

**The Chelmsford Diocesan Board of Finance**

**Annual report and financial statements**  
**For the year ended 31 December 2020**

# **The Chelmsford Diocesan Board of Finance**

## **Trustees' Report for the year ended 31 December 2020**

### **Contents**

Introduction	2
Legal objects	2
Strategic Report	3
1. Strategic Aims	3
2. Objectives for the year	3
3. Activities and achievements in the year	4
4. Subsidiaries, related parties and volunteers	8
5. Planning for 2021	9
6. Financial review	10
7. Custodian trustee	13
8. Principal risks and uncertainties	14
Structure and governance	17
Trustee's responsibilities	22
Administrative details	23
Independent auditor's report	25
Statement of financial activities	28
Summary income and expenditure account	29
Balance sheet	30
Statement of cash flows	31
Notes to the financial statements	32

## **INTRODUCTION**

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- ◇ a Directors' Report of a charitable company,
- ◇ a Strategic Report under the Companies Act 2006 and
- ◇ a Trustees' Annual Report under the Charities Act 2011.

## **Legal Objects**

The objects of the Diocese of Chelmsford cover the county of Essex, the unitary authorities of Southend and Thurrock, the five East London boroughs of Newham, Waltham Forest, Barking & Dagenham, Redbridge, and Havering, and a few parishes outside the current boundary of the county of Essex in South Cambridgeshire.

The Chelmsford Diocesan Board of Finance's ("CDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Chelmsford by acting as the financial executive of the Chelmsford Diocesan Synod.

The CDBF has the following statutory responsibilities:

- i) the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii) the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii) the management of investments and the custodianship of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv) the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod on the advice of the Bishop's Council in communication with Deanery Synods, Parochial Church Councils (PCCs), and the Bishop of Chelmsford (in respect of their responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally, including discussions on strategic priorities and budgets.

## Strategic Report

### 1. Strategic Aims

The main role of the CDBF is to identify and manage the financial aspects of the provision of ministry throughout the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

In November 2012 the Diocesan Synod agreed *Transforming Presence*: strategic priorities to 2025. In November 2015 the Diocesan Synod reaffirmed the diocesan mission statement, "to be a *Transforming Presence* in every community" and the four strategic priorities:

- ◇ inhabiting the world distinctively
- ◇ evangelising effectively
- ◇ serving with accountability
- ◇ re-imagining ministry.

The *Transforming Presence* strategic priorities were reaffirmed and updated during 2018 and 2019 to explicitly include three particular priorities:

- The formation of 101 new Christian Communities in the next 10 years. This Church Planting priority has been significantly enhanced through support from the Church Commissioner's Strategic Development Fund (SDF).
- The development of our work with and for children, young people and families. Nationally this agenda is known as *Growing Faith* and we have benefitted from a Project Leader which is 80% funded from a Church Commissioner's Strategic Capacity Funding grant.
- A financial initiative under the title of *Subsidy to Sustainability* to address the growing general fund deficit.

### 2. Objectives for the year

In response to the strategic priorities the specific objectives for the year have included the following:

- Resourcing a worshipping and witnessing presence in every community through the funding and supporting of stipendiary clergy and other ministers
- Taking forward the *Transforming Presence* priorities (including the three new ones listed above) by:
  - Continuing the formation of Mission and Ministry Units
  - Strengthening the project management of our SDF-funded Church Plants
  - Submitting a Third SDF application for projects in the Newham deanery (noting that grants in this year would only be available for urban areas)
  - Developing proposals for future work with and for Children, Young People and Families (our Project Leader for *Growing Faith* started in January 2020)
  - Development of a vacancy management and ministry deployment policy in responses to national funding changes and the need for financial sustainability
- Continuing progress in social transformation including our initiatives with Citizens UK and work with refugees
- Expanding our engagement with the 5<sup>th</sup> Mark of Mission and environmental issues following the General Synod resolution in February 2020 for carbon neutrality by 2030, and in the development of a 2020 #LiveLent campaign focussed on the topics of environment and creation.

The main objective for the CDBF is to resource diocesan needs as determined by Synod and informed by local and national Church institutions, and to discharge its statutory functions.

## **2. Objectives for the year (continued)**

Through carrying out these objectives and in promoting the whole mission of the Church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that CDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

## **3. Activities and achievements in the year**

When our plans for 2020 were drawn up we could not have forecast the turbulent year that lay ahead. In common with every other organisation, we have been severely impacted by the COVID-19 pandemic and internally we have faced several changes of key personnel. Despite these unexpected challenges, much has been achieved.

### **COVID-19**

The preparation for the onset of the pandemic started in February and on 16<sup>th</sup> March diocesan staff were asked to work from home wherever possible in readiness for the first national lockdown. Emergency IT support was put in place quickly followed by a major upgrade of equipment to enable remote working with improved cloud-based systems and video conferencing. This has significantly increased our resilience and plans have been made to further decrease reliance on paper systems and in-house data storage.

We set up a new Diocesan Communications Group consisting of the Acting Diocesan Bishop, Interim CEO, Communications Director and representatives from the Archdeacons and Cathedral. The group has met at least weekly to coordinate the information flow across the diocese concerning church closure/opening, risk assessment, Public Health implications etc. This guidance has been constantly updated as government and national church guidance changed. New powers were developed and implemented to permit electronic decision making and alternative arrangements for worship.

New ways of remote working and meetings have been developed, including on-line meetings of PCCs and Synods. On-line training has been developed and we were the first diocese to conduct the entire Vacancy in See process on-line, including the largest consultation process ever achieved.

Our parishes have responded in remarkable ways. Despite the closure of church premises, many have offered on-line worship and increased their community engagement especially among the elderly and vulnerable. Not every church has had the capacity to provide on-line worship but have been able to point to other provision, such as the national phone line, the weekly reflections and sermons from members of Bishop's Staff or the daily worship streamed by the Cathedral.

Many parishes have experienced significant loss of income which has highlighted the vulnerability of some funding streams. Those parishes where most worshippers give by standing order or direct debit have been affected to a much lesser extent. Those parishes that rely on cash offerings, fundraising or on income from hall lettings and events have been hardest hit. We are hugely grateful to those parishes who have done their best to maintain their payment of parish share, including those who have drawn on reserves.

We launched the *Generous God, Generous Disciples* initiative at Advent. This, combined with the involvement of Area Mission and Ministry Advisers with parishes aims to reduce the vulnerability of parish income by improving levels of efficient and regular giving.

At diocesan level, we have taken action to help ensure our financial viability in the following ways:

- I. We have increased the frequency of Finance Executive meetings and formed a Finance Task Group, with delegated powers from Finance Committee, to enable rapid decision making over expenditure and sale of assets.

### **3. Activities and achievements in the year (continued)**

2. The Finance Executive have developed a detailed action plan to:
  - Strengthen reserves
  - Increase revenue
  - Reduce costs
  - Improve the cash position
3. We have worked closely with the national church and other dioceses to model different scenarios of parish share payment.
4. In order to protect liquidity, we have drawn on support from the Church Commissioners - including a short-term loan (now repaid), early receipt of the Low Income grant and a £1m grant to compensate for COVID losses – and have sold £5m of investments.
5. We have made use of the Government's 'furlough' scheme for those employees who have been unable to work normally and our House of Retreat has been able to draw on grants relating to the hospitality industry.
6. Diocesan Synod agreed to bring forward the implementation of existing plans to reduce stipendiary incumbents from 2025 to the end of 2021. All posts have been reviewed by Archdeacons and Area Deans and revised deanery plans are being prepared.
7. We have only replaced staff who have left when essential and, in some cases, have recruited part-time replacements.

Finally, in this section, it is important to note that the impacts of the pandemic are not limited to finances. There will be on-going implications for the resilience and wellbeing of staff, clergy, parishes and society. We cannot assume that what last year would have been considered 'normal' will (or should) be restored. This leaves an increased level of risk for the diocese extending into 2021 and 2022. Everything possible has been put in place to mitigate these risks but regular review and nimble action will continue to be required.

#### **Transitions in Personnel**

The two most important changes in senior leadership during 2020 were the departure of our Diocesan Bishop and Chief Executive. Bishop Stephen Cottrell was translated to become Archbishop of York, he moved from Chelmsford in April. Joel Gowen, Chief Executive and Diocesan Secretary, resigned in February and also left in April.

During the diocesan vacancy, the Bishop of Barking has been Acting Diocesan Bishop. In order to allow the new Bishop of Chelmsford to be fully involved in appointing a new CEO, the Dean of Mission, Ministry and Education, Canon Dr Roger Matthews, was appointed Interim Chief Executive and Diocesan Secretary for 12 months from May 2020 and Maureen Cole, a former CEO in the Derby Diocese and member of Archbishops' Council joined as part-time Chief Operating Officer from April.

Other changes include Tom Geldard who joined as Communications Director in January 2020, and Alex Reeve who joined as Head of Property in December 2019.

These appointments have played a vital part in enabling the necessary management and leadership of the diocese during 2020.

#### **Achievements and Progress**

The CDBF supports the work of clergy, parishes and schools as we seek to be a *Transforming Presence* across Essex and East London. A summary of the extraordinary range of activities which took place across the Diocese during 2020 is listed below.

### **3. Activities and achievements in the year (continued)**

#### The diocese in figures

Statistics for Mission figures are collated and published by the Church of England Research and Statistics Unit each year. The most recent Statistics for Mission figures which are available are for 2019, figures are typically published in the autumn following each calendar year so statistics for the 2020 year are not yet available. During 2019 in the Diocese of Chelmsford:

- ◇ 33,400 (2018: 34,550) people regularly attended services in our churches
- ◇ 9,245 (2018: 11,490) children attended church or school services in church
- ◇ 47,108 (2018: 47,220) people attended Easter worship and over 98,985 (2018:117,000) attended Christmas worship
- ◇ 3,224 (2018: 3,690) children were baptised or had a service of thanksgiving
- ◇ 1,291 (2018: 1,410) couples married in churches
- ◇ 4,956 (2018: 4,980) families were supported through grief including funeral or cremation services.

Achievements in 2020 included the following:

#### Christian Presence

- ◇ Raising £13.5 million through voluntary contributions to the share scheme from parishes to fund mission and ministry in the diocese which supported the stipends costs of c 300 incumbents, curates and other clergy through the year
- ◇ Managing, maintaining and improving approximately c 420 houses, principally for clergy
- ◇ Deployment of City Churches Funding and investment income to support mission work in the East London area through the London Over the Border Council.

#### Taking forward Transforming Presence

- ◇ Continued accompaniment and facilitation work to support prospective Mission and Ministry Units in their formation in support of the Synod motion for all parishes to be in an MMU by the end of 2021.
- ◇ Ordination of 25 new deacons (stipendiary and non-stipendiary)
- ◇ Authorisation of 11 new Licensed Lay Ministers (LLMSs) and 3 Authorised Funeral Ministers.
- ◇ Training of Pastoral Assistants and Evangelism Enablers was suspended because of COVID-19
- ◇ 60 people graduated from the Course in Christian Studies in July. A new intake of 79 participants started in September using Zoom, of which 38 plan to remain as online students
- ◇ Continued engagement on refugee matters at local and national level and partnerships with Citizens UK forming across the Diocese.
- ◇ Renewed focus on the 5<sup>th</sup> Mark of Mission and a Christian response to the Climate Crisis through a range of initiatives including participation in national events, promotion of the Live Lent campaign, development of a rule of life, support of parishes aiming for Eco church status, working with Church Schools and management of our buildings in a way that is more environmentally sustainable.

#### Children and Families

- ◇ 'Growing Faith' is the Church of England's project to transform the culture of the Church to become more child, family and school focussed; to support faith in the home and to bring churches and schools closer together
- ◇ Our team of advisers have played a key role in promoting resources for use at home during school and church closure.
- ◇ The resignation of two advisers has spurred the remaining team into new ways of working to deliver outcomes more efficiently
- ◇ Progress has been made to formulate a long-term strategy to agree both the work streams and staffing patterns required to carry this priority forward.
- ◇ As declared in 2019 report, our 3 Sparrow pre-school settings closed at the end of the summer term in 2020. We celebrate the work of all 3 Sparrows pre-school settings as they close their doors in 2020. The settings have taught and nurtured many children and families over the years in the spirit of God's love. We give thanks to our dedicated staff and all that they have given.

