CANTERBURY DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249972

Details

Status	Registered
Legal form	Charitable company
Company number	00145650
Registered	1966-11-02
Register	View on the Charity Commission register

Contact

Address	Diocesan Hosue Lady Woottons Green Canterbury Kent CT1 1NQ
Phone	01227 459401
Email	finance@diocant.org
Website	https://www.canterburydiocese.org

Activities

Objects: TO PROMOTE AND ASSIST THE WORK OF THE CHURCH OF ENGLAND FOR THE ADVANCEMENT OF THE CHRISTIAN RELIGION IN THE DIOCESE OF CANTERBURY.

Activities: The Board of Finance is the registered company of the Diocese of Canterbury to manage its financial affairs and hold its assets.The Diocese of Canterbury consists of the parishes of East Kent whose object is the promotion of the Gospel of our Lord Jesus Christ according to the doctrines and practices of the Church of England.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** Other Defined Groups

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Geography

- **Area of benefit:** DIOCESE OF CANTERBURY
- Kent

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£12,537,000	£11,888,000	£103,148,000	53
2023-12-31	£11,218,000	£11,836,000	£100,320,000	170
2022-12-31	£13,182,000	£11,594,000	£102,020,000	187
2021-12-31	£11,751,000	£11,503,000	£99,477,000	193
2020-12-31	£12,517,000	£11,274,000	£91,990,000	202

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Trustees

Name	Role	Appointed
Amanda Elizabeth Ann Boucherat		2023-10-07
Anthony Richter		2024-01-16
Dr John Pedder Moss		2019-01-18
Graham Clifford Codling		2022-01-01
Iain David Blythe		2024-04-01
Judith Ann Andrews		2025-12-10
Michael David William Darkins Rev		2026-06-01
Rev David Robert Malvern Monteith		2022-12-17
Rev Estella Ruth Last		2019-01-18
Rev Gareth Lee Dickinson		2022-01-01
Rev Simon Christopher Tillotson		2024-12-31
Sandra Ellis		2024-12-31
THE VENERABLE WILLIAM JONATHAN ADAM		2022-07-18
The Most Revd Dame Sarah Elisabeth Mullally		2026-03-25
The Revd Dr Andrew James Bawtree		2023-03-11
The Right Reverend Rose Hudson-Wilkin		2019-11-30
The Venrable Darren Miller		2018-01-13

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CANTERBURY DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249972

Accounts

Canterbury Diocesan Board of Finance

Trustees' Report and Financial Statements

31 December 2024

Company Limited by Guarantee
Registration Number
00145650 (England and Wales)

Charity Registration Number
249972

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Reference and administrative information

Trustees	
Ex-Officio Trustees	The Archbishop of Canterbury, The Most Revd and Rt Hon Justin Welby (resigned 12 November 2024) The Bishop of Dover, The Rt Revd Rose Hudson-Wilkin Peter Wyllie, Chair (resigned 1 January 2024) Anthony Richter (appointed 31 January 2024) The Very Reverend David Monteith, Dean of Canterbury Cathedral The Venerable Stephen Taylor (resigned 1 May 2024) The Archdeacon of Ashford, The Venerable Darren Miller The Archdeacon of Canterbury, The Venerable Dr William Adam The Archdeacon of Maidstone, The Venerable Andrew Sewell (resigned 18 January 2025) Revd Andrew Bawtree Canon Miranda Ford Dr John Moss
Elected Trustees	Canon Amanda Boucherat Graham Codling The Revd Gareth Dickinson Sandra Ellis (appointed 31 December 2024) The Revd Canon Estella Last Neil Logan-Green (appointed 31 December 2024; resigned 8 May 2025) Lt Col (Retd) Canon John Morrison (resigned 31 December 2024) The Revd Simon Tillotson (appointed 31 December 2024) The Revd Canon Dr Jeremy Worthen (resigned 31 December 2024)
Diocesan Secretary	The Venerable Stephen Taylor (until 31 March 2024) Mr Iain Blythe (appointed 1 April 2024)
Registered address	Diocesan House Lady Wootton's Green Canterbury Kent CT1 1NQ
Company Registration No.	00145650 (England and Wales)
Charity Registration No.	249972
Auditors	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers	Lloyds Bank plc 49 High Street Canterbury Kent CT1 2SE
Solicitors	Mowll Ltd Trafalgar House Gordon Road Whitfield Dover Kent CT16 3PN
Investment Managers	CCLA Investment Management Ltd 1 Angel Lane London EC2R 3AB

The Trustees present their annual report (incorporating the strategic report for Companies Act purposes) together with the audited financial statements for the year ended 31 December 2024.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the principal accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the southern province and York for the northern. Each province comprises dioceses, of which there are 41 in England. Each diocese is divided into deaneries and each deanery into parishes; and each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the "cure of souls" in their parish.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The Lords Spiritual, consisting of the two archbishops and 24 of the senior bishops sit in the House of Lords.

The Church of England is episcopally led and synodically governed. It is led by the Archbishops of Canterbury and York and there are a further 106 bishops including Diocesan Bishops and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. The members of General Synod belong to one of three groups or houses: The House of Bishops, The House of Clergy and the House of Laity, and General Synod meets in London or York at least twice annually to consider matters for the broader good of the Church.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Canterbury Diocesan Board of Finance (CDBF, the charity or the Board) was incorporated as a company on 29 December 1916 to manage the financial affairs of the diocese and to hold its assets. Every member of Diocesan Synod is a member of CDBF for company law purposes, and similarly Archbishop's Council comprises the Trustees. The Board is a company limited by guarantee and as such has no share capital. The Board is a registered charity and its Trustees are the same people who serve as the Board of Directors for company law purposes. The Board together with its subsidiary entities comprises the 'group'.

The principal object of the charity and the group is to promote and assist the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury.

Method of appointment or election of Trustees

The management of the charity and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies adopted for the induction and training of Trustees

At the first meeting of the triennium, the triennium for the Trustees being the period January 2021 to December 2024, time is set aside for the induction and training of new Trustees and further training is provided where necessary during the triennium to ensure that all Trustees are kept fully informed of their responsibilities. Diocesan officers are always on hand to advise Trustees on supplementary issues.

Trustees' remuneration

The Trustees do not receive remuneration for their roles as trustees of the charity. The clergy members of the Board, as office holders within the diocese, receive housing and stipends as part of their clergy role.

Organisational structure and decision making

The Board, as Archbishop's Council, is responsible for working with the Bishop of Dover to shape the diocesan strategy and to monitor the outworking of that strategy. It sets overall objectives and priorities. The outworking of those objectives and strategies for the Diocese of Canterbury is conducted through two overarching frameworks. The frameworks (see below under policies and objectives) meet frequently to plan their own priorities and make appropriate decisions in support of the overriding strategies and objectives of the Diocese of Canterbury. The principal officers manage the day-to-day administration in conjunction with Archbishop's Council and respective frameworks as appropriate. The remaining staff assist in administration.

Related party relationships

CDBF makes contributions to the national Archbishops' Council towards the running costs of the National Church. The stipends of all parish priests are paid initially by the Church Commissioners and these are reimbursed by CDBF. The stipend of the Bishop of Dover together with the stipend of the Chaplain, the salaries of the Bishop's office staff and the Archdeacon of Maidstone's stipend are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne by the Dean and Chapter of Canterbury Cathedral and is not included in these financial statements. The Board considers that the following are subsidiary companies or connected charities:

Subsidiary Companies:

- Canterbury Diocesan Enterprises Limited (CDEL)
- Diocesan Architectural Service Limited (DASL)
- Ethos School Improvement Limited (ESIL)
- The Social Justice Network (SJN)

Connected Charities:

- The Diocese of Canterbury Academies Company Limited (DCACL)

Risk management

The Trustees have assessed the major risks to which the charity and the group are exposed, in particular those related to the operations and finances of the charity and the group and are satisfied that appropriate systems and procedures are in place to mitigate exposure to the major risks. The Trustees, through the Finance and Assets Committee, undertook a comprehensive review of the strategic, business and operational risks throughout 2024.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)
The key risks facing the Board of Finance are:

- Non-payment of full Parish Share.

  The Trustees continue to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the general fund. The Trustees also monitor, on a regular basis, the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share. Where potential issues are identified the finance team work with the Archdeacons and Deanery Treasurers to mitigate and minimise any risks identified.

- A failure to take appropriate safeguarding precautions and implement suitable policies to protect all those who come within the care of our churches.

  CDBF takes extremely seriously the need for strong safeguarding procedures and controls. The Trustees are ultimately responsible for overseeing the implementation and review of policies and procedures for safeguarding children and vulnerable adults throughout the diocese; and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults. There is in place a structure with an Independent Safeguarding Chair and policies that ensure full rigor when addressing safeguarding issues. The lessons learned from historic sexual abuse cases continue to reform the way the Church of England and the CDBF do things. All Church officers, Trustees, staff and volunteers are trained in diocesan safeguarding policy and best practice and the Diocesan Safeguarding Advisors are available to give advice.

  There are clear procedures in place for reporting all safeguarding concerns.

- IT and systems failures.

  The Trustees are aware of the threat posed by those with malicious intent and cyber-security is taken very seriously. The Trustees are aware also of the need to ensure the strongest possible defences against attack including the upgrading of software and hardware. To strengthen our defences against attack, via malicious emails and phishing attacks, staff are trained to follow best practice and to be alert to malicious emails and other potential IT risks. We have an ICT board which keeps cyber security and related issues under review.

- The charity's key assets comprise properties and listed investments. Cash flow issues may arise because of the timing of capital transactions and poor investment performance may lead to losses being incurred.

  Property maintenance is of key importance, ensuring that the buildings are maintained to a high standard and that preventative action is taken before matters become real problems. The charity has a highly skilled Property Team with many years of experience looking after residential, office and historic buildings. The timing of property transactions is planned carefully to ensure that they do not give rise to adverse cash flow issues.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

The value of the charity's listed investments is dependent on movements in the UK and world stock markets. The charity's financial position, therefore, is exposed to the risk attached to such investments. To control against this risk, the charity's investments are managed by reputable investment managers who adhere to the investment policy agreed by the Trustees. Representatives of the charity meet with the investment managers on a regular basis to monitor performance and to discuss the charity's investment strategy generally to ensure it remains appropriate – both now and into the future.

OBJECTIVES AND ACTIVITIES

Policies and objectives

In planning the activities of the charity for the year, the Trustees have considered the guidance on public benefit issued by the Charity Commission. In common with the Church of England, the diocese strives to ensure that in every local community there is a worshipping, welcoming and serving congregation, working with Christians of other traditions and people of goodwill, witnessing to the transforming power of the love of God as seen in Jesus. Our strategic document approved by Synod in 2021 is called Towards a Flourishing and Sustainable Future with 'Changed Lives→Changing Lives' as its strap line.

It contains the following vision statement for our diocese:

By God's grace we want to be a people who are…
…confident & creative disciples of Jesus Christ
…rooted in scripture and drenched in prayer
…living gratefully, giving generously, caring for creation & sharing the gospel
…growing in number & expectations of God and ourselves
…motivated by justice & open to the Spirit & ready for adventure!
Therefore we will[1] …

[1] Therefore we will… is a recognition that words without actions are empty. It is a commitment to taking real steps now to make this vision a reality soon. We encourage all parishes to consider this vision carefully for themselves, to explore together what actions they will commit to take and what their local 'Therefore we will… ' will look like.

The 2021 "Towards a Flourishing and Sustainable Future" document created a Blueprint for our strategic themes. In July 2023 Diocesan Synod adopted Three Bold Outcomes for 2030, which are aligned to the six national bold outcomes. They provide an overall direction of travel and are used to assess business cases for investment.

- Every parish, benefice and deanery showing signs of revitalisation.
- Doubling the number of children and young disciples.
- 200 new Christian communities.

There is a Strategic Programme Board that meets regularly to oversee progress with our strategy and this reports to Archbishop's Council and is where investment decisions are taken. Frameworks and deaneries are the key agents of delivery and change. Diocesan Synod receives regular progress reports.

OBJECTIVES AND ACTIVITIES (continued)

Policies and objectives (continued)

In addition to the Board of Education there are two frameworks within the diocesan organisation which support deaneries and parishes in their mission.

- Mission and Ministry
- Children and Young People

Towards the end of 2022 the Church Commissioners announced significant funding for the next three triennia (2023 to 2031) for bold long-term investment in the ministry and mission of the Church of England. CDBF intends to apply for significant funding from this source to enable us to achieve our strategic objectives.

Grant making policies

Contributions to Archbishops' Council to fund National Church responsibilities are treated as grant funding.

SCA (School Conditional Allocation) grant funding is recognised as income in the Statement of Financial Activities along with the related committed expenditure.

CDBF, through its Mission Resources Group, allocates the Church Commissioners Lowest Income Communities (LInC) funding award (£864k) to the neediest parishes in accordance with the LInC criteria.

We have awarded modest grants towards the Deaneries to support their administration.

Raising funds

The charity raises funds through Parish Share and on occasion receives other donations and voluntary income. It aims to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care both in the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial church councils, donors and supporters. It applies best practice to protect their data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

ACHIEVEMENTS AND PERFORMANCE

Key financial performance indicators

Current year Parish Share receipts represent 83.6% of the total apportioned (2023 – 89.7%) or, when deferred receipts for previous years are included, 85.1% (2023 – 90.0%). This shortfall of 14.9% (2023 – 10%) represents £1,091k (2023 - £819k) in cash terms. Our aspiration is always to collect 100% of Parish Share.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities

The diocese continues to strive to resource effective mission, ministry and growth throughout its parishes. Working with Deanery Plans, many parishes and deaneries are capturing the vision for new approaches and new forms of Church which is transforming growth and spiritual development. Wherever possible, archdeacons and diocesan officers work closely with deaneries to re-energise the mission and ministry of every parish with **Three Bold Outcomes** under consideration:

1) to double the number of young people in our churches across the diocese,

2) to create 200 new Christian Communities and

3) to revitalise every parish and benefice.

The details of how this will be achieved have begun to be described in the 16 Deanery Plans where we hope to be able to gauge more accurately what kind of support is needed and where there are examples of good ideas working.

We had an average of 108 paid clergy in 2024 and 120 active voluntary Readers at the end of 2024. Our Canterbury Diet provides a rolling programme for all our clergy - the three elements of Leadership, Mission and Pastoral Care.

The Church of England published the five National Safeguarding Standards at the end of 2023 and our work in 2024 has focussed on helping both Diocese and parishes embed these standards throughout. To support embedding the NSS and ensuring compliance with the Safeguarding Code of Practice and other Safeguarding Guidance, we purchased a licence for the Parish Safeguarding Dashboard and Dashboard Hubs. These were launched in February 2024 to help parishes with their safeguarding responsibilities. In January 2024, the Annual Safeguarding Conference was held with the Diocese of Rochester, with over 250 delegates booked in, exploring themes of stalking and support for victims of sexual violence. We managed a significant historic safeguarding case involving both parish and cathedral settings which led to the instigation of a Safeguarding Practice Review in September 2024. We have continued to offer trainer led training with over 435 places offered for both Leadership and PTO training. We also administrated 1,120 DBS checks across the Diocese. Following the publication of the Makin report into the abuse by John Smyth in November 2024, we saw a significant increase in the number of referrals made and we do not anticipate this slowing down. We currently continue to provide Cathedral Safeguarding Officer support to Canterbury Cathedral under a Service Level Agreement.

Our Missional Learning Communities and Deanery Action Learning sets continue to bring together groups of Christians from churches across the diocese looking to change the culture and lay foundations for growth.

As a result of Government policies on migration, we have seen an increase of families from Afghanistan and asylum-seeking families coming from Kuwait, Palestine, and Syria. The number of families from Ukraine has not increased since the very limited take up of the Homes for Ukraine scheme last year. However, we head up ad hoc services for these.

Our work with refugees expanded even further in 2024. We responded to the needs of displaced families and of parishes welcoming them by increasing the reach of our services with casework as well as advocating at policy level.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

As a Diocese, we have offered accommodations to displaced families based on their needs and our availability. This is something we should be very proud of.

We provide online prayer resources for individuals and parishes bringing together a prayer diary and seasonal prayers, readings and reflections.

The face of ministry is changing as ordained clergy help equip and enable the ministry of everyone to ensure the Church is a Monday to Saturday Church, as well as a Sunday Church and is sustainable into the future. The impact of Coronavirus (Covid-19) has provided further impetus to reimagine ministry.

Income generation

The diocese received 79% of its unrestricted income from Parish Share, which is a voluntary payment from parishes.

The Church Commissioners allocate lowest income community funding grants (LInC grants) to the poorest dioceses and Canterbury received a grant of £863,722 in 2024 (2023 - £834,917). The diocese received an allocation from Benefact Trust of £97,073 in 2024 (2023 - £112,875) which supports our diocesan strategic projects.

Investment policy and performance

CDBF seeks to invest its funds for the best possible financial return consistent with its risk appetite and need for diversification. The investment objective for long term funds is to generate a minimum return of 5% in excess of inflation, as measured by the UK Consumer Prices Index. The investment objective for short-term and medium-term reserves is to preserve the real value of capital, minimise risk and obtain the best available return within these risk constraints.

CDBF has adopted an ethical investment policy which follows the ethical investment advice given by the Church of England Ethical Investment Advisory Group (EIAG) to the National Investing Bodies (NIBs): the Church Commissioners for England, the Church of England Pensions Board and the CBF Church of England Funds (managed by CCLA).

An improvement in investment markets in 2024 resulted in an increase in the value of our listed investments of £133k compared with £311k in 2023. This has resulted in the value of our listed investments increasing to £10.8m.

The listed investments are held in two funds at CCLA. The performance of the CBF Church of England Investment Fund on a total return basis was 5.1% for the year against the comparator benchmark of 15.30%. The performance of the CBF Church of England Property on a total return basis was 5.39% against the comparator benchmark of 5.05%.

The portfolios are reviewed with CCLA Investment Management Limited every year. Investments held by the Board have been acquired in accordance with powers available to the Trustees under the Memorandum and Articles of Association.

FINANCIAL REVIEW

Introduction

Archbishop's Council continues to work diligently to secure the financial position of the diocese whilst at the same time promoting effective mission, ministry and community throughout the area. The Church of England exists to promote the Gospel of Christ in every community and the diocese sees that the furtherance of that aspiration is the only way to secure the future of the Anglican Church in this diocese.

The Board's subsidiary company, Canterbury Diocesan Enterprises Limited (CDEL), is responsible for adopting a strategic approach to all property assets and maximising the value of any disposal proceeds. This company continues to work on several key projects and advises on property aspects of pastoral reorganisation and it continues to deliver vital resources to help the work of CDBF.

The total funds of the diocese include the value of all benefice parsonages within the parishes and these were valued at £56.6m in 2024 (2023 - £54.6m). CDBF is engaged on a rolling five-year process of revaluations of these properties. These properties are included in endowment funds recognising that they remain benefice property, although should they cease to be used as ministry houses then ownership is usually transferred to CDBF unrestricted funds.

Results for the year

Total income for the year amounted to £12.5m, an increase of £1.3m compared with 2023. The main reason for this was the gains on disposal of £1.0m in 2024, such high gain was not achieved in 2023. Parish Share was £106k lower than 2023 despite the increased budget set for 2024 but overall grants were £244k higher.

Other sources of income consist of other grant income, investment income, property rental income, parochial fees for weddings and funerals and the income for work done for third parties by the charity's subsidiary companies. Such income remains very important and is an essential contributor in keeping Parish Share requirements lower than they might otherwise be.

Expenditure amounted to £11.9m only marginally higher than 2023. Unrestricted expenditure increased by £304k but restricted expenditure decreased by £206k.

Net income before investment gains increased by £1,267k resulting in £649k surplus for the year. Small gains on investments totalling £133k resulted in net income of £782k. There was a gain of £2.0m on revaluation of tangible fixed assets and the result of these movements was an increase in net assets/reserves of £2.8m from £100.3m to £103.1m.

Financial position

The consolidated balance sheet showed total funds at 31 December 2024 of £103.1m (2023 – £100.3m) comprising:

	2024	2023
	£'000	£'000
General funds (including non-charitable trading funds)	**6,163**	5,310
Designated funds	**28,147**	29,365
Restricted funds	**3,076**	2,219
Endowment funds	**65,762**	63,426
	103,148	100,320

FINANCIAL REVIEW (continued)

Financial position (continued)

The above figures include endowment funds of £65.8m (2023 – £63.4m), the principal part of this being the benefice properties amounting to £56.6m (2023 – £54.6m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds are restricted funds totalling £3.1m (2023 – £2.2m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 20 to the financial statements together with an analysis of movements in the year.

Funds totalling £28.1m (2023 – £29.4m) have been designated by the Trustees for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 20 to the financial statements. The Trustees are aware that most of the designated funds are represented by ministry housing. General funds (including non-charitable trading funds of £237k) total £6,163k (2023 – £5,310k).

Reserves policy

The Board's policy is to hold general reserves to ensure ongoing financial stability should there be an unplanned fall in income and to take into account the timing of income. In 2024 this would require general reserves of between £1.4m and £1.7m. At the end of 2024 the Board's general reserves, were £6.2m (2023 - £5.3m). The general reserves exceed those specified in the reserves policy due to exceptional property disposals in 2024. Free reserves (i.e. excluding tangible fixed assets) were £3.4m at the year end. Given the challenges CDBF may face in the future it is considered that this level of reserves is reasonable and will enable CDBF to further its strategic objective of growing the Kingdom.

Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient cash. In addition, the charity also holds investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £28.1m, including £26.6m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

FINANCIAL REVIEW (continued)

Pay policy for senior staff

Senior Clergy are paid according to stipend scales set by the national church. The stipends for the Bishop of Dover and the Archdeacon of Maidstone (in lieu of the unused Bishop of Maidstone post) are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne principally by Canterbury Cathedral. The stipend of the Archdeacon of Ashford is borne by CDBF.

CDBF uses a system of job evaluation to grade staff appropriately. Salaries usually increase each year to reflect changes in costs of living, where affordable, at levels set by the Senior Management Team. The HR Committee formally agrees the appropriate cost of living uplifts in the light of these variables. Individual Salary reviews are set by the HR Committee where required who consider salary recommendations by Departmental Directors. As well as the job evaluation framework the HR Committee considers the local market in terms of benchmarking salaries to ensure staff are paid a fair wage for fair work and as such salaries may move with the market throughout the year. All changes to senior staff are set independently from the Senior Management Team by the HR Committee.

Key management personnel are defined as the Trustees together with those employees listed in note 13 to the attached financial statements.

PLANS FOR THE FUTURE

Future developments

Our shared diocesan Vision is to be a confident, prayerful, generous, growing and just church. Diocesan Synod has adopted an ambition for growth expressed by "Changed Lives → Changing Lives".

This is underpinned by the **Three Bold Outcomes** for 2030 that highlight what the future might look like:

- every parish, benefice and deanery showing signs of revitalisation
- doubling the number of children and young disciples
- 200 new Christian communities.

The strategy in Canterbury is simple: to empower the local church to deliver its mission. It will do this by seeking and providing resources to parishes, benefices and worship communities and enabling parishes, benefices, deaneries to deliver their priorities and to support our churches to grow.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board acts as Custodian Trustee in respect of trusts administered on behalf of managing trustees, which includes incumbents, churchwardens, Parochial Church Councils and other organisations of the diocese.

In 2000 the Board arranged for the Central Board of Finance to take over the administration of investments held on behalf of parishes, except for Endowment Funds. The Board is still administering investments with a book value of £3.6m (2023 – £2.6m). The assets of these funds are held separately from those of the Board.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Canterbury Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

AUDITOR

Buzzacott Audit LLP was reappointed as statutory auditor on 4 July 2024 and has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

This report, incorporating the Strategic Report, was approved by the Trustees on 10 June 2025 and signed on their behalf on 25 September 2025 by:



Anthony Richter

Trustee

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

Opinion

We have audited the financial statements of Canterbury Diocesan Board of Finance (the 'charitable parent company') and of Canterbury Diocesan Board of Finance and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the consolidated and charitable parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies, the notes to the financial statements and the appendices. 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 affairs of the group and of the charitable parent company as at 31 December 2024 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent 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 (continued)

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which is also a directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also a directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the charitable parent 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the audit partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual financial transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Buzzacott Audit LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 26 September 2025

Consolidated statement of financial activities Year to 31 December 2024

	Notes	Un-restricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
Income and endowments from:						
Donations and grants	1	**7,156**	**1,832**	**—**	**8,988**	8,850
Charitable activities	2	**1,230**	**651**	**—**	**1,881**	1,772
Other trading activities	3	**240**	**—**	**—**	**240**	92
Investments and interest	4	**436**	**—**	**—**	**436**	419
Other sources	5	**—**	**773**	**219**	**992**	85
Total income and endowments		**9,062**	**3,256**	**219**	**12,537**	11,218
Expenditure on:						
Raising funds	6	**143**	**—**	**—**	**143**	205
Charitable activities	8	**9,577**	**2,168**	**—**	**11,745**	11,631
Total expenditure	10	**9,720**	**2,168**	**—**	**11,888**	11,836
Net (expenditure) income before investment gains (losses)		**(658)**	**1,088**	**219**	**649**	(618)
Net gains on investments	16	**43**	**19**	**71**	**133**	2,934
Net (expenditure) income before transfers		**(615)**	**1,107**	**290**	**782**	2,316
Transfers between funds	20	**250**	**(250)**	**—**	**—**	**—**
Net (expenditure) income for the year	11	**(365)**	**857**	**290**	**782**	2,316
Other recognised gains and losses:						
Gains (losses) on revaluations of tangible fixed assets	15	**—**	**—**	**2,046**	**2,046**	(4,016)
Net movement in funds		**(365)**	**857**	**2,336**	**2,828**	(1,700)
Reconciliation of funds						
Total funds brought forward		**34,675**	**2,219**	**63,426**	**100,320**	102,020
Total funds carried forward		**34,310**	**3,076**	**65,762**	**103,148**	100,320

All activities relate to continuing operations in both the above financial years.

