management costs		296	-	159	455	371
Contributions to Archbishops' Council	9	751	-	-	751	774
Resourcing ministry and mission (Note 9)	9	11,055	2,337	448	13,840	13,486
Education	9	-	140	-	140	140
Diocesan projects	9	-	2	-	2	3
Governance costs	9	32	-	-	32	41
Pension interest cost		16	-	-	16	84
Remeasurement on pension schemes		20	-	-	20	(2,071)
TOTAL		12,170	2,479	607	15,256	12,828

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2019 £'000
2019 Restated					
Investment management costs		278	-	93	371
Contributions to Archbishops' Council	9	774	-	-	774
Resourcing ministry and mission *	9	10,802	2,091	593	13,486
Education	9	-	140	-	140
Diocesan projects	9	-	3	-	3
Governance costs	9	41	-	-	41
Pension interest cost		84	-	-	84
Remeasurement on pension schemes		(2,071)	-	-	(2,071)
TOTAL		9,908	2,234	686	12,828

* Expenditure for Activities undertaken directly under the heading of Resourcing ministry and mission has been restated to reflect the adjustment for component accounting which is an increase cost of £268k – see note 30 for further details.

ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (COMPANY)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2020 £'000
Investment management costs		-	-	159	159
Contributions to Archbishops' Council	9	751	-	-	751
Resourcing ministry and mission *	9	11,055	2,337	448	13,840
Education	9	-	140	-	140
Diocesan projects	9	-	2	-	2
Governance costs	9	32	-	-	32
Pension Interest cost		16	-	-	16
Remeasurement on CEFPS pension schemes		20	20	-	20
TOTAL		11,892	2,479	607	14,960

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2019 £'000
2019 Restated					
Investment management costs		-	-	93	93
Contributions to Archbishops' Council	9	774	-	-	774
Resourcing ministry and mission *	9	10,802	2,091	593	13,486
Education	9	-	140	-	140
Diocesan projects	9	-	3	-	3
Governance costs	9	41	-	-	41
Pension Interest cost		84	-	-	84
Remeasurement on CEFPS pension schemes		652	(2,071)	-	(2,071)

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

TOTAL	9,630	2,234	686	12,550

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

8. RAISING FUNDS (GROUP)

	Unrestricted General 2020 £'000	Designated 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
Trading expenditure	296	-	-	-	296	278
Glebe expenditure	-	-	159	-	159	93
TOTAL	296	-	159	-	455	371

RAISING FUNDS (COMPANY)

	Unrestricted General 2020 £'000	Designated 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
Glebe agent's fees	-	-	159	-	159	93
TOTAL	-	-	159	-	159	93

9. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted General 2020 £'000	Unrestricted General 2019 £'000
Training for ministry	336	336
National Church responsibilities	253	267
Grants and provisions	28	29
Mission Agency pension contributions	13	4
Retired clergy housing costs (CHARM)	121	115
Pooling of ordinand candidates' costs	-	23
TOTAL	751	774

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted General 2020 £'000	Designated 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000
Parish ministry					
Stipends and national insurance	3,105	12	2,739	-	5,856
Pension contributions	-	-	1,301	-	1,301
Housing costs	1,028	-	-	-	1,028
Removal, settlement and other grants	87	-	164	-	251
Other expenses	369	12	394	-	775
	4,589	24	4,598	-	9,211
Support for ministry	1,787	71	2,311	462	4,631
TOTAL	6,376	95	6,909	462	13,842

	Unrestricted General 2019 £'000	Designated 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total funds 2019 £'000
2019 Restated					
Parish ministry					
Stipends and national insurance	4,232	(17)	1,553	-	5,768
Pension contributions	-	-	1,273	-	1,273
Housing costs	1,160	-	-	-	1,160
Removal, settlement and other grants	91	-	263	-	354
Other expenses	195	35	637	-	867
	5,678	18	3,726	-	9,422
Support for ministry	2,235	127	1,218	484	4,064
TOTAL	7,913	145	4,944	484	13,486

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted General 2020 £'000	General 2020 £'000
Synodical grant	140	140

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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EXPENDITURE ON DIOCESAN PROJECTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Other	-	-	2	-	2	3
TOTAL	-	-	2	-	2	3

GOVERNANCE COSTS (COMPANY)