### **3. Activities and achievements in the year (continued)**

#### Schools

- ◇ Schools remained open throughout the pandemic for children of essential key workers, whilst offering remote learning for most pupils. Whilst the resilience of school leaders and has been remarkable, wellbeing has been a major emphasis. We developed new ways to support our schools through the year including:
  - Weekly personal communications with headteachers and 'Thoughts for the Week'
  - Termly YouTube services
  - New resources on the CDBE website
  - Zoom briefings and online training events
  - Governor support
- ◇ Many messages of appreciation were received and, remarkably, take up of the Partnership Agreement subscription (and so income) actually increased.
- ◇ Progress was made on environmental sustainability with a number of schools participating in the SALIX scheme for assisting building projects to reduce schools' carbon footprint.
- ◇ A group of BAME school leaders held a number of 'Time to Talk' conversations and plan to create a BAME Educationalists Association to offer mentoring, resources and recruitment and career development support. We joined a new international Racial Diversity Network. We also joined in a new Rural Teaching Partnership initiative.
- ◇ There were a small number of Academy conversions in the year. Among them, and after a protracted process, Two Village Primary School joined the Vine Multi-Academy Trust and St Mary's, Woodham Ferrers was saved from closure by joining the Berlesduna Trust.
- ◇ Sparrows Childcare was wound up in the summer and its three settings closed. This mirrored the national picture of a reduction in standalone early years settings as the number of school based nurseries has grown whilst birth rate decline and Brexit implications reduced demand.
- ◇ A new Diocesan Board of Education Measure made its way through General Synod and will go before Parliament in 2021.

#### 2021 Priorities for Schools include:

- ◇ Support schools returning to full opening and re-introduction of face to face school visits and to further develop the initiatives started in 2020.
- ◇ New cohort of Church Schools Leadership Course starting in June and launch of new national SIAMS framework from September.
- ◇ RE initiatives:
  - New Agreed RE Syllabus esp. Essex
  - Anti-Racist RE Training
  - Revised Diocesan Guidelines promoted
- ◇ Consider the implication of the new DBE Measure when it is introduced including whether or not to incorporate the next DBE.

#### Church Planting

- ◇ Improved management and evaluation of our SDF church plants in partnership with the Strategic Development Unit
- ◇ Continued development of the School for Church Planting
- ◇ Successful application for £2.9m of funding to resource a third wave of planting in the Deanery of Newham.
- ◇ Tracking of lessons learned to feed back into future projects.



### **3. Activities and achievements in the year (continued)**

#### Safeguarding

- ◇ At the end of 2020, the Diocesan Safeguarding Team (DST) had 66 open cases with 34 of these cases requiring safeguarding risk assessments and safeguarding agreements that must be reviewed at least once a year. Due to lockdowns, there has been very little opportunity to review these agreements safely, but the team are in contact with the parishes and prioritising the outstanding reviews on a case-by-case basis.
- ◇ In August 2019 guidance was provided by National Church on undertaking the Diocesan Past Case Review 2. Every clergy personal file ("blue file") held at Bishops Court, all LLM files and every case file held by the safeguarding team must be reviewed by independent risk assessors. For Chelmsford Diocese that involves reviewing over 2000 files. The Chelmsford review was due to start at the end of March 2020, but this has been deferred twice during 2020, it is now planned for June 2021.
- ◇ Electronic DBS applications are still processed by a company called 31:8. In order for parishes to apply for DBS checks they must register with 31:8 and the Diocesan Safeguarding Team processes this registration. At the end of 2020 there were still 17 parishes who have still not registered and will not, therefore, be able to apply for a DBS check on anyone. The DST are continuing to work with the Archdeacons to remedy this.
- ◇ The amount of DBS applications processed for the Diocese in 2020 was only 953, this is about half of the normal number of DBSs per annum.
- ◇ The landscape of safeguarding training has altered dramatically due to COVID-19. In July 2020 the National Safeguarding Team shared their expected Virtual training model for those with leadership roles; this is delivered via zoom, with a maximum of 12 participants per session, there are 2 separate sessions that must be delivered, there is pre-training and post-training coursework that must be submitted as assessed by the DST before a certificate can be issued. In 2020 there were 349 people who needed their training to be refreshed. The DST began their pilot of the national virtual training in December 2020. At the end of the pilot in February 2021, 124 participants had been trained. The newly appointed and inducted safeguarding trainer gave her notice, the DST are accommodating the additional workload that this caused.
- ◇ The Diocese's e-learning package for safeguarding children has been completed by over 700 people in 2020, that is 2720 in the last 3 years. The e-learning package for safeguarding adults has been completed by just over 700 people in 2020, giving a total of 2,499 in the last 3 years.
- ◇ 2020 saw the busiest January and the busiest June for duty calls since records began in 2014, with September being the busiest month of all in the year. For 2020 we had a total of 171 duty calls that needed safeguarding advice and / or consultation. In 2019 we had 213.

#### Other Activities

- ◇ Ensuring the delivery of statutory functions and processes including, but not limited to, pastoral reorganisation, the Diocesan Advisory Committee, the Diocesan Board of Education (DBE), and the administration of parochial fees

### **4. Subsidiaries, related parties and volunteers**

#### ***Subsidiary Undertaking***

The CDBF has two trading subsidiaries, Sparrows Trading Company Limited (Sparrows), which provided high-quality childcare with Christian distinctiveness within the Diocese of Chelmsford until the provisions closed in the summer of 2020, and Chelmsford Diocesan Trading Company Limited (dormant) (see note 5 to the financial statements).

#### ***Other related parties include:***

- ◇ The Archbishops' Council to which the CDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod
- ◇ The Church Commissioners which acts on behalf of clergy with HM Revenue and Customs. The CDBF pays for clergy stipends through the Church Commissioners

#### **4. Subsidiaries, related parties and volunteers (continued)**

- ◇ The CDBF is in receipt of grant funding from the Church Commissioners (via the Archbishops' Council) for ministry support and special projects e.g. the Turnaround and Church Planting projects
- ◇ The Church of England Pensions Board, to which the CDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement
- ◇ The Vine Schools Trusts, and the Chelmsford Diocesan Educational Trust, which while separate and independent of the CDBF, have certain responsibilities in relation to church schools in the diocese and work with the DBE
- ◇ The Guy Harlings Trust, which provides office facilities free of charge under licence to the CDBF and the Cathedral Dean and Chapter and makes grants towards the upkeep of the premises
- ◇ The PCCs within the diocese
- ◇ St Mellitus College Trust, a Theological Education Institution which receives financial support from the CDBF and to which the CDBF pays fees for training of ordinands.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements and in particular note 24 to the financial statements.

#### **Volunteers**

CDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the Church is an indicator of the health of a Church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the Church particularly at times of crisis. Within this context, the CDBF greatly values the considerable time given by committee members and other volunteers across the diocese in pursuit of the mission of the CDBF. We particularly thank them for the additional support they have given during this challenging year.

There are many people who are unpaid but who hold official positions within the life of the church that carry authorisation, licence, or Permission to Officiate. This includes Churchwardens, who serve each local parish church, locally authorised preachers, pastoral carers, evangelists, and funeral ministers, plus Licensed Lay Ministers and Readers and our self-supporting ordained ministers.

#### **5. Planning for 2021**

The CDBF's planning for 2021 has a greater provisionality than would be normal as it is clear that the effects of the COVID-19 pandemic will continue. However, there is growing confidence that emergence from lockdown and a return to more normal patterns of living, working and worshipping will be possible.

Our actions to ensure financial sustainability that began in 2020 will continue to be our top priority with strict monthly monitoring of income and expenditure to enable rapid and proportionate decision making. We will continue to review the Parish Share System during 2021, including consultation at a local level to seek consensus on more equitable methods of supporting mission and ministry costs across the Diocese, reflecting factors such as relative economic deprivation.

We will continue to draw on support from both Government schemes (especially as we work to re-open the House of Retreat at Pleshey) and from the Church Commissioners' strategic, capacity and transformation funding, as appropriate.

The work on reducing stipendiary clergy numbers will be regularly reviewed. The speed of implementation may need to be accelerated if giving levels do not recover and could possibly slow down if giving levels increase.

The key strategic priorities articulated under the title of *Transforming Presence* will continue as described at the start of Section 2 above. In particular, there will be:

- firm plans agreed for our continuing work for and with children, young people and families

## **5. Planning for 2021 (continued)**

- continued progress on environmental matters and working towards carbon neutrality
- completion of plans to commission Mission and Ministry Units across all parts of the diocese
- continuing focus on church growth and the development of new Christian communities
- continuing encouragement of generous discipleship, including all aspects of stewardship and giving.

The second phase of our IT upgrade will be implemented to further increase systems resilience by reducing dependency on paper-based and legacy IT systems and in-house data storage.

We will continue to maintain a focus on safeguarding and working collaboratively with National Safeguarding Team including Past Case Review 2 (PCR2).

During the course of 2021, a significant number of key appointments will change. Most significantly, the new Bishop of Chelmsford, The Rt Revd Dr Guli Francis-Dehqani, will begin her ministry in the second quarter of the year. The Revd Rob Merchant was appointed as Dean of Mission, Ministry and Education in April, and Michaela Southworth will take up the post of Chief Executive and Diocesan Secretary from June.

These changes will inevitably lead to change in the ways the senior teams of the diocese are led. However, no immediate changes of strategic direction are expected. The new leadership of the diocese will play a vital role in planning for whatever our post-COVID world will require in 2022 and beyond.

## **6. Financial review**

### ***Financial Performance***

Against a balanced budget, the CDBF recorded a deficit of £1.1m for the year on its unrestricted funds before gains on revaluations of fixed assets. This arose due to an increased shortfall on voluntary giving from parishes through the Share scheme and clergy housing costs being higher than budgeted. These costs were offset by underspend on clergy stipends due to a higher than planned vacancy rate and other one-off income streams.

Parish Share, the money given by parishes to the CDBF to fund the mission and ministry of the diocese, is the main incoming resource for the CDBF providing two thirds of its income.

At £2.5m (2019: £1.3m) the net parish share shortfall was again worse than the previous year. This was disappointing. In cash terms total Share receipts reduced slightly and the percentage of requested Share collected fell to 84.8% (2019: 91.7%). Over half the shortfall is attributable to just 22 parishes. Despite the worsening in the overall position, most parishes increased their giving through Share. However, the Trustees consider the share shortfall unacceptably high and (as noted above) are investigating ways to address the financial challenges.

Despite the deficit, the CDBF has met all its financial obligations to continue resourcing the diocese as required, including the provision, development and support of ministry, the provision and maintenance of houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Chelmsford Diocese.

Income before other recognised gains and losses totalled £23.0m (2019 £23.8m) and expenditure amounted to £23.3m (2019: £21.4m).

The Statement of Financial Activities (SOFA) for the year shows net deficit of £0.3m (2019: income of £2.4m) before net gains and losses on the revaluation and sale of investments and the revaluation of fixed assets. These net gains totalled £18.2m (2019: £7.3m) and after these adjustments the net increase in all funds amounted to £17.9m (2019: £9.7m). Gains (or losses) are dependent on market volatility and the majority of the gains, of £15.7m, (2019: £6.2m) are ascribed to Endowment Funds and are therefore not available to spend.

The overall financial result for 2020 is satisfactory. This is due to the gains in investments and revaluations of fixed assets. The deficit before these items continues to give cause for concern.

## **6. Financial review (continued)**

Net cash inflow of £4.4m (2019: £2.4m) arose as net proceeds from the sale of investments and fixed assets covered the cash outflow on operating activities. CDBF continued to benefit from tight financial control which we will continue in 2021.

### ***Significant Property Transactions***

The Asset Investment and Management Policy adopted by the Trustees governs the management of operational and investment property. This Policy was updated in 2017 and approved in its updated form by the Trustees. The vast majority of the residential property portfolio is held for operational purposes. It is managed to achieve required quality standards at a consistent and efficient average annual cost of ownership.

Significant operational property transactions in the year comprised:

- ◇ Purchase of two residential properties (one outright and one mortgaged) to be used for housing stipendiary curates in training
- ◇ Purchase of three properties for housing stipendiary ecclesiastical office holders
- ◇ Sale of two properties surplus to operational requirements
- ◇ Sale of one glebe land holding.

Glebe land and property is held for investment purposes. The overall strategy is to retain a land holding, to seek to leverage value through long term development, and to dispose of less lucrative holdings and direct exposure to commercial property. During the year the CDBF agreed the sale of one land holding providing £0.9m of additional investment funds on completion. The usual cycle of rent reviews and lease renewals on glebe land continued as advised by the CDBF's land agents.

The Diocesan Stipends Capital Fund is available for providing and improving benefice and glebe property and when invested provides income for clergy stipends.

Residential properties are valued on the basis of a certified annual valuation.

### ***Balance Sheet Position***

The Trustees consider that the balance sheet together with details in note 18 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £325.3m (2019: £307.3m) it must be remembered that included in this total are properties, mostly in use as clergy housing, whose value amounted to £275.4m (2019: £263.3m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the CDBF.

### ***Reserves Policy***

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, and based on the Charity Commission guidance, the Trustees consider that an appropriate level of free general reserves is three months gross general fund expenditure, currently £4.8m. This policy was last reviewed and agreed by the Trustees in May 2020. The previous policy had been to hold not less than 10-days of reserves, which is £0.6m. The Finance Executive is charged with oversight over the reserves policy and with improving the free general reserves to meet the increased policy requirement.