The unrestricted fund column above comprises both general funds and designated funds. Details of the analysis between these funds can be found in note 20 to these financial statements. At 31 December 2024, general and non-charitable trading funds were £6,163k (2023 – £5,310k) whilst designated funds (many of which represent ministry housing) amounted to £28.1m (2023 – £29.4m).

Consolidated summary income and expenditure account Year to 31 December 2024

	Note	**2024 £'000**	2023 £'000
Income		**12,318**	11,181
Less: Expenditure		**(11,888)**	(11,790)
Net income (expenditure) for the year before transfers and investment gains and losses		**430**	(609)
Net gains on investments		**62**	205
Transfers from endowment funds	20	**—**	13,427
Net income for financial year		**492**	13,023

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 activities relate to continuing operations.

Balance Sheets 31 December 2024

Company Registration Number 00145650

	Notes	**Group 2024 £'000**	Group 2023 £'000	**Charity 2024 £'000**	Charity 2023 £'000
Fixed assets					
Tangible fixed assets	15	**85,864**	85,087	**85,864**	85,087
Investments	16	**10,756**	10,623	**10,757**	10,624
		96,620	95,710	**96,621**	95,711
Current assets					
Debtors	17	**987**	1,288	**1,017**	1,303
Cash at bank and in hand		**8,870**	7,019	**8,450**	6,723
		9,857	8,307	**9,467**	8,026
Creditors: amounts falling due within one year	18	**(2,551)**	(2,919)	**(2,500)**	(2,877)
Net current assets		**7,306**	5,388	**6,967**	5,149
Total assets less current liabilities		**103,926**	101,098	**103,588**	100,860
Creditors: amounts falling due after more than one year	19	**(778)**	(778)	**(778)**	(778)
Net assets		**103,148**	100,320	**102,810**	100,082
Funds					
Endowment funds	20	**65,762**	63,426	**65,762**	63,426
Restricted funds	20	**3,076**	2,219	**2,960**	2,106
Unrestricted funds					
. Designated funds	20	**28,147**	29,365	**28,147**	29,365
. General funds	20	**5,926**	5,198	**5,941**	5,185
. Non-charitable trading funds	20	**237**	112	**—**	—
Total funds		**103,148**	100,320	**102,810**	100,082

The financial statements were approved by the Trustees on 10 June 2025 and signed on their behalf on 25 September 2025 by:



Anthony Richter

Trustee

Consolidated statement of cash flows Year to 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Net cash used in operating activities	A	**(817)**	(655)
Cash flows from investing activities			
Investment income and interest received		**436**	419
Proceeds from the sale of tangible fixed assets		**2,262**	85
Purchase of tangible fixed assets		**(30)**	(700)
Net cash provided by (used in) investment activities		**2,668**	(196)
Change in cash and cash equivalents in the year		**1,851**	(851)
Cash and cash equivalents brought forward		**7,019**	7,870
Cash and cash equivalents carried forward	B	**8,870**	7,019

A. Reconciliation of net income for the year to net cash (used in) generated by operating activities

	2024 £'000	2023 £'000
Net income for the year (as per the statement of financial activities)	**782**	2,316
Adjustment for:		
Depreciation charges	**29**	21
Gains on investments	**(133)**	(2,934)
Investment income and interest receivable	**(436)**	(419)
Gains on fixed asset property disposals	**(992)**	(85)
Decrease in debtors	**301**	283
(Decrease) increase in creditors excluding loans	**(368)**	163
Net cash used in operating activities	**(817)**	(655)

B. Analysis of cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**8,870**	7,019

C. Net (debt) funds

	2023 £'000	Cash flows £'000	2024 £'000
Cash and cash equivalents	7,019	1,851	**8,870**
Borrowings			
Debt due within one year	(145)	—	**(145)**
Debt due after one year	(778)	—	**(778)**
	(923)	—	**(923)**
Total	6,096	1,851	**7,947**

Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2024 with comparative information provided for the year to 31 December 2023.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the Canterbury Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation

The financial statements consolidate the accounts of Canterbury Diocesan Board of Finance and all its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account. Gross income of the charity of £12,440k (2023 – £11,211k) and surplus of £777k (2023 – £2,326k) has been dealt within the accounts of the charity.

Company status

The charity is a company limited by guarantee, Company Registration Number 00145650 (England and Wales). Every member of Diocesan Synod is a member of CDBF for company law purposes. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity. The company's address and other reference information is shown on pages 1 and 2.

Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the Trustees. Certain unrestricted funds have been set aside and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

Fund structure (continued)
The non-charitable trading funds represent the accumulated gains and losses arising on the charity's trading subsidiaries.

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the useful economic life and residual values of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the valuation of investment property and benefice properties; and
- the underlying assumptions in the actuarial valuations of the defined benefit schemes and the recoverability of debtors and any provision for bad or doubtful debts.

The Trustees consider valuation of benefice properties to be the area of judgement and estimation that has a significant effect on the financial statements. Further details of these judgements are given in note 15.

Going concern
The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient cash. In addition, the charity also holds investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £28.1m, including £26.6m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income
Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably, and it is probable that the funds will be received.

Income comprises donations, including Parish Share income, income from listed investments, interest receivable, income directly related to charitable activities (including grants), income from trading activities, the surplus on disposal of tangible fixed assets, rental income and miscellaneous income.

Income (continued)
Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income is deferred only when the charity must fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities comprises parochial fees received for occasional offices including baptisms, weddings and funerals and School Condition Allocation grant funding.

Income from other trading activities includes the income received from third parties by the charity's trading subsidiaries. Such income is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

Expenditure
Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered. Expenditure comprises the following:

a) Expenditure on raising funds comprises the expenditure of trading subsidiary companies.

b) Expenditure on charitable activities which comprises expenditure on the charity's primary charitable purposes as described in the Trustees' report i.e. promoting and assisting the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Expenditure (continued)
Grants payable are included in the statement of financial activities when approved and committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

Property, plant and equipment
All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Laptop and desktop computers costing under £1,000 are also capitalised.

Freehold property consists of buildings designed as, and used wholly or mainly for, private residential accommodation and other freehold buildings such as Diocesan offices. Freehold property is not depreciated as their value and conditions are reviewed annually by the Trustees, who are satisfied that their residual value is not materially less than their book value.

Office equipment is written off over a period of three to ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

Benefice property
CDBF has followed the requirements of FRS 102 in its accounting treatment for benefice houses. FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. CDBF is formally responsible for the maintenance and repair of benefice houses 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. Therefore, the Trustees consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their estimated market value. Approximately one-fifth of the properties are valued each year and those properties not revalued in the year are revalued by reference to appropriate property indices. The valuation based on estimated market value assumes good title but there are some properties which have restrictive covenants for ecclesiastical purposes which may reduce the estimated market value.

Investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid price.

Glebe property mainly consists of agricultural land and is included in the financial statements at a valuation determined based on revaluation every 5 years by an external surveyor. Some glebe properties have development potential but due to the uncertainties in the planning process these are not revalued unless planning permission has been granted and a willing purchaser exists.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired after the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Operating leases
Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Pensions
The charity operates four pension schemes as more fully described in note 22:

i) A defined benefits scheme for clergy – the Church of England Funded Pensions Scheme

ii) A defined benefits scheme for certain diocesan staff now closed to new staff – the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund

iii) A defined benefits scheme for diocesan staff – the Church of England Pension Builder Classic Scheme, part of the Church Workers Pension Fund

iv) A defined contribution pension scheme for diocesan staff not included in the above schemes

The pension costs charged as expenditure represent CDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

Custodian funds
Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

School major repair and capital projects
The SCA (School Condition Allocation) grant funding received is recognised in the statement of financial activities along with the related expenditure.

1. Income from: Donations and grants

	Unrestricted funds £'000	Restricted funds £'000	**2024 £'000**	2023 £'000
Parish Share	7,151	—	**7,151**	7,257
Archbishops' Council	—	1,578	**1,578**	1,257
Benefact Trust	—	97	**97**	113
Other donations and grants	5	157	**162**	223
Total funds	7,156	1,832	**8,988**	8,850

2. Income from: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**2024 £'000**	2023 £'000
Parochial fees for occasional offices (see (a) below)	293	—	**293**	361
Rental income	937	28	**965**	797
Department for Education capital grants (see (b) below)	—	623	**623**	614
Total funds	1,230	651	**1,881**	1,772

(a) Occasional offices include weddings and funerals.

(b) The charity assists voluntary aided schools with school building projects and the provision of IT equipment. SCA grant funding is included as income in the SOFA along with the related expenditure.

3. Income from: Other trading activities

	Unrestricted funds	
	2024 £'000	2023 £'000
Income generated by subsidiary trading companies	**83**	74
Other trading income	**157**	18
Total funds	**240**	92

Income from subsidiary trading companies represents work done by Canterbury Diocesan Enterprises Limited and Ethos School Improvement Limited for third parties outside of the group. Work done by Canterbury Diocesan Enterprises Limited for CDBF of £210k (2023 - £209k) has been eliminated on consolidation.

4. Income from: Investments and interest

	Unrestricted funds	
	2024 £'000	2023 £'000
Investment income	**288**	244
Bank and other interest receivable	**148**	175
Total funds	**436**	419

5. Income from: Other sources

	Restricted funds	Endowment funds	**2024**	2023
	£'000	£'000	**£'000**	£'000
Gains on disposal of fixed assets	773	219	**992**	85
Total funds	773	219	**992**	85

The gains on property disposals relate to the disposal of properties deemed surplus to requirements.

6. Expenditure on: Raising funds

Expenditure on raising funds comprises the expenditure of subsidiary trading companies.

7. Analysis of grant funding activities

Included within expenditure on charitable activities (note 8) are the following grants:

		2024		2023
	Number	**£'000**	Number	£'000
From unrestricted funds for National Church responsibilities				
Contributions to Archbishops' Council	**—**	**519**	**—**	535
From restricted funds				
Education grants for school building projects	**17**	**390**	11	860
Ministry grants	**29**	**864**	36	835
From unrestricted funds				
Deanery grants	**11**	**18**	6	12
Parish and Ignite project grants	**2**	**10**	2	7
		1,801		2,249

The provision of diocesan grants, using the Archbishops' Council funding allocation, continues to see the diocese giving financial assistance to parishes to leverage their mission. In 2024, £864k (2023 – £835k) was spent in targeting parishes which can most benefit from grant funding for mission and ministry.

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**Total funds 2024 £'000**	Total funds 2023 £'000
Contributions to Archbishops' Council:				
Training for ministry	238	—	**238**	235
National church responsibilities	142	—	**142**	138
Grants and provisions	24	—	**24**	24
Mission agency pension costs	—	—	**—**	8
Retired clergy housing costs	99	—	**99**	93
Pooling of ordinands' maintenance grants	16	—	**16**	37
	519	—	**519**	535
Resourcing Ministry and Mission:				
Parish Ministry and Social Justice				
Stipends	2,925	—	**2,925**	2,899
National Insurance	237	—	**237**	226
Pension contributions	652	—	**652**	712
Housing costs	1,649	—	**1,649**	1,706
Apprenticeship levy	14	—	**14**	13
Removal and resettlement costs	177	—	**177**	98
Other expenses	119	130	**249**	274
Lay and ordinand training	205	15	**220**	288
Mission development grants	28	864	**892**	854
Other grants	—	—	**—**	20
Social justice	—	86	**86**	114
	6,006	1,095	**7,101**	7,204
Senior Clergy				
Stipends, NI and Pensions	53	—	**53**	47
Housing cost allocation	38	—	**38**	38
	91	—	**91**	85
Strategic Investment Projects *(see below)*	24	682	**706**	508
Support costs (see note 9)	2,584	—	**2,584**	2,112
Total expenditure on resourcing Ministry and Mission	8,705	1,777	**10,482**	9,909
Expenditure on education:				
Support for church schools and young people	353	1	**354**	327
School building grants (see note 2)	—	390	**390**	860
Total funds	9,577	2,168	**11,745**	11,631

The 2023 expenditure is analysed by fund in the appendix.

Restricted expenditure on Strategic Investment Projects comprises expenditure on projects to enable the Diocesan Strategy of 'Changed Lives→ Changing Lives'.

9. Analysis of support costs

	Unrestricted funds	
	2024	2023
	£'000	£'000
Administration		
Salaries	**1,455**	1,278
National Insurance	**143**	121
Pensions	**98**	279
Administration, office and other indirect costs	**689**	309
Governance		
External audit	**104**	31
Diocesan Synod and Archbishop's Council	**2**	3
National Synod	**15**	3
Registrar	**54**	63
Statutory accounts preparation	**10**	10
Strategic management	**14**	15
Total support costs	**2,584**	2,112

10. Analysis of total expenditure

	Activities directly undertaken	Grant funding of activities	Support costs	**2024 Total funds**	2023 Total funds
	£'000	£'000	£'000	**£'000**	£'000
Raising funds	143	—	—	**143**	205
Charitable activities					
. Contributions to Archbishops' Council	—	519	—	**519**	535
. Resourcing Ministry and Mission	7,006	892	2,584	**10,482**	9,909
. Education	354	390	—	**744**	1,187
	7,503	1,801	2,584	**11,888**	11,836

The 2023 expenditure is analysed by activity in the appendix.

11. Net (expenditure) income for the year

This is stated after charging:

	2024	2023
	£'000	£'000
Depreciation of tangible fixed assets owned by the charitable group	**29**	21
Operating lease rentals	**49**	20

12. Auditor's remuneration

	2024	2023
	£'000	£'000
Audit of the charity's annual accounts and those of subsidiary trading companies:		
-Current year	**52**	31
-Prior year	**52**	—
Taxation services to the group	**10**	5

13. Stipends and staff costs

	2024 £'000	2023 £'000
Wages, salaries and stipends	**4,860**	4,657
Social security costs	**427**	391
Other pension costs	**775**	1,051
	6,062	6,099
Defined benefit scheme operating cost	**1**	1
Apprenticeship levy	**14**	13
	6,077	6,113

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

	2024 No.	2023 No.
Clergy, Curates and Senior Staff	**108**	113
Diocesan House (including strategic projects)	**61**	57
	169	170

The number of employees with remuneration in excess of £60,000 (including taxable benefits but excluding employer pension and national insurance contributions) was:

	2024 No.	2023 No.
In the band £60,001 - £70,000	**1**	1
In the band £70,001 - £80,000	**2**	3

Employer pension scheme costs under employment contracts in respect of the above higher paid employees were £40,921 (2023 – £34,535).

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary
Director of Communications
Director of Education
Director of Finance
Director of HR
Director of Mission and Ministry
Head of Property

Remuneration including taxable benefits and employer national insurance and pension contributions for these 7 positions amounted to £532,301 (2023 – £527,258).

14. Trustees' remuneration

No Trustees received any remuneration in connection with their duties as trustees during the year (2023 – none). During the year several Trustees, who are also clergy within the diocese, received stipends from, and/or were provided with housing by, the charity in connection with their religious and pastoral duties within the diocese.

The following table gives details of the Trustees who were in receipt of a stipend (including pension), part stipend (including pension) and/or housing provided by CDBF during part or all of the year, either directly or via a spouse.

	Stipend	Housing
The Bishop of Dover	No	Yes
The Archdeacon of Ashford	Yes	Yes
The Archdeacon of Canterbury	Yes	No
The Archdeacon of Maidstone	No	Yes
The Venerable Stephen Taylor (resigned 1 May 2024)	No	No
The Revd Gareth Dickinson	Yes	Yes
The Revd Estella Last	Yes	Yes
The Revd Canon Dr Jeremy Worthen	Yes	Yes
The Revd Andrew Bawtree	Yes	Yes

Eight trustees (2023 – four) received reimbursement of expenses of £10,465 (2023 – £12,512) in respect of General Synod duties, duties as archdeacon and other duties as trustees.

15. Tangible fixed assets

Group and charity	Freehold property £'000	Office equipment £'000	Benefice property £'000	**Total £'000**
Cost or valuation				
At 1 January 2024	31,360	303	54,562	**86,225**
Additions	3	27	—	**30**
Disposals	(1,270)	—	—	**(1,270)**
Revaluations	—	—	2,046	**2,046**
At 31 December 2024	30,093	330	56,608	**87,031**
Depreciation				
At 1 January 2024	876	262	—	**1,138**
Charge for the year	—	29	—	**29**
At 31 December 2024	876	291	—	**1,167**
Net book values				
At 31 December 2024	**29,217**	**39**	**56,608**	**85,864**
At 31 December 2023	30,484	41	54,562	85,087

Benefice houses are revalued on a five-year cycle by a member of the charity's property team who holds a Chartered Surveyor qualification. Approximately one-fifth of the properties are valued each year and those properties not revalued in the year are revalued by reference to appropriate property indices. The valuation based on estimated market value assumes good title but there are some properties which have restrictive covenants for ecclesiastical purposes which may reduce the estimated market value.

All other tangible fixed assets are included in the financial statements at cost.

16. Fixed asset investments

Group	Glebe property £'000	Listed investments £'000	**Total £'000**
Market value			
At 1 January 2024	3,826	6,797	**10,623**
Net investment gains	—	133	**133**
At 31 December 2024	3,826	6,930	**10,756**
Historical cost	—	3,826	**3,826**

In 1978, when the Endowment and Glebe Measure 1976 came into effect, the ownership of all glebe land was transferred from the incumbents of benefices to the Diocesan Board of Finance at nil cost. The Glebe properties were revalued by an independent surveyor using market based evidence for similar properties sold in the local area.

Charity	Glebe property £'000	Investment in subsidiaries £'000	Listed investments £'000	**Total £'000**
Cost or valuation				
At 1 January 2024	3,826	1	6,797	**10,624**
Net investment gains	—	—	133	**133**
At 31 December 2024	3,826	1	6,930	**10,757**
Net book values				
At 31 December 2024	**3,826**	**1**	**6,930**	**10,757**
At 31 December 2023	3,826	1	6,797	10,624

All the fixed asset investments are held in the UK. The listed investments are held in Church of England Central Board of Finance funds managed by CCLA Investment Management Limited.

Further details of subsidiaries are provided in note 24.

At 31 December 2024, the listed investments included the following holdings deemed material in the context of the entire portfolio of listed investments.

Holding	**Value £'000**	% of portfolio
Property fund	**1,270**	18.32
Investment fund	**5,631**	81.24

17. Debtors

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Parish Share due	**112**	130	**112**	130
Amounts owed by subsidiaries	**—**	—	**51**	38
Other debtors	**406**	463	**388**	443
Prepayments	**30**	246	**27**	244
Accrued income	**439**	449	**439**	448
	987	1,288	**1,017**	1,303

18. Creditors: amounts falling due within one year

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Other loans	**145**	145	**145**	145
Amounts owed to subsidiaries	**—**	—	**25**	10
Expense creditors	**176**	383	**165**	380
Other taxation and social security	**51**	58	**51**	58
Other creditors	**2,094**	2,189	**2,087**	2,171
Accruals and deferred income	**85**	144	**27**	113
	2,551	2,919	**2,500**	2,877

Other loans comprise Value Linked Loans of £145,000 (2023 – £145,000) for the purchase of special needs housing (purchased on behalf of the Church Commissioners). These loans are only repayable in the event of a sale of any of the properties and interest is charged on these loans at a variable rate.

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

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Other loans	**778**	778	**778**	778

The above other loans are repayable within the following timescales:

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Repayable other than by instalments within 1-2 years	**433**	—	**433**	—
Repayable other than by instalments within 3-5 years	**345**	778	**345**	778
	778	778	**778**	778

The other loans consist of three (2023 – three) interest only mortgages which are secured on freehold properties. Interest on the loans is charged at 1.50% above base rate.

20. Statement of funds

	Brought forward at 1 January 2024	Income	Expenditure	Transfers in (out)	Gains	**Carried forward at 31 December 2024**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Endowment funds						
Ministry Trust Fund	2,221	—	—	—	46	**2,267**
Clergy Training Fund	623	—	—	—	13	**636**
Tait Mission Fund	238	—	—	—	5	**243**
Benefice Properties Fund	54,150	—	—	—	2,046	**56,196**
Board of Education General Fund	1,437	—	—	—	—	**1,437**
Stipends Capital Fund (Glebe land)	4,757	219	—	—	7	**4,983**
	63,426	219	—	—	2,117	**65,762**
Restricted funds						
Clergy and Spouses Retirement Fund	821	—	—	—	19	**840**
Benefact Trust	304	97	(97)	(279)	—	**25**
Lower Income Communities Fund	—	864	(864)	—	—	**—**
Resourcing Ministerial Education	106	(42)	(16)	—	—	**48**
Strategic Investment Projects	(66)	786	(585)	67	—	**202**
School Buildings Fund (see note 2)	83	623	(390)	—	—	**316**
Education Funds	212	11	(2)	1	—	**222**
Other Funds (including Strategy)	343	54	(105)	(39)	—	**253**
Social Justice Network	114	90	(86)	—	—	**118**
Diocesan Pastoral Account Fund	302	773	(23)	—	—	**1,052**
	2,219	3,256	(2,168)	(250)	19	**3,076**
Designated funds						
Ministry Housing	27,906	—	—	(1,267)	—	**26,639**
Spirituality Fund	257	7	—	—	4	**268**
Witney Fund	1,179	35	(20)	—	23	**1,217**
Training Fund	23	—	—	—	—	**23**
	29,365	42	(20)	(1,267)	27	**28,147**
General funds						
General	5,183	8,604	(9,392)	1,517	16	**5,928**
Social Justice Network	15	123	(140)	—	—	**(2)**
Total unrestricted funds	34,563	8,769	(9,552)	250	43	**34,073**
Total Charity funds (including The Social Justice Network)	100,208	12,244	(11,720)	—	2,179	**102,911**
Non-charitable trading funds	112	293	(168)	—	—	**237**
Total Group funds	**100,320**	**12,537**	**(11,888)**	**—**	**2,179**	**103,148**

20. Statement of funds (continued)

Summary: Group funds 2024	Brought forward at 1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains £'000	**Carried forward at 31 December 2024 £'000**
Designated funds	29,365	42	(20)	(1,267)	27	**28,147**
General funds (and non-charitable trading funds)	5,310	9,020	(9,700)	1,517	16	**6,163**
Unrestricted funds	34,675	9,062	(9,720)	250	43	**34,310**
Endowment funds	63,426	219	—	—	2,117	**65,762**
Restricted funds	2,219	3,256	(2,168)	(250)	19	**3,076**
Total funds	**100,320**	**12,537**	**(11,888)**	**—**	**2,179**	**103,148**

Designated Funds

i) Ministry Housing - This fund consists of Ministry Housing properties.

ii) Spirituality Fund - The fund represents the sale proceeds of St Gabriel's Retreat House for financing a part time Diocesan Spirituality Adviser and making grants to assist Parishes and individuals to take retreats.

iii) Witney Fund - This fund consists of a legacy from the Estate of the Late Dr Raymond Witney. The Board resolved that the capital of the fund should be retained intact and the income be used to assist in the promotion of the Christian faith in the diocese.

iv) Training Fund - The purpose of this fund is to provide grants to clergy to supplement their training needs as appropriate. This fund receives unused Continuing Ministerial Education contributions and the income arising from the Cobbe Holiday Trust Fund (with the approval of the Charity Commission).

General Funds

General funds consist of the accumulated surpluses, less deficits, on unrestricted funds, excluding designated fund movements.

Non-charitable trading funds

These funds consist of the unrestricted funds of the trading subsidiaries.

Endowment Funds

Permanent Endowment Funds

The endowment funds, whereby the capital may not be expended and the income may be applied as specified are as follows:

i) Ministry Trust Fund - Income to be applied for stipends. The fund comprises the Standen Bequest, the Spooner Bequest, the A T Wiggins Bequest, the Parsonage Repair Fund, and the Dame Stancombe-Wills Fund.

ii) Clergy Training Fund - Income to be applied for clergy training. The fund comprises the Candidates for the Ministry Fund, the Holt Fund and the Knight Trust Fund.

iii) Tait Mission Fund - Income to be applied for the expenses of the Tait Missioner.

20. Statement of funds (continued)

Endowment Funds *(continued)*
Permanent Endowment Funds (continued)

iv) Stipends Capital Fund – This fund has been created from the diocesan stipend fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowment and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisations. Income of the fund is automatically applied to stipends but, at the request of the Bishop, and with the concurrence of the Board, the capital of the fund can be applied for the purchase maintenance and improvement of glebe property and benefice houses. This fund has been reclassified from expendable endowment to permanent endowment during the year as this more accurately reflects the nature of the fund.

