

# 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](http://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

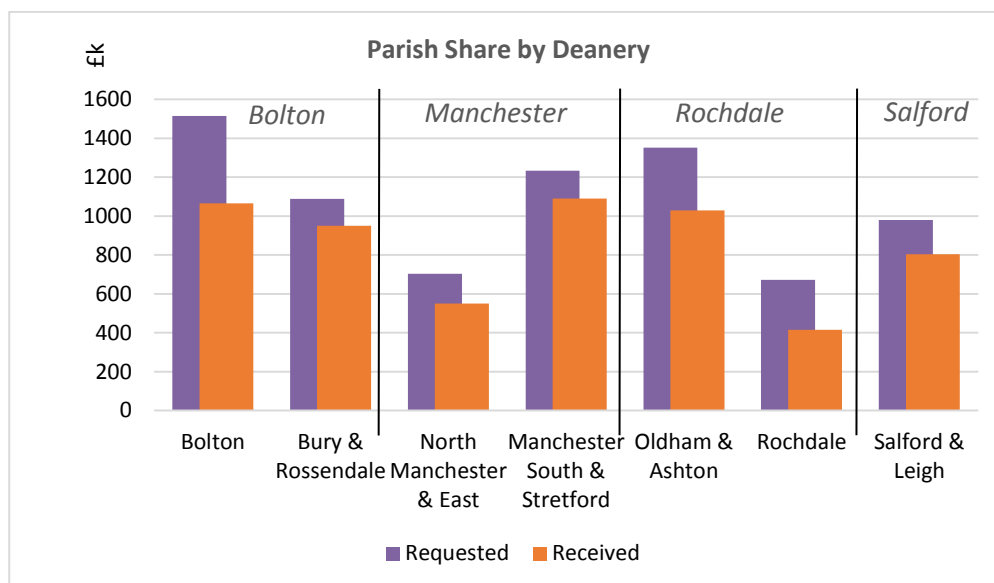
#### Parish Share

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):

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)



#### 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,

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

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**

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

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

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

- 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

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

- **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

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

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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



## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

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



## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

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

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2021

### Trustees' Annual Report (including the Strategic Report)

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

### Trustees' Annual Report (including the Strategic Report)

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 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: 25<sup>th</sup> 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](http://www.frc.org.uk/auditorsresponsibilities) This description forms part of our auditor's report.

### Use of our report

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



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
		2021	2021	2021	2021	2020
	Note	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
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	916	934
Charitable activities	5	-	-	509	509	526
Other income	6	995	-	1,990	2,167	2,697
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>8,059</b>	<b>33</b>	<b>7,554</b>	<b>2,205</b>	<b>15,786</b>
<b>Expenditure on:</b>						
Raising funds	8	383	-	77	-	455
Charitable activities	9	7,741	88	7,411	2	14,765
Remeasurement of pension schemes	26	125	-	-	-	20
Pension interest cost	26	2	-	-	-	16
<b>TOTAL EXPENDITURE</b>	<b>7</b>	<b>8,251</b>	<b>88</b>	<b>7,488</b>	<b>2</b>	<b>15,256</b>
<b>Net (expenditure) / income before net gains / (losses) on investments and Taxation</b>						
		<b>(192)</b>	<b>(55)</b>	<b>66</b>	<b>2,203</b>	<b>530</b>
Taxation	16	(690)	-	-	-	174
Net gains / (losses) on investments	23	4,187	30	296	202	(2,998)
Property Revaluation	17	3,588	-	-	46,635	-
<b>Net (expenditure) / income</b>		<b>6,893</b>	<b>(25)</b>	<b>362</b>	<b>49,040</b>	<b>(2,294)</b>
<b>Transfers between funds</b>	<b>10</b>	<b>605</b>	<b>165</b>	<b>524</b>	<b>(1,294)</b>	<b>-</b>
<b>Net movement in funds</b>	<b>13</b>	<b>7,498</b>	<b>140</b>	<b>886</b>	<b>47,746</b>	<b>(2,294)</b>
Total funds at 1 January	13	6,342	1,007	10,904	37,307	57,854
<b>Total funds at 31 December</b>	<b>13</b>	<b>13,840</b>	<b>1,147</b>	<b>11,790</b>	<b>85,053</b>	<b>55,560</b>