	Unrestricted	Unrestricted
	General	General
	2020	2019
	£'000	£'000
Audit fees	26	23
Diocesan Synod	6	18
TOTAL	32	41

Audit Fees of £7k (2019: £6k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Pastoral Account	-	-	390	-	390	(272)
Parsonage Building Fund	-	-	-	(840)	(840)	(178)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	285	-	-	-	285	285
TOTAL	285	165	390	(840)	-	-

11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management Costs	-	-	159	-	159	93
Support of Ordinands Training	93	-	-	-	93	94
Central Administration	355	-	-	-	355	499
TOTAL	448	-	159	-	607	686

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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12. NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (GROUP)

These are stated after charging:

	2020 £'000	2019 (Restated) £'000
Depreciation	602	599
Auditors' remuneration - Audit services	33	29

NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (COMPANY)

These are stated after charging:

	2020 £'000	2019 (Restated) £'000
Depreciation	552	558
Auditors' remuneration - Audit services	26	23

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

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For the year ended 31 December 2020

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13. SUMMARY OF FUND MOVEMENTS

	Balance at 1 January 2020 £'000	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2020 £'000
Unrestricted funds						
General	1,765	7,196	(7299)	(381)	272	1,553
Pension Deficit	(1,688)	-	(36)	666	-	(1,058)
Designated			0			0
Board for Church & Society	122	-	(1)	-	7	128
Church Building Loans	337	-	0	-	7	344
Church Building Grants	278	3	(53)	150	-	378
Separated/Divorced Clergy Spouses	51	14	(17)	-	-	48
Clergy Training Fund	50	-	0	15	-	65
Urban Aid Grant Fund	22	-	0	-	-	22
Other	22	24	(24)	-	-	22
	959	7,237	(7,430)	450	286	1,502
Restricted funds						
Stipend Fund income & expenditure	-	5,898	(5,898)	-	-	0
Pastoral Fund	8,287	43	(268)	390	-	8452
Clergy Maintenance of the Ministry	1,753	-	-	-	109	1862
Clergy widows & associated funds	275	-	(6)	-	24	293
Ordinands' training	50	-	-	-	4	54
Resourcing Ministerial Education	12	586	(548)	-	-	50
Restructuring Funding	201	125	(162)	-	-	164
Strategic Capacity Funding	-	94	(167)	-	-	(73)
Other	89	29	(19)	-	3	102
	10,667	6,775	(7,068)	390	140	10,904
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	19,784	503	(129)	-	(2,063)	18,095
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	16,858	1152	(333)	(840)	-	16,837
Permanent endowment						
Clergy widows & associated funds	163	-	-	-	17	180
J B Stelfox	1,211	-	-	-	84	1,295
Ordinands' training	178	-	-	-	11	189
Chaplaincy	176	6	-	-	6	188
Bequests	485	-	-	-	33	518
	38,860	1,661	(462)	(840)	-1,912	37,307
Total funds - Company	50,486	15,673	(14,960)	-	(1,486)	49,713
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	7,430	53	(61)	-	(1,512)	5,910
Minority interest*	19	-	(1)	-	-	18
Total funds - Group	57,854	15,786	(15,082)	-	(2,998)	55,560

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Continued

	Balance at 1 January 2019	Incoming	Outgoing		Gains and losses	Balance at 31 December 2019 (Restated)
	£'000	resources £'000	Resources £'000	Transfers £'000	£'000	£'000
Unrestricted funds						
General	1,841	8,369	(8,868)	(381)	804	1,765
Pension Deficit	(4,341)	-	1,987	666	-	(1,688)
Designated						
Board for Church & Society	107	-	-	-	15	122
Church Building Loans	321	-	-	-	16	337
Church Building Grants	230	2	(104)	150	-	278
Separated/Divorced Clergy Spouses	53	13	(15)	-	-	51
Clergy Training Fund	39	-	-	15	-	50
Urban Aid Grant Fund	22	-	-	-	-	22
Other	24	20	(4)	-	-	22
	(1,704)	8,404	(7,026)	450	835	959
Restricted funds						
Stipend Fund income & expenditure	-	4,206	(4,206)	-	-	-
Pastoral Fund	8,443	311	(195)	(272)	-	8,287
Clergy Maintenance of the Ministry	1,505	-	-	-	248	1,753
Clergy widows & associated funds	242	-	(7)	-	40	275
Ordinands' training	11	-	30	-	9	50
Resourcing Ministerial Education	56	380	(424)	-	-	12
Restructuring Funding	107	200	(106)	-	-	201
Strategic Capacity Funding	-	97	(97)	-	-	-
Other	80	36	(35)	-	8	89
	10,444	5,230	(5,040)	(272)	305	10,667
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	20,294	31	(150)	-	(391)	19,984
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	17,209	161	(334)	(178)	-	16,858
Permanent endowment						
Clergy widows & associated funds	134	-	-	-	29	163
J B Stelfox	1,020	-	-	-	191	1,211
Ordinands' training	152	-	-	-	26	178
Chaplaincy	154	8	-	-	14	176
Bequests	408	-	-	-	77	485
	39,376	200	(484)	(178)	(54)	38,860
Total funds - Company	48,116	13,834	(12,550)	-	1,086	50,486
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	7,227	331	(236)	-	108	7,430
Minority interest*	16	3	-	-	-	19
Total funds - Group	55,278	14,228	(12,846)	-	1,194	57,854