After transfers, free general reserves at the year-end were in deficit by £0.5m (2019: deficit £1.1m) being the value of the General Fund excluding fixed assets. The Trustees previously recorded that free general reserves would fall if parish share shortfall did not materially improve. The Trustees continue to review designated funds with a view to bolstering general reserves in 2021. Net current assets in designated funds, excluding houses, amounts to £0.6m (2019: £1.7m). The Trustees consider that the CDBF has sufficient resources to meet its day-to-day operational needs despite the level of free reserves falling below the policy.

## **6. Financial review (continued)**

### Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 18. At 31 December 2020 total designated reserves were £25.9m (2019: £26.2m).

The Trustees approved the release of amounts from two designated funds into the general unrestricted fund during the year. £1.4m was transferred from the Mission Opportunities fund and a further £1.0m from the Closed Churches fund.

### Restricted and endowment funds

As set out in notes 18 and 26, CDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £8.9m (2019: £7.9m) and endowment funds totalled £288.4m (2019: £272.2m). Neither are available for the general purposes of the CDBF.

### **Liquidity Policy**

The CDBF has regular and predictable cash inflows (principally from parish share) and outflows (principally stipend, salary and pension payments). Less frequent cash movements include grant payments, which are also predictable. The largest cash movements relate to property transactions which are infrequent and normally have a clear lead time.

The CDBF aims to hold £2m cash in instant access accounts to meet its cash needs. Where cash balances fall below £1.2m or exceed £3.5m, the Executive will review the position and consider large forecast cash movements such as housing transactions, then take action as required, for example drawing down or adding to investments, a proportion of which are kept in near liquid holdings such as pooled funds with weekly dealing, with such transactions reported to Finance Executive. The CDBF has access to emergency borrowing via delaying payments to the Church Commissioners; this option is only to be used in extremis to resolve very short term needs. Due to the uncertainties surrounding income following the COVID-19 pandemic and lockdowns, this borrowing facility was utilised for a period of five months commencing August (relating to July stipends) but was repaid in full before the year end. The cash position is reported to the Trustees on a quarterly basis.

### **Grant making policy**

Contributions are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 9). Grants are paid to other charities e.g. PCCs and charitable projects which appear to CDBF to support the furtherance of its objects. The General Fund budget includes regular grants. Other grants are approved according to the terms of reference of the relevant fund.

### **Investment Policy**

The Trustees approved an integrated Asset Investment and Management Policy in 2014 developed under the oversight of the Investment Committee. The Policy was updated by the Investment Committee in 2017 and approved by the Trustees. This policy distinguishes between investment and operational assets and sets out the policy framework for both. In relation to investment assets the key principles in the policy may be summarised as follows:

- ◇ The overall objectives are to create sufficient income and capital growth to enable the CDBF to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance and enhancement of the value of assets while they are retained

## 6. Financial review (continued)

- ◇ Investment funds shall be operated and compared on a total return basis
- ◇ Relevant benchmarks include a target total return of CPI + 3% (previously RPI +3%)
- ◇ The CDBF requires its investment assets to be managed in compliance with the Church of England ethical guidelines, and ethical considerations shall form part of the dialogue with the Investment Managers. The Trustees will consider mixed-motive investment proposals which are expected to deliver financial returns and further the purposes of the charity
- ◇ The CDBF is assumed to be a perpetual charity and is able to take a long term view on investments, balanced against the short term needs of the charity for liquidity and resources to best realise its operational purposes.

The Trustees regularly review and retender Investment Managers. The last review was in 2016 and concluded with the reappointment of CCLA Investment Management Ltd and appointment of Cazenove Capital Management (a trading style of Schroder & Co. Limited).

	Funds at 31 December 2020	Proportion of portfolio	Income yield in year	Total return in year
	£000			
CCLA Managed CBF Investment Fund	23,214	53.7%	2.93%	10.2%
Cazenove Segregated portfolio	19,898	46.0%	2.09%	7.4%
Other funds	126	0.3%		
Total	43,238	100.0%		

### Fundraising

The CDBF is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees fully support the aims of this legislation. The majority of the CDBF's income comes from other charitable bodies and it undertakes very little direct fundraising activity involving individual donors. Examples include one-off appeals (e.g. the Lent Appeal) which are promoted generally through communications rather than targeting specific individuals; and the Friends of the Retreat House scheme where Retreat House guests are invited without pressure or obligation to join the 'Friends'. The CDBF considers the origin of unsolicited donations and legacies, does not share or purchase any donor data with or from third parties and, in 2020, did not engage with independent professional fundraisers. The CDBF did not receive any complaints in relation to fundraising or raise any matter with regulators in 2020.

### Going Concern

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

## 7. Custodian Trustee

The CDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the CDBF does not control them, and they are segregated from the CDBF's own assets by means of separate bank accounts. Such funds are predominantly managed by CCLA Investment Management Ltd or M&G Investments as determined by the managing trustees. The CDBF reserves the right to charge the managing trustees an administration fee where alternative investment managers are used in recognition of the additional complexity such arrangements cause. Further details of financial trust assets, whose market value amounted to £18.2m at 31 December 2020 (2019: £17.6m), are available from the CDBF on request, and are summarised in note 26.

Where properties are held as custodian trustee, the deeds are identified as such.

## **8. Principal risks and uncertainties**

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. The Finance Executive periodically reviews the risk register in detail. The Trustees are invited to review the risk register at least annually, leading to formal discussion and approval of the strategic risk register, setting out risks and mitigation strategies. The responsibility for delivery of the identified mitigation strategies is delegated to the executive staff or Bishops and Archdeacons as appropriate. A programme of internal audit is overseen by the Audit Committee and complements the CDBF's risk management activities.

The Trustees confirm that the major risks, to which CDBF 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 register identifies seven strategic risks with a pre-mitigation rating of 'high'. These risks and the associated mitigation strategies are as follows:

### Impacts from the COVID-19 pandemic:

The key impacts of the COVID-19 situation on the CDBF to date are both operational and financial:

- Closure of churches during 2020 and into 2021, and use of new technology to reach congregations and beyond
- Reduced parish share income and fee income due to the impact of church closures in 2020. Ongoing potential that income does not recover once churches are able to fully reopen due to reduced congregations or worsening economic conditions.
- Transition to a remote working model for staff during lockdown, and a hybrid model of office based and remote working as restrictions ease
- Effect on the investment portfolios held by the CDBF and other balances in the CDBF accounts that depend on investment valuations and market inputs, e.g. pensions schemes

### These impacts, and the associated risks for the CDBF, are explored in more detail below:

- 1) Church has adapted: during 2020 the global COVID-19 outbreak and social distancing measures introduced by government necessitated significant changes in how churches engage with their communities. We share in the sorrow of these communities at the effects of this virus. Regrettably, the pandemic has also resulted in postponement of most church activities, including weddings and baptisms, and significant restrictions on others such as funerals. However, we are delighted to see innovation and creativity across the diocese as we develop new ways of engaging with our communities, in particular the use of technology to live stream church services. The Communications department has been active in sharing of tools and resources to enable parishes to continue ministering in a virtual environment during this difficult time.
- 2) Parish share income: During the second quarter of 2020 parish share contributions fell as church buildings closed and parishioner giving dropped off. Many congregation members were affected by redundancy or furlough. Parish income also reduced as restrictions meant typical activities could not take place, meaning lower hall rental income, lower fee income from weddings and funerals and reduced revenue from fundraising events. Towards the end of 2020 renewed requests were made for parishes to make share contributions where possible, and many parishes were able to respond with great generosity. This meant parish share contributions increased in the fourth quarter of the year. The resulting collection percentage for the 2020 year, 84.8%, was better than feared at the start of the pandemic, although it remained lower than in previous years.

It is not yet clear whether parish share contributions will recover fully as churches are able to reopen. Uncertainty remains around whether congregational worship will return to previous patterns, and whether economic recovery will lead to a recovery in parish giving. Some parishes met 2020 share contributions from reserves and may have a reduced capacity to repeat this in 2021.

## **8. Principal risks and uncertainties (continued)**

### COVID-19 (continued)

Regular communications continue with Deanery Treasurers, PCC Secretaries and Parish Treasures reminding them of the importance of parish share for the ongoing payment of stipends. Support is offered via the Mission and Ministry Advisors who work in each Episcopal Area and they are actively engaging with parishes on financial issues.

Finance Executive reviews monthly parish share contributions received against expectations, and Diocesan Officers continue to model the potential impact on income for 2021 and beyond.

- 3) Remote working: In response to government guidance, the majority of CDBF staff have been working from home since March 2020. An urgent IT upgrade was initiated during 2020 to roll out laptops and introduce cloud-based systems to ensure home working could be successfully achieved.

Changes were introduced to office working practises to introduce COVID safety measures for those whose roles require access to hard copy files. These include increased cleaning frequency, limits on the number of staff in each work area, mandatory mask wearing in communal areas, and the provision of hand sanitiser.

Plans are being drawn up for a return to office working when government guidance permits and when the CDBF assesses it is safe to do so. Many staff have experienced benefits from home working, and policies are being developed to facilitate a greater degree of hybrid working for those staff who wish to combine working from home with a return to office based work.

We are grateful to all staff for how they have responded to this challenge and how they are ensuring the work of the CDBF can continue through these unprecedented times.

- 4) Effects on the investment portfolio: the initial fall in equity markets at the beginning of the COVID-19 outbreak reversed throughout the remainder of the 2020 year, and the CBDF's liquid investments managed by CCLA and Cazenove gave positive returns overall for the year. Investment valuations for defined benefit pension schemes have similarly not been experienced to the extent feared in early 2020.

In the housing portfolio there is a risk that a deterioration in house prices might reduce the value of the CDBF holdings. However the majority of these assets are held for operational purposes to house clergy, and a change in value would not have an immediate effect on the CDBFs activities since there is no reliance on these asset values to meet the operating expenditure.

Liquidity risk remains in that the majority of the CDBF's assets are illiquid in nature. Given the reductions in parish share income, and the ongoing liabilities for payment of salaries and stipends, there is a risk that the charity has insufficient liquidity to meet its obligations. This is compounded by the fact that any sale of liquid investments reduces the investment income available to meet expenditure. During 2020 £5m of liquid investments were sold to ensure sufficient cash balances were available to under unfavourable conditions.

The CDBF expects to be able to meet the cash flow required by the 2021 deficit budget through the sale of houses which are surplus to operational requirements. Should this be unachievable, the church commissioners have offered to forward fund stipend payments for a period of up to three months at an interest rate of 2%. In addition, the option of further sales of liquid investments remains as a backstop, although this would entail the consequence of reduced income in future years.



## **8. Principal risks and uncertainties (continued)**

### Increasing structural shortfall exacerbated by aging and/or declining membership:

This risk recognises the widening gap between costs and income. Parish share, a voluntary income stream which accounts for two thirds of the CDBF's overall income, continues to see significant shortfall and remains dependant on high levels of giving from older members. Attendance statistics continue to show decline. Funding from national church continues to reduce year on year, reducing the ability to meet costs and deliver strategy. In parallel, clergy numbers have not reduced as planned with slower than expected retirement rates.

- ◇ From *Subsidy to Sustainability* initiative began in 2019
- ◇ New vacancy management and deployment process seeks to enable sustainable deployment of stipendiary ministers
- ◇ Visible leadership on stewardship and development of plans for training and communication
- ◇ Implementation of a revised Share scheme is required given the new model has not worked as planned.
- ◇ *Transforming Presence* programme with its focus on evangelism
- ◇ Addressing decline by shaping of a vision for 101 New Christian Communities, and a renewed focus on Youth, Children's and Families work with additional resourcing in these areas.

### Safeguarding:

Safeguarding is a high priority for the diocese and it is an area which has seen significant investment in capacity and capability over the last few years. Nonetheless, the Trustees continue to consider safeguarding as a high risk. This is chiefly due to the unknown potential for new allegations of non-recent abuse, which may now come to light as survivors have greater confidence that the Church will take their disclosures seriously. Safeguarding allegations have a number of potential resource and reputational implications. For example: cases can absorb significant management and senior clergy time; there is the potential for financial claims; and PCCs may encounter difficulties if they are unable to demonstrate adequate insurance cover for the period in question. This risk also recognises the resource implications of developing national policy on safeguarding.

- ◇ Respond well to allegations of abuse and survivors including working effectively with statutory agencies
- ◇ Work with the national team on policy development and implement the Past Case Review 2 (PCR2) now scheduled to start in June 2021
- ◇ Additional resourcing secured to increase the capacity of the safeguarding team in advance of PCR2
- ◇ Continue to deliver safeguarding training to improve awareness and responsiveness across the diocese on this most vital matter
- ◇ Learn from experience and seek to continuously improve.