Expendable Endowment Funds

i) Benefice Properties Fund - The fund consists of resources restricted to provision of benefice houses which are vested for the time being in the incumbents of the benefices concerned. The CDBF is obliged to maintain them and to ensure that there are sufficient benefice houses for the pastoral structure of the diocese. Sale proceeds of benefice houses surplus to requirements may be transferred into the diocesan pastoral account fund or other funds following specific agreement of the Church Commissioners. During the prior year £367k was transferred from the Benefice Properties Fund to the Ministry Housing Fund following schemes approved by the Church Commissioners.

ii) Board of Education General Fund - The proceeds of sale of redundant properties are held on a separate endowment fund under s554 of the Education Act. The capital of funds awaiting Orders from the Secretary of State are not available for use until such time as they are included in a charitable order or scheme which may require funds to be disposed of to other parties in part or in full. Other proceeds of sale of redundant properties are held until the completion of replacement schools. In these cases the proceeds of sale may be used to offset expenses relating to the new school projects.

Restricted Funds
Restricted funds comprise of:

i) Clergy and Spouses Retirement Fund - The following restricted funds specify that both capital and income must be applied for retired clergy and spouses:

- C S Thomas
- Mrs A W Mannell Bequest
- R & M Pratt
- Dorothy Mowll Will Trust

ii) Benefact Trust - These funds, which are intended to be recurring but are expected to decline over time, must be used for projects of regional or national significance and may be spread over up to three years.

iii) Lower Income Communities Fund – The fund consists of income from Archbishops' Council to make provision for the cure of souls in parishes where such assistance is most required.

iv) Resourcing Ministerial Education – The fund consists of income from Archbishops' Council to support ordinand training.

20. Statement of funds (continued)

***Restricted Funds** (continued)*

v) School Buildings Fund – This fund consists of funding received from the DfE under the School Condition Allocation (see note 2).

vi) Education Funds – This fund consists of monies from the sale of a closed school. These funds are likely to be subject to an order under s554 of the Education Act and will then be transferred to the Board of Education expendable endowment fund.

vii) Other Funds (including strategy) – These funds consist of various funds for projects including the Diocesan Strategy.

viii) Diocesan Pastoral Account Fund - The purposes for which this fund may be used are laid down in Section 94 of the Pastoral Measure 2011 and comprise:

- grants and loans for parsonage and church provision, restoration, improvement or repair;
- costs of disposing of or maintaining houses and churches vested in the Board or Commissioners by the Measure;
- transfers to Stipends Capital Fund of capital or income;
- other purposes of the Diocese or any benefice or parish.

The fund receives the sale proceeds of churches and parsonages, which have become redundant under pastoral reorganisation when it is specified that they should be paid into this fund. The fund includes monies set aside by the Pastoral Committee for mission and development in parishes.

The analysis of the movements in funds for 2023 is included in the appendix.

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2024 is given below:

Group 2024	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2024 £'000**
Tangible fixed assets	2,716	26,540	—	56,608	**85,864**
Fixed asset investments	394	1,720	920	7,722	**10,756**
Current assets	4,308	1,255	2,862	1,432	**9,857**
Creditors due within one year	(739)	(1,106)	(706)	—	**(2,551)**
Creditors due in more than one year	(516)	(262)	—	—	**(778)**
Total funds	6,163	28,147	3,076	65,762	**103,148**

General funds include non-charitable trading funds of £237k (2023 – £112k). The 2023 analysis of net assets by fund is included in the appendix.

22. Pension commitments

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £652k in 2024 (2023: £715k), plus any figures arising from contributions in respect of the Scheme's deficit, if any. The 2021 valuation showed the Scheme to be fully funded and as such in 2023 and 2024, there were no deficit contributions payable.

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

- An average discount rate of 2.7% pa;
- RPI inflation of 3.6% pa (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increases in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

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

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

Staff

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

22. Pension commitments (continued)

***Staff** (continued)*
CWPF has two sections:

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

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of financial activities in the year are the contributions payable (2024: £123k, 2023: £339k).

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

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

The next valuation is due as at 31 December 2025.

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

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

23. Operating lease commitments

At 31 December 2024 the total of the group's and charity's future minimum lease payments under non-cancellable operating leases was:

Group and Charity	Land and buildings £'000	Equipment £'000	2024 £'000	Land and buildings £'000	Equipment £'000	2023 £'000
Amounts payable:						
Within 1 year	**45**	**15**	**60**	18	6	24
Between 2 and 5 years	**38**	**25**	**63**	—	4	4
Total	**83**	**40**	**123**	18	10	28

24. Principal subsidiaries, joint ventures and connected charities

a. Principal subsidiaries

Details of the principal subsidiaries are provided below:

Company name	Registration number	Country	Percentage Shareholding	Principal Activity
Canterbury Diocesan Enterprises Limited	6673588	England & Wales	100%	Property management
Diocesan Architectural Services Limited	2790278	England & Wales	100%	Architectural services Dormant from May 2018
Ethos School Improvement Limited	7945168	England & Wales	100%	Provision of services to schools
The Social Justice Network (a company limited by guarantee)	8763875	England & Wales	100%	Building partnerships to work with marginalised communities

Financial information for each of the subsidiaries is as follows:

Diocesan Architectural Services Limited	2024 £'000	2023 £'000
Assets and funds	**1**	1

Canterbury Diocesan Enterprises Limited	2024 £'000	2023 £'000
Income	**210**	209
Expenditure	**(121)**	(176)
Profit	**89**	33
Assets	**145**	58
Liabilities	**(15)**	(17)
Funds	**130**	41

24. Principal subsidiaries, joint ventures and connected charities (continued)

a. Principal subsidiaries (continued)

Ethos School Improvement Limited	**2024 £'000**	2023 £'000
Income	**83**	74
Expenditure	**(47)**	(45)
Profit	**36**	29
Assets	**166**	153
Liabilities	**(93)**	(87)
Funds	**73**	66

The Social Justice Network	**2024 £'000**	2023 £'000
Income	**224**	182
Expenditure	**(219)**	(192)
Profit	**5**	(10)
Assets	**154**	152
Liabilities	**(20)**	(22)
Funds	**134**	130

b. Connected entities

Company name	**Registration number**	**Country**	**Principal Activity**
The Diocese of Canterbury Academies Company Limited	7793458	England & Wales	Educational activities

25. Custodian Trustee

The charity acts as Custodian Trustee in respect of various funds. These assets are held separately from those of the charity and are not included in the balance sheets on page 22. The summary of the funds as at 31 December is as follows:

Trust funds	**2024 £'000**	2023 £'000
Represented by:		
Fixed assets		
. Listed investments (at cost)	**1,706**	1,174
Current assets		
. Central Board of Finance Deposit Fund	**1,862**	1,389
Total	**3,568**	2,563
Market value of investments at 31 December		
Listed investments	**7,450**	6,005

26. Related party transactions

Other than the relationships and transactions disclosed in notes 13 and 14, there are no other related party transactions requiring disclosure (2023 – none).

Appendix: Comparative consolidated statement of financial activities Year to 31 December 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000
Income and endowments from:					
Donations and grants	1	7,307	1,543	—	8,850
Charitable activities	2	1,108	664	—	1,772
Other trading activities	3	92	—	—	92
Investments and interest	4	382	—	37	419
Other sources	5	85	—	—	85
Total income and endowments		8,974	2,207	37	11,218
Expenditure on:					
Raising funds	6	205	—	—	205
Charitable activities	8	9,211	2,374	46	11,631
Total expenditure	10	9,416	2,374	46	11,836
Net expenditure before investment gains		(442)	(167)	(9)	(618)
Net gains on investments	16	137	68	2,729	2,934
Net (expenditure) income before transfers		(305)	(99)	2,720	2,316
Transfers between funds	20	13,427	—	(13,427)	—
Net income (expenditure) for the year	11	13,122	(99)	(10,707)	2,316
Other recognised gains and losses:					
Losses on revaluations of tangible fixed assets	15	—	—	(4,016)	(4,016)
Net movement in funds		13,122	(99)	(14,723)	(1,700)
Reconciliation of funds					
Total funds brought forward		21,553	2,318	78,149	102,020
Total funds carried forward		34,675	2,219	63,426	100,320

Appendix: Comparative notes to the financial statements Year to 31 December 2023

1. Income from: Other donations and grants

	Unrestricted funds £'000	Restricted funds £'000	**2023 £'000**
Parish Share	7,257	—	**7,257**
Archbishops' Council	—	1,257	**1,257**
Benefact Trust	—	113	**113**
Other donations and grants	50	173	**223**
Total funds	7,307	1,543	**8,850**

2. Income from: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**2023 £'000**
Parochial fees for occasional offices	361	—	**361**
Rental income	747	50	**797**
Department for Education capital grants	—	614	**614**
Total funds	1,108	664	**1,772**

4. Income from: Investments and interest

	Unrestricted funds £'000	Endowment funds £'000	**2023 £'000**
Investment income	207	37	**244**
Bank and other interest receivable	175	—	**175**
Total funds	382	37	**419**

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2023 £'000**
Contributions to Archbishops' Council:				
Training for ministry	235	—	—	**235**
National church responsibilities	138	—	—	**138**
Grants and provisions	24	—	—	**24**
Mission agency pension costs	8	—	—	**8**
Retired clergy housing costs	93	—	—	**93**
Pooling of ordinands' maintenance grants	37	—	—	**37**
	535	—	—	**535**
Resourcing Ministry and Mission:				
Parish Ministry				
Stipends	2,899	—	—	**2,899**
National Insurance	226	—	—	**226**
Pension contributions	712	—	—	**712**
Housing costs	1,706	—	—	**1,706**
Apprenticeship levy	13	—	—	**13**
Removal and resettlement costs	98	—	—	**98**
Other expenses	132	96	46	**274**
Lay and ordinand training	162	126	—	**288**
Mission development grants	19	835	—	**854**
Other grants	—	20	—	**20**
Together Kent donations	8	—	—	**8**
Social Justice	5	101	—	**106**
	5,980	1,178	46	**7,204**
Senior Clergy				
Stipends, NI and Pensions	47	—	—	**47**
Housing cost allocation	38	—	—	**38**
	85	—	—	**85**
Strategic Investment Projects	172	336	—	**508**
Support costs (note 9)	2,112	—	—	**2,112**
Total expenditure on resourcing Ministry and Mission	8,349	1,514	46	**9,909**
Expenditure on education:				
Support for church schools and young people	327	—	—	**327**
School building grants (see note 2)	—	860	—	**860**
Total funds	9,211	2,374	46	**11,631**

10. Analysis of total expenditure

	Activities directly undertaken £'000	Grant funding of activities £'000	Support costs £'000	**2023 Total Funds £'000**
Raising funds	205	—	—	**205**
Charitable activities				
. Contributions to Archbishops' Council	—	535	—	**535**
. Resourcing Ministry and Mission	6,943	854	2,112	**9,909**
. Education	327	860	—	**1,187**
	7,475	2,249	2,112	**11,836**

20. Statement of funds

	Brought forward at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	(Losses) gains £'000	**Carried forward at 31 December 2023 £'000**
Endowment funds						
Ministry Trust Fund	2,099	—	—	—	122	**2,221**
Clergy Training Fund	580	—	—	—	43	**623**
Tait Mission Fund	220	—	—	—	18	**238**
Benefice Properties Fund	71,263	—	—	(13,097)	(4,016)	**54,150**
Board of Education General Fund	1,372	37	—	—	28	**1,437**
Stipends Capital Fund (Glebe land)	2,615	—	(46)	(330)	2,518	**4,757**
	78,149	37	(46)	(13,427)	(1,287)	**63,426**
Restricted funds						
Clergy and Spouses Retirement Fund	754	—	(1)	—	68	**821**
Benefact Trust	160	113	31	—	—	**304**
Lower Income Communities Fund	—	835	(835)	—	—	**—**
Resourcing Ministerial Education	97	120	(111)	—	—	**106**
Strategic Investment Projects	—	301	(367)	—	—	**(66)**
School Buildings Fund (see note 2)	329	630	(876)	—	—	**83**
Education Funds	194	18	—	—	—	**212**
Other Funds	469	190	(202)	—	—	**457**
Diocesan Pastoral Account Fund	315	—	(13)	—	—	**302**
	2,318	2,207	(2,374)	—	68	**2,219**
Designated funds						
Ministry Housing	14,809	—	—	13,097	—	**27,906**
Spirituality Fund	239	7	—	—	11	**257**
Witney Fund	1,088	34	(19)	—	76	**1,179**
Training Fund	23	—	—	—	—	**23**
	16,159	41	(19)	13,097	87	**29,365**
General funds						
General	5,282	8,650	(9,114)	330	50	**5,198**
Total unrestricted funds	21,441	8,691	(9,133)	13,427	137	**34,563**
Total Charity funds (including The Social Justice Network)	101,908	10,935	(11,553)	—	(1,082)	**100,208**
Non-charitable trading funds	112	283	(283)	—	—	**112**
Total Group funds	102,020	11,218	(11,836)	—	(1,082)	**100,320**

20. Statement of funds (continued)

Summary: Group funds 2023	Brought forward at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains (losses) £'000	**Carried forward at 31 December 2023 £'000**
Designated funds	16,159	41	(19)	13,097	87	**29,365**
General funds (and non-charitable trading funds)	5,394	8,933	(9,397)	330	50	**5,310**
Unrestricted funds	21,553	8,974	(9,416)	13,427	137	**34,675**
Endowment funds	78,149	37	(46)	(13,427)	(1,287)	**63,426**
Restricted funds	2,318	2,207	(2,374)	—	68	**2,219**
Total funds	102,020	11,218	(11,836)	—	(1,082)	**100,320**

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2023 is given below:

Group 2023	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2023 £'000**
Tangible fixed assets	2,721	27,804	—	54,562	**85,087**
Fixed asset investments	380	1,693	900	7,650	**10,623**
Current assets	3,843	1,235	2,015	1,214	**8,307**
Creditors due within one year	(1,118)	(1,105)	(696)	—	**(2,919)**
Creditors due in more than one year	(516)	(262)	—	—	**(778)**
Total funds	5,310	29,365	2,219	63,426	**100,320**

General funds include non-charitable trading funds of £112k.

CANTERBURY DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249972

Accounts

Canterbury Diocesan Board of Finance

Trustees' Report and Financial Statements

31 December 2023

Company Limited by Guarantee
Registration Number
00145650 (England and Wales)

Charity Registration Number
249972

THURSDAY

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COMPANIES HOUSE

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Reference and administrative information

Trustees	
Ex-Officio Trustees	The Archbishop of Canterbury, The Most Revd and Rt Hon Justin Welby The Bishop of Dover, The Rt Revd Rose Hudson-Wilkin Peter Wyllie, Chair The Very Reverend David Monteith, Dean of Canterbury Cathedral The Venerable Stephen Taylor The Archdeacon of Ashford, The Venerable Darren Miller The Archdeacon of Canterbury, The Venerable Dr William Adam The Archdeacon of Maidstone, The Venerable Andrew Sewell Revd Andrew Bawtree (appointed 11 March 2023) Miranda Ford Fiona Higgs Dr John Moss The Revd Carol Smith (resigned 11 March 2023)
Elected Trustees	Graham Codling The Revd Gareth Dickinson The Revd Estella Last Lt Col (Retd) John Morrison The Revd Canon Dr Jeremy Worthen
Diocesan Secretary	The Venerable Stephen Taylor (until 31 March 2024) Iain Blythe (appointed 1 April 2024)
Registered address	Diocesan House Lady Wootton's Green Canterbury Kent CT1 1NQ
Company Registration No.	00145650 (England and Wales)
Charity Registration No.	249972
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc 49 High Street Canterbury Kent CT1 2SE

Reference and administrative information

Solicitors	Mowll Ltd Trafalgar House Gordon Road Whitfield Dover Kent CT16 3PN
Investment Managers	CCLA Investment Management Ltd 1 Angel Lane London EC2R 3AB

The Trustees present their annual report (incorporating the strategic report for Companies Act purposes) together with the audited financial statements for the year ended 31 December 2023.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the principal accounting policies set out on pages 25 to 29 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the southern province and York for the northern. Each province comprises dioceses, of which there are 41 in England. Each diocese is divided into deaneries and each deanery into parishes; and each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the "cure of souls" in their parish.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The Lords Spiritual, consisting of the two archbishops and 24 of the senior bishops sit in the House of Lords.

The Church of England is episcopally-led; it is led by the Archbishops of Canterbury and York and there are a further 106 bishops including Diocesan Bishops and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. The members of General Synod belong to one of three groups or houses: The House of Bishops, The House of Clergy and the House of Laity, and General Synod meets in London or York at least twice annually to consider matters for the broader good of the Church.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Canterbury Diocesan Board of Finance (CDBF, the charity or the Board) was incorporated as a company on 29 December 1916 to manage the financial affairs of the diocese and to hold its assets. Every member of Diocesan Synod is a member of CDBF for company law purposes, and similarly Archbishop's Council comprises the Trustees. The Board is a company limited by guarantee and as such has no share capital. The Board is a registered charity and its Trustees are the same people who serve as the Board of Directors for company law purposes. The Board together with its subsidiary entities comprises the 'group'.

The principal object of the charity and the group is to promote and assist the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury.

Method of appointment or election of Trustees

The management of the charity and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies adopted for the induction and training of Trustees

At the first meeting of the triennium, the triennium for the Trustees being the period January 2022 to December 2024, time is set aside for the induction and training of new Trustees and further training is provided where necessary during the triennium to ensure that all Trustees are kept fully informed of their responsibilities. Diocesan officers are always on hand to advise Trustees on supplementary issues.

Trustees' remuneration

The Trustees do not receive remuneration for their roles as trustees of the charity. The clergy members of the Board, as office holders within the diocese, receive housing and stipends as part of their clergy role.

Organisational structure and decision making

The Board, as Archbishop's Council, is responsible for working with the Bishop of Dover to shape the diocesan strategy and to monitor the outworking of that strategy. It sets overall objectives and priorities. The outworking of those objectives and strategies for the Diocese of Canterbury is conducted through two overarching frameworks. The frameworks (see below under policies and objectives) meet frequently to plan their own priorities and make appropriate decisions in support of the overriding strategies and objectives of the Diocese of Canterbury. In April 2023 the Communities and Partnerships Framework ceased to exist and its activities were taken over by other frameworks and Together Kent, which was renamed The Social Justice Network on 14 April 2023. The principal officers manage the day-to-day administration in conjunction with Archbishop's Council and respective frameworks as appropriate. The remaining staff assist in administration.

Related party relationships

CDBF makes contributions to the national Archbishops' Council towards the running costs of the National Church. The stipends of all parish priests are paid initially by the Church Commissioners and these are reimbursed by CDBF. The stipend of the Bishop of Dover together with the stipend of the Chaplain, the salaries of the Bishop's office staff and the Archdeacon of Maidstone's stipend are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne by the Dean and Chapter of Canterbury Cathedral and is not included in these financial statements. The Board considers that the following are subsidiary companies or connected charities:

Subsidiary Companies:

- Canterbury Diocesan Enterprises Limited (CDEL)
- Diocesan Architectural Service Limited (DASL)
- Ethos School Improvement Limited (ESIL)
- The Social Justice Network (SJN) (formerly Together Kent)

Connected Charities:

- The Diocese of Canterbury Academies Company Limited (DCACL)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Trustees have assessed the major risks to which the charity and the group are exposed, in particular those related to the operations and finances of the charity and the group and are satisfied that appropriate systems and procedures are in place to mitigate exposure to the major risks. The Trustees, through the Finance and Assets Committee, undertook a comprehensive review of the strategic, business and operational risks throughout 2023.

The key risks facing the Board of Finance are:

- Non-payment of full Parish Share.

  The Trustees continue to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the general fund. The Trustees also monitor, on a regular basis, the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share. Where potential issues are identified the finance team work with the Archdeacons and Deanery Treasurers to mitigate and minimise any risks identified.

- A failure to take appropriate safeguarding precautions and implement suitable policies to protect all those who come within the care of our churches.

  CDBF takes extremely seriously the need for strong safeguarding procedures and controls. The Trustees are ultimately responsible for overseeing the implementation and review of policies and procedures for safeguarding children and vulnerable adults throughout the diocese; and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults. There is in place a structure with an Independent Safeguarding Chair and policies that ensure full rigor when addressing safeguarding issues. The lessons learned from historic sexual abuse cases continue to reform the way the Church of England, and the CDBF do things. All Church officers, Trustees, staff and volunteers are trained in diocesan safeguarding policy and best practice and the Diocesan Safeguarding Advisors are available to give advice.

  There are clear procedures in place for reporting all safeguarding concerns.

- IT and systems failures.

  The Trustees are aware of the threat posed by those with malicious intent and cyber-security is taken very seriously. The Trustees are aware also of the need to ensure the strongest possible defences against attack including the upgrading of software and hardware. To strengthen our defences against attack, via malicious emails and phishing attacks, staff are trained to follow best practice and to be alert to malicious emails and other potential IT risks. We have an ICT board which keeps cyber security and related issues under review.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- The charity's key assets comprise properties and listed investments. Cash flow issues may arise because of the timing of capital transactions and poor investment performance may lead to losses being incurred.

  Property maintenance is of key importance, ensuring that the buildings are maintained to a high standard and that preventative action is taken before matters become real problems. The charity has a highly skilled Property Team with many years of experience looking after residential, office and historic buildings. The timing of property transactions is planned carefully to ensure that they do not give rise to adverse cash flow issues.

  The value of the charity's listed investments is dependent on movements in the UK and world stock markets. The charity's financial position, therefore, is exposed to the risk attached to such investments. To control against this risk, the charity's investments are managed by reputable investment managers who adhere to the investment policy agreed by the Trustees. Representatives of the charity meet with the investment managers on a regular basis to monitor performance and to discuss the charity's investment strategy generally to ensure it remains appropriate – both now and into the future.

OBJECTIVES AND ACTIVITIES

Policies and objectives

In planning the activities of the charity for the year, the Trustees have considered the guidance on public benefit issued by the Charity Commission. In common with the Church of England, the diocese strives to ensure that in every local community there is a worshipping, welcoming and serving congregation, working with Christians of other traditions and people of goodwill, witnessing to the transforming power of the love of God as seen in Jesus. Our strategic document approved by Synod in 2021 is called Towards a Flourishing and Sustainable Future with 'Changed Lives→Changing Lives' as its strap line.

It contains the following vision statement for our diocese:

By God's grace we want to be a people who are...

...confident & creative disciples of Jesus Christ

...rooted in scripture and drenched in prayer

...living gratefully, giving generously, caring for creation & sharing the gospel

...growing in number & expectations of God and ourselves

...motivated by justice & open to the Spirit & ready for adventure!

Therefore we will[1] ...

[1] Therefore we will... is a recognition that words without actions are empty. It is a commitment to taking real steps now to make this vision a reality soon. We encourage all parishes to consider this vision carefully for themselves, to explore together what actions they will commit to take and what their local 'Therefore we will... ' will look like.

OBJECTIVES AND ACTIVITIES (continued)

Policies and objectives (continued)
The 2021 "Towards a Flourishing and Sustainable Future" document created a Blueprint for our strategic themes. In July 2023 Diocesan Synod adopted Three Bold Outcomes for 2030, which are aligned to the six national bold outcomes. They provide an overall direction of travel and are used to assess business cases for investment.

- Every parish, benefice and deanery showing signs of revitalisation.
- Doubling the number of children and young disciples.
- 200 new Christian communities.

There is a Strategic Programme Board that meets regularly to oversee progress with our strategy and this reports to Archbishop's Council and is where investment decision are taken. Frameworks and deaneries are the key agents of delivery and change. Diocesan Synod receives regular progress reports.

In addition to the Board of Education there were three frameworks within the diocesan organisation which supported deaneries and parishes in their mission.

- Mission and Ministry
- Communities & Partnerships
- Children and Young People

In 2023 the Communities and Partnerships Framework ceased to exist with their activities taken over by the two remaining frameworks and The Social Justice Network (formerly Together Kent).

Towards the end of 2022 the Church Commissioners announced significant funding for the next three triennia (2023 to 2031) for bold long-term investment in the ministry and mission of the Church of England. CDBF intends to apply for significant funding from this source to enable us to achieve our strategic objectives.

Grant making policies
Contributions to Archbishops' Council to fund National Church responsibilities are treated as grant funding.

SCA (School Conditional Allocation) grant funding is recognised as income in the Statement of Financial Activities along with the related committed expenditure.

CDBF, through its Mission Resources Group, allocates the Church Commissioners Lowest Income Communities (LInC) funding award (£835k) to the neediest parishes in accordance with the LInC criteria.

Heating and hardship grants were awarded in 2023 based on need. We also make a modest grant towards the Deaneries to support their administration.

OBJECTIVES AND ACTIVITIES (continued)

Raising funds

The charity raises funds through Parish Share and on occasion receives other donations and voluntary income. It aims to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care both in the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial church councils, donors and supporters. It applies best practice to protect their data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

ACHIEVEMENTS AND PERFORMANCE

Key financial performance indicators

Current year Parish Share receipts represent 89.7% of the total apportioned (2022 – 93.2%) or, when deferred receipts for previous years are included, 90.0% (2022 – 94.2%). This shortfall of 10.0% (2022 – 5.8%) represents £819k (2022 - £444k) in cash terms. Our aspiration is always to collect 100% of Parish Share.