See Note 22 for more details. * These movements in funds all relate to unrestricted funds.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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14. DIRECTORS' REMUNERATION AND EXPENSES

£Nil remuneration has been paid to any Director in their capacity as directors (2019: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. Two Directors (2019: Two Directors) were reimbursed for travel expenses during the year which amounted to £382 (2019: £712).

15. EMPLOYEE DETAILS

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
£80,001 - £90,000	1	1
£70,001 - £80,000	1	1
£60,001 - £70,000	1	-

During the year, the following amounts were paid to higher paid employees as shown above:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Pension contributions to Pension Builder Classic scheme	17	9

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were:

Helen Platts	Diocesan Secretary and Chief Operating Officer
David Weldon	Director of Finance and Corporate Services and Company Secretary
Darren Bamford	Director of Land and Property Services
Deborah Smith*	Director of Education

* Remuneration and pensions for the above employees amounted to £229k (2019: £381k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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The average number of employees, based on full-time equivalents, was as follows:

	2020 No.	2019 No.
Support for parish ministry	31	37
Mission Support and chaplaincy	3	4
Church House	9	8
	<u>43</u>	<u>45</u>

In addition, a further 14 (2019: 11) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2020 £'000	2019 £'000
Gross salaries	1,375	1,479
Social Security costs	130	139
Pension contributions	173	182
	<u>1,678</u>	<u>1,800</u>

An average of 144 (2019: 148) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipends	5,413	5,322
National Insurance Contributions	443	425
Pension costs - Current year	1,385	1,353
	<u>7,241</u>	<u>6,995</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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16. TAXATION

	2020	2019
	£'000	£'000
Domestic current year tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
Current tax charge	-	-
Under/(over) provision in prior year	-	-
Deferred tax		
Deferred tax charge / (credit) current year	174	18
Adjustments in respect of prior periods	-	-
Tax charge / (credit) on profit on ordinary activities	174	18
See note 27.		

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

17. TANGIBLE ASSETS

GROUP	Land and buildings			Equipment	Total
	MDBF and Church House £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2020	6,860	21,675	8,264	453	37,252
Additions	-	553	-	48	601
Disposals	-	(552)	(208)	-	(760)
At 31 December 2020	6,860	21,676	8,056	501	37,093
Accumulated depreciation					
At 1 January 2020	1,272	6,844	2,463	298	10,877
Charge for the year	100	334	129	39	602
Eliminated on disposals	-	(186)	(70)	-	(256)
At 31 December 2020	1,372	6,992	2,522	337	11,223
Net book value at 31 December 2020	5,488	14,684	5,534	164	25,870
Net book value at 31 December 2019	5,588	14,832	5,800	155	26,375
COMPANY					
	MDBF £'000	Parsonage £'000	Glebe £'000	Equipment £'000	Total £'000
At cost of valuation					
At 1 January 2020	6,174	21,676	8,264	189	36,303
Additions	-	553	-	19	572
Disposals	-	(552)	(208)	-	(760)
At 31 December 2020	6,174	21,677	8,056	208	36,115
Accumulated depreciation					
At 1 January 2020	1,054	6,844	2,463	165	10,526
Charge for the year	86	334	129	10	559
Eliminated on disposals	-	(186)	(70)	-	(256)
At 31 December 2020	1,140	6,992	2,522	175	10,829
Net book value at 31 December 2020	5,034	14,685	5,534	33	25,286
Net book value at 31 December 2019	5,120	14,832	5,801	24	25,777

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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Included in MDBF property are some properties that are subject to a value-linked loan from the Church Commissioners. When disposed of the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties is included in the above amounts was £275,750 (2019: £275,750).

18. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Church House Investment Property £'000	Unlisted £'000	Total £'000
Market value				
At 31 December 2019	9,625	7,632	14,226	31,483
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Revaluations	(2,225)	(1,512)	-	(3,737)
Disposals	-	-	-	-
Unrealised gain/(loss) for the year	-	-	738	738
Realised gain / (loss) for the year	-	-	-	-
At 31 December 2020	7,400	6,120	14,965	28,484
Historic cost at 31 December 2020	7,095	1,643	6,015	14,753
Excess of market value over cost to date	305	4,477	8,950	13,731
COMPANY				
			2020	2019
			£'000	£'000
Group total			28,484	31,483
Church House Investment Property			(6,120)	(7,632)
Investment in subsidiary company (see below)			81	81
			22,445	23,932

Details of the accounting policy for Unlisted Investments is included in note 1 (g) to the financial statements.

Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2020 by Rapleys LLP who confirmed a valuation of £7,400,000 (2019: £9,625,000). For Church House Investment Property, this was also valued at 31 December 2020 by Rapleys LLP who confirmed a valuation of £8,500,000 (2019: £10,600,000). With respect to this property, the use of the building is split for investment purposes and charitable use for which the floor area in 2020 is 72% and 28% respectively (2019: 72% and 28% respectively). Church House is held part as long leasehold land and buildings and part as investment property.

The valuation has been prepared in accordance with RICS valuation - Professional Standards UK January 2017.

All other tangible assets are stated at historical cost less depreciation.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

Details of the accounting policy for Glebe are included in note 1(f) and 1(g) to the financial statements.

The Manchester Diocesan Church House Company Limited Balance sheet

	2020 £'000	2019 £'000
Tangible fixed assets	6,705	8,230
Current assets	479	414
	7,184	8,644
Creditors: amounts falling due within one year	(475)	(239)
	6,709	8,405
Provisions for liabilities and charges	(781)	(955)
	5,928	7,450
Representing:		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	4,567	6,079
Profit and loss account	1,319	1,329
	5,928	7,244

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

The Manchester Diocesan Church House Company Limited Income from subsidiary's trading activities

	2020 £000	2019 £000
Turnover	591	720
Administration	(356)	(338)
Gain from changes in fair value of investment property	(1,512)	108
Operating (loss) / profit	(1,277)	490
Taxation	174	(18)
(Loss) / profit after taxation	1,103	472

The Board hold 98.6% (2019: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £54,240 (2019: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2019: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2019: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £419,040 (2019: £265,561). This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company was owed £212,632 by Manchester Diocesan Board of Finance (2019: £5,899 was owed by MDBF to MDCH). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent debtor balance of £753 (2019: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of All Saints Centre for Mission and Ministry Ltd

Manchester Diocese is one of the three founding members of the All Saints Centre for Mission and Ministry and there are currently four members. All Saints trains lay and ordained ministers to university standards for the Church of England. If the All Saints Centre for Mission and Ministry is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan has been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2019: £nil). Manchester Diocesan Board of Finance makes an annual payment to All Saints for £36,000 (2019: £36,000) for the training of its Reader Candidates. In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through All Saints with Durham University Common Awards. In 2020 the payment amounted to £1,204 (2019: £nil). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2020 the MDBF paid All Saints £100,386 (2019: £80,784) for the training of ordinands. MDBF receive monies from All Saints towards the work which the Director of Studies does in training ordinands at All Saints. Each member diocese employs a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at All Saints. The payment equates to the equivalent of a 0.7fte post to the diocese and in 2020 the amount received was £31,772 (2019: £31,277). The Director of Studies left in August 2019, therefore, MDBF also paid All Saints for Teaching costs in 2020 for £48,000 (2019: £16,000).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

The trading activities for the period 1 September 2019 to 31 August 2020 were:

	£'000
Turnover	769
Administration costs	643
Surplus	126

Any surplus monies will be transferred to reserves in order to set aside funds for special purposes or as reserves against future expenditure.

19. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due within one year				
Loans to officers of the Board for purchase of motor cars	-	-	-	-
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	114	108	114	108
For Parishes	129	104	129	104
General debtors	362	163	69	59
Board of Education	71	19	71	19
Manchester Diocesan Church House Company Ltd	-	-	213	-
Glebe debtor	82	57	82	57
Prepayments and accrued income	1,020	1,012	1,020	1,012
All Saints Centre for Mission and Ministry Ltd	-	-	-	-
Bishops debtor	-	-	-	-
TOTAL	1,778	1,463	1,698	1,359

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

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For the year ended 31 December 2020

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20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
CBF deposit fund	699	696	699	696
Cash at bank and in hand	1,966	1,522	1,799	1,219
	<u>2,665</u>	<u>2,218</u>	<u>2,478</u>	<u>1,915</u>

21. CREDITORS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
General creditors	850	592	657	353
Accruals	203	78	143	78
Taxation and social security	69	96	72	96
Manchester Diocesan Church House Company	-	-	-	6
Pension Deficit Repayment (Note 26)	436	666	436	666
	<u>1,558</u>	<u>1,432</u>	<u>1,296</u>	<u>1,199</u>
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	276	276	276	276
Pension Deficit Repayment (Note 26)	622	1,022	622	1,022
	<u>2,456</u>	<u>1,298</u>	<u>2,194</u>	<u>1,298</u>

Included within creditors falling due after more than one year are liabilities concerning pension deficit repayments due more than five years estimated as being £Nil (2019: £84k).

Value Linked Loans from the Church Commissioners are administered by the Board of Finance on behalf of parishes, other parties and the Board itself. These loans are for the purpose of providing or improving housing for clergy, deaconesses and licensed lay workers engaged in parochial or diocesan work and former clergy spouses. The housing involved is not in benefice or Glebe ownership. The loan only becomes repayable on disposal of the Value Linked Loan property.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets		Net	Long	Total 2020 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	-	8,452	-	8,452
Clergy / Maintenance of the Ministry Fund	-	1,703	159	-	1,862
Other restricted funds	-	376	214	-	590
	-	2,079	8,825	-	10,904
Endowment funds					
Diocesan Stipends Fund Capital Account	5,534	9,905	2,656	-	18,095
Parsonage Buildings Fund	14,685	-	2,152	-	16,837
Other endowment funds	-	2,274	101	-	2,375
	20,219	12,179	4,909	-	37,307
Unrestricted funds					
General	5,067	7,977	(11,215)	(276)	1,553
Designated	-	210	797	-	1,007
Pension Deficit	-	-	(436)	(622)	(1,058)
	5,067	8,187	(10,854)	(898)	1,502
Company	25,286	22,445	2,880	(898)	49,713
Non-charitable trading funds	584	6,120	5	(781)	5,928
Consolidation adjustment	-	(81)	-	-	(81)
Group	25,870	28,484	2,885	(1,679)	55,560

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

	Fixed assets Tangible (Restated) £'000	Loans / investment £'000	Net current assets £'000	Long term liabilities £'000	Total 2019 £'000
Restricted funds					
Diocesan Pastoral Account	-	-	8,287	-	8,287
Clergy / Maintenance of the Ministry Fund	-	1,593	160	-	1,753
Other restricted funds	-	346	281	-	627
	-	1,939	8,728	-	10,667
Endowment funds					
Diocesan Stipends Fund Capital Account *	5,801	11,968	2,016	-	19,785
Parsonage Buildings Fund*	14,832	-	2,026	-	16,858
Other endowment funds	-	2,122	95	-	2,217
	20,633	14,090	4,137	-	38,860
Unrestricted funds					
General *	5,144	7,706	(10,809)	(276)	1,765
Designated	-	197	685	-	882
Pension Deficit	-	-	(666)	(1,022)	(1,688)
	5,144	7,903	(10,790)	(1,298)	959
Company	25,777	23,932	2,075	(1,298)	50,486
Non-charitable trading funds	598	7,632	174	(955)	7,449
Consolidation adjustment	-	(81)	-	-	(81)
Group	26,375	31,483	2,249	(2,253)	57,854

Diocesan Pastoral Account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Diocesan Pastoral Account represents the proceeds of redundant churches and parsonages. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met, when authorised surplus funds may be transferred to the Stipends Fund Capital Account or income funds. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

Clergy/ Maintenance of the Ministry Fund

This fund is administered by the Grants Committee to offer grants to support clergy and Parishes within the Diocese where areas of hardship are identified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

Stipends Fund Capital Account

The Diocesan Stipends Fund Capital Account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can only be utilised for stipend purposes. It has been included as an endowment fund in these financial statements.