### Failure to amend or improve the current Parish Share scheme

This risk highlights numerous unintended consequences of the Parish Share scheme which have discouraged generosity and mutual support through widening inconsistencies between the assessments for parishes with similar contexts and resources. This exacerbates concerns about share shortfall due to perceptions of unfairness between parishes.

- ◇ Implement interim arrangements for the 2022 share assessment to address the most material unintended consequences by removing transformation funding differences between parishes which have or have not formed Ministry and Mission Units
- ◇ Determine a revised mechanism from 2023 onwards based on consultation at a local level to seek consensus on more equitable methods of supporting mission and ministry costs across the Diocese, reflecting factors such as relative economic deprivation.

### High profile national (external) events affecting mission and giving:

National Church discussions and decisions disaffect parts of this diocese leading to damage to mission and financial commitment.

- ◇ This is an external risk and therefore difficult to control, however the diocese is engaging with the Church of England on these issues including the shared conversations process and these issues are closely monitored by the Bishops
- ◇ Ongoing listening and engagement with groups from all traditions
- ◇ Continue to be mindful of possible tensions arising from the appointment of a female Diocesan Bishop and the Living in Faith and Love initiative.

## **8. Principal risks and uncertainties (continued)**

### Failure to optimise resourcing of ministry

Mission and Ministry Unit formation is not progressing as quickly as originally planned. Some Mission and Ministry Units could operate in a more collaborative manner to share resources. Archdeacons and Area Deans are prioritising on the ministry deployment challenges from reducing clergy numbers meaning Unit formation has received less focus than planned.

- ◇ Optimisation of resourcing to be considered in the context of changing ministry deployment and held in appropriate balance
- ◇ Renew focus on the formation of Mission and Ministry Units as we emerge from the effects of the COVID-19 pandemic

### Failure to successfully implement strategic change

Vacancy periods in the key leadership roles of Diocesan Bishop, Chief Executive and Dean of Mission, Ministry and Education could lead to uncertainty over the future strategic direction. There is a risk of difficulty in attracting vocations and new clergy to vacant posts, and a risk of loss of ability to implement change amongst the diocesan team.

- ◇ Announcement of The Rt Revd Dr Guli Francis-Dehqani as the new Bishop of Chelmsford is a key milestone in addressing this risk.
- ◇ Appointments of a new Chief Executive and Diocesan Secretary and a new Dean of Mission, Ministry and Education are anticipated in the second quarter of 2021.
- ◇ Interim leadership will maintain focus on the strategic priorities including Sustainability, Ministry Deployment, Church Planting and Growing Faith.

### Other risks

The strategic risk register covers a range of other risks relevant to the charity and its activities. As a complex charity with a relatively small workforce, key person risks are included among the risks considered by the Trustees.

## **Structure and governance**

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

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for stipendiary ecclesiastical office holders and employees. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. Our Diocese is divided into 24 deaneries, each with its own Synod and within each parish there is a Parochial Church Council (PCC) which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. In this diocese, as part of our re-imagining ministry priority, parishes are on a journey to working together as part of collaborative Mission and Ministry Units with common mission priorities and shared resources where appropriate.

Whilst each Diocese is separate with a clear responsibility for a specific geographical area, and each diocesan board of finance is a separate legal entity, being part of the Church of England requires and enables working together in a national framework and with national church institutions.

## **Structure and governance (continued)**

### ***Organisational structure***

The Diocese of Chelmsford was created in 1914. It spans the whole of Essex and five boroughs of East London. It covers an area of 1,531 square miles with an overall population in excess of three million.

The diocese is divided into three Episcopal areas by an Area Scheme under which the Diocesan Bishop, the Bishop of Chelmsford, has delegated certain authority to the Bishops of Barking, Bradwell and Colchester in relation to the Archdeaconries in those areas. Since 2013 there are seven Archdeaconries. Each Archdeaconry is subdivided into deaneries, there being a total of 24 deaneries across the Diocese at the end of 2018. The deaneries are further subdivided into 467 parishes. By the end of 2020, 31 Mission and Ministry Units had been approved, and most of these had been formally commissioned or were planning their commissioning by the year end.

### ***Diocesan governance***

The statutory governing body of the Diocese of Chelmsford 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, the Dean 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 each of the House of Clergy and the House of Laity and a maximum of eight members nominated by the Diocesan Bishop. The Diocese is governed by Standing Orders which were updated in June 2012.

The Diocesan Synod meets two or three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, the Bishop's Council Standing Committee or the Finance Committee.

### ***Company Status***

The company, The Chelmsford Diocesan Board of Finance (CDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 16 July 1914 as a charitable company limited by membership guarantees (No. 137029) and its governing instrument is the Memorandum and Articles of Association which were most recently amended by Special Resolution in June 2012. Revised Articles of Association were approved for submission to the Charity Commission in November 2018. CDBF is registered with the Charity Commission (No. 249505).

Every eligible member of Diocesan Synod is a member of CDBF for company law purposes and has a personal liability limited to £1 under their guarantee as a company member in the event of it being wound up.

### ***Decision-making structure***

Corporate priorities and the overall financial strategy for the Diocese (in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Chelmsford) are set by the Diocesan Synod and the CDBF. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council, hold up to six meetings during the year to formulate and coordinate policies on mission, ministry and finance.

## Structure and governance (continued)

### Decision-making structure (continued)

Certain executive functions of CDBF are undertaken by the Finance Committee, whose members are the Trustees and Directors of CDBF. The Finance Committee's terms of reference are as follows:

- ◇ Determine policy, in particular for: Ministry numbers, Clergy Stipends, Capital Budget, Revenue budget levels, Grant making and Investments
- ◇ Monitor such policy decisions
- ◇ Approve referral of Budgets to the Diocesan Synod
- ◇ Approve and sign the annual report and financial statements after receiving a report from the Audit Committee
- ◇ Agree remuneration of the Auditor each year
- ◇ Receive a report from the Finance Executive at each meeting
- ◇ Receive minutes from all Sub-Committees
- ◇ Handle any business referred by the CDBF, Diocesan Synod or Bishop's Council
- ◇ Create and dissolve Sub-Committees as required
- ◇ Appoint members of Sub-Committees and its representatives on other Diocesan bodies.

### Committee structure

The Finance Committee's remit is set out above; it is supported by its sub-committees:

<b>Finance Executive</b>	handles routine business on behalf of the Finance Committee and develops the budget and other proposals for Finance Committee's consideration.
<b>Finance Task Group</b>	holds delegated decision-making authority from the Finance Committee for a period of 12 months from May 2020 to allow rapid operational decisions following the impact of COVID-19.
<b>Audit Committee</b>	responsible for assisting the Finance Committee in the discharge of its responsibilities for financial reporting and internal control.
<b>Houses Committee</b>	responsible for making decisions concerning the operational management of all clergy houses for which the CDBF has responsibility.
<b>Investment Committee</b>	responsible for recommending policy and making decisions concerning the management of Glebe property and Investments.
<b>Remuneration and Governance Committee</b>	determines remuneration policy and annual salary awards, and oversees the effectiveness of governance across the CDBF.
<b>Diocesan Mission and Pastoral Committee</b>	(membership of which is co-terminus with the Bishop's Council) is responsible for pastoral reorganisation, taking account of clergy numbers and the need for new patterns of ministry.
<b>Diocesan Advisory Committee for the Care of Churches</b>	advises on matters concerning churches and places of worship such as the granting of faculties, 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.
<b>Diocesan Board of Education</b>	promotes education, religious education and religious worship in schools in the Diocese. It also promotes and advises governors of church schools in the Diocese.

## Structure and governance (continued)

### ***Bishop's Council and Finance Committee***

Bishop's Council consists of 17 ex officio members, 3 clergy elected by the House of Clergy from among their number (1 from each Episcopal area), 9 lay persons elected by the House of Laity from among their number (3 from each Episcopal area), 3 lay persons appointed by and from the membership of each Area Mission & Pastoral Committee (1 from each Episcopal area) and a maximum of 6 members nominated by the Diocesan Bishop.

Finance Committee consists of the Chair and Vice Chair of CDBF and those other members of the Bishop's Council not otherwise disqualified from membership such as persons remunerated by the CDBF.

### ***Trustee recruitment, selection and induction***

Trustees are members of the Finance Committee and are selected as set out above. Trustees are offered an induction when first appointed. Trustee training is arranged at the start of each triennium and subsequently as appropriate. An element of Trustee training is typically included in the programme for the annual day meeting. While some senior staff have job titles incorporating the title 'Director', they are not directors of the company for the purposes of company law. All Trustees are required to maintain their entry in the record of declarations of interest.

### Trustees' attendance at board meetings in 2020

	Number of meetings eligible to attend	Number of meetings attended	Percentage of eligible attended
Mrs Isabel Adcock	6	6	100
Canon Lynne Bennett	6	6	100
The Ven Christopher Burke	6	6	100
The Ven Elwin Cockett	6	6	100
The Rt Revd Stephen Cottrell (to 11/7/20)	3	1	33
Canon Veveet Deer	6	6	100
Canon Roger Ennals	6	6	100
Dr Richard Freeman	6	3	50
The Revd John Fry	6	6	100
Canon Dean Gillespie	6	5	83
Canon Robert Hammond	6	6	100
Mr Frank Hawkins	6	6	100
The Very Revd Nicholas Henshall	6	3	50
The Ven Vanessa Herrick	6	4	67
The Rt Revd Peter Hill	6	6	100
Canon Christine Horton	6	6	100
The Revd Simon Law (from 21/1/20)	6	6	100
Canon Jill Leonard	6	6	100
The Ven Mike Lodge	6	6	100
Mr Percy Lomax	6	5	83
Canon Harry Marsh	6	5	83
Canon Ronald McLernon	6	6	100
Miss Mary Moore	6	5	83
The Rt Revd Roger Morris	6	6	100
The Revd Canon Paul Norrington	6	5	83
The Ven Ruth Patten	6	6	100
The Rt Revd Dr John Perumbalath	6	6	100
Mr Brian Smith	6	5	83
The Ven Elizabeth Snowden	6	6	100
The Revd Canon Louise Williams	6	5	83

## **Structure and governance (continued)**

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

The Remuneration & Governance Committee reviews the emoluments of senior employees on an annual basis. The Committee's membership is the Chair of the CDBF, the Bishop of Chelmsford, and the Lay and Clergy Vice Presidents of Synod. The Committee also determines any cost of living pay increase for employed staff and reviews other matters relating to employee remuneration as required.

### ***Delegation of day to day delivery***

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Chief Executive & Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Chief Executive & Diocesan Secretary is given specific and general delegated authority to deliver the business of the CDBF in accordance with the policies framed by the Trustees.

### ***Funds held on behalf of schools***

The DBE (as incorporated within the CDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The DBE administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the DBE and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1.804m and £1.634m respectively (2019: £1.759m and £1.631m).

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the CDBF in consultation with the DBE and held in a CDBF restricted fund detailed in the accounts.

## **Trustees' responsibilities**

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

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements 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 the affairs of the CDBF and of the surplus or deficit of the CDBF for that period. In preparing these financial statements the Trustees are required to:

- ◇ Select suitable accounting policies and apply them consistently
- ◇ Observe methods and principles in the Charities SORP
- ◇ Make judgements and estimates that are reasonable and prudent
- ◇ State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- ◇ Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the CDBF and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the CDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the CDBF's website. Legislation in England & Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

### ***Statement of disclosure to the 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.

### ***Appointment of Auditors***

The re-appointment of haysmacintyre as auditors to the CDBF will be proposed at the Annual General Meeting.

## **Administrative details**

Company registration number	137029 (England & Wales)
Charity registration number	249505
Registered Office	53 New Street, Chelmsford CMI IAT
	Tel: 01245 294400
	<a href="http://www.chelmsford.anglican.org">www.chelmsford.anglican.org</a>

### **Trustees**

In accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the Trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and/or as at the date of signing were:

#### Ex Officio

##### **President**

The Rt Revd Stephen G Cottrell (to 11/07/20)

##### **Chair**

Mr Percy W Lomax

##### **Vice-Chair**

Mr Frank Hawkins

##### **Area Bishops**

The Rt Revd Peter Hill

The Rt Revd Roger A B Morris

The Rt Revd Dr John Perumbalath

The Ven Christopher Burke

The Ven Elwin W Cockett

The Ven Vanessa Herrick

The Ven Michael J Lodge

The Ven Ruth Patten

The Ven Elizabeth Snowden

The Very Revd Nicholas J Henshall

Canon Robert I Hammond

The Revd Canon Louise M Williams

### **Archdeacons**

#### **The Dean**

#### **Lay Vice-President**

#### **Clergy Vice-President**

### **Elected or appointed to fill a vacancy**

Mrs Isabel Adcock

Canon Harry Marsh

Canon Lynne Bennett

Canon Ronald V McLernon

Canon Vevet N Deer

Miss Mary E Moore

Canon Roger J Ennals

The Revd Canon Paul Norrington

Mr Richard Freeman

The Revd Simon Law (from 22/1/20)

The Revd John Fry

Mr Brian Smith

Canon Dean Gillespie

Canon Christine G Horton

Canon Jill S Leonard

No Trustee had any beneficial interest in the company during the year.