Review of activities

The diocese continues to strive to resource effective mission, ministry and growth throughout its parishes. Working with Deanery Plans, many parishes and deaneries are capturing the vision for new approaches and new forms of Church which is transforming growth and spiritual development. Wherever possible, archdeacons and diocesan officers work closely with deaneries to re-energise the mission and ministry of every parish with three bold outcomes under consideration: 1) to double the number of young people in our churches across the diocese, 2) to create 200 new Christian Communities and 3) to revitalise every parish and benefice. The details of how this will be achieved have begun to be described in the 16 Deanery Plans where we hope to be able to gauge more accurately what kind of support is needed and where there are examples of good ideas working.

We had an average of 113 paid clergy in 2023 and 122 active voluntary Readers at the end of 2023. Our Canterbury Diet provides a rolling programme for all our clergy with Leadership, Mission and Pastoral Care being the three main elements.

In 2023 we have continued to provide timely and responsive safeguarding support and advice to clergy and their teams across the diocese which includes 24/7 out of hours support for the diocese and cathedral which negates the need for the diocese to commission an external agency to provide this. This helps to provide a responsive and preventative safeguarding intervention. We also conducted over 1,195 DBS (Disclosure and Barring Service) checks, which contributes towards keeping our children and vulnerable people safe in our churches.

We held our Annual Safeguarding Conference in partnership with Rochester Diocese which saw 220 delegates further moving the culture in the diocese of being one that is as safe as it can be with an emphasis on prevention. As a service we have adapted our ways of working, making full use of the technology available to us so that we are nimble in our approach and responsiveness which has included the introduction of regular Networking Meetings for our Parish Safeguarding Officers over zoom.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)
Our Missional Learning Communities and Deanery Action Learning sets continue to bring together groups of Christians from churches across the diocese looking to change the culture and lay foundations for growth.

We continue to support our communities through a wide range of partnerships with other organisations including our work with Refugees which this year have seen a significant influx of families from Ukraine. Individuals' homes and diocesan accommodation have been used under the Government 'Homes for Ukraine' initiative and we have an additional paid Ukraine speaker to help us respond to this need.

We provide online prayer resources for individuals and parishes bringing together a prayer diary and seasonal prayers, readings and reflections.

The face of ministry is changing as ordained clergy help equip and enable the ministry of everyone to ensure the Church is a Monday to Saturday Church, as well as a Sunday Church and is sustainable into the future. The impact of Coronavirus (Covid-19) has provided further impetus to reimagine ministry.

Covid-19
Covid-19 had a global impact in 2020 and 2021 but although still present in 2023 its direct impact was less in 2023.

Income generation
The diocese received 83% of its recurring unrestricted income (excluding the £87k gains on property disposals) from Parish Share, which is a voluntary payment from parishes. The 2020 review of the Parish Share methodology recommended no change to the current calculation methodology. However, to simplify the methodology and provide a "level playing field" complexities such as limiting increases or decreases to a certain percentage and providing discounts for early payment were removed in 2023.

The Church Commissioners allocate lowest income community funding grants (LInC grants) to the poorest dioceses and Canterbury received a grant of £834,917 in 2023 (2022 - £846,636). The diocese received an allocation from Benefact Trust of £112,875 in 2023 (2022 - £129,000) which supports our diocesan strategic projects.

Investment policy and performance
CDBF seeks to invest its funds for the best possible financial return consistent with its risk appetite and need for diversification. The investment objective for long term funds is to generate a minimum return of 5% in excess of inflation, as measured by the UK Consumer Prices Index. The investment objective for short-term and medium-term reserves is to preserve the real value of capital, minimise risk and obtain the best available return within these risk constraints.

CDBF has adopted an ethical investment policy which follows the ethical investment advice given by the Church of England Ethical Investment Advisory Group (EIAG) to the National Investing Bodies (NIBs): the Church Commissioners for England, the Church of England Pensions Board and the CBF Church of England Funds (managed by CCLA).

An improvement in investment markets in 2023 resulted in an increase in the value of our listed investments of £311k compared with a decrease of £846k in 2022. This has resulted in the value of our listed investments increasing to £6.4m.

ACHIEVEMENTS AND PERFORMANCE (continued)

Investment policy and performance (continued)
The listed investments are held in two funds at CCLA. The performance of the CBF Church of England Investment Fund on a total return basis was 12.57% for the year against the comparator benchmark of -13.28%. The performance of the CBF Church of England Property on a total return basis was -1.19% against the comparator benchmark of -2.38%.

The portfolios are reviewed with CCLA Investment Management Limited every year. Investments held by the Board have been acquired in accordance with powers available to the Trustees under the Memorandum and Articles of Association.

FINANCIAL REVIEW

Introduction
Archbishop's Council continues to work diligently to secure the financial position of the diocese whilst at the same time promoting effective mission, ministry and community throughout the area. The Church of England exists to promote the Gospel of Christ in every community and the diocese sees that the furtherance of that aspiration is the only way to secure the future of the Anglican Church in this diocese.

The Board's subsidiary company, Canterbury Diocesan Enterprises Limited (CDEL), is responsible for adopting a strategic approach to all property assets and maximising the value of any disposal proceeds. This company continues to work on several key projects and advises on property aspects of pastoral reorganisation and it continues to deliver vital resources to help the work of CDBF.

The total funds of the diocese include the value of all benefice parsonages within the parishes and these were valued at £54.6m in 2023 (2022 - £70.9m). CDBF is engaged on a rolling five-year process of revaluations of these properties. These properties are included in endowment funds recognising that they remain benefice property, although should they cease to be used as ministry houses then ownership is usually transferred to CDBF unrestricted funds. A total of 27 freehold properties have been classified incorrectly as benefice houses previously and were transferred to freehold property at deemed cost based on the earliest valuation available. Three Ministry properties were identified as benefice properties and transferred from freehold property at revaluated market value.

Results for the year
Total income for the year amounted to £11.2m, a decrease of £2m compared with 2022. The main reason for this was the gain on disposal of £1.5m in 2022 was not replicated in 2023. Parish Share was higher than 2022 due to the increased budget set for 2023 but overall grants were £337k lower.

Other sources of income consist of other grant income, investment income, property rental income, parochial fees for weddings and funerals and the income for work done for third parties by the charity's subsidiary companies. Such income remains very important and is an essential contributor in keeping Parish Share requirements lower than they might otherwise be.

Expenditure increased to £11.8m compared to £11.6m in 2022. Unrestricted expenditure increased by £340k but restricted expenditure decreased by £126k.

FINANCIAL REVIEW (continued)

Results for the year (continued)

Net income before investment (losses) gains decreased by £2,206k resulting in £618k loss for the year. Losses on benefice property transfers and gains on investments totalling £2,934k resulted in net income of £2,316k before transfers. There was a £330k transfer from Glebe to tangible fixed assets. This was offset by £4,016 loss on revaluation of tangible fixed assets and the combined result of these movements was a decrease in net assets/reserves of £1.7m from £102m to £100.3m.

Under FRS 102 the Board is required to account for any future agreed deficit contributions in the clergy and laity pension fund schemes. These provisions are £nil (2022 – £1m) for the national clergy scheme and £nil (2022 – £1m) for the staff scheme. Deficit contributions ceased at 31 December 2022 as both pension fund schemes were in surplus at that date.

Financial position

The consolidated balance sheet showed total funds at 31 December 2023 of £100.3m (2022 – £102.0m) comprising:

	2023	2022
	£'000	£'000
General funds (including non-charitable trading funds)	**5,310**	5,394
Designated funds	**29,365**	16,159
Restricted funds	**2,219**	2,318
Endowment funds	**63,426**	78,149
	100,320	102,020

The above figures include endowment funds of £63.4m (2022 – £78.1m), the principal part of this being the benefice properties amounting to £54.6m (2022 – £70.9m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds are restricted funds totalling £2.2m (2022 – £2.3m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 20 to the financial statements together with an analysis of movements in the year.

Funds totalling £29.4m (2022 – £16.2m) have been designated by the Trustees for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 20 to the financial statements. The Trustees are aware that most of the designated funds are represented by ministry housing. General funds (including non-charitable trading funds of £112k) total £5,310k (2022 – £5,394k).

Reserves policy

The Board's policy is to hold general reserves to ensure ongoing financial stability should there be an unplanned fall in income and to take into account the timing of income. In 2023 this would require general reserves of between £1.4m and £1.7m. At the end of 2023 the Board's general reserves, were £5.3m (2022 - £5.4m). Free reserves (i.e. excluding tangible fixed assets) were £2.6m at the year end. Given the challenges CDBF may face in the future it is considered that this level of reserves is reasonable and will enable CDBF to further its strategic objective of growing the Kingdom.

FINANCIAL REVIEW (continued)

Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient cash. In addition, the charity also holds investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £29.4m, including £27.9m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Pay policy for senior staff

Senior Clergy are paid according to stipend scales set by the national church. The stipends for the Bishop of Dover and the Archdeacon of Maidstone (in lieu of the unused Bishop of Maidstone post) are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne principally by Canterbury Cathedral. The stipend of the Archdeacon of Ashford is borne by CDBF.

CDBF uses a system of job evaluation to grade staff appropriately. Salaries usually increase each year to reflect changes in costs of living, where affordable, at levels set by the Senior Management Team. The HR Committee formally agrees the appropriate cost of living uplifts in the light of these variables. Individual Salary reviews are set by the HR Committee where required who consider salary recommendations by Departmental Directors. As well as the job evaluation framework the HR Committee considers the local market in terms of benchmarking salaries to ensure staff are paid a fair wage for fair work and as such salaries may move with the market throughout the year. All changes to senior staff are set independently from the Senior Management Team by the HR Committee.

Key management personnel are defined as the Trustees together with those employees listed in note 13 to the attached financial statements.

PLANS FOR THE FUTURE

Future developments

The Archbishop's Council will continue to use the strategy document "Towards a Flourishing and Sustainable Future" with the strapline 'Changed Lives→Changing Lives' to develop the deaneries local expressions of mission action planning through a themed template which will create a deanery plan in each deanery. The Council will look to access funds made available to our diocese to support our churches to grow and these deanery plans will be vital in linking local need with this wider resource. We have a Strategic Programme Board that oversees progress on each strand and as funding streams emerge project boards or their equivalent will be established. We are exploring the ways different churches might be led in the future with 'less paid - well trained leaders, lay and ordained' being an ambition. This mixed ecology of leadership from selection, through training to deployment is gradually being applied.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board acts as Custodian Trustee in respect of trusts administered on behalf of managing trustees, which includes incumbents, churchwardens, Parochial Church Councils and other organisations of the diocese.

In 2000 the Board arranged for the Central Board of Finance to take over the administration of investments held on behalf of parishes, except for Endowment Funds. The Board is still administering investments with a book value of £2.6m (2022 – £3.1m). The assets of these funds are held separately from those of the Board.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Canterbury Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements
- on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

DISCLOSURE OF INFORMATION TO AUDITOR

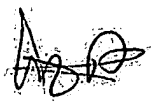
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

AUDITOR

Buzzacott LLP was reappointed as statutory auditor on 4 July 2023 and has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

This report, incorporating the Strategic Report, was approved by the Trustees on 1 June 2024 and signed on their behalf on 17 September 2024 by:



Anthony Richter

Trustee

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

Opinion

We have audited the financial statements of Canterbury Diocesan Board of Finance (the 'charitable parent company') and of Canterbury Diocesan Board of Finance and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the consolidated and charitable parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies, the notes to the financial statements and the appendices. 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 affairs of the group and of the charitable parent company as at 31 December 2023 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent 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 and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

Other information (continued)
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 is also a directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also a directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

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

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

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

Responsibilities of Trustees (continued)
In preparing the financial statements, the Trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the charitable parent 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the audit partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual financial transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

24 September 2024

Consolidated statement of financial activities Year to 31 December 2023

	Notes	Un-restricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income and endowments from:						
Donations and grants	1	**7,307**	**1,543**	**—**	**8,850**	9,562
Charitable activities	2	**1,108**	**664**	**—**	**1,772**	1,699
Other trading activities	3	**92**	**—**	**—**	**92**	139
Investments and interest	4	**382**	**—**	**37**	**419**	252
Other sources	5	**85**	**—**	**—**	**85**	1,530
Total income and endowments		**8,974**	**2,207**	**37**	**11,218**	13,182
Expenditure on:						
Raising funds	6	**205**	**—**	**—**	**205**	213
Charitable activities	8	**9,211**	**2,374**	**46**	**11,631**	11,381
Total expenditure	10	**9,416**	**2,374**	**46**	**11,836**	11,594
Net (expenditure) income before investment gains (losses)		**(442)**	**(167)**	**(9)**	**(618)**	1,588
Net gains (losses) on investments	16	**137**	**68**	**2,729**	**2,934**	(1,001)
Net (expenditure) income before transfers		**(305)**	**(99)**	**2,720**	**2,316**	587
Transfers between funds	20	**13,427**	**—**	**(13,427)**	**—**	—
Net income (expenditure) for the year	11	**13,122**	**(99)**	**(10,707)**	**2,316**	587
Other recognised gains and losses:						
Gains on revaluation of pension fund liabilities	22	**—**	**—**	**—**	**—**	136
(Losses) gains on revaluations of tangible fixed assets	15	**—**	**—**	**(4,016)**	**(4,016)**	1,820
Net movement in funds		**13,122**	**(99)**	**(14,723)**	**(1,700)**	2,543
Reconciliation of funds						
Total funds brought forward		**21,553**	**2,318**	**78,149**	**102,020**	99,477
Total funds carried forward		**34,675**	**2,219**	**63,426**	**100,320**	102,020

All activities relate to continuing operations in both the above financial years.

The unrestricted fund column above comprises both general funds and designated funds. Details of the analysis between these funds can be found in note 20 to these financial statements. At 31 December 2023, general and non-charitable trading funds were £5,310k (2022 – £5,394k) whilst designated funds (many of which represent ministry housing) amounted to £29.4m (2022 – £16.2m)

Consolidated summary income and expenditure account Year to 31 December 2023

	Note	2023 £'000	2022 £'000
Income		**11,181**	13,168
Less: Expenditure		**(11,790)**	(11,575)
Net (expenditure) income for the year before transfers and investment gains and losses		**(609)**	1,593
Net gains (losses) on investments		**205**	(310)
Transfers from endowment funds	20	**13,427**	—
Net income for financial year		**13,023**	1,283

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 activities relate to continuing operations.

Balance Sheets 31 December 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Fixed assets					
Tangible fixed assets	15	**85,087**	88,094	**85,087**	88,094
Investments	16	**10,623**	8,019	**10,624**	8,020
		95,710	96,113	**95,711**	96,114
Current assets					
Debtors	17	**1,288**	1,571	**1,303**	1,555
Cash at bank and in hand		**7,019**	7,870	**6,723**	7,590
		8,307	9,441	**8,026**	9,145
Creditors: amounts falling due within one year	18	**(2,919)**	(2,756)	**(2,877)**	(2,714)
Net current assets		**5,388**	6,685	**5,149**	6,431
Total assets less current liabilities		**101,098**	102,798	**100,860**	102,545
Creditors: amounts falling due after more than one year	19	**(778)**	(778)	**(778)**	(778)
Net assets		**100,320**	102,020	**100,082**	101,767
Funds					
Endowment funds	20	**63,426**	78,149	**63,426**	78,149
Restricted funds	20	**2,219**	2,318	**2,106**	2,199
Unrestricted funds					
. Designated funds	20	**29,365**	16,159	**29,365**	16,159
. General funds	20	**5,198**	5,282	**5,185**	5,260
. Non-charitable trading funds	20	**112**	112	**—**	—
Total funds		**100,320**	102,020	**100,082**	101,767

The financial statements were approved by the Trustees on 1 June 2024 and signed on their behalf on 17 September 2024 by:

Anthony Richter

Trustee

Company number: 00195650

Consolidated statement of cash flows Year to 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash used in operating activities	A	**(655)**	(130)
Cash flows from investing activities			
Investment income and interest received		**419**	268
Proceeds from the sale of tangible fixed assets		**85**	5,015
Purchase of tangible fixed assets		**(700)**	(62)
Net cash (used in) provided by investment activities		**(196)**	5,221
Cash flows from financing activities			
Repayments of borrowings		**—**	(1,971)
Net cash used in financing activities		**—**	(1,971)
Change in cash and cash equivalents in the year		**(851)**	3,120
Cash and cash equivalents brought forward		**7,870**	4,750
Cash and cash equivalents carried forward	B	**7,019**	7,870

A. Reconciliation of net income for the year to net cash (used in) generated by operating activities

	2023 £'000	2022 £'000
Net income for the year (as per the statement of financial activities)	**2,316**	587
Adjustment for:		
Depreciation charges	**21**	33
(Gains) losses on investments	**(2,934)**	1,001
Investment income and interest receivable	**(419)**	(268)
Gains on fixed asset property disposals	**(85)**	(1,530)
Pensions adjustment	**—**	(203)
Decrease (increase) in debtors	**283**	(361)
Increase in creditors excluding loans and pensions	**163**	611
Net cash used in operating activities	**(655)**	(130)

B. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	**7,019**	7,870

C. Net debt

	2022 £'000	Cash flows £'000	2023 £'000
Cash and cash equivalents	7,870	(851)	**7,019**
Borrowings			
Debt due within one year	(145)	—	**(145)**
Debt due after one year	(778)	—	**(778)**
	(923)	—	**(923)**
Total	6,947	(851)	**6,096**

Basis of accounting
The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 December 2023 with comparative information provided for the year to 31 December 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the Canterbury Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation
The financial statements consolidate the accounts of Canterbury Diocesan Board of Finance and all its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account. Gross income of the charity of £11,211k (2022 – £13,038k) and a surplus of £2,326k (2022- £454k) has been dealt within the accounts of the charity.

Company status
The charity is a company limited by guarantee, Company Registration Number 00145650 (England and Wales). Every member of Diocesan Synod is a member of CDBF for company law purposes. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity. The company's address and other reference information is shown on pages 1 and 2.

Fund structure
The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the Trustees. Certain unrestricted funds have been set aside and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

Fund structure (continued)
The non-charitable trading funds represent the accumulated gains and losses arising on the charity's trading subsidiaries.

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the useful economic life and residual values of tangible fixed assets for the purpose of determining the annual depreciation charge or no depreciation charge;
- the valuation of investment property and benefice properties;
- the deemed cost of properties transferred from benefice properties to ministry properties in prior years; and
- the underlying assumptions in the actuarial valuations of the defined benefit schemes and the recoverability of debtors and any provision for bad or doubtful debts.

The Trustees consider valuation of benefice properties to be the area of judgement and estimation that has a significant effect on the financial statements. Further details of these judgements are given in note 15.

Going concern
The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient cash. In addition, the charity also holds investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £29.4m, including £27.9m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income
Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including Parish Share income, income from listed investments, interest receivable, income directly related to charitable activities (including grants), income from trading activities, the surplus on disposal of tangible fixed assets, rental income and miscellaneous income.

Income (continued)
Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income is deferred only when the charity must fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities comprises parochial fees received for occasional offices including baptisms, weddings and funerals and School Condition Allocation grant funding.

Income from other trading activities includes the income received from third parties by the charity's trading subsidiaries. Such income is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

Expenditure
Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered. Expenditure comprises the following:

a) Expenditure on raising funds comprises the expenditure of trading subsidiary companies.

b) Expenditure on charitable activities which comprises expenditure on the charity's primary charitable purposes as described in the Trustees' report i.e. promoting and assisting the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Expenditure (continued)
Grants payable are included in the statement of financial activities when approved and committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

Property, plant and equipment
All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Laptop and desktop computers costing under £1,000 are also capitalised.

Freehold property consists of buildings designed as, and used wholly or mainly for, private residential accommodation and other freehold buildings such as Diocesan offices. Freehold property is not depreciated as their value and conditions are reviewed annually by the Trustees, who are satisfied that their residual value is not materially less than their book value.

Office equipment is written off over a period of three to ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

Benefice property
CDBF has followed the requirements of FRS 102 in its accounting treatment for benefice houses. FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. CDBF is formally responsible for the maintenance and repair of benefice houses 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. Therefore, the Trustees consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their estimated market value. Approximately one-fifth of the properties are valued each year and those properties not revalued in the year are revalued by reference to appropriate property indices. The valuation based on estimated market value assumes good title but there are some properties which have restrictive covenants for ecclesiastical purposes which may reduce the estimated market value.

Investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid price.

Glebe property mainly consists of agricultural land and is included in the financial statements at a valuation determined based on revaluation every 5 years by an external surveyor. Some glebe properties have development potential but due to the uncertainties in the planning process these are not revalued unless planning permission has been granted and a willing purchaser exists.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired after the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Operating leases
Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Pensions
The charity operates four pension schemes as more fully described in note 22:

i) A defined benefits scheme for clergy – the Church of England Funded Pensions Scheme

ii) A defined benefits scheme for certain diocesan staff now closed to new staff – the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund

Iii) A defined benefits scheme for diocesan staff – the Church of England Pension Builder Classic Scheme, part of the Church Workers Pension Fund

iv) A defined contribution pension scheme for diocesan staff not included in the above schemes

The pension costs charged as expenditure represent CDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

Custodian funds
Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

School major repair and capital projects
The SCA (School Condition Allocation) grant funding received is recognised in the statement of financial activities along with the related expenditure.

1. Income from: Donations and grants

	Unrestricted funds £'000	Restricted funds £'000	**2023 £'000**	2022 £'000
Parish Share	7,257	—	**7,257**	7,155
Archbishops' Council	—	1,257	**1,257**	1,998
Benefact Trust	—	113	**113**	129
Other donations and grants	50	173	**223**	280
Total funds	7,307	1,543	**8,850**	9,562

Grants from Archbishops' Council in 2022 included £375k to provide support to the diocese during the Coronavirus pandemic.

2. Income from: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**2023 £'000**	2022 £'000
Parochial fees for occasional offices (see (a) below)	361	—	**361**	422
Rental income	747	50	**797**	666
Department for Education capital grants (see (b) below)	—	614	**614**	611
Total funds	1,108	664	**1,772**	1,699

(a) Occasional offices include weddings and funerals.

(b) The charity assists voluntary aided schools with school building projects and the provision of IT equipment. SCA grant funding is included as income in the SOFA along with the related expenditure.

3. Income from: Other trading activities

	Unrestricted funds	
	2023 £'000	2022 £'000
Income generated by subsidiary trading companies	—	78
Other trading income	**92**	61
Total funds	**92**	139

Income from subsidiary trading companies represents work done by Canterbury Diocesan Enterprises Limited and Ethos School Improvement Limited for third parties outside of the group. Work done by Canterbury Diocesan Enterprises Limited for CDBF of £209k (2022 - £253k), work done by Canterbury Diocesan Board of Finance for Ethos School Improvement Limited of £27k (2022 - nil) and work done for The Social Justice Network of £2k (2022 - £2k) has been eliminated on consolidation.

4. Income from: Investments and interest

	Unrestricted funds £'000	Endowment funds £'000	**2023 £'000**	2022 £'000
Investment income	207	37	**244**	222
Bank and other interest receivable	175	—	**175**	30
Total funds	382	37	**419**	252

5. Income from: Other sources

	Unrestricted funds	
	2023 £'000	2022 £'000
Gains on disposal of fixed assets	**85**	1,530
Total funds	**85**	1,530

The gains on property disposals relate to the disposal of properties deemed surplus to requirements and other gains less abortive development costs written off.

6. Expenditure on: Raising funds

Expenditure on raising funds comprises the expenditure of subsidiary trading companies.

7. Analysis of grant funding activities

Included within expenditure on charitable activities (note 8) are the following grants:

	Number	**2023 £'000**	Number	2022 £'000
From unrestricted funds for National Church responsibilities				
Contributions to Archbishops' Council	—	**535**	—	522
From restricted funds				
Education grants for school building projects	**11**	**860**	115	587
Ministry grants	**36**	**835**	362	847
Heating and hardship grants	—	—	125	367
From unrestricted funds				
Deanery grants	**6**	**12**	115	22
Parish and Ignite project grants		**7**		—
		2,249		2,345

The provision of diocesan grants, using the Archbishops' Council funding allocation, continues to see the diocese giving financial assistance to parishes to leverage their mission. In 2023, £835k (2022 – £847k) was spent in targeting parishes which can most benefit from grant funding for mission and ministry. In 2022 a further £367k from the Archbishops' Council to provide heating and hardship grants, no funds were received in 2023 for this.