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
<b>Income and endowments from:</b>							
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
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,721</b>	<b>33</b>	<b>7,554</b>	<b>2,205</b>	<b>17,513</b>	<b>15,673</b>
<b>Expenditure on:</b>							
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
<b>TOTAL EXPENDITURE</b>	<b>7</b>	<b>7,868</b>	<b>88</b>	<b>7,488</b>	<b>2</b>	<b>15,446</b>	<b>14,960</b>
<b>Net (expenditure) / income before net gains / (losses) on investments and Taxation</b>		<b>(147)</b>	<b>(55)</b>	<b>66</b>	<b>2,203</b>	<b>2,067</b>	<b>713</b>
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	-
<b>Net (expenditure) / income</b>		<b>4,568</b>	<b>(25)</b>	<b>362</b>	<b>49,040</b>	<b>53,945</b>	<b>(773)</b>
<b>Transfers between funds</b>	<b>10</b>	<b>605</b>	<b>165</b>	<b>524</b>	<b>(1,294)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>13</b>	<b>5,173</b>	<b>140</b>	<b>886</b>	<b>47,746</b>	<b>53,945</b>	<b>(773)</b>
Total funds at 1 January	13	495	1,007	10,904	37,307	49,713	50,486
<b>Total funds at 31 December</b>	<b>13</b>	<b>5,668</b>	<b>1,147</b>	<b>11,790</b>	<b>85,053</b>	<b>103,658</b>	<b>49,713</b>

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
<b>FIXED ASSETS</b>					
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>
<b>CURRENT ASSETS</b>					
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>
<b>CREDITORS:</b>					
Amounts falling due within one year	21	(1,410)	(1,558)	(1,178)	(1,296)
<b>NET CURRENT ASSETS</b>		<u>5,715</u>	<u>2,885</u>	<u>5,798</u>	<u>2,880</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>113,775</u>	<u>57,239</u>	<u>104,217</u>	<u>50,611</u>
<b>CREDITORS:</b>					
Amounts falling due after more than one year	21	(559)	(898)	(559)	(898)
<b>PROVISIONS:</b>					
Deferred tax	27	(1,386)	(781)	-	-
<b>NET ASSETS</b>		<u>111,830</u>	<u>55,560</u>	<u>103,658</u>	<u>49,713</u>
<b>THE FUNDS OF THE CHARITY</b>					
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>
<b>TOTAL FUNDS</b>		<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 25<sup>th</sup> 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
<b>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</b>		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)
<b>Net cash used in operating activities</b>		<b>(2,053)</b>		<b>(1,351)</b>
<b>Cash flows from operating activities:</b>				
Net cash used in operating activities		<b>(2,053)</b>		<b>(1,351)</b>
<b>Cash flows from investing activities:</b>				
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	-		-	
<b>Net cash provided by / (used in) investing activities</b>		<b>5,097</b>		<b>2,464</b>
		<b>3,044</b>		<b>1,113</b>
<b>Cash flows from financing activities:</b>				
Deficit contributions paid	(442)		(666)	
<b>Net cash used in financing activities</b>		<b>(442)</b>		<b>(666)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>2,602</b>		<b>447</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>2,665</b>		<b>2,218</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>5,267</b>		<b>2,665</b>

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:

<b>Restricted funds</b>	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
<b>Permanent endowment funds</b>	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.
<b>Unrestricted general funds</b>	Funds which may be used for general purposes without any external restriction.
<b>Unrestricted Designated funds</b>	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

Continued

### 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
<b>Income and endowments from:</b>	<b>Note</b>					
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
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>8,059</b>	<b>33</b>	<b>7,554</b>	<b>2,205</b>	<b>17,851</b>

		Unrestricted General	Designated	Restricted Funds	Endowment Funds	Total Funds
		2020	2020	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
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
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,309</b>	<b>41</b>	<b>6,775</b>	<b>1,661</b>	<b>15,786</b>

### 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
<b>Income and endowments from:</b>	<b>Note</b>					
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
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,721</b>	<b>33</b>	<b>7,554</b>	<b>2,205</b>	<b>17,513</b>

		Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds
		2020	2020	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>	<b>Note</b>					
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
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,196</b>	<b>41</b>	<b>6,775</b>	<b>1,661</b>	<b>15,673</b>

## 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)
	<hr/>	<hr/>
	5,831	5,707
Arrears for previous years	-	-
	<hr/>	<hr/>
	5,831	5,707
	<hr/>	<hr/>

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
	<hr/>	<hr/>
<b>TOTAL</b>	<b>3,487</b>	<b>3,814</b>
	<hr/>	<hr/>

#### 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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>383</b>	<b>12</b>	<b>988</b>	<b>-</b>	<b>1,383</b>	<b>1,359</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### 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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>450</b>	<b>12</b>	<b>988</b>	<b>-</b>	<b>1,450</b>	<b>1,778</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# 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
<b>TOTAL</b>	<b>573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>573</b>	<b>749</b>

### 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
<b>TOTAL</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>217</b>

### 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
<b>TOTAL</b>	<b>277</b>	<b>21</b>	<b>580</b>	<b>38</b>	<b>916</b>	<b>934</b>