## Administrative details (continued)

### Senior Staff

The day to day management of the Chelmsford Diocesan Board of Finance is delegated to the Chief Executive. The officers who served during the year and at the date of signing are:

<b>Chief Executive &amp; Diocesan Secretary</b>	Joel Gowen (to 30/04/20) Roger Matthews (from 01/05/20)
<b>Chief Operating Officer</b>	Maureen Cole (from 01/04/20)
<b>Director of Communications &amp; Media</b>	Thomas Geldard (from 13/01/20)
<b>Head of Property</b>	Alex Reeve
<b>Director of Education</b>	The Revd Timothy Elbourne
<b>Director of Finance</b>	Michaela Southworth (from 08/02/21)
<b>Head of Finance</b>	Margaret Essery
<b>Dean of Mission, Ministry &amp; Education</b>	The Revd Canon Dr Roger Matthews (to 30/04/20) The Revd Andy Griffiths (from 01/05/20)
<b>Head of Service Delivery</b>	Nathan Whitehead

### Professional Advisers

<b>Auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
-----------------	---

<b>Solicitors and Registrars</b>	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
----------------------------------	--

<b>Bankers</b>	Barclays Bank plc 40-41 High Street Chelmsford CM1 1BE	National Westminster Bank Plc 4-5 High Street Chelmsford CM1 1FZ
----------------	--	---

<b>Investment Managers</b>	Cazenove Charities 12 Moorgate London EC2R 6DA	CCLA Investment Management Ltd 85 Queen Victoria Street London EC4V 4ET
----------------------------	--	--

<b>Glebe Property Agents</b>	Strutt & Parker Coval Hall Chelmsford CM1 2QF
------------------------------	---

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included above within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Percy W Lomax

Chair of the Chelmsford Diocesan Board of Finance

Date: 17 May 2021

## **Independent auditors' report to the members of The Chelmsford Diocesan Board of Finance**

### **Opinion**

We have audited the financial statements of The Chelmsford Diocesan Board of Finance for the year ended 31 December 2020 which comprise Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the trustees with respect to going 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' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

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

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

### **Matters on which we are required to report by exception**

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

## **Independent auditors' report to the members of The Chelmsford Diocesan Board of Finance**

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

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

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, 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 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the group relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- 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 in particular valuation of property assets and investment properties; and

**Independent auditors' report to the members of The Chelmsford Diocesan Board of Finance**

- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuation.

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 Auditors  
10 Queen Street Place  
London  
EC4R 1AG

Date: 11 June 2021

# The Chelmsford Diocesan Board of Finance

## Statement of financial activities For the year ended 31 December 2020

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General 2020 £000	Designated 2020 £000	Funds 2020 £000	Funds 2020 £000	funds 2020 £000	funds 2019 £000
<b>Income from:</b>							
Donations :							
Parish contributions	2	13,531		-	-	13,531	14,532
Other donations and legacies	2	3,310	278	2,504	-	6,092	4,649
Charitable activities	3	1,153	-	179	-	1,332	1,886
Investments	4	1,197	32	235	-	1,464	1,552
Other trading activities:							
Parsonage rents receivable		603	-	-	-	603	688
Other income	6	-	-	-	-	-	525
<b>Total income</b>		<b>19,794</b>	<b>310</b>	<b>2,918</b>	<b>-</b>	<b>23,022</b>	<b>23,832</b>
<b>Expenditure on:</b>							
<b>Raising funds:</b>							
Investment management	7	75	1	25	116	217	263
Charitable activities	8	20,234	93	2,531	195	23,053	21,197
<b>Total expenditure</b>		<b>20,309</b>	<b>94</b>	<b>2,556</b>	<b>311</b>	<b>23,270</b>	<b>21,460</b>
<b>Net income / (expenditure) before investment gains</b>		<b>(515)</b>	<b>216</b>	<b>362</b>	<b>(311)</b>	<b>(248)</b>	<b>2,372</b>
Net gains on investments	14	-	76	594	2,725	3,395	6,028
<b>Net income / (expenditure) before transfers</b>		<b>(515)</b>	<b>292</b>	<b>956</b>	<b>2,414</b>	<b>3,147</b>	<b>8,400</b>
Transfers between funds	18	1,544	(2,380)	-	836	-	-
<b>Net income / (expenditure) before other gains and losses</b>		<b>1,029</b>	<b>(2,088)</b>	<b>956</b>	<b>3,250</b>	<b>3,147</b>	<b>8,400</b>
Gains on revaluations of fixed assets	13	85	1,750	20	12,969	14,824	1,311
<b>Net movement in funds</b>		<b>1,114</b>	<b>(338)</b>	<b>976</b>	<b>16,219</b>	<b>17,971</b>	<b>9,711</b>
<b>Total funds brought forward</b>		<b>1,064</b>	<b>26,198</b>	<b>7,905</b>	<b>272,160</b>	<b>307,327</b>	<b>297,616</b>
<b>Total funds carried forward</b>		<b>2,178</b>	<b>25,860</b>	<b>8,881</b>	<b>288,379</b>	<b>325,298</b>	<b>307,327</b>

The notes on pages 32 to 60 form part of these financial statements.

**Summary income and expenditure account**  
**For the year ended 31 December 2020**

	<b>Total 2020 £000</b>	<i>Total 2019 £000</i>
Total income	<b>23,022</b>	23,832
Total expenditure	<b>(22,959)</b>	(21,102)
Operating profit	<b>63</b>	2,730
Net gains/(losses) on investments	<b>670</b>	1,236
Net income for the year	<b>733</b>	3,966
Other comprehensive income:		
Revaluation of fixed assets	<b>1,855</b>	(123)
Net assets transferred from/(to) endowments	<b>(836)</b>	(4,069)
Total comprehensive income	<b>1,752</b>	(226)

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 32 to 61 form part of these financial statements.

# The Chelmsford Diocesan Board of Finance

## Balance Sheet As at 31 December 2020

Company number: 137029

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	13	276,159	264,150
Investments	14	53,318	55,551
		<b>329,477</b>	<b>319,701</b>
<b>Current assets</b>			
Stock		19	27
Assets held for sale		3,715	-
Debtors: amounts falling due after more than one year	15	141	182
Debtors: amounts falling due within one year	15	2,439	2,104
Cash at bank and in hand		8,557	4,117
		<b>14,871</b>	<b>6,430</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(7,065)</b>	<b>(6,203)</b>
<b>Net current assets</b>		<b>7,806</b>	<b>227</b>
<b>Total assets less current liabilities</b>		<b>337,283</b>	<b>319,928</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(11,801)</b>	<b>(11,567)</b>
<b>Net assets excluding pension scheme liabilities</b>		<b>325,482</b>	<b>308,361</b>
Defined benefit pension scheme liabilities	22	(184)	(1,034)
<b>Net assets including pension scheme liabilities</b>		<b>325,298</b>	<b>307,327</b>
<b>Funds</b>			
Endowment funds (including investment revaluation reserve of £172.80m (2019: £160.76m))	18	288,379	272,160
Restricted income funds (including investment revaluation reserve of £2.51m (2019: £2.06m))	18	8,881	7,905
Designated funds (including investment revaluation reserve of £12.97m (2019: £0.67m))	18	25,860	26,198
General funds (including investment revaluation reserve of £1.96m (2019: £12.23m))	18	2,178	1,064
<b>Total funds</b>		<b>325,298</b>	<b>307,327</b>

The financial statements were approved and authorised for issue by the Trustees on 17 May 2021 and signed on their behalf, by:

**Mr Percy W Lomax, Chair**

The notes on pages 32 to 61 form part of these financial statements.

# The Chelmsford Diocesan Board of Finance

## Statement of cash flows For the year ended 31 December 2020

	2020 £000	2020 £000	2019 £000	2019 £000
<b>Net cash used in from operating activities</b>		<b>(1,514)</b>		<b>(1,304)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,464		1,552	
Interest paid	(207)		(286)	
Proceeds from the sale of tangible fixed assets	1,118		6,912	
Proceeds from the sale of investments	8,775		5,280	
Purchase of tangible fixed assets for the use of the CDBF	(2,310)		(6,186)	
Purchase of fixed asset investments	(3,147)		(4,276)	
<b>Net cash used in investing activities</b>		<b>5,693</b>		<b>2,996</b>
<b>Cash flows from financing activities</b>				
New loans received by CDBF	261		1,000	
Loans repaid by CDBF	-		(280)	
<b>Net cash provided by financing activities</b>		<b>261</b>		<b>720</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>4,440</b>		<b>2,412</b>
<b>Cash and cash equivalents at 1 January</b>		<b>4,117</b>		<b>1,705</b>
<b>Cash and cash equivalents at 31 December</b>		<b>8,557</b>		<b>4,117</b>
<b>Reconciliation of net income to net cash used in operating activities</b>				
		<b>2020 £000</b>		<b>2019 £000</b>
Net income for the year ended 31 December		<b>17,971</b>		<b>9,711</b>
<b>Adjustments for:</b>				
Depreciation		<b>96</b>		<b>106</b>
Gains on revaluation of fixed assets		<b>(14,824)</b>		<b>(1,311)</b>
Dividends, interest and rent from investments		<b>(1,464)</b>		<b>(1,552)</b>
Interest paid		<b>207</b>		<b>286</b>
Loss on sale of functional assets		<b>196</b>		<b>23</b>
Gains on investments		<b>(3,395)</b>		<b>(6,028)</b>
Decrease in stock		<b>8</b>		<b>-</b>
Decrease/(Increase) in debtors		<b>(294)</b>		<b>193</b>
(Decrease) in creditors		<b>(15)</b>		<b>(2,732)</b>
<b>Net cash used in operating activities</b>		<b>(1,514)</b>		<b>(1,304)</b>

The notes on pages 32 to 61 form part of these financial statements.

All cash and cash equivalents at 31 December 2020 and 31 December 2019 are cash in hand.



**Notes to the financial statements  
For the year ended 31 December 2020**

**I. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties which are included at their fair value as determined under the applicable valuation method as detailed below, and fixed asset investments which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS 102).

CDBF meets the definition of a Public Benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows:

**(a) Basis of consolidation**

The accounts for the CDBF have been prepared on a company only basis.

The CDBF has one wholly owned subsidiary Chelmsford Diocesan Trading Company Limited (company no. 8474175) which was dormant during the current and prior period. Chelmsford Diocesan Trading Company Limited had assets of £1 at the same date.

The Sparrows Trading Company Limited (company no. 8626895) ceased to trade in the summer of 2020. The company was dissolved on 23 March 2021.

**(b) Income**

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

- i) Parish Contributions are recognised as income of the year in respect of which it is receivable.
- ii) Rent receivable is recognised as income in the period with respect to which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) Parochial fees are recognised as income in the year to which they relate.
- vi) Donations other than grants are recognised when receivable.
- vii) Gains on disposal of fixed assets for the CDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) Stipends fund income. The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(c) Expenditure**

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the CDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) Pension contributions - the CDBF participates in three pension schemes to provide pension benefits based on final pensionable pay, namely the Church of England Funded Pensions Scheme (clergy), the Church of England Defined Benefits Scheme part of the Church Workers Pension Fund, and the Teachers Superannuation Scheme. The CDBF also participates in the Church of England Pension Builder Scheme (formerly known as Defined Contributions Scheme) part of the Church Workers Pension Fund. Details of the schemes are set out in note 22. The pension costs charged as expenditure represent the CDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which CDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.
- vi) Short term employee benefits including holiday pay are recognised as an expense in the period in which the service is received.
- vii) Employee termination benefits are accounted for on an accrual basis and in line with FRS 102.

**(d) Going concern**

The financial statements are approved during a period where there is uncertainty about the easing of lockdown restrictions following the coronavirus (COVID-19) pandemic. The ultimate economic and social impacts of the COVID-19 pandemic remain unclear, including whether congregational worship will return to previous patterns, and whether economic recovery will lead to a recovery in parish giving. Diocesan Officers are modelling scenarios regarding the potential medium-term impact on income, and reviewing expenditure plans as a result of this. However, having reviewed the funding facilities available to CDBF together with the expected future cash flows, the trustees have a reasonable expectation that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

**Notes to the financial statements  
For the year ended 31 December 2020**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(e) Tangible fixed assets and depreciation**

**Freehold properties**

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

**Properties for the charity's own use**

All houses (excepting properties subject to value linked loans shown below) are included in the balance sheet at professional market valuation. Such houses are revalued annually.

**Properties subject to value linked loans**

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

**Parsonage houses**

The CDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The CDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. Parsonage houses are revalued annually.