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2023 £'000**	Total funds 2022 £'000
Contributions to Archbishops' Council:					
Training for ministry	235	—	—	**235**	235
National church responsibilities	138	—	—	**138**	153
Grants and provisions	24	—	—	**24**	19
Mission agency pension costs	8	—	—	**8**	10
Retired clergy housing costs	93	—	—	**93**	81
Pooling of ordinands' maintenance grants	37	—	—	**37**	24
	535	—	—	**535**	522
Resourcing Ministry and Mission:					
Parish Ministry and Social Justice					
Stipends	2,899	—	—	**2,899**	3,088
National Insurance	226	—	—	**226**	250
Pension contributions	712	—	—	**712**	915
Housing costs	1,706	—	—	**1,706**	1,269
Apprenticeship levy	13	—	—	**13**	14
Removal and resettlement costs	98	—	—	**98**	73
Other expenses	132	96	46	**274**	212
Lay and ordinand training	162	126	—	**288**	221
Mission development grants	19	835	—	**854**	869
Heating and hardship grants	—	—	—	**—**	367
Other grants	—	20	—	**20**	—
Together Kent donations	8	—	—	**8**	—
Social justice	5	101	—	**106**	104
	5,980	1,178	46	**7,204**	7,382
Senior Clergy					
Stipends, NI and Pensions	47	—	—	**47**	59
Housing cost allocation	38	—	—	**38**	31
	85	—	—	**85**	90
Strategic Investment Projects *(see below)*	172	336	—	**508**	395
Support costs (see note 9)	2,112	—	—	**2,112**	2,088
Total expenditure on resourcing Ministry and Mission	8,349	1,514	46	**9,909**	9,955
Expenditure on education:					
Support for church schools and young people	327	—	—	**327**	317
School building grants (see note 2)	—	860	—	**860**	587
Total funds	9,211	2,374	46	**11,631**	11,381

The 2022 expenditure is analysed by fund in the appendix. Restricted expenditure on Strategic Investment Projects comprises expenditure on projects to enable the Diocesan Strategy of 'Changed Lives→ Changing Lives'.

9. Analysis of support costs

	Unrestricted funds	
	2023	2022
	£'000	£'000
Administration		
Salaries	**1,278**	1,250
National Insurance	**121**	127
Pensions	**279**	205
Administration, office and other indirect costs	**309**	375
Governance		
External audit	**31**	33
Diocesan Synod and Archbishop's Council	**3**	7
National Synod	**3**	7
Registrar	**63**	59
Statutory accounts preparation	**10**	10
Strategic management	**15**	15
Total support costs	**2,112**	2,088

10. Analysis of total expenditure

	Activities directly undertaken	Grant funding of activities	Support costs	**2023 Total funds**	2022 Total funds
	£'000	£'000	£'000	**£'000**	£'000
Raising funds	205	—	—	**205**	213
Charitable activities					
. Contributions to Archbishops' Council	—	535	—	**535**	522
. Resourcing Ministry and Mission	6,942	855	2,112	**9,909**	9,588
. Heating and hardship grants	—	—	—	**—**	367
. Education	327	860	—	**1,187**	904
	7,474	2,250	2,112	**11,836**	11,594

The 2023 expenditure is analysed by activity in the appendix.

11. Net income (expenditure) for the year

This is stated after charging:

	2023	2022
	£'000	£'000
Depreciation of tangible fixed assets owned by the charitable group	**21**	33
Operating lease rentals	**20**	25

12. Auditor's remuneration

	2023	2022
	£'000	£'000
Audit of the charity's annual accounts and those of subsidiary trading companies:		
Current year	**31**	33
Taxation services to the group	**5**	4

13. Stipends and staff costs

	2023 £'000	2022 £'000
Wages, salaries and stipends	**4,657**	4,843
Social security costs	**391**	425
Other pension costs	**1,051**	1,195
	6,099	6,463
Defined benefit scheme operating cost	**1**	6
Apprenticeship levy	**13**	14
	6,113	6,483

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

	2023 No.	2022 No.
Clergy, Curates and Senior Staff	**113**	127
Diocesan House (including strategic projects)	**57**	60
	170	187

The number of employees with remuneration in excess of £60,000 (including taxable benefits but excluding employer pension and national insurance contributions) was:

	2023 No.	2022 No.
In the band £60,001 - £70,000	**1**	1
In the band £70,001 - £80,000	**3**	1

Employer pension scheme costs under employment contracts in respect of the above higher paid employees were £34,535 (2022 – £20,704).

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary
Director of Communications
Director of Education
Director of Finance
Director of HR
Director of Mission and Ministry
Director of Property

Remuneration including taxable benefits and employer national insurance and pension contributions for these 7 positions amounted to £527,258 (2022 – 9 positions including Director of Ordinands and Director of Communities and Partnerships £612,638).

14. Trustees' remuneration

No Trustees received any remuneration in connection with their duties as trustees during the year (2022 – none). During the year several Trustees, who are also clergy within the diocese, received stipends from, and/or were provided with housing by, the charity in connection with their religious and pastoral duties within the diocese.

The following table gives details of the Trustees who were in receipt of a stipend (including pension), part stipend (including pension) and/or housing provided by CDBF during part or all of the year, either directly or via a spouse.

	Stipend	Housing
The Bishop of Dover	No	Yes
The Archdeacon of Ashford	Yes	Yes
The Archdeacon of Canterbury	Yes	No
The Archdeacon of Maidstone	No	Yes
The Venerable Stephen Taylor	No	Yes
The Revd Gareth Dickinson	Yes	No
The Revd Estella Last	Yes	No
The Revd Canon Dr Jeremy Worthen	Yes	No
The Revd Andrew Bawtree	Yes	No

Four trustees (2022 – four) received reimbursement of expenses of £12,512 (2022 – £12,854) in respect of General Synod duties, duties as archdeacon and other duties as trustees.

15. Tangible fixed assets

Group and charity	Freehold property	Office equipment	Benefice property	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2023	18,043	312	70,889	**89,244**
Transfer from investment property (see note 16)	330	—	—	**330**
Net transfers between freehold and benefice property	11,944	—	(11,944)	—
Net loss on transfers	—	—	(1,153)	**(1,153)**
At 1 January 2023 as restated	30,317	312	57,792	**88,421**
Additions	676	24	—	**700**
Transfer from benefice to freehold property	367	—	(367)	—
Disposals	—	(33)	—	**(33)**
Revaluation	—	—	(2,863)	**(2,863)**
At 31 December 2023	31,360	303	54,562	**86,225**
Depreciation				
At 1 January 2023	876	274	—	**1,150**
Charge for the year	—	21	—	**21**
Disposals	—	(33)	—	**(33)**
At 31 December 2023	876	262	—	**1,138**
Net book values				
At 31 December 2023	**30,484**	**41**	**54,562**	**85,087**
At 31 December 2022	17,167	38	70,889	88,094

Benefice houses are revalued on a five-year cycle by a member of the charity's property team who holds a Chartered Surveyor qualification. Approximately one-fifth of the properties are valued each year and those properties not revalued in the year are however revalued by reference to appropriate property indices. The valuation based on estimated market value assumes good title but there are some properties which have restrictive covenants for ecclesiastical purposes which may reduce the estimated market value.

Following a detailed review of the ownership and categorisation of properties, a number have been found to have been categorised incorrectly historically. A total of 27 freehold properties had been reclassified incorrectly as benefice houses and have been transferred to freehold property at a deemed cost based on the earliest valuation available. Three ministry properties were identified as benefice properties and transferred from freehold property. A further property previously classified as an investment property has been classified as a ministry property. The net effect of the reclassifications is to decrease the reserves by £1,153k. As this in not material, this amount has been included as part of the 2023 gains and losses on revaluation of tangible fixed assets.

All other tangible fixed assets are included in the financial statements at cost.

16. Fixed asset investments

Group	Glebe property £'000	Listed investments £'000	Total £'000
Market value			
At 1 January 2023	1,638	6,381	**8,019**
Transfer to tangible fixed assets (see note 15)	(330)	—	**(330)**
At 1 January 2023 restated	1,308	6,381	**7,689**
Net investment gains	2,518	416	**2,934**
At 31 December 2023	**3,826**	**6,797**	**10,623**
Historical cost	—	3,826	**3,826**

In 1978, when the Endowment and Glebe Measure 1976 came into effect, the ownership of all glebe land was transferred from the incumbents of benefices to the Diocesan Board of Finance at nil cost. The Glebe properties were revalued by an independent surveyor using market based evidence for similar properties sold in the local area.

Charity	Glebe property £'000	Investment in subsidiaries £'000	Listed investments £'000	Total £'000
Cost or valuation				
At 1 January 2023	1,638	127	6,381	**8,146**
Transfers	(330)	—	—	**(330)**
Net investment gains	2,518	—	416	**2,934**
At 31 December 2023	3,826	127	6,797	**10,750**
Impairment				
At 1 January 2023 and 31 December 2023	—	126	—	**126**
Net book values				
At 31 December 2023	**3,826**	**1**	**6,797**	**10,624**
At 31 December 2022	1,638	1	6,381	8,020

All the fixed asset investments are held in the UK. The listed investments are held in Church of England Central Board of Finance funds managed by CCLA Investment Management Limited.

Further details of subsidiaries are provided in note 24.

At 31 December 2023, the listed investments included the following holdings deemed material in the context of the entire portfolio of listed investments.

Holding	Value £'000	% of portfolio
Property fund	**1,263**	18.6
Investment fund	**5,505**	81.0

17. Debtors

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Parish Share due	**130**	101	**130**	101
Amounts owed by subsidiaries	**—**	—	**38**	36
Other debtors	**463**	468	**443**	420
Prepayments	**246**	553	**244**	550
Accrued income	**449**	449	**448**	448
	1,288	1,571	**1,303**	1,555

18. Creditors: amounts falling due within one year

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Other loans	**145**	145	**145**	145
Amounts owed to subsidiaries	**—**	—	**10**	9
Expense creditors	**383**	273	**380**	283
Other taxation and social security	**58**	58	**58**	58
Other creditors	**2,189**	2,014	**2,171**	2,014
Accruals and deferred income	**144**	266	**113**	205
	2,919	2,756	**2,877**	2,714

Other loans comprise Value Linked Loans of £145,000 (2022 – £145,000) for the purchase of special needs housing (purchased on behalf of the Church Commissioners). These loans are only repayable in the event of a sale of any of the properties and interest is charged on these loans at a variable rate.

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

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Other loans	**778**	778	**778**	778

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Repayable other than by instalments	**778**	778	**778**	778

The other loans consist of three (2022 – three) interest only mortgages which are secured on freehold properties. Interest on the loans is charged at 1.50% above base rate.

20. Statement of funds

	Brought forward at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains (losses) £'000	**Carried forward at 31 December 2023 £'000**
Endowment funds						
Ministry Trust Fund	2,099	—	—	—	122	**2,221**
Clergy Training Fund	580	—	—	—	43	**623**
Tait Mission Fund	220	—	—	—	18	**238**
Benefice Properties Fund	71,263	—	—	(13,097)	(4,016)	**54,150**
Board of Education General Fund	1,372	37	—	—	28	**1,437**
Stipends Capital Fund (Glebe land)	2,615	—	(46)	(330)	2,518	**4,757**
	78,149	37	(46)	(13,427)	(1,287)	**63,426**
Restricted funds						
Clergy and Spouses Retirement Fund	754	—	(1)	—	68	**821**
Benefact Trust	160	113	31	—	—	**304**
Lower Income Communities Fund	—	835	(835)	—	—	**—**
Resourcing Ministerial Education	97	120	(111)	—	—	**106**
Strategic investment Projects	—	301	(367)	—	—	**(66)**
School Buildings Fund (see note 2)	329	630	(876)	—	—	**83**
Education Funds	194	18	—	—	—	**212**
Other Funds (including Strategy)	469	190	(202)	—	—	**457**
Diocesan Pastoral Account Fund	315	—	(13)	—	—	**302**
	2,318	2,207	(2,374)	—	68	**2,219**
Designated funds						
Ministry Housing	14,809	—	—	13,097	—	**27,906**
Spirituality Fund	239	7	—	—	11	**257**
Witney Fund	1,088	34	(19)	—	76	**1,179**
Training Fund	23	—	—	—	—	**23**
	16,159	41	(19)	13,097	87	**29,365**
General funds						
General	5,282	8,650	(9,114)	330	50	**5,198**
Total unrestricted funds	21,441	8,691	(9,133)	13,427	137	**34,563**
Total Charity funds (including The Social Justice Network - formerly Together Kent)	101,908	10,935	(11,553)	—	(1,082)	**100,208**
Non-charitable trading funds	112	283	(283)	—	—	**112**
Total Group funds	**102,020**	**11,218**	**(11,836)**	**—**	**(1,082)**	**100,320**

20. Statement of funds (continued)

Summary: Group funds 2023	Brought forward at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	(Losses) gains £'000	Carried forward at 31 December 2023 £'000
Designated funds	16,159	41	(19)	13,097	87	**29,365**
General funds (and non-charitable trading funds)	5,394	8,933	(9,397)	330	50	**5,310**
Unrestricted funds	21,553	8,974	(9,416)	13,427	137	**34,675**
Endowment funds	78,149	37	(46)	(13,427)	(1,287)	**63,426**
Restricted funds	2,318	2,207	(2,374)	—	68	**2,219**
Total funds	**102,020**	**11,218**	**(11,836)**	**—**	**(1,082)**	**100,320**

Designated Funds

i) Ministry Housing - This fund consists of Ministry Housing properties.

ii) Spirituality Fund - The fund represents the sale proceeds of St Gabriel's Retreat House for financing a part time Diocesan Spirituality Adviser and making grants to assist Parishes and individuals to take retreats.

iii) Witney Fund - This fund consists of a legacy from the Estate of the Late Dr Raymond Witney. The Board resolved that the capital of the fund should be retained intact and the income be used to assist in the promotion of the Christian faith in the diocese.

iv) Training Fund - The purpose of this fund is to provide grants to clergy to supplement their training needs as appropriate. This fund receives unused Continuing Ministerial Education contributions and the income arising from the Cobbe Holiday Trust Fund (with the approval of the Charity Commission).

General Funds

General funds consist of the accumulated surpluses, less deficits, on unrestricted funds, excluding designated fund movements.

Non-charitable trading funds

These funds consist of the unrestricted funds of the trading subsidiaries.

Endowment Funds

Permanent Endowment Funds

The endowment funds, whereby the capital may not be expended and the income may be applied as specified are as follows:

i) Ministry Trust Fund - Income to be applied for stipends. The fund comprises the Standen Bequest, the Spooner Bequest, the A T Wiggins Bequest, the Parsonage Repair Fund, and the Dame Stancombe-Wills Fund.

ii) Clergy Training Fund - Income to be applied for clergy training. The fund comprises the Candidates for the Ministry Fund, the Holt Fund and the Knight Trust Fund.

iii) Tait Mission Fund - Income to be applied for the expenses of the Tait Missioner.

20. Statement of funds (continued)

***Endowment Funds** (continued)*

Expendable Endowment Funds

i) Benefice Properties Fund - The fund consists of resources restricted to provision of benefice houses which are vested for the time being in the incumbents of the benefices concerned. The CDBF is obliged to maintain them and to ensure that there are sufficient benefice houses for the pastoral structure of the diocese. Sale proceeds of benefice houses surplus to requirements may be transferred into the diocesan pastoral account fund or other funds following specific agreement of the Church Commissioners. During the year £367K (2022 – £nil) was transferred from the Benefice Properties Fund to the Ministry Housing Fund following schemes approved by the Church Commissioners.

ii) Board of Education General Fund - The proceeds of sale of redundant properties are held on a separate endowment fund under s554 of the Education Act. The capital of funds awaiting Orders from the Secretary of State are not available for use until such time as they are included in a charitable order or scheme which may require funds to be disposed of to other parties in part or in full. Other proceeds of sale of redundant properties are held until the completion of replacement schools. In these cases the proceeds of sale may be used to offset expenses relating to the new school projects.

iii) Stipends Capital Fund – This fund has been created from the diocesan stipend fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowment and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisations. Income of the fund is automatically applied to stipends but, at the request of the Bishop, and with the concurrence of the Board, the capital of the fund can be applied for the purchase maintenance and improvement of glebe property and benefice houses

Restricted Funds

Restricted funds comprise of:

i) Clergy and Spouses Retirement Fund - The following restricted funds specify that both capital and income must be applied for retired clergy and spouses:

- C S Thomas
- Mrs A W Mannell Bequest
- R & M Pratt
- Dorothy Mowll Will Trust

ii) Benefact Trust - These funds, which are intended to be recurring but are expected to decline over time, must be used for projects of regional or national significance and may be spread over up to three years.

iii) Lower Income Communities Fund – The fund consists of income from Archbishops' Council to make provision for the cure of souls in parishes where such assistance is most required.

iv) Heating and Hardship Fund - The fund consists of income from Archbishops' Council to provide support for those in need.

20. Statement of funds (continued)

***Restricted Funds** (continued)*

v) Resourcing Ministerial Education – The fund consists of income from Archbishops' Council to support ordinand training.

vi) School Buildings Fund – This fund consists of funding received from the DfE under the School Condition Allocation (see note 2).

vii) Education Funds – This fund consists of monies from the sale of a closed school. These funds are likely to be subject to an order under s554 of the Education Act and will then be transferred to the Board of Education expendable endowment fund.

viii) Other Funds (including strategy) – These funds consist of various funds for projects including the Diocesan Strategy.

ix) Diocesan Pastoral Account Fund - The purposes for which this fund may be used are laid down in Section 94 of the Pastoral Measure 2011 and comprise:

- grants and loans for parsonage and church provision, restoration, improvement or repair;
- costs of disposing of or maintaining houses and churches vested in the Board or Commissioners by the Measure;
- transfers to Stipends Capital Fund of capital or income;
- other purposes of the Diocese or any benefice or parish.

The fund receives the sale proceeds of churches and parsonages, which have become redundant under pastoral reorganisation when it is specified that they should be paid into this fund. The fund includes monies set aside by the Pastoral Committee for mission and development in parishes.

The analysis of the movements in funds for 2022 is included in the appendix.

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2023 is given below:

Group 2023	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2023 £'000**
Tangible fixed assets	2,721	27,804	—	54,562	**85,087**
Fixed asset investments	380	1,693	900	7,650	**10,623**
Current assets	3,843	1,235	2,015	1,214	**8,307**
Creditors due within one year	(1,118)	(1,105)	(696)	—	**(2,919)**
Creditors due in more than one year	(516)	(262)	—	—	**(778)**
Total funds	5,310	29,365	2,219	63,426	**100,320**

General funds include non-charitable trading funds of £112k (2022 – £112k). The 2022 analysis of net assets by fund is included in the appendix.

22. Pension commitments

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, no deficit contributions were paid (2022: £127k).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

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

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

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

22. Pension commitments (continued)

***Clergy** (continued)*

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

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

	2023	2022
Balance sheet liability at 1 January	—	216,000
Deficit contribution paid	—	(127,000)
Remaining change to the balance sheet liability* (recognised in SoFA)	—	(89,000)
Balance sheet liability at 31 December	—	—

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

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

Staff

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

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

22. Pension commitments (continued)

Defined Benefits Scheme (continued)

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

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

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

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 46.1% of pensionable salary and expenses of £6,700 per year. In addition deficit payments of £74,552 per year were agreed for 2.50 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022 or 31 December 2023. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2023	2022
Balance sheet liability at 1 January	—	122,000
Deficit contribution paid	—	(75,000)
Interest cost (recognised in SoFA)	—	1,000
Remaining change to the balance sheet liability*(recognised in SoFA)	—	(48,000)
Balance sheet liability at 31 December	—	—

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

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

23. Operating lease commitments

At 31 December 2023 the total of the group's and charity's future minimum lease payments under non-cancellable operating leases was:

Group and Charity	Land and buildings £'000	Equipment £'000	2023 £'000	Land and buildings £'000	Equipment £'000	2022 £'000
Amounts payable:						
Within 1 year	**18**	**6**	**24**	18	6	24
Between 2 and 5 years	**—**	**4**	**4**	9	13	22
Total	**18**	**10**	**28**	27	19	46

24. Principal subsidiaries, joint ventures and connected charities

a. Principal subsidiaries

Details of the principal subsidiaries are provided below:

Company name	Registration number	Country	Percentage Shareholding	Principal Activity
Canterbury Diocesan Enterprises Limited	6673588	England & Wales	100%	Property management
Diocesan Architectural Services Limited	2790278	England & Wales	100%	Architectural services Dormant from May 2018
Ethos School Improvement Limited	7945168	England & Wales	100%	Provision of services to schools
The Social Justice Network (a company limited by guarantee)	8763875	England & Wales	100%	Building partnerships to work with marginalised communities

Financial information for each of the subsidiaries is as follows:

Diocesan Architectural Services Limited	2023 £'000	2022 £'000
Assets and funds	**1**	1

Canterbury Diocesan Enterprises Limited	2023 £'000	2022 £'000
Income	**209**	253
Expenditure	**(176)**	(193)
Profit (loss)	**33**	(60)
Assets	**58**	40
Liabilities	**(17)**	(16)
Funds	**41**	24

24. Principal subsidiaries, joint ventures and connected charities (continued)

a. Principal subsidiaries (continued)

Ethos School Improvement Limited	2023 £'000	2022 £'000
Income	**74**	85
Expenditure	**(45)**	(43)
Profit	**29**	42
Assets	**153**	175
Liabilities	**(87)**	(87)
Funds	**66**	88

The Social Justice Network	2023 £'000	2022 £'000
Income	**182**	170
Expenditure	**(190)**	(136)
(Loss) profit	**(8)**	34
Assets	**152**	155
Liabilities	**(20)**	(12)
Funds	**132**	143

b. Connected entities

Company name	Registration number	Country	Principal Activity
The Diocese of Canterbury Academies Company Limited	7793458	England & Wales	Educational activities

25. Custodian Trustee

The charity acts as Custodian Trustee in respect of various funds. These assets are held separately from those of the charity and are not included in the balance sheets on page 22. The summary of the funds as at 31 December is as follows:

Trust funds	2023 £'000	2022 £'000
Represented by:		
Fixed assets		
. Listed investments (at cost)	**1,174**	1,792
Current assets		
. Central Board of Finance Deposit Fund	**1,389**	1,339
Total	**2,563**	3,131
Market value of investments at 31 December		
Listed investments	**6,005**	5,367

26. Related party transactions

Other than the relationships and transactions disclosed in notes 13 and 14, there are no other related party transactions requiring disclosure (2022 – none).

Appendix: Comparative consolidated statement of financial activities Year to 31 December 2022

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000
Income and endowments from:					
Donations and grants:					
Archbishops' Council	1	375	—	—	375
Other donations and grants	1	7,193	1,994	—	9,187
Charitable activities	2	1,072	627	—	1,699
Other trading activities	3	139	—	—	139
Investments and interest	4	238	—	14	252
Other sources	5	1,530	—	—	1,530
Total income and endowments		10,547	2,621	14	13,182
Expenditure on:					
Raising funds	6	213	—	—	213
Charitable activities	8	8,862	2,500	19	11,381
Total expenditure	10	9,075	2,500	19	11,594
Net income (expenditure) before investment gains		1,472	121	(5)	1,588
Net losses on investments	16	(211)	(99)	(691)	(1,001)
Net income (expenditure) for the year	11	1,261	22	(696)	587
Other recognised gains and losses:					
Gains on revaluation of pension fund liabilities	22	47	—	89	136
Gains on revaluations of tangible fixed assets	15	—	—	1,820	1,820
Net movement in funds		1,308	22	1,213	2,543
Reconciliation of funds					
Total funds brought forward		20,245	2,296	76,936	99,477
Total funds carried forward		21,553	2,318	78,149	102,020

Appendix: Comparative notes to the financial statements Year to 31 December 2022

1. Income from: Other donations and grants

	Unrestricted funds £'000	Restricted funds £'000	**2022 £'000**
Parish Share	7,155	—	**7,155**
Archbishops' Council	—	1,623	**1,623**
Benefact Trust	—	129	**129**
Other donations and grants	38	242	**280**
Total funds	7,193	1,994	**9,187**

2. Income from: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**2022 £'000**
Parochial fees for occasional offices	422	—	**422**
Rental income	650	16	**666**
Department for Education capital grants	—	611	**611**
Total funds	1,072	627	**1,699**

4. Income from: Investments and interest

	Unrestricted funds £'000	Endowment funds £'000	**2022 £'000**
Investment income	208	14	**222**
Bank and other interest receivable	30	—	**30**
Total funds	238	14	**252**

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2022 £'000**
Contributions to Archbishops' Council:				
Training for ministry	235	—	—	**235**
National church responsibilities	153	—	—	**153**
Grants and provisions	19	—	—	**19**
Mission agency pension costs	10	—	—	**10**
Retired clergy housing costs	81	—	—	**81**
Pooling of ordinands' maintenance grants	24	—	—	**24**
	522	—	—	**522**
Resourcing Ministry and Mission:				
Parish Ministry				
Stipends	3,088	—	—	**3,088**
National Insurance	250	—	—	**250**
Pension contributions	915	—	—	**915**
Housing costs	1,269	—	—	**1,269**
Apprenticeship levy	14	—	—	**14**
Removal and resettlement costs	73	—	—	**73**
Other expenses	87	106	19	**212**
Lay and ordinand training	104	117	—	**221**
Mission development grants	22	847	—	**869**
Heating and hardship grants	—	367	—	**367**
Social Justice	3	101	—	**104**
	5,825	1,538	19	**7,382**
Senior Clergy				
Stipends, NI and Pensions	59	—	—	**59**
Housing cost allocation	31	—	—	**31**
	90	—	—	**90**
Strategic Investment Projects	20	375	—	**395**
Support costs (note 9)	2,088	—	—	**2,088**
Total expenditure on resourcing Ministry and Mission	8,023	1,913	19	**9,955**
Expenditure on education:				
Support for church schools and young people	317	—	—	**317**
School building grants (see note 2)	—	587	—	**587**
Total funds	8,862	2,500	19	**11,381**

10. Analysis of total expenditure

	Activities directly undertaken £'000	Grant funding of activities £'000	Support costs £'000	2022 Total Funds £'000
Raising funds	213	—	—	**213**
Charitable activities				
. Contributions to Archbishops' Council	—	522	—	**522**
. Resourcing Ministry and Mission	6,631	869	2,088	**9,588**
. Heating and hardship grants	—	367	—	**367**
. Education	317	587	—	**904**
	7,161	2,345	2,088	**11,594**

20. Statement of funds

	Brought forward at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	(Losses) gains £'000	Carried forward at 31 December 2022 £'000
Endowment funds						
Ministry Trust Fund	2,380	—	—	—	(281)	**2,099**
Clergy Training Fund	659	—		—	(79)	**580**
Tait Mission Fund	247	—	—	—	(27)	**220**
Benefice Properties Fund	69,354	—	—	—	1,909	**71,263**
Board of Education General Fund	1,413	14	—	—	(55)	**1,372**
Stipends Capital Fund	2,883	—	(19)	—	(249)	**2,615**
	76,936	14	(19)	—	1,218	**78,149**
Restricted funds						
Clergy and Spouses Retirement Fund	854	—	(1)	—	(99)	**754**
Benefact Trust Fund	129	129	(98)	—	—	**160**
Lower Income Communities Fund	—	847	(847)	—	—	**—**
Heating and hardship Fund	—	367	(367)	—	—	**—**
Resourcing Ministerial Education	81	133	(117)	—	—	**97**
School Buildings Fund (see note 2)	305	611	(587)	—	—	**329**
Education Funds	178	16	—	—	—	**194**
Other Funds	439	500	(470)	—	—	**469**
Diocesan Pastoral Account Fund	310	18	(13)	—	—	**315**
	2,296	2,621	(2,500)	—	(99)	**2,318**
Designated funds						
Ministry Housing	15,158	—	—	(349)	—	**14,809**
Spirituality Fund	258	7	—	—	(26)	**239**
Witney Fund	1,212	34	(21)	—	(137)	**1,088**
Training Fund	23	—	—	—	—	**23**
	16,651	41	(21)	(349)	(163)	**16,159**
General funds						
General	3,584	10,167	(8,817)	349	(1)	**5,282**
Total unrestricted funds	20,235	10,208	(8,838)	—	(164)	**21,441**
Total Charity funds (including Social Justice Network)	99,467	12,843	(11,357)	—	955	**101,908**
Non-charitable trading funds	10	339	(237)	—	—	**112**
Total Group funds	99,477	13,182	(11,594)	—	955	**102,020**

20. Statement of funds (continued)

Summary: Group funds 2022	Brought forward at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains £'000	**Carried forward at 31 December 2022 £'000**
Designated funds	16,651	41	(21)	(349)	(163)	**16,159**
General funds (and non-charitable trading funds)	3,594	10,506	(9,054)	349	(1)	**5,394**
Unrestricted funds	20.245	10,547	(9,075)	—	(164)	**21,553**
Endowment funds	76,936	14	(19)	—	1,218	**78,149**
Restricted funds	2,296	2,621	(2,500)	—	(99)	**2,318**
Total funds	99,477	13,182	(11,594)	—	955	**102,020**

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2022 is given below:

Group 2022	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2022 £'000**
Tangible fixed assets	2,396	14,809	—	70,889	**88,094**
Fixed asset investments	360	1,571	831	5,257	**8,019**
Current assets	3,895	1,368	2,175	2,003	**9,441**
Creditors due within one year	(741)	(1,327)	(688)	—	**(2,756)**
Creditors due in more than one year	(516)	(262)	—	—	**(778)**
Total funds	5,394	16,159	2,318	78,149	**102,020**

General funds include non-charitable trading funds of £112k.