### 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
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>509</b>	<b>-</b>	<b>509</b>	<b>526</b>

# 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
<b>TOTAL</b>	<b>995</b>	<b>-</b>	<b>1,990</b>	<b>2,167</b>	<b>5,152</b>	<b>2,697</b>

### 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
<b>TOTAL</b>		<b>8,251</b>	<b>88</b>	<b>7,488</b>	<b>2</b>	<b>15,829</b>
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
<b>TOTAL</b>		<b>7,631</b>	<b>95</b>	<b>7,068</b>	<b>462</b>	<b>15,256</b>

# 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
<b>TOTAL</b>		<b>7,868</b>	<b>88</b>	<b>7,488</b>	<b>2</b>	<b>15,446</b>

		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
<b>TOTAL</b>		<b>7,335</b>	<b>95</b>	<b>7,068</b>	<b>462</b>	<b>14,960</b>

#### 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
<b>TOTAL</b>		<b>13,425</b>	<b>1,861</b>	<b>543</b>	<b>15,829</b>	<b>15,256</b>

		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
<b>TOTAL</b>		<b>12,170</b>	<b>2,479</b>	<b>607</b>	<b>15,256</b>

# 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
<b>TOTAL</b>		<b>13,042</b>	<b>1,861</b>	<b>543</b>	<b>15,446</b>

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
<b>TOTAL</b>		<b>11,892</b>	<b>2,479</b>	<b>607</b>	<b>14,960</b>

### 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
<b>TOTAL</b>	<b>383</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>460</b>	<b>455</b>

### 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
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>77</b>	<b>159</b>

# 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)	-
<b>TOTAL</b>	<b>630</b>	<b>751</b>

#### 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
<b>TOTAL</b>	<b>6,948</b>	<b>88</b>	<b>7,411</b>	<b>2</b>	<b>14,449</b>

	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
<b>TOTAL</b>	<b>6,376</b>	<b>95</b>	<b>6,909</b>	<b>462</b>	<b>13,842</b>



# 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
<b>TOTAL</b>	-	-	-	-	-	2

### GOVERNANCE COSTS (COMPANY)

	Unrestricted	Unrestricted
	General	General
	2021	2020
	£'000	£'000
Audit fees	21	26
Diocesan Synod	2	6
<b>TOTAL</b>	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
<b>TOTAL</b>	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
<b>TOTAL</b>	<b>466</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>543</b>	<b>607</b>

### 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
<b>Unrestricted funds</b>						
General	1,553	7,721	(7741)	163	4,715	6,411
Pension Deficit	(1,058)	-	(127)	442	-	(743)
<b>Designated</b>						
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
	<b>1,502</b>	<b>7,754</b>	<b>(7,956)</b>	<b>770</b>	<b>4,745</b>	<b>6,815</b>
<b>Restricted funds</b>						
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
	<b>10,904</b>	<b>7,554</b>	<b>(7,488)</b>	<b>524</b>	<b>296</b>	<b>11,790</b>
<b>Endowment funds</b>						
<b>Expendable endowment</b>						
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
<b>Permanent endowment</b>						
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
	<b>37,307</b>	<b>2,205</b>	<b>(2)</b>	<b>(1,294)</b>	<b>46,837</b>	<b>85,053</b>
<b>Total funds - Company</b>	<b>49,713</b>	<b>17,513</b>	<b>(15,446)</b>	<b>-</b>	<b>51,878</b>	<b>103,658</b>
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
<b>Total funds - Group</b>	<b>55,560</b>	<b>17,851</b>	<b>(16,519)</b>	<b>-</b>	<b>54,938</b>	<b>111,830</b>

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 £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2020 £'000
<b>Unrestricted funds</b>						
General	1,765	7,196	(7,299)	(381)	272	1,553
Pension Deficit	(1,688)	-	(36)	666	-	(1,058)
<b>Designated</b>			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
	<b>959</b>	<b>7,237</b>	<b>(7,430)</b>	<b>450</b>	<b>286</b>	<b>1,502</b>
<b>Restricted funds</b>						
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
	<b>10,667</b>	<b>6,775</b>	<b>(7,068)</b>	<b>390</b>	<b>140</b>	<b>10,904</b>
<b>Endowment funds</b>						
<b>Expendable endowment</b>						
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
<b>Permanent endowment</b>						
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
	<b>38,860</b>	<b>1,661</b>	<b>(462)</b>	<b>(840)</b>	<b>-1,912</b>	<b>37,307</b>
<b>Total funds - Company</b>	<b>50,486</b>	<b>15,673</b>	<b>(14,960)</b>	<b>-</b>	<b>(1,486)</b>	<b>49,713</b>
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
<b>Total funds - Group</b>	<b>57,854</b>	<b>15,786</b>	<b>(15,082)</b>	<b>-</b>	<b>(2,998)</b>	<b>55,560</b>