**(f) Other tangible fixed assets**

Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Solar PV panels	4% per annum straight line
Motor vehicles	25% per annum straight line
Computers	25% per annum straight line
Furniture and office equipment	20% per annum straight line

All capital expenditure over £1,000 is capitalised.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(g) Other accounting policies**

- i) Fixed asset investments - Investment properties include agricultural holdings and commercial properties which are professionally valued annually. Other investments are included in the balance sheet at market value and the gain or loss on revaluation taken to the Statement of Financial Activities.
- ii) Financial Instruments - Other than equity loans which are initially recognised at the amount received, with the carrying amount adjusted in subsequent years to reflect the value based on the proportion of the current value of the relevant property and any accrued interest, the company only has financial assets and liabilities of a kind that qualify as basic financial instruments.
  - a) **Debtors** - Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. At the end of each reporting period debtors are assessed for evidence of impairment. If an asset is impaired an impairment loss is recognised in the Statement of Financial Activities.
  - b) **Cash** - Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
  - c) **Creditors** - Basic financial liabilities, including trade and other payables and bank loans, are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at transaction price.
  - d) **Leases** - The company has entered into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause.

**(h) Fund balances**

Fund balances are split between unrestricted (general and designated), restricted and endowment funds.

- Unrestricted funds are the CDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the CDBF. There are two types of unrestricted funds:
  - ◆ General funds which the CDBF intends to use for the general purposes of the CDBF and
  - ◆ Designated funds set aside out of unrestricted funds by the CDBF for a purpose specified by the Trustees.
- Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the CDBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the CDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

**Notes to the financial statements  
For the year ended 31 December 2020**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(i) Capital expenditure on Voluntary Aided schools**

Contributions to capital expenditure from Department for Education and school governors are not recognised in the Statement of Financial Activities. Details of the turnover related to this activity are included in note 25.

The CDBF contributes to the improvement, extension and building of schools not under its control by making grants to the school governors concerned, and these are shown as such in the Statement of Financial Activities.

The CDBF does not recognise the value of the company's reversionary interest in the assets of closed schools until the ultimate proceeds of disposal have been received.

**(j) Judgements and estimates**

In the application of the accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

*Significant judgements*

- i) Valuation of Freehold properties and parsonage houses – All freehold properties and parsonage houses excluding those subject to value linked loans are revalued to their fair value annually using valuations provided by external professionals. Properties subject to value linked loans are revalued each year at the fair value based on the index linked current valuation basis.
- ii) Valuation of liabilities arising from the charity's obligation to meet deficit reduction payments for its multi-employer defined benefit pension scheme – These liabilities are revalued at each year end using discount rates which are reassessed annually.
- iii) Residual value of Freehold properties – The Trustees consider that the residual value of freehold properties is sufficiently high that depreciation would not be material.

*Sources of estimation uncertainty*

In the view of the Trustees there are no sources of estimation uncertainty affecting assets or liabilities at the balance sheet date that are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Notes to the financial statements  
For the year ended 31 December 2020**

**2. INCOME FROM DONATIONS**

**Parish Contributions**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total funds</b>	<i>Total funds</i>
	<b>General</b>	<b>Designated</b>			
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Parish share assessment for the year	<b>16,532</b>	-	-	<b>16,532</b>	16,432
Credits for fees and discounts	<b>(515)</b>	-	-	<b>(515)</b>	(520)
Shortfall in contributions	<b>(2,498)</b>	-	-	<b>(2,498)</b>	(1,356)
Payments in excess of assessment	<b>16</b>	-	-	<b>16</b>	14
Arrears for previous years	<b>(4)</b>	-	-	<b>(4)</b>	(38)
	<b>13,531</b>	-	-	<b>13,531</b>	14,532

All parish contributions in 2019 were unrestricted

**Other donations**

	<b>Unrestricted funds</b>	<b>Funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total funds</b>	<i>Total funds</i>
	<b>General</b>	<b>Designated</b>				
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Donations	<b>89</b>	-	<b>110</b>	-	<b>199</b>	432
Ministry Support Funding	<b>2,174</b>	-	-	-	<b>2,174</b>	2,352
Sustainability Funding	<b>1,000</b>	-	-	-	<b>1,000</b>	-
Strategic Development funding - Turnaround project	-	-	-	-	-	43
Allchurches Trust	-	<b>278</b>	-	-	<b>278</b>	144
Strategic Development funding - Church Planting project	-	-	<b>655</b>	-	<b>655</b>	389
Training for Ministry	-	-	<b>796</b>	-	<b>796</b>	685
City Church Fund	-	-	<b>721</b>	-	<b>721</b>	604
Strategic Capacity Fund	-	-	<b>160</b>	-	<b>160</b>	-
Strategic Ministry Fund	-	-	<b>18</b>	-	<b>18</b>	-
Other Grants	<b>47</b>	-	<b>44</b>	-	<b>91</b>	-
	<b>3,310</b>	<b>278</b>	<b>2,504</b>	-	<b>6,092</b>	4,649
<b>Total donations</b>	<b>16,841</b>	<b>278</b>	<b>2,504</b>	-	<b>19,623</b>	19,181

In 2019, £2,783,000 of other donations were unrestricted and £1,866,000 were restricted.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total funds</b>	<i>Total funds</i>
	<b>General</b>	<b>Designated</b>			
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Statutory fees and chaplaincy income	818	-	-	818	1,035
Printing and bookshop	70	-	-	70	175
Miscellaneous income	265	-	13	278	345
Diocesan Retreat House	-	-	166	166	331
	<u>1,153</u>	<u>-</u>	<u>179</u>	<u>1,332</u>	<u>1,886</u>

In 2019, £1,544,000 income was unrestricted and £332,000 was restricted.

**4. INCOME FROM INVESTMENTS**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total funds</b>	<i>Total funds</i>
	<b>General</b>	<b>Designated</b>			
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Dividends	796	32	222	1,050	1,152
Interest	12	-	13	25	11
Rent	389	-	-	389	389
	<u>1,197</u>	<u>32</u>	<u>235</u>	<u>1,464</u>	<u>1,552</u>

In 2019, £1,305,000 income was unrestricted and £247,000 was restricted.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**5. SUBSIDIARY TRADING ACTIVITIES**

The CDBF has two wholly owned subsidiaries. The Chelmsford Diocesan Trading Company Limited (company no. 8474175) was dormant during the current and prior period. Chelmsford Diocesan Trading Company Limited had assets of £1 at the same date. Sparrows Trading Company Limited (company no. 8626895) ceased to trade during 2020 and was dissolved on 23 March 2021.

**6. OTHER INCOME**

	<b>Unrestricted</b>	<b>Funds</b>	<b>Restricted</b>	<b>Endowment</b>	<b>Total</b>	<i>Total</i>
	<b>General</b>	<b>Designated</b>	<b>funds</b>	<b>funds</b>	<b>funds</b>	<i>funds</i>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<i>£000</i>
Gains on disposal of assets	-	-	-	-	-	25
Closed churches	-	-	-	-	-	500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-	525
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>



**Notes to the financial statements**  
**For the year ended 31 December 2020**

**7. FUND RAISING COSTS**

	Unrestricted General 2020 £000	Funds Designated 2020 £000	Restricted funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Investment management costs	75	1	25	116	217	263
<i>Total 2019</i>	107	-	22	134	263	

**8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	Unrestricted General 2020 £000	funds Designated 2020 £000	Restricted funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000
Resourcing ministry and mission	17,205	100	1,518	-	18,823
Grant funding of activities	1,666	(8)	367	-	2,025
Support costs	1,363	-	103	-	1,466
Diocesan Retreat House	-	-	211	-	211
Expenditure on Education	-	-	332	-	332
Loss on disposal of assets	-	1	-	195	196
	<b>20,234</b>	<b>93</b>	<b>2,531</b>	<b>195</b>	<b>23,053</b>

	Unrestricted General 2019 £000	Funds Designated 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Resourcing ministry and mission	14,954	127	648	-	15,727
Grant funding of activities	2,031	-	694	-	2,725
Support costs	966	-	646	-	1,612
Diocesan Retreat House	-	-	265	-	265
Expenditure on Education	-	-	320	-	320
Loss on disposal of assets	-	324	-	224	548
	<b>17,950</b>	<b>451</b>	<b>2,573</b>	<b>224</b>	<b>21,197</b>

**Notes to the financial statements  
For the year ended 31 December 2020**

**9. ANALYSIS OF GRANTS**

	<b>Grants to Individuals 2020 £000</b>	<b>Grants to Institutions 2020 £000</b>	<b>Total 2020 £000</b>	<i>Total 2019 £000</i>
Grants made	<b>389</b>	<b>1,636</b>	<b>2,025</b>	2,725
<i>Total 2019</i>	499	2,226	2,725	

**Reconciliation of grants payable**

	<b>2020 £000</b>	<i>2019 £000</i>
Accrued at 1 January	<b>667</b>	526
Grants payable for the year	<b>2,025</b>	2,725
Grants paid during the year	<b>(2,062)</b>	(2,584)
Total	<b>630</b>	667

**Payable as follows:**

in less than 1 year	<b>630</b>	667
---------------------	------------	-----

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**9. ANALYSIS OF GRANTS (continued)**

	No.	Individuals £000	Institutions £000	2020 £000	2019 £000
<b>From unrestricted funds for National Church responsibilities</b>					
Contributions to Archbishops' Council	1	-	1,236	1,236	1,228
<b>From unrestricted funds</b>					
PCC feasibility study	4	-	8	8	11
Churches Together organisations	2	-	13	13	12
Interfaith working	4	-	22	22	73
Other institutional grants	-	-	-	-	71
Ordinands in Training	41	377	-	377	456
Clergy for training	47	10	-	10	31
<b>Total from unrestricted funds</b>	<b>99</b>	<b>387</b>	<b>1,279</b>	<b>1,666</b>	<b>1,882</b>
<b>Total from designated funds</b>					
PCCs for mission projects	4	-	(8)	(8)	149
<b>From restricted funds</b>					
Overseas mission projects	-	-	-	-	25
Refugee support	2	2	-	2	12
PCCs for mission projects	15	-	321	321	628
Multi Academy Trust	1	-	44	44	29
<b>Total from restricted funds</b>	<b>18</b>	<b>2</b>	<b>365</b>	<b>367</b>	<b>694</b>
<b>Total</b>	<b>121</b>	<b>389</b>	<b>1,637</b>	<b>2,025</b>	<b>2,725</b>

**10. ALLOCATION OF SUPPORT COSTS**

	2020 £000	2019 £000
Resourcing ministry and mission	1,288	1,305
Education	228	307
<b>Total</b>	<b>1,516</b>	<b>1,612</b>

**Notes to the financial statements  
For the year ended 31 December 2020**

**11. NET INCOME**

This is stated after charging:

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Auditors' remuneration		
Audit fees	27	30
Other fees	-	-
Operating lease costs in the year	120	138
Depreciation charge	96	105
Interest paid	207	286
	<hr/>	<hr/>

**12. STAFF COSTS**

Staff costs were as follows:

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Wages and salaries	2,530	2,650
National Insurance contributions	250	235
Pension costs (note 22)	316	354
	<hr/>	<hr/>
	<b>3,096</b>	<b>3,239</b>
	<hr/> <hr/>	<hr/> <hr/>

The average number of persons employed by the company during the year was as follows:

	<b>2020</b> <b>No.</b>	<b>2019</b> <b>No.</b>
Support for parish ministry	80	79
Diocesan Retreat House	11	16
Secretaries to Archdeacons	7	7
	<hr/>	<hr/>
	<b>98</b>	<b>102</b>
	<hr/> <hr/>	<hr/> <hr/>

The average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

	<b>2020</b> <b>No.</b>	<b>2019</b> <b>No.</b>
Support for parish ministry	69	68
Diocesan Retreat House	5	7
Secretaries to Archdeacons	4	4
	<hr/>	<hr/>
	<b>78</b>	<b>79</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
For the year ended 31 December 2020**

**12. STAFF COSTS (Continued)**

The number of higher paid employees was:

	<b>2020 No.</b>	<b>2019 No.</b>
In the band £60,001 - £70,000	<b>3</b>	<b>2</b>
In the band £70,001 - £80,000	<b>-</b>	<b>-</b>
In the band £80,001 - £90,000	<b>1</b>	<b>1</b>

During the year the charity made employment termination payments totalling £16,947 (2019: £39,764).