CANTERBURY DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249972

Accounts

GOV.UK Charity Commission

Charity Commission Annual Return 2022

CANTERBURY DIOCESAN BOARD OF FINANCE

Charity registration number: 249972

Most of the information you give in this form will become publicly available on the Register of Charities. Any field that the Charity Commission will not display will be clearly marked.

This document is a record of the information provided in the Annual Return 2022.

Financial period

Financial period start date

01/01/2022

Financial period end date

31/12/2022

Income and spending

Income £

£13,182,000

Spending £

£11,594,000

Serious Incidents

For the period of this return, were there any serious incidents in your charity that have not been reported to the Charity Commission?

No

Fundraising - professional fundraiser

Did your charity raise funds from the public?

Yes

Did the charity work with any professional fundraisers?

No

Fundraising - commercial participator

Did your charity work with any commercial participators?

No

Grantmaking

Was grant making the main way your charity carried out its purposes?

No

Government contracts

During the financial period for this annual return, d, id the charity receive income from contracts (other than grant agreements) with central government or local authorities?

No

Government grants

During the financial period for this annual return, did the charity receive income from grants from central government or local authorities?

No

Income from outside the UK

Did your charity receive income from outside the UK ?

No

Spending outside England & Wales

Did your charity operate outside England and Wales?

No

Trading subsidiaries

Did the charity have any subsidiaries?

Yes

Were any of the trustees also directors of the charity's subsidiaries?

Yes

Trustee payments

Did any of the trustees receive any remuneration, payments or benefits from the charity other than refunds of legitimate trustee expenses?

No

Did any of the trustees resign and then take up employment with the charity?

No

Employees' salaries

Did any of your charity's staff receive total employee benefits of £60,000 or more?
Select No if your charity does not have any staff , or does not pay any staff.

Yes

For your highest paid member of staff only, what was the total value of their employee benefits?
(For example if your highest paid member of staff received £35,000 enter 35000). If you do not have any staff or did not pay any staff, enter 0 (zero)

£70,019

£60,000 to £70,000

1

£70,001 to £80,000

1

Volunteers

How many UK volunteers, excluding trustees, did the charity have during the financial period?

50

Financial controls

Did your charity review its internal financial controls?

Yes

Account type

Does your charity prepare:

Group accounts

Income and endowments

Donations & legacies

£9,562,000

Of the total donations & legacies what amount is Legacies

£0

Of the total donations & legacies what amount is Endowments received

£0

Other trading activities

£805,000

Investment income

£252,000

Income from charitable activities

£1,033,000

Other income

£1,530,000

Total income and endowments

£13,182,000

Expenditure

Expenditure on raising funds

£213,000

Of the total expenditure on raising funds what value is Investment management costs

£0

Other expenditure

£0

Expenditure on charitable activities

£11,381,000

Of the total expenditure on charitable activities what value is Grants to institutions

£1,978,000

Of the total expenditure on charitable activities what value is Governance costs

£131,000

Total expenditure

£11,594,000

Gains/(losses)

Gains/(losses) on revaluation of fixed assetsThis figure should be prefixed with the minus symbol if it is a negative value.

£1,820,000

Actuarial gains/(losses) on defined benefit pension schemesThis figure should be prefixed with the minus symbol if it is a negative value.

£136,000

Net gains/(losses) on investmentsThis figure should be prefixed with the minus symbol if it is a negative value.

£-1,001,000

Other gains/(losses)This figure should be prefixed with the minus symbol if it is a negative value.

£0

Assets

Total fixed assets

£96,113,000

Of the total fixed assets what value is Fixed asset investments

£8,019,000

Total current assets

£9,441,000

Of the total current assets what value is Current asset investments

£0

Of the total current assets what value is Cash at bank and in hand

£7,870,000

Funds

Endowment funds

£78,149,000

Restricted funds

£2,318,000

Unrestricted funds

£21,553,000

Total funds

£102,020,000

Liabilities

Creditors due within 1 year

£2,756,000

Creditors falling due after one year and provisions

£778,000

Defined benefit pension scheme asset/(liability)This figure should be prefixed with a minus symbol if it is a negative value

£0

Total net assets/(liabilities)

£102,020,000

Additional information

Support costs

£2,088,000

Depreciation charge for the year

£33,000

Level of reserves

£2,998,000

Average number of employees

187

Privacy statement

Any information you give us will be held securely and processed only in accordance with the rule on data protection. We will not disclose your personal details to anyone unconnected to the Charity Commission unless:

· you have consented to their release; or

· we are legally obliged to disclose them; or

· we regard disclosure as either (a) necessary so that we can properly carry out our statutory functions or (b) necessary in the public interest.

We may share and disclose information about you with relevant public authorities,

regulatory bodies and agencies, outside the Charity Commission but only if:

· we can lawfully do so; and

· we decide that disclosure is necessary for national security, crime detection, prevention, and law enforcement, or other issues in the public interest

Information we collect about you

We will use this information:

To enable us to carry out our statutory functions and duties;

This will include the following actions:

(a) update, consolidate, and improve the accuracy of our records;

(b) undertake crime detection and prevention and law enforcement and assist the third parties specified above to investigate or prevent crime and carry out law enforcement;

(c) data analysis, testing, research, statistical and survey purposes

Information we receive from other sources.

Information we receive from other sources

We may combine this information with information you give to us and information we collect about you.

We may use this information and the combined information for the purposes set out above (depending on the types of information we receive).

We will ensure that any such disclosure and use is proportionate; considers your right to respect for your private life; and is done fairly and lawfully in accordance with the data protection principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of 'personal data', which is essentially any information, however stored, about identifiable living individuals.

As a 'data controller' under the Act, the Charity Commission must comply with it. Any changes we may make to our privacy statement in the future will be set out in the replacement version of this form.

Please check back frequently to see any updates or changes to our privacy policy.

Declaration

Your role at the charity (select one):

☒Employee

Given names	DOUGLAS
Family name	GIBB

Telephone number	01227459401
Email	dgibb@diocant.org
Date submitted	31/07/2023

It is a criminal offence under section 60 of the Charities Act 2011 for anyone to knowingly or recklessly provide false or misleading information to the commission; this includes suppressing, concealing or destroying documents.

CANTERBURY DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249972

Accounts

Canterbury Diocesan Board of Finance

Trustees' Report and Financial Statements

31 December 2021

Company Limited by Guarantee
Registration Number
00145650 (England and Wales)

Charity Registration Number
249972

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Reference and administrative information

Trustees	
Ex-Officio Trustees	The Archbishop of Canterbury, The Most Revd and Rt Hon Justin Welby The Bishop of Dover, The Rt Revd Rose Hudson-Wilkin Mr Peter Wyllie, Chair (appointed 6 July 2021) Mr Nigel Mansley, Chair (resigned 6 July 2021) The Dean of Canterbury Cathedral, The Very Revd Dr Robert Willis (resigned 16 May 2022) The Venerable Stephen Taylor, MBE The Archdeacon of Ashford, The Venerable Darren Miller The Archdeacon of Canterbury, The Venerable Joanne Kelly-Moore (resigned 3 December 2021) The Archdeacon of Maidstone, The Venerable Andrew Sewell Mrs Jane Ashton Mrs Miranda Ford (appointed 1 January 2022) Fiona Higgs (appointed 1 January 2022) Dr John Moss Mr Philip Sibbald (resigned 6 July 2021) The Revd Carol Smith
Elected Trustees	Miss Aimée Babbs (resigned 31 December 2021) Graham Codling (appointed 1 January 2022) The Revd Gareth Dickinson (appointed 1 January 2022) Mrs Miranda Ford (resigned 31 December 2021) The Revd Estella Last The Revd Canon Stephen Lillicrap (appointed 1 February 2021, resigned 31 December 2021) Lt Col (Retd) John Morrison The Revd Shiela Porter (resigned 6 July 2021) The Revd Canon Dr Jeremy Worthen (appointed 1 January 2022)
Acting Diocesan Secretary	The Venerable Stephen Taylor, MBE
Registered address	Diocesan House Lady Wootton's Green Canterbury Kent CT1 1NQ
Company Registration No.	00145650 (England and Wales)
Charity Registration No.	249972
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers	Lloyds Bank plc 49 High Street Canterbury Kent CT1 2SE
Solicitors	Mowll Ltd Trafalgar House Gordon Road Whitfield Dover Kent CT16 3PN
Investment Managers	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET

The Trustees present their annual report (incorporating the strategic report for Companies Act purposes) together with the audited financial statements for the year ended 31 December 2021.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the principal accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the southern province and York for the northern. Each province comprises dioceses, of which there are 41 in England. Each diocese is divided into deaneries and each deanery into parishes; and each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the "cure of souls" in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The Lords Spiritual, consisting of the two archbishops and 24 of the senior bishops sit in the House of Lords.

The Church of England is episcopally-led; it is led by the Archbishops of Canterbury and York and there are a further 106 bishops including Diocesan Bishops and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. Its members belong to one of three groups or houses: The House of Bishops, The House of Clergy and the House of Laity, and General Synod meets in London or York at least twice annually to consider matters for the broader good of the Church.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Canterbury Diocesan Board of Finance (CDBF, the charity or the Board) was incorporated as a company on 29 December 1916 to manage the financial affairs of the diocese and to hold its assets. Every member of Diocesan Synod is a member of CDBF for company law purposes, and similarly Archbishop's Council comprises the Trustees. The Board is a company limited by guarantee and as such has no share capital. The Board is a registered charity and its Trustees are the same people who serve as the Board of Directors for company law purposes. The Board together with its subsidiary entities comprises the 'group'.

The principal object of the charity and the group is to promote and assist the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury.

Method of appointment or election of Trustees

The management of the charity and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies adopted for the induction and training of Trustees

At the first meeting of the triennium, the triennium for the Trustees being the period January 2022 to December 2024, time is set aside for the induction and training of new Trustees and further training is provided where necessary during the triennium to ensure that all Trustees are kept fully informed of their responsibilities. Diocesan officers are always on hand to advise Trustees on supplementary issues.

Trustees' remuneration

The Trustees do not receive remuneration for their roles as trustees of the charity. The clergy members of the Board, as office holders within the diocese, receive housing and stipends as part of their clergy role.

Organisational structure and decision making

The Board, as Archbishop's Council, is responsible for working with the Bishop of Dover to shape the diocesan strategy and to monitor the outworking of that strategy. It sets overall objectives and priorities. The outworking of those objectives and strategies for the Diocese of Canterbury is conducted through four overarching frameworks. The frameworks (see below under policies and objectives) meet frequently to plan their own priorities and make appropriate decisions in support of the overriding strategies and objectives of the Diocese of Canterbury. The principal officers manage the day-to-day administration in conjunction with Archbishop's Council and respective frameworks as appropriate. The remaining staff assist in administration.

Related party relationships

CDBF makes contributions to the national Archbishops' Council towards the running costs of the National Church. The stipends of all parish priests are paid initially by the Church Commissioners and these are reimbursed by CDBF. The stipend of the Bishop of Dover together with the stipend of the Chaplain, the salaries of the Bishop's office staff and the Archdeacon of Maidstone's stipend are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne by the Dean and Chapter of Canterbury Cathedral and is not included in these financial statements. The Board considers that the following are subsidiary companies or connected charities:

Subsidiary Companies:

- Canterbury Diocesan Enterprises Limited (CDEL)
- Diocesan Architectural Service Limited (DASL)
- Ethos School Improvement Limited (eSIL)
- Together Kent (with effect from 1 March 2021)

Connected Charities:

- Together Kent (until 28 February 2021)
- The Diocese of Canterbury Academies Company Limited (DCACL)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Trustees have assessed the major risks to which the charity and the group are exposed, in particular those related to the operations and finances of the charity and the group and are satisfied that appropriate systems and procedures are in place to mitigate exposure to the major risks. The Trustees, through the Finance and Assets Committee, undertook a comprehensive review of the strategic, business and operational risks in 2021.

The key risks facing the Board of Finance are:

- Non-payment of full Parish Share.

  The Trustees continue to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the general fund. The Trustees also monitor on a regular basis the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share. A strategic review has led to an overall reduction of some 10% in the Parish Share requested from parishes in 2022, which should result in a lower monetary shortfall in 2022.

- A failure to take appropriate safeguarding precautions and implement suitable policies to protect all those who come within the care of our churches.

  CDBF takes extremely seriously the need for strong safeguarding procedures and controls. The Trustees are responsible ultimately for overseeing the implementation and review of policies and procedures for safeguarding children and vulnerable adults throughout the diocese; and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults. There is in place a new structure with an Independent Safeguarding Chair and policies that ensure full rigor when addressing safeguarding issues. The lessons learned from historic sexual abuse cases continue to reform the way the Church of England, and the CDBF do things. All Church officers, Trustees, staff and volunteers are trained in diocesan safeguarding policy and best practice and the Diocesan Safeguarding Advisors are available to give advice.

  There are clear procedures in place for reporting all safeguarding concerns.

- IT and systems failures.

  The Trustees are aware of the threat posed by those with malicious intent and cyber-security is taken very seriously. The Trustees are aware also of the need to ensure the strongest possible defences against attack including the upgrading of software and hardware. To strengthen our defences against attack, via malicious emails and phishing attacks, staff are trained to follow best practice and to be alert to malicious emails and other potential IT risks. We have an ICT board which keeps cyber security and related issues under review.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- The charity's key assets comprise properties and listed investments. Cash flow issues may arise because of the timing of capital transactions and poor investment performance may lead to losses being incurred.

  Property maintenance is of key importance, ensuring that the buildings are maintained to a high standard and that preventative action is taken before matters become real problems. The charity has a highly skilled Property Team with many years of experience looking after residential, office and historic buildings. The timing of property transactions is planned carefully to ensure that they do not give rise to adverse cash flow issues.

  The value of the charity's listed investments is dependent on movements in the UK and world stock markets. The charity's financial position, therefore, is exposed to the downside risk attached to such investments. To control against this risk, the charity's investments are managed by reputable investment managers who adhere to a policy agreed by the Trustees. Representatives of the charity meet with the investment managers on a regular basis to monitor performance and to discuss the charity's investment strategy generally to ensure it remains appropriate – both now and into the future.

OBJECTIVES AND ACTIVITIES

Policies and objectives

In planning the activities of the charity for the year, the Trustees have considered the guidance on public benefit issued by the Charity Commission. In common with the Church of England, the diocese strives to ensure that in every local community there is a worshipping, welcoming and serving congregation, working with Christians of other traditions and people of goodwill, witnessing to the transforming power of the love of God as seen in Jesus. Our strategic document approved by Synod in 2021 is called Towards a Flourishing and Sustainable future with 'Changed Lives→Changing Lives' as its strap line.

It contains the following vision statement for our diocese:

By God's grace we want to be a people who are…
…confident & creative disciples of Jesus Christ
…rooted in scripture and drenched in prayer
…living gratefully, giving generously, caring for creation & sharing the gospel
…growing in number & expectations of God and ourselves
…motivated by justice & open to the Spirit & ready for adventure!
Therefore we will1…

[1] Therefore we will… is a recognition that words without actions are empty. It is a commitment to taking real steps now to make this vision a reality soon. We encourage all parishes to consider this vision carefully for themselves, to explore together what actions they will commit to take and what their local 'Together we will… ' will look like.

OBJECTIVES AND ACTIVITIES (continued)

Policies and objectives (continued)

The Flourishing and Sustainable Future document created a Blueprint for our strategic themes, and these are:

24/7 discipleship,
Prioritising children & young people,
Mutuality & Parish Share,
Review central and support services
Ministry - lay and ordained
Structures & organisation
Church revitalising & planting
Church buildings
Engaging with disadvantaged communities
Social & environmental justice

There is a Strategic Programme Board that meets regularly to oversee progress on our strategic themes and the frameworks and deaneries are the key agents of delivery and change.

In addition to the Board of Education there are 3 frameworks within the diocesan organisation which support deaneries and parishes in their mission.

- Mission and Ministry
- Communities & Partnerships
- Children and Young People

The National Church has extended its grant for our Ignite initiatives to 2023 and also for our Strategic Programme Manager.

Grant making policies
The diocese through its Mission Resources Group allocate the Church Commissioners Lowest Income Communities (LInC) funding award (£800k+) to the neediest parishes, either with Parish Share or towards a post.

We make a modest grant towards the Deaneries for their administration.

The SCA (School Condition Allocation) system was introduced in April 2020 and superseded LCVAP (Locally Co-ordinated Voluntary-Aided Programme). The SCA grant funding is recognised as income in the Statement of Financial Activities along with the related committed expenditure.

OBJECTIVES AND ACTIVITIES (continued)

Raising funds

The charity raises funds through Parish Share and on occasion receives other donations and voluntary income. It aims to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both in the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial church councils, donors and supporters. It applies best practice to protect their data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

ACHIEVEMENTS AND PERFORMANCE

Key financial performance indicators

Current year Parish Share receipts represent 87.7% of the total apportioned (2020 – 86.8%) or, when deferred receipts for previous years are included, 90.1% (2020 – 88.0%). This shortfall of 9.9% (2020 – 12%) represents £830k (2020 - £1.0m) in cash terms.

Our aspiration is always to collect 100% of Parish Share.

Review of activities

The diocese continues to strive to resource effective mission, ministry and growth throughout its parishes. Working with Deanery Plans, many parishes and deaneries are capturing the vision for new approaches and new forms of Church which is transforming growth and spiritual development. Wherever possible, archdeacons and diocesan officers (sometimes acting as deanery accompaniers) work closely with deaneries to re-energise the mission and ministry of struggling parishes. There are many cases now where mission plans have been agreed and transitional finance provided which has transformed Christian communities in bringing about new hope, where seemingly all had been lost. However, there are still cases where parishes are struggling to resource an effective mission and ministry to their community.

We had an average of 129 paid clergy in 2021 and 135 active voluntary Readers at the end of 2021. Our Deepening Discipleship Course provides a way of listening to God's voice about calling and serving and many go on to serve in a variety of ways inside and outside the church.

In 2021 we have continued to provide timely and responsive safeguarding support and advice to clergy and their teams across the diocese which includes 24/7 out of hours support for the diocese and cathedral which negates the need for the diocese to commission an external agency to provide this. This helps to provide a responsive and preventative safeguarding intervention. We also conducted over 800 DBS (Disclosure and Barring Service) checks, which contributes towards keeping our children and vulnerable people safe in our churches. In addition to this, 2021 saw the completion of our Past Cases Review (2).

ACHIEVEMENTS AND PERFORMANCE (continued)

We held our first online Annual Safeguarding Conference in January 2021 which saw nearly 200 delegates attend, further moving the culture in the diocese of being one that is as safe as it can be with an emphasis on prevention, rather than just responding and reacting to issues of safeguarding and abuse. As a service we have adapted our ways of working, making full use of the technology available to us so that we are nimble in our approach and responsiveness.

Our missional learning communities have brought together groups of Christians across churches looking to change the culture to lay foundations for future growth.

We continue to support our communities through a wide range of partnerships with other organisations such as the work being done by Domenica Pecoraro with Refugee and Asylum Seekers which has been both timely and exceptional.

We provide many online prayer resources for individuals and parishes bringing together a prayer diary and seasonal prayers, readings and reflections.

The face of ministry is changing as ordained clergy help equip and enable the ministry of everyone to ensure the Church is a Monday to Saturday Church, as well as a Sunday Church and is sustainable into the future. The impact of Coronavirus (Covid-19) has provided further impetus to reimagine ministry.

Covid-19

Covid-19 had a global impact in 2020 and 2021 and significantly affected our operations. It is now our hope that the serious issues that arose are behind us and we look forward to growing the Church as things return to normal.

Income generation

The diocese received 85% of its unrestricted income (excluding the £222,000 grant from Archbishops' Council) from Parish Share, which is a voluntary payment from parishes. A review of Parish Share was completed in 2020 and recommended no change to the current methodology.

The Church Commissioners allocate lowest income community funding grants to the poorest dioceses and Canterbury received a grant of £818,393 in 2021 (2020 - £791,000). The diocese received an allocation from Benefact (formerly Allchurches Trust) of £127,000 in 2021 (2020 - £125,000) which supports our diocesan strategic projects.

Investment policy and performance

An improvement in investment markets in 2021 resulted in an increase in the value of our listed investments of £901k compared with an increase of £253k in 2020. This has resulted in the value of our listed investments increasing to £7.2m. The majority of listed investments are held in two funds at CCLA. The CBF Church of England Investment Fund outperformed the benchmark of CPI plus 5% for the year and the CBF Church of England Property Fund also outperformed its comparator benchmark for the year.

ACHIEVEMENTS AND PERFORMANCE (continued)

The investment policy for 2021 was:

- To keep surplus liquid funds on short term deposit
- To maintain holdings of longer-term investments at the following levels:
  - Investment Fund (75%)
  - Property Fund (25%)
- To pool investments across the funds of the diocese so that returns on investment are consistent and not dependent upon the levels and denomination of investment held.

The portfolios are reviewed with CCLA Investment Management Limited every year. Investments held by the Board have been acquired in accordance with powers available to the Trustees under the Memorandum and Articles of Association.

FINANCIAL REVIEW

Introduction

Archbishop's Council continues to work diligently to secure the financial position of the diocese whilst at the same time promoting effective mission, ministry and community throughout the area. The Church of England exists to promote the Gospel of Christ in every community and the diocese sees that the furtherance of that aspiration is the only way to secure the future of the Anglican Church in this diocese.

The Board's subsidiary company, Canterbury Diocesan Enterprises Limited (CDEL), is responsible for adopting a strategic approach to all property assets and maximising the value of any disposal proceeds. This company continues to work on several key projects and advises on property aspects of pastoral reorganisation and it continues to deliver vital resources to help the work of CDBF.

The total funds of the diocese include the value of all benefice parsonages within the parishes and these were valued at £69.0m in 2021 (2020 - £67.6m). CDBF is engaged on a rolling five-year process of revaluations of these properties. These properties are included in endowment funds recognising that they remain benefice property, although should they cease to be used as ministry houses then ownership is usually transferred to CDBF unrestricted funds.