Parsonage Buildings Fund

Parsonage Buildings Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage Building Fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Buildings Fund has been included as an endowment fund in these financial statements.

General Fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry.

Designated Fund

This fund represents monies designated by the Board to support specific areas of works including mission, maintenance of church buildings and housing costs for separated/divorced clergy spouses.

Transfers between funds

The Board makes transfers between the Funds on receipt of Orders under the Pastoral Measure 1983 which can move properties between asset categories of Parsonages, Glebe and MDBF, and therefore between Parsonage Building Fund, Stipend Fund Capital Account and Pastoral Account. The background to the major funds is detailed in note (d) of the accounting policies.

Pension Deficit

As at 31 December 2020, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £0.704m (2019: £1,264m). In 2020, the company paid £0.582m (2019: £0.582m) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. As at 31 December 2020, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £0.354m (2019: £0.424m). In 2020, the company paid £0.084m (2019: £0.084m) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

23. GROUP AND COMPANY REVALUATION RESERVES

The revaluation reserves included in funds has been disclosed below for disclosure purposes only, in order to show the individual gains and losses included in the applicable funds.

	Church House Investment Property 2020 £'000	Unrestricted Investments 2020 £'000	Designated Investments 2020 £'000	Restricted Investments 2020 £'000	Endowment Investments 2020 £'000	Investments Sub Total 2020 £'000	Endowment Glebe 2020 £'000	TOTAL 2020 £'000
At 1 January 2020	5,989	3,879	179	1,598	2,554	14,199	2,531	16,730
Net Gains/(Losses) on Investments	-	272	14	140	313	739	-	739
Glebe Investment Property Revaluation	-	-	-	-	-	-	(2,225)	(2,225)
Investment Property Revaluation (see note 18)	(1,512)	-	-	-	-	(1,512)	-	(1,512)
Disposal	-	-	-	-	-	-	-	-
Sub Total	(1,512)	272	14	140	313	(773)	(2,225)	(2,998)
At 31 December 2020	<u>4,477</u>	<u>4,151</u>	<u>193</u>	<u>1,738</u>	<u>2,867</u>	<u>13,246</u>	<u>306</u>	<u>13,732</u>

	Church House Investment Property 2019 £'000	Unrestricted Investments 2019 £'000	Designated Investments 2019 £'000	Restricted Investments 2019 £'000	Endowment Investments 2019 £'000	Investments Sub Total 2019 £'000	Endowment Glebe 2019 £'000	TOTAL 2019 £'000
At 1 January 2019	5,881	3,150	148	1,293	1,848	12,320	3,291	15,611
Net Gains/(Losses) on Investments	-	804	31	305	706	1,846	-	1,846
Glebe Investment Property Revaluation	-	-	-	-	-	-	(760)	(760)
Investment Property Revaluation (see note 18)	108	-	-	-	-	108	-	108
Disposal	-	(75)	-	-	-	(75)	-	(75)
Sub Total	108	729	31	305	706	1,879	(760)	1,119
At 31 December 2019	<u>5,989</u>	<u>3,879</u>	<u>179</u>	<u>1,598</u>	<u>2,554</u>	<u>14,199</u>	<u>2,531</u>	<u>16,730</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at 90 Deansgate, Manchester, M3 2GH. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2020 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2019: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £24k (2019: £23k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £506k (2019: £503k) to the Board of Education, comprising:

	2020 £'000	2019 £'000
Staff costs	464	461
Central services	42	42

Manchester Diocesan Board of Education's accommodation is provided by Manchester Diocesan Church House Company (which is a subsidiary of the Manchester Diocesan Board of Finance) for a service charge of £13k (2019: £13k), which is included in the Manchester Diocesan Board of Finance's recharges.

25. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2020 £'000	Cash flow 2020 £'000	As at 31 December 2020 £'000
Net cash:			
Cash in hand and at bank	1,522	444	1,966
Cash on deposit	696	3	699
Cash at bank and at hand	2,218	447	2,665

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

26. PENSIONS (GROUP AND COMPANY)

(a) Clergy Pensions

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table below as being recognised in the SoFA.