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were:

<b>Chief Executive &amp; Diocesan Secretary</b>	The Revd Canon Dr Roger Matthews (from 01/05/20)
<b>Chief Executive &amp; Diocesan Secretary</b>	Joel Gowen (to 30/04/20)
<b>Interim Chief Operating Officer</b>	Maureen Cole (from 01/04/20)
<b>Director of Communications &amp; Media</b>	Thomas Geldard (from 13/01/20)
<b>Head of Property</b>	Alex Reeve
<b>Director of Education</b>	The Revd Timothy Elbourne
<b>Head of Finance</b>	Margaret Essery
<b>Dean of Mission, Ministry &amp; Education</b>	The Revd Canon Dr Roger Matthews (to 30/04/20)
<b>Head of Service Delivery</b>	Nathan Whitehead

Remuneration, pensions and expenses for these employees amounted to £509,000 (2019: £442,000).

**Clergy Stipends**

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

	<b>2020 £000</b>	<b>2019 £000</b>
Stipends	<b>8,212</b>	<b>8,001</b>
National Insurance contributions	<b>708</b>	<b>700</b>
Pension costs – current year	<b>2,166</b>	<b>2,034</b>
– deficit reduction	<b>910</b>	<b>896</b>
	<b>11,996</b>	<b>11,631</b>

The stipends of the Diocesan Bishop and three Suffragan Bishops are funded by the Church Commissioners and are in the range £37,670 - £46,180 (2019: £36,940 - £44,270). The annual rate of stipend, funded by the CDBF, paid to Archdeacons in 2020 and 2019 was in the range £36,270 – £37,000 and other clergy who were Trustees were paid in the range £26,880 – £27,410 for both years. The CDBF provides housing for the three Suffragan Bishops, the Archdeacons and the clergy who are Trustees. The Church Commissioners provide housing for the Diocesan Bishop.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**12. STAFF COSTS (Continued)**

No Trustee received remuneration for services as Trustee. The Trustees who received travelling and out of pocket expenses numbered 12, totalling £9,401 (2019: £13,584 for 12 Trustees) in respect of General Synod duties, duties as archdeacon and other duties as Trustees.

**13 TANGIBLE FIXED ASSETS**

	Freehold properties £000	Office equipment £000	Other fixed assets £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2020	263,375	1,042	841	265,258
Additions	2,240	70	-	2,310
Disposals	(1,310)	-	(6)	(1,316)
Revaluation surplus	14,824	-	-	14,824
Transfer to assets held for sale	(3,715)	-	-	(3,715)
At 31 December 2020	275,414	1,112	835	277,361
<b>Depreciation</b>				
At 1 January 2020	-	909	199	1,108
Charge for the year	-	62	34	96
On disposals	-	-	(2)	(2)
At 31 December 2020	-	971	231	1,202
<b>Net book value</b>				
At 31 December 2020	275,414	141	604	276,159
At 31 December 2019	263,375	133	642	264,150

If the freehold properties had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £000	2019 £000
Cost	103,083	103,657

The land and buildings were revalued on 31 December 2020 by Strutt & Parker LLP, Chartered Surveyors on an open market existing use basis.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**13 TANGIBLE FIXED ASSETS (continued)**

**Revaluations**

Two of the equity loans (note 18) are for the acquisition of freehold properties included above. The repayment terms are such that the amount repayable is quantified as a percentage of the sales proceeds. Accordingly, if the property is revalued the associated loan must also be restated.

The analysis of net gains on revaluations of fixed assets and loans is as follows:

	<b>2020</b>	2019
	<b>£000</b>	£000
Revaluation of fixed assets	<b>14,824</b>	1,440
Revaluation of equity loans	-	(129)
	<hr/>	<hr/>
Net gains per Statement of Financial Activities	<b>14,824</b>	1,311
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**14. FIXED ASSET INVESTMENTS**

	Listed Investments £000	Unlisted Investments £000	Investment Property £000	2020 £000	2019 £000
At 1 January	20,998	24,471	10,082	55,551	50,527
Additions	3,147	-	-	3,147	4,276
Disposals	(5,707)	(2,625)	(3)	(8,335)	(5,227)
Unrealised gains on revaluation	1,460	1,494	1	2,955	5,975
Market Value at 31 December	<u>19,898</u>	<u>23,340</u>	<u>10,080</u>	<u>53,318</u>	<u>55,551</u>
Historic value at 31 December	<u>15,838</u>	<u>15,436</u>	<u>4,122</u>	<u>35,396</u>	<u>39,131</u>

**Investments held by fund**

	Unrestricted funds General £000	Designated £000	Restricted Funds £000	Endowment Funds £000	Total 2020 £000
At 31 December 2020					
Listed investments	165	-	3,939	15,794	19,898
Unlisted investments	1,004	-	4,962	17,374	23,340
Investment property	-	-	-	10,080	10,080
Total	<u>1,169</u>	<u>-</u>	<u>8,901</u>	<u>43,248</u>	<u>53,318</u>
	Unrestricted Funds £000	Restricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000
At 31 December 2019					
Listed investments	-	152	3,629	17,217	20,998
Unlisted investments	-	1,049	4,687	18,736	24,471
Investment property	-	-	-	10,082	10,082
Total	<u>-</u>	<u>1,201</u>	<u>8,316</u>	<u>46,035</u>	<u>55,551</u>



**Notes to the financial statements**  
**For the year ended 31 December 2020**

**14. FIXED ASSET INVESTMENTS (continued)**

The analysis of net gains on investments is as follows:

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Realised gains	<b>440</b>	<i>53</i>
Unrealised gains on revaluation	<b>2,955</b>	<i>5,975</i>
	<hr/>	<hr/>
Net gains per Statement of Financial Activities	<b>3,395</b>	<i>6,028</i>
	<hr/> <hr/>	<hr/> <hr/>

**15. DEBTORS**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
<b>Due after more than one year</b>		
Loan to Sparrows Trading Company Limited (see below)	-	-
Loans to parishes	<b>107</b>	<i>144</i>
Equity loans	<b>29</b>	<i>29</i>
Other debtors	<b>54</b>	<i>9</i>
	<hr/>	<hr/>
	<b>141</b>	<i>182</i>
	<hr/> <hr/>	<hr/> <hr/>

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
<b>Due within one year</b>		
Trade debtors	-	-
Parish share	<b>431</b>	<i>296</i>
Charitable activities debtors	<b>597</b>	<i>680</i>
Parochial fees	<b>100</b>	<i>120</i>
Other loans and debtors	<b>395</b>	<i>212</i>
Grant income accrued	<b>57</b>	<i></i>
Prepayments and accrued income	<b>859</b>	<i>796</i>
	<hr/>	<hr/>
	<b>2,439</b>	<i>2,104</i>
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2020 CBDF has provided against the outstanding £60,000 loan to Sparrows Trading Company 999999 Limited (the company's subsidiary company) in full on the basis that it is potentially irrecoverable.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**16. CREDITORS: Amounts falling due within one year**

	2020 £000	2019 £000
Bank loans and overdrafts (note 17)	54	27
Trade creditors	510	438
Other taxation and social security	73	64
Closed Schools - amounts held pending determination	1,918	1,903
Devolved Formula Capital	733	796
School Condition Allocations	832	-
Pension contributions (note 22)	928	899
Other creditors	29	28
Accruals and deferred income	1,358	1,381
Grants accrued (note 9)	630	667
	<u>7,065</u>	<u>6,203</u>

**17. CREDITORS: Amounts falling due after more than one year**

	2020 £000	2019 £000
Bank loans	10,927	10,693
Equity loans	874	874
	<u>11,801</u>	<u>11,567</u>

National Westminster Bank Plc has made available mortgage facilities to fund the purchase of houses for curates. The total loan balance stands at £10.981m (2019: £10.72m) at the year end.

In May 2017 a facility of £10m was agreed. This facility, which is repayable in full at the end of 5 years, is secured on certain freehold properties. As at 31 December 2020 £10m was outstanding (2019: £9.72m).

A further loan of £1m was agreed in 2019. This is repayable in monthly instalments starting 13 months after the first drawdown. The final instalment is due 5 years after the first drawdown. As at 31 December 2020 £0.981m was outstanding (2019: £1.0m). This loan is secured on certain freehold properties.

Equity loans are made available by the Church Commissioners to assist with provision of housing for curates and other ministers. The terms are that the loan is repayable if the property is sold or ceases to be used for the purpose under which the loan was granted. The amount repayable to the Church Commissioners is the proportion of the current value of the property that the loan bore to the original purchase cost. Most loans incurred interest initially at 3% per annum but the rate thereafter varies with inflation: the average interest rate on these loans is 6%.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**18. SUMMARY OF FUNDS MOVEMENTS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 January 2020 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2020 £000
<b>Designated funds</b>						
Houses	23,455	-	(8)	-	1,750	25,197
Allchurches Trust	200	278	(2)	-	-	476
Strategic Change	20	-	(2)	-	-	18
Mission Opportunities	1,385	32	(8)	(1,381)	76	104
Diocesan Retreat House refurbishment	1	-	(1)	-	-	-
Turnaround Project	69	-	(69)	-	-	-
Closed Churches	999	-	-	(999)	-	-
Asbestos surveys	69	-	(4)	-	-	65
	<b>26,198</b>	<b>310</b>	<b>(94)</b>	<b>(2,380)</b>	<b>1,826</b>	<b>25,860</b>
<b>General funds</b>						
General Fund	1,064	19,794	(20,309)	1,544	85	2,178
Total Unrestricted funds	<b>27,262</b>	<b>20,104</b>	<b>(20,403)</b>	<b>(836)</b>	<b>1,911</b>	<b>28,038</b>
<b>Endowment funds</b>						
Stipends Fund Capital	77,605	-	(116)	836	4,178	82,503
Parsonage Houses	191,695	-	-	-	11,320	202,820
Permanent Endowment	2,860	-	(195)	-	196	3,056
	<b>272,160</b>	<b>-</b>	<b>(311)</b>	<b>836</b>	<b>15,694</b>	<b>288,379</b>
<b>Restricted funds</b>						
Diocesan Board of Education	5,625	305	(415)	-	481	5,996
Diocesan Retreat House	121	166	(211)	-	(9)	67
London Over the Border	1,890	808	(348)	-	142	2,492
Lent Appeal	6	10	(2)	-	-	14
Refugee Appeal	39	-	-	-	-	39
Church Planting project	(40)	655	(642)	-	-	(27)
Restructuring	196	-	(30)	-	-	166
Training for Ministry	45	796	(716)	-	-	125
Strategic Capacity	23	103	(117)	-	-	9
One off SCF	-	12	(12)	-	-	-
SCF Project Lead Young People	-	45	(45)	-	-	-
Strategic Ministry Fund	-	18	(18)	-	-	-
	<b>7,905</b>	<b>2,918</b>	<b>(2,556)</b>	<b>-</b>	<b>614</b>	<b>8,881</b>
Total of funds	<b>307,327</b>	<b>23,022</b>	<b>(23,270)</b>	<b>-</b>	<b>18,219</b>	<b>325,298</b>

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**18. SUMMARY OF FUNDS MOVEMENTS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 January 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2019 £000
<b>Designated funds</b>						
Houses	23,882	-	(324)	-	(103)	23,455
Allchurches Trust	148	144	(92)	-	-	200
Strategic Change	46	-	(26)	-	-	20
Mission Opportunities	1,233	156	(166)	-	162	1,385
Diocesan Retreat House refurbishment	1	-	-	-	-	1
Turnaround Project	114	43	(88)	-	-	69
Closed Churches	499	500	-	-	-	999
Asbestos surveys	77	-	(8)	-	-	69
	<u>26,000</u>	<u>843</u>	<u>(704)</u>	<u>-</u>	<u>59</u>	<u>26,198</u>
<b>General funds</b>						
General Fund	2,205	20,544	(17,803)	(3,842)	(40)	1,064
	<u>2,205</u>	<u>20,554</u>	<u>(17,803)</u>	<u>(3,842)</u>	<u>(40)</u>	<u>1,064</u>
Total Unrestricted funds	<u>28,205</u>	<u>21,387</u>	<u>(18,507)</u>	<u>(3,842)</u>	<u>19</u>	<u>27,262</u>
<b>Endowment funds</b>						
Stipends Fund Capital	69,493	-	(277)	4,069	4,320	77,605
Parsonage Houses	190,246	-	(81)	-	1,530	191,695
Permanent Endowment	2,484	-	-	-	376	2,860
	<u>262,223</u>	<u>-</u>	<u>(358)</u>	<u>4,069</u>	<u>6,226</u>	<u>272,160</u>
<b>Restricted funds</b>						
Diocesan Board of Education	4,928	293	(425)	(27)	855	5,625
Diocesan Retreat House	50	331	(265)	-	6	121
London Over the Border	1,685	649	(679)	-	233	1,890
Lent Appeal	6	25	(25)	-	-	6
Refugee Appeal	51	-	(12)	-	-	39
Church Planting project	(71)	389	(358)	-	-	(40)
Restructuring	518	-	(121)	(200)	-	196
Training for Ministry	33	685	(673)	-	-	45
Strategic Capacity	(12)	73	(38)	-	-	23
One Offs	-	-	-	-	-	-
	<u>7,188</u>	<u>2,445</u>	<u>(2,595)</u>	<u>(227)</u>	<u>1,094</u>	<u>7,905</u>
Total of funds	<u><u>297,616</u></u>	<u><u>23,832</u></u>	<u><u>(21,461)</u></u>	<u><u>-</u></u>	<u><u>7,339</u></u>	<u><u>307,327</u></u>