Results for the year

Total income for the year amounted to £11.8m, a decrease of £0.7m compared with 2020. The decrease was driven primarily by a reduction of £0.4m in Covid-19 support grant from Archbishops' Council and a decrease in restricted education income of £0.2m.

The Parish Share collected in 2021 was slightly higher in both monetary terms and as a percentage of the Parish Share requested than 2020.

Other sources of income consist of other grant income, investment income, property rental income, parochial fees for weddings and funerals and the income for work done for third parties by the charity's subsidiary companies. Such income remains very important and is an essential contributor in keeping Parish Share requirements lower than they might otherwise be.

FINANCIAL REVIEW (continued)

Results for the year (continued)

Expenditure for the year totalled £11.5m compared to £11.3m in 2020. Unrestricted expenditure increased by £0.2m, driven by an increase in Parish Ministry expenditure.

Net income for the year decreased by £1.0m to £0.2m before investment gains of £0.9m, gains arising on the revaluation of pension fund liabilities of £0.4m and gains of £6.0m arising on the revaluation of benefice properties were taken into account. The combined result of these movements was an increase in net assets/reserves of £7.5m from £92m to £99.5m.

Under FRS 102 the Board is required to account for any deficit in the clergy and laity pension fund schemes. These provisions are £0.22m (2020 - £0.46m) for the diocese's proportion of the national clergy scheme and £0.12m (2020 - £0.53m) for our proportion of the staff scheme.

Financial position

The consolidated balance sheet showed total funds at 31 December 2021 of £99.5m (2020 - £92.0m) comprising:

	2021	2020
	£	£
General funds (including non-charitable trading funds)	**3,594**	852
Designated funds	**16,651**	14,519
Restricted funds	**2,296**	1,756
Endowment funds	**76,936**	74,863
	99,477	91,990

The above figures include endowment funds of £76.9k (2020 – £74.9m), the principal part of this being the benefice properties amounting to £69.1m (2020 – £67.6m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds are restricted funds totalling £2.3m (2020 – £1.8m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 20 to the financial statements together with an analysis of movements in the year.

Funds totalling £16.7m (2020 – £14.5m) have been designated by the Trustees for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 20 to the financial statements. The Trustees are aware that most of the designated funds are represented by ministry housing and in 2021 they reviewed their policy on the sale of empty property to improve the level of working capital.

General funds (including non-charitable trading funds of £10k) total £3,594k (2020 - £852k). Excluding gains on disposal, revaluation of investments and fund transfers, general funds decreased by £197k for the year (2020 – increase of £429k).

FINANCIAL REVIEW (continued)

Reserves policy

The Board's policy is to hold working capital (net current assets) of between 15% and 20% of its annual budgeted expenditure. In 2021 this would require working capital of between £1.3m and £1.8m. This amount is regarded as the minimum necessary to enable the Board to withstand cash flow fluctuations in the course of its normal business. At the end of 2021 the Board's working capital was £3.3m (2020 - £1.7m).

Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees, mindful of Covid-19, have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £16.7m, including £15.2m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term at that time.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Pay policy for senior staff

Senior Clergy are paid according to stipend scales set by the national church. The stipends for the Bishop of Dover and the Archdeacon of Maidstone (in lieu of the unused Bishop of Maidstone post) are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne principally by Canterbury Cathedral. The stipend of the Archdeacon of Ashford is borne by CDBF.

CDBF uses a system of job evaluation to grade staff appropriately. CDBF regularly looks at the local market in terms of benchmarking salaries to ensure staff are paid a fair wage for fair work and as such salaries may move with the market throughout the year. The HR Committee then formally agrees the appropriate salary in the light of these variables.

Key management personnel are defined as the Trustees together with those employees listed in note 13 to the attached financial statements.

FINANCIAL REVIEW (continued)

PLANS FOR THE FUTURE

Future developments

The Archbishop's Council will continue to pursue the strategy 'Changed Lives→Changing Lives' still further in line with Bishop Rose's episcopal leadership. The Council will look to obtain funds for the different project strands both from the Church Commissioners and other charities as well as re-allocating diocesan resources. We have a Strategic Programme Board that oversees progress on each strand. Below that we have programme boards (in some cases "frameworks") that focus on particular strands. We are aware that the level of future retirements of clergy and, consequently, our 'Enriching leadership' strand is particularly important for us to develop a mixed economy of leadership in our churches and parishes. We will also work to implement the vision and ideas in our recent report "Towards a Flourishing and Sustainable Future". As part of the resourcing of this strategy, the Trustees will continue to look for ways to develop the current Diocesan House to better enable modern team based collegiate working and changes have already been made to accomplish this.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board acts as Custodian Trustee in respect of trusts administered on behalf of managing trustees, which includes incumbents, churchwardens, Parochial Church Councils and other organisations of the diocese. The assets held in the capacity of Custodian Trustee include freehold property and investments.

The Board also administers funds, on behalf of Parochial Church Councils, on an agency basis for investment and obtains income tax repayments, relating to Gift Aid, on behalf of parishes and other diocesan organisations. The tax recoverable during 2021 was £1.1m (2020 - £1.5m).

In 2000 the Board arranged for the Central Board of Finance to take over the administration of investments held on behalf of parishes, except for Endowment Funds. The Board is still administering investments with a book value of £3.2m (2020 - £3.1m). The assets of these funds are held separately from those of the Board.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Canterbury Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Trustees are required to:

TRUSTEES' RESPONSIBILITIES STATEMENT (continued)

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

AUDITOR

Buzzacott LLP was reappointed as statutory auditor on 14 July 2021 and has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

This report, incorporating the Strategic Report, was approved by the Trustees on 11 June 2022 and signed on their behalf by:



Peter Wyllie

Trustee

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

Opinion

We have audited the financial statements of Canterbury Diocesan Board of Finance (the 'charitable parent company') and of Canterbury Diocesan Board of Finance and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the consolidated and charitable parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies, the notes to the financial statements and the appendices. 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 affairs of the group and of the charitable parent company as at 31 December 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions 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 and Financial Statements, other than the financial statements and our auditor's report thereon. 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 is also a directors' report for the purposes of company legislation, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also a directors' report for the purposes of company legislation, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the charitable parent 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the audit partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual financial transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 14 June 2022

Consolidated statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income and endowments from:						
Donations and grants:						
Archbishops' Council	1	**222**	—	—	**222**	**665**
Other donations and grants	1	**7,687**	**1,900**	—	**9,587**	**9,442**
Charitable activities	2	**816**	**629**	—	**1,445**	**1,434**
Other trading activities	3	**170**	—	—	**170**	**300**
Investments and interest	4	**205**	—	**34**	**239**	**223**
Other sources	5	**88**	—	—	**88**	**453**
Total income and endowments		**9,188**	**2,529**	**34**	**11,751**	**12,517**
Expenditure on:						
Raising funds	6	**321**	—	—	**321**	**330**
Charitable activities	8	**9,053**	**2,095**	**34**	**11,182**	**10,944**
Total expenditure	10	**9,374**	**2,095**	**34**	**11,503**	**11,274**
Net (expenditure) income before investment gains		**(186)**	**434**	—	**248**	**1,243**
Net gains on investments	16	**226**	**106**	**569**	**901**	**423**
Net income before transfers		**40**	**540**	**569**	**1,149**	**1,666**
Transfers between funds	20	**4,501**	—	**(4,501)**	—	—
Net income (expenditure) for the year	11	**4,541**	**540**	**(3,932)**	**1,149**	**1,666**
Other recognised gains and losses:						
Gains (losses) on revaluation of pension fund liabilities	22	**333**	—	**19**	**352**	**(52)**
Gains on revaluations of tangible fixed assets	15	—	—	**5,986**	**5,986**	**3,076**
Net movement in funds		**4,874**	**540**	**2,073**	**7,487**	**4,690**
Reconciliation of funds						
Total funds brought forward		**15,371**	**1,756**	**74,863**	**91,990**	**87,300**
Total funds carried forward		**20,245**	**2,296**	**76,936**	**99,477**	**91,990**

All activities relate to continuing operations in both the above financial years.

The unrestricted fund column above comprises both general funds and designated funds. Details of the analysis between these funds can be found in note 20 to these financial statements. At 31 December 2021, general funds were £3,594k (2020 - £779k) whilst designated funds (many of which represent ministry housing) amounted to £16.7m (2020 - £14.5m).

Consolidated summary income and expenditure account Year to 31 December 2021

	Note	2021 £'000	2020 £'000
Income		**11,717**	12,496
Less: Expenditure		**(11,469)**	(11,239)
Net income for the year before transfers and investment gains and losses		**248**	1,257
Net gains on investments		**332**	130
Transfers from endowment funds	20	**4,501**	950
Net income for financial year		**5,081**	2,337

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 activities relate to continuing operations.

Balance Sheets 31 December 2021

	Notes	**Group 2021 £'000**	Group 2020 £'000	**Charity 2021 £'000**	Charity 2020 £'000
Fixed assets					
Tangible fixed assets	15	**89,730**	83,469	**89,730**	83,469
Investments	16	**9,020**	8,150	**9,021**	8,151
		98,750	91,619	**98,751**	91,620
Current assets					
Debtors	17	**1,210**	1,558	**1,264**	1,562
Cash at bank and in hand		**4,750**	4,508	**4,511**	4,382
		5,960	6,066	**5,775**	5,944
Creditors: amounts falling due within one year	18	**(2,644)**	(4,360)	**(2,579)**	(4,312)
Net current assets		**3,316**	1,706	**3,196**	1,632
Total assets less current liabilities		**102,066**	93,325	**101,947**	93,252
Creditors: amounts falling due after more than one year	19	**(2,589)**	(1,335)	**(2,589)**	(1,335)
Net assets		**99,477**	91,990	**99,358**	91,917
Funds					
Endowment funds	20	**76,936**	74,863	**76,936**	74,863
Restricted funds	20	**2,296**	1,756	**2,200**	1,756
Unrestricted funds					
. Designated funds	20	**16,651**	14,519	**16,651**	14,519
. General funds	20	**3,584**	779	**3,571**	779
. Non-charitable trading funds	20	**10**	73	**—**	—
Total funds		**99,477**	91,990	**99,358**	91,917

The financial statements were approved by the Trustees on 11 June 2022 and signed on their behalf by:



Peter Wyllie

Trustee

Consolidated statement of cash flows Year to 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash (used in) generated by operating activities	A	**(484)**	219
Cash flows from investing activities			
Investment income and interest received		**239**	223
Proceeds from the sale of tangible fixed assets		**418**	267
Purchase of tangible fixed assets		**(638)**	(200)
Proceeds from sale of investments		**31**	—
Net cash provided by investment activities		**50**	290
Cash flows from financing activities			
Repayments of borrowings		**(1,824)**	—
Cash inflows from new borrowing		**2,500**	872
Net cash provided by financing activities		**676**	872
Change in cash and cash equivalents in the year		**242**	1,381
Cash and cash equivalents brought forward		**4,508**	3,127
Cash and cash equivalents carried forward	B	**4,750**	4,508

A. Reconciliation of net income for the year to net cash (used in) generated by operating activities

	2021 £'000	2020 £'000
Net income for the year (as per the statement of financial activities)	**1,149**	1,666
Adjustment for:		
Depreciation charges	**33**	31
Gains on investments	**(901)**	(423)
Investment income and interest receivable	**(239)**	(223)
Gains on property disposals	**(88)**	(267)
Pensions adjustment	**(297)**	(432)
Decrease / (increase) in debtors	**348**	(236)
(Decrease) / increase in creditors excluding loans and pensions	**(489)**	103
Net cash (used in) generated by operating activities	**(484)**	219

B. Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	**4,750**	4,508

C. Net debt

	2020 £'000	Cash flows £'000	2021 £'000
Cash and cash equivalents	**4,508**	**242**	**4,750**
Borrowings			
Debt due within one year	**(1,440)**	**1,087**	**(353)**
Debt due after one year	**(778)**	**(1,763)**	**(2,541)**
	(2,218)	**(676)**	**(2,894)**
Total	**2,290**	**(434)**	**1,856**

Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2021 with comparative information provided for the year to 31 December 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the Canterbury Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation

The financial statements consolidate the accounts of Canterbury Diocesan Board of Finance and all its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account. Gross income of the charity of £11,507k (2020 - £12,436k) and surplus of £1,102k (2020- £1,667k) has been dealt with in the accounts of the charity.

Company status

The charity is a company limited by guarantee, Company Registration Number 00145650 (England and Wales). Every member of Diocesan Synod is a member of CDBF for company law purposes. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity. The company's address and other reference information is shown on page 1.

Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the Trustees. Certain unrestricted funds have been set aside and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

Fund structure (continued)
The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

The non-charitable trading funds represent the accumulated gains and losses arising on the charity's trading subsidiaries.

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the valuation of investment property and benefice properties;
- the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting (see below).

The Trustees consider valuation of benefice properties and pensions liabilities to be the areas of judgement and estimation that have a significant effect on the financial statements. Further details of these judgements are given in notes 15 and 22 respectively.

Going concern
The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees, mindful of Covid-19, have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £16.7m, including £15.2m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term at that time.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including Parish Share income, income from listed investments, interest receivable, income directly related to charitable activities (including grants), income from trading activities, the surplus on disposal of tangible fixed assets, rental and miscellaneous income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charity has entitlement to the income and the amount due to the charity can be measured.

Income is deferred only when the charity must fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities comprises parochial fees received for occasional offices including baptisms, weddings and funerals.

Income from other trading activities includes the income received from third parties by the charity's trading subsidiaries. Such income is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered. Expenditure comprises the following:

a) Expenditure on raising funds which includes expenditure associated with raising funds and comprises the expenditure of trading subsidiary companies.

b) Expenditure on charitable activities which comprises expenditure on the charity's primary charitable purposes as described in the Trustees' report i.e. promoting and assisting the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

Property, plant and equipment

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Laptop and desktop computers costing under £1,000 are also capitalised.

Benefice property being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the Trustees, who are satisfied that their residual value is not materially less than their book value. Other freehold buildings which are used either as private residential properties or as Diocesan offices are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Office equipment is written off over a period of three to five years, based on cost, in order to write the cost of each asset off over its estimated useful life.

Benefice property

CDBF has followed the requirements of FRS 102 in its accounting treatment for benefice houses. FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. CDBF is formally responsible for the maintenance and repair of benefice houses 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. Therefore, the Trustees consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their estimated current value. Benefice houses are revalued on a five-year cycle by professional valuers or a member of the charity's property team with a Chartered Surveyor qualification with approximately one-fifth of the properties being visited for valuation purposes each year. Those properties not revalued in the year are however revalued by reference to appropriate property indices.

Investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid price.

Glebe property mainly consists of agricultural land and is included in the financial statements at a valuation based on income yield with provision being made for any impairment deemed necessary. The valuation is determined by the Trustees after consultation with the Board's property director. Some glebe properties have development potential but due to the uncertainties in the planning process these are not revalued unless planning permission has been granted and a willing purchaser exists.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired after the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Operating leases
Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Pensions

The charity operates four pension schemes as more fully described in note 22:

i) A defined benefits scheme for clergy – the Church of England Funded Pensions Scheme

ii) A defined benefits scheme for certain diocesan staff now closed to new staff – the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund

iii) A defined benefits scheme for diocesan staff – the Church of England Pension Builder Classic Scheme, part of the Church Workers Pension Fund

iv) A defined contribution pension scheme for diocesan staff not included in the above schemes

The pension costs charged as expenditure represent CDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. 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.

Custodian funds

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

School major repair and capital projects

The SCA (School Condition Allocation) system was introduced in April 2020 and superseded LCVAP (Locally Coordinated Voluntary-Aided Programme). The SCA grant funding received is recognised in the statement of financial activities along with the related expenditure.

1. Income from: Donations and grants

	Unrestricted funds	
	2021	2020
	£'000	£'000
Archbishops' Council	**222**	665

The grants given in 2021 and 2020 are to provide support to the diocese during the Coronavirus pandemic.

	Unrestricted funds	Restricted funds		
	£'000	£'000	**2021**	2020
			£'000	£'000
Parish Share	**7,584**	**—**	**7,584**	7,529
Archbishops' Council	**—**	**1,394**	**1,394**	1,379
Benefact Trust (formerly Allchurches Trust)	**—**	**127**	**127**	125
Together Kent (see below)	**11**	**115**	**126**	—
Other donations and grants	**92**	**242**	**356**	409
Total funds	**7,687**	**1,900**	**9,587**	9,442

As explained more fully in note 24, the other donations and grants include £126k arising from the acquisition of Together Kent.

2. Income from: Charitable activities

	Unrestricted funds	Restricted funds		
	£'000	£'000	**2021**	2020
			£'000	£'000
Parochial fees for occasional offices (see (a) below)	**377**	**—**	**377**	297
Rental income	**439**	**—**	**439**	470
Department for Education capital grants (see (b) below)	**—**	**629**	**629**	667
Total funds	**816**	**629**	**1,445**	1,434

(a) Occasional offices include weddings and funerals.

(b) The charity assists voluntary aided schools with school building projects and the provision of IT equipment. SCA grant funding is included as income in the SOFA along with the related expenditure.

3. Income from: Other trading activities

	Unrestricted funds	
	2021	2020
	£'000	£'000
Income generated by subsidiary trading companies	**115**	144
Other trading income	**55**	156
Total funds	**170**	300

Income from subsidiary trading companies represents work done by Canterbury Diocesan Enterprises Limited and Ethos School Improvement Limited for third parties outside of the group. Work done by Canterbury Diocesan Enterprises Limited for CDBF of £217k (2020 - £258k), work done by Ethos School Improvement Limited for Canterbury Diocesan Enterprises Limited of £3k (2020 - £4k), work done by Canterbury Diocesan Board of Finance for Ethos School Improvement Limited of £24k (2020 - £26k) and work done for Together Kent of £7k (2020-£nil) has been eliminated on consolidation.

4. Income from: Investments and interest

	Unrestricted funds £'000	Endowment funds £'000	**2021 £'000**	2020 £'000
Investment income	**203**	**34**	**237**	213
Bank and other interest receivable	**2**	**—**	**2**	10
Total funds	**205**	**34**	**239**	223

5. Income from: Other sources

	Total funds 2021 £'000	Total funds 2020 £'000
Net gains on property disposals	**88**	267
Proceeds from sale of closed schools	**—**	186
Total funds	**88**	453

The gains on property disposals in 2021 relate to the disposal of a property deemed surplus to requirements less abortive development costs written off.

6. Expenditure on: Raising funds

	Unrestricted funds	
	2021 £'000	2020 £'000
Wages and salaries	**121**	148
Social security costs	**11**	14
Pension costs	**3**	5
Other overheads	**186**	163
	321	330

Expenditure on raising funds comprises the expenditure of subsidiary trading companies.

7. Analysis of grant funding activities

Included within expenditure on charitable activities (note 8) are the following grants:

	2021		2020	
	Number	**£'000**	Number	£'000
From unrestricted funds for National Church responsibilities				
Contributions to Archbishops' Council	**—**	**535**	—	550
From restricted funds				
Education grants for school building projects	**5**	**511**	5	480
From unrestricted and restricted funds				
Ministry grants	**32**	**818**	31	791
Deanery grants	**15**	**30**	11	22
		1,894		1,843

The provision of diocesan grants, using the Church Commissioner funding allocation, continues to see the diocese giving financial assistance to parishes to leverage their mission. In 2021, £818k (2020 - £791k) was spent in targeting parishes which can most benefit from grant funding for mission and ministry.

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2021 £'000**	Total funds 2020 £'000
Contributions to Archbishops' Council:					
Training for ministry	**235**	**—**	**—**	**235**	235
National church responsibilities	**164**	**—**	**—**	**164**	177
Grants and provisions	**20**	**—**	**—**	**20**	20
Mission agency pension costs	**11**	**—**	**—**	**11**	9
Retired clergy housing costs	**87**	**—**	**—**	**87**	85
Pooling of ordinands' maintenance grants	**18**	**—**	**—**	**18**	24
	535	**—**	**—**	**535**	550
Resourcing Ministry and Mission:					
Parish Ministry					
Stipends	**3,133**	**—**	**—**	**3,133**	3,046
National Insurance	**250**	**—**	**—**	**250**	242
Pension contributions	**954**	**—**	**—**	**954**	784
Housing costs	**1,218**	**—**	**—**	**1,218**	1,151
Apprenticeship levy	**15**	**—**	**—**	**15**	14
Removal and resettlement costs	**160**	**—**	**—**	**160**	204
Other expenses	**42**	**120**	**10**	**172**	177
Lay and ordinand training	**129**	**138**	**—**	**267**	347
Mission development grants	**30**	**818**	**—**	**848**	813
	5,931	**1,076**	**10**	**7,017**	6,778
Senior Clergy					
Stipends, NI and Pensions	**58**	**—**	**—**	**58**	57
Housing cost allocation	**32**	**—**	**—**	**32**	29
	90	**—**	**—**	**90**	86
Strategic Investment Projects *(see below)*	**49**	**411**	**—**	**460**	600
Support costs (note 9)	**2,091**	**97**	**—**	**2,188**	2,110
Total expenditure on resourcing Ministry and Mission	**8,161**	**1,584**	**10**	**9,755**	9,574
Expenditure on education:					
Support for church schools and young people	**357**	**—**	**24**	**381**	340
School building grants (see note 2)	**—**	**511**	**—**	**511**	480
Total funds	**9,053**	**2,095**	**34**	**11,182**	10,944

The 2020 expenditure is analysed by fund in the appendix.

Restricted expenditure on Strategic Investment Projects comprises expenditure on projects to enable the Diocesan Strategy of 'Changed Lives→ Changing Lives'.

9. Analysis of support costs

	Unrestricted funds £'000	Restricted funds £'000	**Total funds 2021 £'000**	Total funds 2020 £'000
Administration				
Salaries	**1,214**	—	**1,214**	1,260
National Insurance	**115**	—	**115**	122
Pensions	**219**	—	**219**	218
Administration, office and other indirect costs	**404**	**97**	**501**	380
Governance				
External audit	**40**	—	**40**	40
Diocesan Synod and Archbishop's Council	—	—	—	6
National Synod	**6**	—	**6**	2
Registrar	**68**	—	**68**	57
Statutory accounts preparation	**10**	—	**10**	10
Strategic management	**15**	—	**15**	15
Total support costs	**2,091**	**97**	**2,188**	2,110

In both 2020 and 2021, support costs relate only to the resourcing of Ministry and Mission. Restricted administration expenditure includes £97k (2020 - £nil) in respect of Together Kent.

10. Analysis of total expenditure

	Activities directly undertaken £'000	**Grant funding of activities £'000**	**Support costs £'000**	**2021 Total funds £'000**	2020 Total funds £'000
Raising funds	**321**	—	—	**321**	330
Charitable activities					
. Contributions to Archbishops' Council	—	**535**	—	**535**	550
. Resourcing Ministry and Mission	**6,719**	**848**	**2,188**	**9,755**	9,574
. Education	**381**	**511**	—	**892**	820
	7,421	**1,894**	**2,188**	**11,503**	11,274

The 2020 expenditure is analysed by activity in the appendix.

11. Net income (expenditure) for the year

This is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets owned by the charitable group	**33**	31
Operating lease rentals	**20**	23

12. Auditor's remuneration

	2021 £'000	2020 £'000
Audit of the charity's annual accounts and those of subsidiary trading companies:		
Current year	**29**	30
Prior years	**11**	10
Taxation services to the group	**7**	8

13. Stipends and staff costs

	2021 £'000	2020 £'000
Wages, salaries and stipends	**4,975**	5,069
Social security costs	**421**	430
Other pension costs	**1,261**	1,102
	6,657	6,601
Defined benefit scheme operating cost	**8**	6
Apprenticeship levy	**15**	14
	6,680	6,621

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

	2021 No.	2020 No.
Clergy, Curates and Senior Staff	**129**	128
Diocesan House (including strategic projects)	**61**	69
Subsidiary trading companies	**3**	5
	193	202

The number of employees with remuneration in excess of £60,000 (including taxable benefits but excluding employer pension and national insurance contributions) was:

	2021 No.	2020 No.
In the band £60,001 - £70,000	**2**	2
In the band £80,001 - £90,000	**—**	1

Employer pension scheme costs under employment contracts in respect of the above higher paid employees were £28,684 (2020 - £49,106).

13. Stipends and staff costs (continued)

Remuneration of key management personnel

Key management personnel are deemed to be the Trustees and those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2021 and 2020 the key management personnel were the Trustees and the following:

Diocesan Secretary and Company Secretary
Director of Communications
Director of Communities and Partnerships
Director of Education
Director of Finance
Director of HR
Director of Mission and Ministry
Director of Ordinands
Director of Property

Remuneration including taxable benefits and employer national insurance and pension contributions for these 9 positions amounted to £541,078 (2020 - £596,394).

14. Trustees' remuneration

No Trustees received any remuneration in connection with their duties as trustees during the year (2020 – none). During the year several Trustees, who are also clergy within the diocese, received stipends from, and/or were provided with housing by, the charity in connection with their religious and pastoral duties within the diocese.

The following table gives details of the Trustees who were in receipt of a stipend (including pension), part stipend (including pension) and/or housing provided by CDBF during part or all of the year, either directly or via a spouse.