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>
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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
<b>Domestic current year tax</b>		
UK corporation tax	-	-
Adjustments in respect of prior periods	(85)	-
Current tax charge	-	-
Under/(over) provision	-	-
<b>Deferred tax</b>		
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
<b>At cost of valuation</b>					
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
<b>At 31 December 2021</b>	<b>9,328</b>	<b>47,777</b>	<b>18,476</b>	<b>522</b>	<b>76,103</b>
<b>Accumulated depreciation</b>					
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)
<b>At 31 December 2021</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>381</b>	<b>627</b>
<b>Net book value at 31 December 2021</b>	<b>9,082</b>	<b>47,777</b>	<b>18,476</b>	<b>141</b>	<b>75,476</b>
<b>Net book value at 31 December 2020</b>	<b>5,488</b>	<b>14,684</b>	<b>5,534</b>	<b>164</b>	<b>25,870</b>
<b>COMPANY</b>					
	Land and buildings			Equipment	Total
	MDBF £'000	Parsonage £'000	Glebe £'000	£'000	£'000
<b>At cost of valuation</b>					
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
<b>At 31 December 2021</b>	<b>8,642</b>	<b>47,777</b>	<b>18,476</b>	<b>229</b>	<b>75,124</b>
<b>Accumulated depreciation</b>					
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)
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190</b>	<b>190</b>
<b>Net book value at 31 December 2021</b>	<b>8,642</b>	<b>47,777</b>	<b>18,476</b>	<b>39</b>	<b>74,934</b>
<b>Net book value at 31 December 2020</b>	<b>5,034</b>	<b>14,685</b>	<b>5,534</b>	<b>33</b>	<b>25,286</b>

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
<b>Market value</b>				
At 31 December 2020	<b>7,400</b>	<b>6,120</b>	<b>14,964</b>	<b>28,484</b>
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Revaluations	(486)	3,060	-	<b>2,574</b>
Disposals	(614)	-	-	<b>(614)</b>
Unrealised gain/(loss) for the year	-	-	2,140	<b>2,140</b>
Realised gain / (loss) for the year	-	-	-	-
<b>At 31 December 2021</b>	<b>6,300</b>	<b>9,180</b>	<b>17,104</b>	<b>32,584</b>
Historic cost at 31 December 2021	6,481	1,643	6,015	<b>14,139</b>
Excess / (reduction) of market value over cost to date	(181)	7,537	11,089	<b>18,445</b>

<b>COMPANY</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Group total	<b>32,584</b>	<b>28,484</b>
Church House Investment Property	<b>(9,180)</b>	<b>(6,120)</b>
Investment in subsidiary company (see below)	<b>81</b>	<b>81</b>
	<b>23,485</b>	<b>22,445</b>

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
Tangible fixed assets	9,722	6,705
Current assets	302	479
	<b>10,024</b>	<b>7,184</b>
Creditors: amounts falling due within one year	(385)	(475)
	<b>9,639</b>	<b>6,709</b>
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
<b>Representing:</b>		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	7,627	4,567
Profit and loss account	584	1,319
	<b>8,253</b>	<b>5,928</b>

## 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	<b>2,391</b>	<b>1,103</b>

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
	<hr/>
Surplus	151
	<hr/>

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
<b>Due within one year</b>				
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
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>1,858</b>	<b>1,778</b>	<b>1,790</b>	<b>1,698</b>
	<hr/>	<hr/>	<hr/>	<hr/>

#### 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
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>5,267</b>	<b>2,665</b>	<b>5,186</b>	<b>2,478</b>
	<hr/>	<hr/>	<hr/>	<hr/>

#### 21. CREDITORS

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>				
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

Continued

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>
<b>Amounts falling due after more than one year</b>				
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
<b>Restricted funds</b>					
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
<b>Endowment funds</b>					
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
<b>Unrestricted funds</b>					
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
<b>Company</b>	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)
<b>Group</b>	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
<b>Restricted funds</b>					
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
<b>Endowment funds</b>					
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
<b>Unrestricted funds</b>					
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
<b>Company</b>	25,286	22,445	2,880	(898)	49,713
Non-charitable trading funds	584	6,120	5	(781)	5,928
Consolidation adjustment	-	(81)	-	-	(81)
<b>Group</b>	25,870	28,484	2,885	(1,679)	55,560

## NOTES TO THE FINANCIAL STATEMENTS

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 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
<b>Net cash:</b>			
Cash in hand and at bank	1,966	(921)	1,045
Cash on deposit	699	3,523	4,222
<b>Cash at bank and at hand</b>	<u>2,665</u>	<u>2,602</u>	<u>5,267</u>

## 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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