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**18. SUMMARY OF FUNDS MOVEMENTS (continued)**

**SUMMARY OF FUNDS - CURRENT YEAR**

	Balance at 1 January 2020 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2020 £000
Designated funds	26,198	310	(94)	(2,380)	1,826	25,860
General funds	1,064	19,794	(20,309)	1,544	85	2,178
	<u>27,262</u>	<u>20,104</u>	<u>(20,403)</u>	<u>(836)</u>	<u>1,911</u>	<u>28,038</u>
Endowment funds	272,160	-	(311)	836	15,694	288,379
Restricted funds	7,905	2,918	(2,556)	-	614	8,881
	<u>307,327</u>	<u>23,022</u>	<u>(23,270)</u>	<u>-</u>	<u>18,219</u>	<u>325,298</u>

**SUMMARY OF FUNDS - PRIOR YEAR**

	Balance at 1 January 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2019 £000
Designated funds	26,000	843	(704)	-	59	26,198
General funds	2,205	20,544	(17,803)	(3,842)	(40)	1,064
	<u>28,205</u>	<u>21,387</u>	<u>(18,507)</u>	<u>(3,842)</u>	<u>19</u>	<u>27,262</u>
Endowment funds	262,223	-	(358)	4,069	6,226	272,160
Restricted funds	7,188	2,445	(2,595)	(227)	1,094	7,905
	<u>297,616</u>	<u>23,832</u>	<u>(21,461)</u>	<u>-</u>	<u>7,339</u>	<u>307,327</u>

**ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	Unrestricted Funds General 2020 £000	Designated 2020 £000	Restricted funds 2020 £000	Endowment funds 2020 £000
From closed churches to general fund	999	(999)	-	-
From mission opportunities to general fund	1,381	(1,381)	-	-
From general fund to Stipends endowment for reduction of pensions deficit	(836)		-	836
	<u>1,544</u>	<u>2,380</u>	<u>-</u>	<u>836</u>

**Notes to the financial statements  
For the year ended 31 December 2020**

**18. SUMMARY OF FUNDS MOVEMENTS (continued)**

**Designated funds:**

<b>Houses Fund</b>	This fund represents monies allocated to clergy housing
<b>Allchurches Trust</b>	This fund represents grants received from Allchurches Trust and is to be distributed at the discretion of the Bishop of Chelmsford
<b>Strategic Change</b>	This fund represents monies allocated for strategic change predominantly the Transforming Presence Programme
<b>Mission Opportunities fund</b>	This fund represents monies allocated for new mission initiatives
<b>Diocesan Retreat House Refurbishment</b>	This fund represents monies allocated to improve facilities at the Retreat House
<b>Turnaround Project</b>	This fund represents monies allocated to a 'turnaround' project to improve mission and financial performance
<b>Closed Churches</b>	This fund represents proceeds from the sale of closed churches which have been set aside to cover future costs arising on other churches in the diocese closed for public worship

**General Funds:**

<b>General Fund</b>	This fund is available for any purpose within the objects of the CDBF
---------------------	---

**Endowment Funds:**

<b>Stipends Fund Capital</b>	This fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends
<b>Parsonage Houses</b>	This fund represents the value of all the benefice houses (parsonages) in the Diocese
<b>Permanent endowments</b>	The income of these funds is available to be spent within the General Funds

**Restricted Funds:**

<b>Diocesan Board of Education</b>	The Diocesan Board of Education is an unincorporated body constituted in accordance with the Diocesan Boards of Education Measure 1991 (No.2). This includes the pooled sale proceeds of closed church schools and the unspent balance of the grant received from the Hockerill Educational Foundation
<b>Diocesan Retreat House</b>	The Diocesan Retreat House at Pleshey is operated as a separate activity. Under the terms of the trust for the Retreat House, all income must be expended within the centre and, therefore, this is treated as a restricted fund within CDBF's accounts
<b>London Over the Border</b>	The Council is instituted to administer specific funds for the benefit of parishes within five specified deaneries of the Diocese
<b>Lent Appeal</b>	This fund represents income from the Bishop's Lent Appeal
<b>Refugee Appeal</b>	This fund represents income from the Bishop's Refugee Appeal
<b>Church Planting Project</b>	This fund represents grants received from the Church Commissioners towards the cost of the on-going development of resource churches and a network of new church communities in 5 strategic mission priority areas
<b>Restructuring (transition) Funding</b>	This fund represents grants received from the Church Commissioners to aid the Diocese to transition to new funding arrangements
<b>Training for Ministry</b>	This fund represents grants received from the Archbishops' Council to assist in the funding of training clergy

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted General 2020 £000	Funds Designated 2020 £000	Restricted funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	2,696	39,919	340	233,204	276,159
Fixed asset investments	1,169	-	8,901	43,248	53,318
Assets held for sale	-	2,085	-	1,630	3,715
Debtors due after more than one year	137	-	4	-	141
Current assets	375	(4,306)	3,540	11,406	11,015
Creditors due within one year	(2,182)	(54)	(3,904)	(925)	(7,065)
Creditors due in more than one year	(17)	(11,784)	-	-	(11,801)
Defined benefit pension scheme liabilities	-	-	-	(184)	(184)
	<u>2,178</u>	<u>25,860</u>	<u>8,881</u>	<u>288,379</u>	<u>325,298</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted General 2019 £000	Funds Designated 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	2,603	38,315	320	222,912	264,150
Fixed asset investments	-	1,090	8,316	46,145	55,551
Assets held for sale	-	-	-	-	-
Debtors due after more than 1 year	178	-	4	-	182
Current assets	267	(1,357)	2,304	5,033	6,247
Creditors due within one year	(1,964)	(303)	(3,039)	(896)	(6,202)
Creditors due in more than one year	(17)	(11,550)	-	-	(11,567)
Provisions for liabilities and charges	-	-	-	(1,034)	(1,034)
	<u>1,067</u>	<u>26,195</u>	<u>7,905</u>	<u>272,160</u>	<u>307,327</u>

**20. CONTINGENT LIABILITIES**

There were no contingent liabilities at the balance sheet date.

**21. CAPITAL COMMITMENTS**

There were no capital commitments at the balance sheet date.

**Notes to the financial statements  
For the year ended 31 December 2020**

**22. PENSIONS**

Chelmsford DBF participates in four pension schemes:

- A. Church of England Funded Pensions Scheme
- B. Church Workers Pension Fund DBS
- C. Church Workers Pension Fund Pension Builder
- D. Teachers Pension Scheme

The Church of England Funded Pensions Scheme (CEFPS) and the Church Workers Pension Fund (CWPF) are multi-employer last man standing defined benefit pension schemes for which the CDBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the CDBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the CDBF. A valuation of each scheme is carried out once every three years.

**A. Church of England Funded Pensions Scheme (CEFPS) - the Clergy defined benefit pension scheme**

Chelmsford 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 the specific Responsible Body and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £2.142m, 2019: £2.034m), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £2.216m for 2020 (2019: credit of £1.139m).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- ♦ An average discount rate of 3.2% p.a.;
- ♦ RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- ♦ Increase in pensionable stipends of 3.4% p.a.;
- ♦ Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.



**Notes to the financial statements**  
**For the year ended 31 December 2020**

**22 PENSIONS (continued)**

**A. Church of England Funded Pensions Scheme (CEFPS) - the Clergy defined benefit pension scheme (continued)**

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions payable under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and 2020 is set out in the table below.

	2020 £000	2019 £000
Balance sheet liability at 1 January	1,930	5,999
Deficit contribution paid	(910)	(896)
Interest cost (recognised in SOFA)	16	117
Remaining change to the balance sheet liability* (recognised in SOFA)	58	(3,290)
Balance sheet liability at 31 December	<u>1,094</u>	<u>1,930</u>

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1 % pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6 % pa	1.3% pa	1.6% pa

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

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**22 PENSIONS (continued)**

**B. Church Workers Pension Fund (CWPF) - Lay Workers Defined Benefits Scheme**

The CDBF 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 schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014 (see section C below). The Defined Benefits Scheme ("DBS") section of the CWPF provides benefits for lay staff based on final pensionable salaries.

The CDBF has not had any active members in the DBS since March 2018.

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS 102. It is not possible to attribute the scheme's 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 the DBS.

This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £9,000, 2019: £9,000) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £9,000 for 2020 (2019: £9,000).

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

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,000 per year.

Section 28.1A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020 £000	2019 £000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability*(recognised in SOFA)	-	-
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/>	<hr/>

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

**Notes to the financial statements  
For the year ended 31 December 2020**

**22 PENSIONS (continued)**

**B. Church Workers Pension Fund (CWPF) - Lay Workers Defined Benefits Scheme (continued)**

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

	<b>December 2020</b>	<b>December 2019</b>	<b>December 2018</b>
Discount rate	nil	nil	nil

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

The next valuation of the scheme is being carried out as at 31 December 2019.

**C. Church Workers Pension Fund (CWPF) - Pension Builder Classic and Pension Builder 2014**

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

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

**Pension Builder Scheme**

The Pension Builder Scheme of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2020: £262,000, 2019: £250,000).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

**Notes to the financial statements  
For the year ended 31 December 2020**

**22 PENSIONS (continued)**

**D. Teachers' Pension Scheme (TPS)**

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employees are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The CDBFT employer's pension costs paid to the TPS in the year amounted to £46,000 (2019 £41,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS102 the TPS is a multi employer scheme. The CDBF has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer contribution rate was increased to 23.6% in August 2019 following the TPS 2016 valuation.. Prior to August 2019 the employer contribution rate was 16.48%.

The summary of all the schemes' liabilities at 31 December is:

**Amounts falling due within one year**

	<b>2020 £000</b>	<b>2019 £000</b>
Church of England Funded Pensions Scheme	<b>910</b>	896
Church Workers Pension Fund DBS	-	-
Church Workers Pension Fund - Pension Builder Classic and PB2014	<b>18</b>	3
	<hr/>	<hr/>
Total	<b>928</b>	899
	<hr/>	<hr/>

**Amounts falling due after more than one year**

	<b>2020 £000</b>	<b>2019 £000</b>
Church of England Funded Pensions Scheme	<b>184</b>	1,034
Church Workers Pension Fund DBS	-	-
	<hr/>	<hr/>
Total	<b>184</b>	1,034
	<hr/>	<hr/>

**Notes to the financial statements  
For the year ended 31 December 2020**

**23. OPERATING LEASE COMMITMENTS**

At 31 December 2020 the total of future minimum lease payments under non-cancellable operating leases was:

	<b>2020</b> <b>£000</b>	<i>2019</i> <i>£000</i>
Within 1 year	<b>28</b>	46
Between 2 and 5 years	-	14
After more than 5 years	-	-
	<hr/>	<hr/>
Total	<b>28</b>	60
	<hr/> <hr/>	<hr/> <hr/>

**24. RELATED PARTY TRANSACTIONS**

Transactions between Sparrows Trading Company Limited and the CDBF were as follows:

	<b>2020</b> <b>£000</b>	<i>2019</i> <i>£000</i>
Amount owing at 1 January	-	-
Loan advanced to Sparrows Trading Company Limited during the year	<b>60</b>	27
Amount written off	<b>(60)</b>	(27)
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Apart from the above and the trustee transactions disclosed in note 12, there were no other related party transactions in the financial year.

**25. CAPITAL EXPENDITURE ON VOLUNTARY AIDED SCHOOLS**

CDBF received funding on behalf of schools from the Department for Education, local authorities and from school governing bodies to finance building work amounting to £1,804,000 (2019: £1,759,000).

These funds were then utilised to pay for school building improvement works. Neither the income nor the expenditure are included in these accounts.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**26. FUNDS HELD AS CUSTODIAN TRUSTEE**

CDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the CDBF does not control them.

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
CBF Church of England Investment Fund income shares	<b>9,994</b>	<i>9,591</i>
CBF Church of England Investment Fund accumulation shares	<b>1,019</b>	<i>924</i>
CBF Church of England Fixed Interest Securities Fund shares	<b>305</b>	<i>348</i>
CBF Church of England Global Equity Income Fund income shares	<b>56</b>	
CBF Church of England Property Fund shares	<b>3</b>	<i>3</i>
COIF income and accumulation shares	<b>590</b>	<i>238</i>
Other common investment fund holdings (M&G)	<b>901</b>	<i>1,051</i>
Direct holdings in UK equities	<b>678</b>	<i>688</i>
CBF Church of England Deposit Fund	<b>4,659</b>	<i>4,783</i>
	<b>18,205</b>	<i>17,626</i>