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

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

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

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

PENSIONS (GROUP AND COMPANY) (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	1,264,000	3,853,000
Deficit contribution paid	-582,000	-582,000
Interest cost (recognised in SoFA)	11,000	75,000
Remaining change to the balance sheet liability* (recognised in SoFA)	11,000	-2,082,000
Balance sheet liability at 31 December	704,000	1,264,000

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

PENSIONS (GROUP AND COMPANY) (continued)

(b) Staff Pensions

Manchester DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £12,400 per year. In addition deficit payments of £84,080 per year have been agreed for 7.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

PENSIONS (GROUP AND COMPANY) (continued)

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

	2020	2019
Balance sheet liability at 1 January	424,000	488,000
Deficit contribution paid	-84,000	-84,000
Interest cost (recognised in SoFA)	5,000	9,000
Remaining change to the balance sheet liability* (recognised in SoFA)	9,000	11,000
Balance sheet liability at 31 December	354,000	424,000

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

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

	December 2020	December 2019	December 2018
Discount rate	0.40%	1.30%	2.10%

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

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

PENSIONS (GROUP AND COMPANY) (continued)

accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable for 2020: £173k (2019: £182k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

27. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

	£'000
Balance as at 1 January 2020	955
Charge for the year	(174)
Balance as at 31 December 2020	781

Deferred taxation provided in the financial statements is as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	98	88
Investment property revaluations	683	867

28. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £12.387m (2019: £11.7m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

29. RELATED PARTIES

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. Two Directors (2019: two Directors) were reimbursed for travel expenses during the year which amounted to £382 (2019: £712). During the year the aggregate amount of donations received without conditions

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

from MDBF Directors was £6,450 (2019: £2,100).

The Bishop of Middleton, Rt Revd M Davies and The Archdeacon of Bolton Ven J Burgess and Canon R Lewis all served as Trustees at All Saints Centre for Mission and Ministry during 2020 and details of the related party transactions are set out below.

The Archdeacon of Manchester Ven K Lund served as Trustee on Allchurches Trust Ltd which provided a general grant to MDBF in 2020 for £227k (2019: £222k).

The Bishop of Manchester, Rt Revd Dr D Walker is the Deputy Chair of the Church Commissioners and also sits on the Strategic Investment Board and Strategic Ministry Board of the Archbishops Council. In 2020, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,444,750 (2019: £2,501,173), Sustainability Funding £1,200,000 (2019: £Nil), Strategic Development Funding £690,532 (2019: £191,685), Restructuring Funding £125,000 (2019: £199,750), Resourcing Ministerial Education £585,655 (2019: £379,622), Strategic Capacity Funding £94,126 (2019: £75,909), Manchester Chapter Surplus £79,383 (2019: £49,226) and Bishops Staffing recharges £90,286 (2019: £104,650). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £750,571 (2019: £773,627), Value Linked Loan Interest £19,767 (2019: £19,210), General Synod, Bishops Advisory Panel Fees and other recharges £2,325 (2019: £13,026)

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2019: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £54,240 (2019: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2019: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2019: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £419,040 (2019: £265,561). This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company was owed £212,632 by Manchester Diocesan Board of Finance (2019: £5,899 was owed by MDBF to MDCH). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent debtor balance of £753 (2019: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

Founder Member of All Saints Centre for Mission and Ministry Limited

Manchester Diocese is one of the three founding members of the All Saints Centre for Mission and Ministry and there are currently four members. All Saints trains lay and ordained ministers to university standards for the Church of England. If the All Saints Centre for Mission and Ministry is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan has been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2019: £nil). Manchester Diocesan Board of Finance makes an annual payment to All Saints for £36,000 (2019: £36,000) for the training of its Reader Candidates. In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through All Saints with Durham University Common Awards. In 2020 the payment amounted to £1,204 (2019: £nil). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2020 the MDBF paid All Saints £100,386 (2019: £80,784) for the training of ordinands.

MDBF receive monies from All Saints towards the work which the Director of Studies does in training ordinands at All Saints. Each member diocese employs a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at All Saints. The payment equates to the equivalent of a 0.7fte post to the diocese and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

in 2020 the amount received was £31,772 (2019: £31,277). The Director of Studies left in August 2019, therefore, MDBF also paid All Saints for Teaching costs in 2020 for £48,000 (2019: £16,000).