	Stipend	Housing
The Bishop of Dover	No	Yes
Mr Nigel Mansley	Yes	Yes
The Archdeacon of Ashford	Yes	Yes
The Archdeacon of Canterbury	Yes	No
The Archdeacon of Maidstone	Yes	Yes
The Venerable Stephen Taylor, MBE	No	Yes
The Revd Estella Last	Yes	Yes
The Revd Canon Stephen Lillicrap	Yes	Yes
The Revd Shiela Porter	Yes	Yes
The Revd Carol Smith	Yes	Yes

7 trustees (2020 – 6) received reimbursement of expenses of £6,820 (2020 - £13,718) in respect of General Synod duties, duties as archdeacon and other duties as trustees.

15. Tangible fixed assets

Group and charity	Freehold property £'000	Office equipment £'000	Benefice property £'000	Total £'000
Cost or valuation				
At 1 January 2021	**16,768**	**432**	**67,584**	**84,784**
Additions	**634**	**4**	**—**	**638**
Transfers (note 20)	**4,501**	**—**	**(4,501)**	**—**
Disposals	**(350)**	**—**	**—**	**(350)**
Revaluation	**—**	**—**	**5,986**	**5,986**
At 31 December 2021	**21,553**	**436**	**69,069**	**91,058**
Depreciation				
At 1 January 2021	**957**	**358**	**—**	**1,315**
Charge for the year	**—**	**33**	**—**	**33**
Disposals	**(19)**	**—**	**—**	**(19)**
At 31 December 2021	**938**	**390**	**—**	**1,328**
Net book values				
At 31 December 2021	**20,614**	**46**	**69,070**	**89,730**
At 31 December 2020	15,811	74	67,584	83,469

Benefice houses are revalued on a five-year cycle by professional valuers or a member of the charity's property team with a Chartered Surveyor qualification with approximately one-fifth of the properties being visited for valuation purposes each year. Those properties not revalued in the year are however revalued by reference to appropriate property indices.

All other tangible fixed assets are included in the financial statements at cost.

16. Fixed asset investments

Group	Glebe property £'000	Listed investments £'000	Total £'000
Market value			
At 1 January 2021	**1,793**	**6,357**	**8,150**
Disposal proceeds	**—**	**(31)**	**(31)**
Net investment gains	**—**	**901**	**901**
At 31 December 2021	**1,793**	**7,227**	**9,020**
Historical cost	**—**	**3,826**	**3,826**

In 1978, when the Endowment and Glebe Measure 1976 came into effect, the ownership of all glebe land was transferred from the incumbents of benefices to the Diocesan Board of Finance at nil cost.

16. Fixed asset investments (continued)

Charity	Glebe property £'000	Investment in subsidiaries £'000	Listed investments £'000	Total £'000
Cost or valuation				
At 1 January 2021	**1,793**	**127**	**6,357**	**8,277**
Disposals	**—**	**—**	**(31)**	**(31)**
Net investment gains	**—**	**—**	**901**	**901**
At 31 December 2021	**1,793**	**127**	**7,227**	**9,147**
Impairment				
At 1 January 2021 and 31 December 2021	**—**	**126**	**—**	**126**
Net book values				
At 31 December 2021	**1,793**	**1**	**7,227**	**9,021**
At 31 December 2020	1,793	1	6,357	8,151

All the fixed asset investments are held in the UK. The listed investments are held in Church of England Central Board of Finance funds managed by CCLA Investment Management Limited.

Further details of subsidiaries are provided in note 24.

At 31 December 2021, the listed investments included the following holdings deemed material in the context of the entire portfolio of listed investments.

Holding	Value £'000	% of portfolio
Property fund	**1,501**	20.8%
Investment fund	**5,695**	78.8%

17. Debtors

	Group		Charity	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Parish Share due	**167**	251	**167**	251
Amounts owed by subsidiaries	**—**	—	**76**	26
Other debtors:				
. Secured loan	**—**	216	**—**	216
. Other debtors	**434**	432	**415**	419
Prepayments	**267**	317	**264**	308
Accrued income	**342**	342	**342**	342
	1,210	1,558	**1,264**	1,562

17. Debtors (continued)

Parish Share (the group and the charity)

The parish share element within debtors above consists of:

	2021	2020
	£'000	£'000
Total parish share due at 31 December	**4,040**	3,434
Provisions made in respect of:		
. Current year	**(1,019)**	(1,135)
. Previous years	**(2,854)**	(2,048)
Total	**167**	251

18. Creditors: amounts falling due within one year

	Group		**Charity**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank loan	**208**	423	**208**	423
Church Commissioners' loan	**—**	872	**—**	872
Other loans	**145**	145	**145**	145
Expense creditors	**154**	303	**141**	308
Other taxation and social security	**46**	48	**45**	48
Other creditors	**1,643**	1,928	**1,643**	1,924
Pension scheme liabilities	**291**	432	**291**	432
Accruals and deferred income	**157**	209	**106**	160
	2,644	4,360	**2,579**	4,312

The bank loan of £1,971k is secured over freehold properties and is repayable in monthly capital instalments of £41,667 commencing 29 August 2022. The bank loan is provided under the UK Government backed Coronavirus Business Interruption Loan Scheme with interest for the first twelve months being paid by the UK Government direct to the lender. After twelve months the interest rate will be either 1.68% over base rate or 1.72% over the cost of funds, the margin chosen being at the discretion of Canterbury Diocesan Board of Finance. A further £1,314k of the bank loan has been repaid since the year end following the sale of freehold properties no longer required for ministry purposes.

The Church Commissioners' loan related to an advance to cover three month's stipends for August, September and October 2020. It was interest free and was repaid in 2021.

Other loans comprise Value Linked Loans of £145,000 (2020 - £145,000) for the purchase of special needs housing (purchased on behalf of the Church Commissioners). These loans are only repayable in the event of a sale of any of the properties and interest is charged on these loans at a variable rate.

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

	Group		Charity	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank loan (see note 18)	**1,763**	—	**1,763**	—
Other loans	**778**	778	**778**	778
Pension scheme liabilities	**48**	556	**48**	556
	2,589	1,335	**2,589**	1,335

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Charity	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Repayable other than by instalments	**826**	1,335	**826**	1,335

The other loans consist of three (2020 - three) interest only mortgages which are secured on freehold properties. All the loans are repayable within 20 years. Interest on the loans is charged at 1.50% above base rate.

20. Statement of funds

	Brought forward at 1 January 2021	Income	Expenditure	Transfers in (out)	Gains (losses)	**Carried forward at 31 December 2021**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Endowment funds						
Ministry Trust Fund	**2,082**	**—**	**—**	**—**	**298**	**2,380**
Clergy Training Fund	**575**	**—**	**—**	**—**	**84**	**659**
Tait Mission Fund	**218**	**—**	**—**	**—**	**29**	**247**
Benefice Properties Fund	**67,850**	**—**	**—**	**(4,501)**	**6,005**	**69,354**
Board of Education General Fund	**1,350**	**34**	**(24)**	**—**	**53**	**1,413**
Stipends Capital Fund	**2,788**	**—**	**(10)**	**—**	**105**	**2,883**
	74,863	**34**	**(34)**	**(4,501)**	**6,574**	**76,936**
Restricted funds						
Clergy and Spouses Retirement Fund	**750**	**—**	**(2)**	**—**	**106**	**854**
Benefact (formerly Allchurches Trust)	**16**	**127**	**(14)**	**—**	**—**	**129**
Lower Income Communities Fund	**—**	**818**	**(818)**	**—**	**—**	**—**
Resourcing Ministerial Education	**—**	**219**	**(138)**	**—**	**—**	**81**
Strategic Investment Projects	**40**	**357**	**(397)**	**—**	**—**	**—**
School Buildings Fund (see note 2)	**187**	**629**	**(511)**	**—**	**—**	**305**
Education Funds	**178**	**—**	**—**	**—**	**—**	**178**
Other Funds	**269**	**379**	**(209)**	**—**	**—**	**439**
Diocesan Pastoral Account Fund	**316**	**—**	**(6)**	**—**	**—**	**310**
	1,756	**2,529**	**(2,095)**	**—**	**106**	**2,296**
Designated funds						
Ministry Housing	**13,187**	**—**	**—**	**1,971**	**—**	**15,158**
Spirituality Fund	**254**	**7**	**(32)**	**—**	**29**	**258**
Witney Fund	**1,055**	**32**	**(21)**	**—**	**146**	**1,212**
Training Fund	**23**	**—**	**—**	**—**	**—**	**23**
	14,519	**39**	**(53)**	**1,971**	**175**	**16,651**
General funds						
General	**779**	**9,034**	**(9,143)**	**2,530**	**384**	**3,584**
Total unrestricted funds	**15,298**	**9,073**	**(9,196)**	**4,501**	**559**	**20,235**
Total Charity funds (including Together Kent)	**91,917**	**11,636**	**(11,325)**	**—**	**7,239**	**99,467**
Non-charitable trading funds	**73**	**115**	**(178)**	**—**	**—**	**10**
Total Group funds	**91,990**	**11,751**	**(11,503)**	**—**	**7,239**	**99,477**

20. Statement of funds (continued)

Summary: Group funds 2021	Brought forward at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains £'000	Carried forward at 31 December 2021 £'000
Designated funds	14,519	39	(53)	1,971	175	16,651
General funds (and non-charitable trading funds)	852	9,149	(9,321)	2,530	384	3,584
Unrestricted funds	15,371	9,188	(9,374)	4,501	559	20,245
Endowment funds	74,863	34	(34)	(4,501)	6,574	76,936
Restricted funds	1,756	2,529	(2,095)	—	106	2,296
Total funds	91,990	11,751	(11,503)	—	7,239	99,477

Designated Funds

i) Ministry Housing - This fund consists of Ministry Housing properties.

ii) Spirituality Fund - The fund represents the sale proceeds of St Gabriel's Retreat House for financing a part time Diocesan Spirituality Adviser and making grants to assist Parishes and individuals to take retreats.

iii) Witney Fund - This fund consists of a legacy from the Estate of the Late Dr Raymond Witney. The Board resolved that the capital of the fund should be retained intact and the income be used to assist in the promotion of the Christian faith in the diocese.

iv) Training Fund - The purpose of this fund is to provide grants to clergy to supplement their training needs as appropriate. This fund receives unused Continuing Ministerial Education contributions and the income arising from the Cobbe Holiday Trust Fund (with the approval of the Charity Commission).

General Funds

General funds consist of the accumulated surpluses, less deficits, on unrestricted funds, excluding designated fund movements.

Non-charitable trading funds

These funds consist of the unrestricted funds of the trading subsidiaries.

Endowment Funds

Permanent Endowment Funds

The endowment funds, whereby the capital may not be expended and the income may be applied as specified are as follows:

i) Ministry Trust Fund - Income to be applied for stipends. The fund comprises the Standen Bequest, the Spooner Bequest, the A T Wiggins Bequest, the Parsonage Repair Fund, and the Dame Stancombe- Wills Fund.

ii) Clergy Training Fund - Income to be applied for clergy training. The fund comprises the Candidates for the Ministry Fund, the Holt Fund and the Knight Trust Fund.

iii) Tait Mission Fund - Income to be applied for the expenses of the Tait Missioner.

20. Statement of funds (continued)

Expendable Endowment Funds

i) Benefice Properties Fund - The fund consists of resources restricted to provision of benefice houses which are vested for the time being in the incumbents of the benefices concerned. The CDBF is obliged to maintain them and to ensure that there are sufficient benefice houses for the pastoral structure of the diocese. Sale proceeds of benefice houses surplus to requirements may be transferred into the diocesan pastoral account fund or other funds following specific agreement of the Church Commissioners. During the year £4,501,000 (2020 - £950,000) was transferred from the Benefice Properties Fund to the Ministry Housing Fund following schemes approved by the Church Commissioners.

ii) Board of Education General Fund - The proceeds of sale of redundant properties are held on a separate endowment fund under s554 of the Education Act. The capital of funds awaiting Orders from the Secretary of State are not available for use until such time as they are included in a charitable order or scheme which may require funds to be disposed of to other parties in part or in full. Other proceeds of sale of redundant properties are held until the completion of replacement schools. In these cases the proceeds of sale may be used to offset expenses relating to the new school projects.

iii) Stipends Capital Fund - The fund is governed by s35 of the Endowments and Glebe Measure 1976. Income is derived primarily from the return on investments, the sale of glebe, gains on sale of investments, the transfer of parsonage proceeds and occasional gifts and bequests. Income of the fund is automatically applied to stipends but, at the request of the Bishop, and with the concurrence of the Board, can be applied to:

- acquiring new glebe land;
- developing, improving and protecting amenities of glebe;
- discharging loans on glebe;
- the improvement or repair of parsonage houses or ministry housing.

Restricted Funds

Restricted funds comprise of:

i) Clergy and Spouses Retirement Fund - The following restricted funds specify that both capital and income must be applied for retired clergy and spouses:

- C S Thomas
- Mrs A W Mannell Bequest
- R & M Pratt
- Dorothy Mowll Will Trust

ii) Benefact (formerly Allchurches Trust) - These funds, which are intended to be recurring, must be used for projects of regional or national significance and may be spread over up to three years.

iii) Lower Income Communities Fund – The fund consists of income from Archbishops' Council to make provision for the cure of souls in parishes where such assistance is most required.

iv) Resourcing Ministerial Education- The fund consists of income from Archbishops' Council to support ordinand training.

20. Statement of funds (continued)

Restricted Funds *(continued)*

v) Strategic Investment Projects - The fund consists of funding for projects to enable the Diocesan Strategy of 'Changed Lives→Changing' Lives.

vi) School Buildings Fund – This fund consists of funding received from the DfE under the School Condition Allocation (see note 2).

vii) Education Funds – This fund consists of monies from the sale of a closed school. These funds are likely to be subject to an order under s554 of the Education Act and will then be transferred to the Board of Education expendable endowment fund.

viii) Other Funds – These funds consist of various funds for projects other than the Diocesan Strategy.

ix) Diocesan Pastoral Account Fund - The purposes for which this fund may be used are laid down in Section 94 of the Pastoral Measure 2011 and comprise:

- grants and loans for parsonage and church provision, restoration, improvement or repair;
- costs of disposing of or maintaining houses and churches vested in the Board or Commissioners by the Measure;
- transfers to Stipends Capital Fund of capital or income;
- other purposes of the Diocese or any benefice or parish.

The fund receives the sale proceeds of churches and parsonages, which have become redundant under pastoral reorganisation when it is specified that they should be paid into this fund. The fund includes monies set aside by the Pastoral Committee for mission and development in parishes.

The analysis of the movements in funds for 2020 is included in the appendix.

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2021 is given below:

Group 2021	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2021 £'000**
Tangible fixed assets	**5,191**	**15,469**	**—**	**69,070**	**89,730**
Fixed asset investments	**403**	**1,770**	**942**	**5,905**	**9,020**
Current assets	**1,682**	**412**	**1,905**	**1,961**	**5,960**
Creditors due within one year	**(1,093)**	**(1,000)**	**(551)**	**—**	**(2,644)**
Creditors due in more than one year	**(2,589)**	**—**	**—**	**—**	**(2,589)**
Total funds	**3,594**	**16,651**	**2,296**	**76,936**	**99,477**

General funds include non-charitable trading funds of £10k (2020 – £73k). The 2020 analysis of net assets by fund is included in the appendix.

22. Pension commitments

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to each specific Responsible Body and this means that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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% pa;
- RPI inflation of 3.4% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% pa;
- 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.

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

% of pensionable stipends	January 2019 to December 2020	**January 2021 to December 2022**
Deficit contributions	11.9%	**7.1%**

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

22. Pension commitments (continued)

***Clergy** (continued)*

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	**458**	791
Deficit contribution paid	**(223)**	(357)
Interest cost (recognised in statement of financial activities)	**1**	7
Remaining change to the balance sheet liability* (recognised in statement of financial activities)	**(20)**	17
Balance sheet liability at 31 December	**216**	458

* 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 recovery contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments, but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1% pa
Price inflation	n/a	3.1%	2.8% pa
Increase to total pensionable payroll	(1.5%)	1.6%	1.3% pa

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

Staff

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

CWPF has two sections:

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

Defined Benefits Scheme

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

22. Pension commitments (continued)

***Staff** (continued)*

Defined Benefits Scheme (continued)

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Pool, 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.

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

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 46.1% of pensionable salary and expenses of £6,700 per year. In addition, deficit payments of £74,552 per year have been agreed for 2.5 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within these financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

The movement in the provision is set out below:

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	**530**	577
Deficit contributions paid	**(75)**	(75)
Interest cost (recognised in statement of financial activities)	**2**	8
Remaining change to the balance sheet liability* (recognised in statement of financial activities)	**(335)**	20
Balance sheet liability at 31 December	**122**	530

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

22. Pension commitments (continued)

Staff *(continued)*

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

	December 2021	December 2020	December 2019
Discount rate	1.30%	0.50%	1.40%

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

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2021: £42,539 (2020: £nil).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

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

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

23. Operating lease commitments

At 31 December 2021 the total of the group's and charity's future minimum lease payments under non-cancellable operating leases was:

Group and Charity	Land and buildings £'000	Equipment £'000	2021 £'000	Land and buildings £'000	Equipment £'000	2020 £'000
Amounts payable:						
Within 1 year	**15**	**6**	**21**	15	7	22
Between 2 and 5 years	**4**	**20**	**24**	20	28	48
Over 5 years	**—**	**1**	**1**	—	3	3
Total	**19**	**27**	**46**	35	38	73

24. Principal subsidiaries, joint ventures and connected charities

a. Principal subsidiaries

Details of the principal subsidiaries are provided below:

Company name	Registration number	Country	Percentage Shareholding	Principal Activity
Canterbury Diocesan Enterprises Limited	6673588	England & Wales	100%	Property management
Diocesan Architectural Services Limited	2790278	England & Wales	100%	Architectural services Dormant from May 2018
Ethos School Improvement Limited	7945168	England & Wales	100%	Provision of services to schools
Together Kent Limited	8763875	England & Wales	100%	Building partnerships to work with marginalised communities

Financial information for each of the subsidiaries is as follows:

Diocesan Architectural Services Limited	**2021 £'000**	2020 £'000
Assets and funds	**1**	1

Canterbury Diocesan Enterprises Limited	**2021 £'000**	2020 £'000
Income	**252**	326
Expenditure	**(313)**	(329)
Loss	**(61)**	(3)
Assets	**12**	49
Liabilities	**(48)**	(24)
Funds	**(36)**	25

24. Principal subsidiaries, joint ventures and connected charities (continued)

Ethos School Improvement Limited	2021 £'000	2020 £'000
Income	**83**	81
Expenditure	**(86)**	(79)
Profit	**(3)**	2
Assets	**131**	119
Liabilities	**(85)**	(70)
Funds	**46**	49

Together Kent	2021 £'000	2020 £'000
Income	**89**	132
Expenditure	**(106)**	(37)
Profit	**(17)**	95
Assets	**116**	131
Liabilities	**(7)**	(5)
Funds	**109**	126

With effect from 1 March 2021 Together Kent became a wholly owned charitable subsidiary. There was no cost of acquisition and the reserves acquired of £126k are treated as other donations and grants (see note 1 to the accounts). The donations consisted of £11k of unrestricted reserves and £115k of restricted reserves. The 2020 comparative figures are reported above only for comparative purposes and do not form part of the 2020 consolidated results.

b. Principal joint ventures

With effect from 1 March 2021, Together Kent became a wholly owned subsidiary.

c. Connected entities

Company name	Registration number	Country	Principal Activity
The Diocese of Canterbury Academies Company Limited	7793458	England & Wales	Educational activities

25. Custodian Trustee

The charity acts as Custodian Trustee in respect of various funds. These assets are held separately from those of the charity and are not included in the balance sheets on page 22. The summary of the funds as at 31 December is as follows:

	2021 £'000	2020 £'000
Trust funds		
Represented by:		
Fixed assets		
. Listed investments (at cost)	**1,772**	1,782
Current assets		
. Central Board of Finance Deposit Fund	**1,382**	1,321
. Cash at bank	**—**	3
Total	**3,154**	3,106
Market value of investments at 31 December		
Listed investments	**6,335**	5,629

26. Related party transactions

Other than the relationships and transactions disclosed in note 14, there are no other related party transactions requiring disclosure (2020 - none).

Appendix: Comparative consolidated statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2020 £'000
Income and endowments from:					
Donations and grants:					
Archbishops' Council	1	665	—	—	**665**
Other donations and grants	1	7,664	1,778	—	**9,442**
Charitable activities	2	767	667	—	**1,434**
Other trading activities	3	300	—	—	**300**
Investments and interest	4	210	—	13	**223**
Other sources	5	267	178	8	**453**
Total income and endowments		9,873	2,623	21	**12,517**
Expenditure on:					
Raising funds	6	330	—	—	**330**
Charitable activities	8	8,847	2,062	35	**10,944**
Total expenditure	10	9,177	2,062	35	**11,274**
Net income (expenditure) before investment gains		696	561	(14)	**1,243**
Net gains on investments	16	85	45	293	**423**
Net income before transfers		781	606	279	**1,666**
Transfers between funds	20	950	—	(950)	**—**
Net income (expenditure) for the year	11	1,731	606	(671)	**1,666**
Other recognised gains and losses:					
(Losses) gains on revaluation of pension fund liabilities	22	(28)	—	(24)	**(52)**
Gains on revaluations of tangible fixed assets	15	—	—	3,076	**3,076**
Net movement in funds		1,703	606	2,381	**4,690**
Reconciliation of funds					
Total funds brought forward		13,668	1,150	72,482	**87,300**
Total funds carried forward		15,371	1,756	74,863	**91,990**

Appendix: Comparative notes to the financial statements Year to 31 December 2020

1. Income from: Other donations and grants

	Unrestricted funds £'000	Restricted funds £'000	**2020 £'000**
Parish Share	7,529	—	**7,529**
Archbishops' Council	—	1,379	**1,379**
Allchurches Trust	—	125	**125**
Other donations and grants	135	274	**409**
Total funds	7,664	1,778	**9,442**

2. Income from: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**2020 £'000**
Parochial fees for occasional offices	297	—	**297**
Department for Education capital grants	—	667	**667**
Rental income	470	—	**470**
Total funds	767	667	**1,434**

4. Income from: Investments and interest

	Unrestricted funds £'000	Endowment funds £'000	**2020 £'000**
Investment income	200	13	**213**
Bank and other interest receivable	10	—	**10**
Total funds	210	13	**223**

5. Income from: Other sources

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2020 £'000**
Gains on property disposals	267	—	—	**267**
Proceeds from sale of closed schools	—	178	8	**186**
Total funds	267	178	8	**453**

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2020 £'000**
Contributions to Archbishops' Council:				
Training for ministry	235	—	—	**235**
National church responsibilities	177	—	—	**177**
Grants and provisions	20	—	—	**20**
Mission agency pension costs	9	—	—	**9**
Retired clergy housing costs	85	—	—	**85**
Pooling of ordinands' maintenance grants	24	—	—	**24**
	550	—	—	**550**
Resourcing Ministry and Mission:				
Parish Ministry				
Stipends	3,046	—	—	**3,046**
National Insurance	242	—	—	**242**
Pension contributions	784	—	—	**784**
Housing costs	1,151	—	—	**1,151**
Apprenticeship levy	14	—	—	**14**
Removal and resettlement costs	204	—	—	**204**
Other expenses	124	18	35	**177**
Lay and ordinand training	138	209	—	**347**
Mission development grants	22	791	—	**813**
	5,725	1,018	35	**6,778**
Senior Clergy				
Stipends, NI and Pensions	57	—	—	**57**
Housing cost allocation	29	—	—	**29**
	86	—	—	**86**
Strategic Investment Projects *(see below)*	36	564	—	**600**
Support costs (note 9)	2,110	—	—	**2,110**
Total expenditure on resourcing Ministry and Mission	7,957	1,582	35	**9,574**
Expenditure on education:				
Support for church schools and young people	340	—	—	**340**
School building grants	—	480	—	**480**
Total funds	8,847	2,062	35	**10,944**

10. Analysis of total expenditure

	Activities directly undertaken £'000	Grant funding of activities £'000	Support costs £'000	**2020 Total funds £'000**
Raising funds	330	—	—	**330**
Charitable activities				
. Contributions to Archbishops' Council	—	550	—	**550**
. Resourcing Ministry and Mission	6,651	813	2,110	**9,574**
. Education	340	480	—	**820**
	7,321	1,843	2,110	**11,274**

20. Statement of funds

	Brought forward at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains (losses) £'000	**Carried forward at 31 December 2020 £'000**
Endowment funds						
Ministry Trust Fund	1,987	—	—	—	95	**2,082**
Clergy Training Fund	548	—	—	—	27	**575**
Tait Mission Fund	201	—	—	—	17	**218**
Benefice Properties Fund	65,748	—	—	(950)	3,052	**67,850**
Board of Education General Fund	1,332	21	—	—	(3)	**1,350**
Stipends Capital Fund	2,666	—	(35)	—	157	**2,788**
	72,482	21	(35)	(950)	3,345	**74,863**
Restricted funds						
Clergy and Spouses Retirement Fund	710	—	(5)	—	45	**750**
Allchurches Trust	42	125	(151)	—	—	**16**
Lower Income Communities Fund	—	791	(791)	—	—	**—**
Resourcing Ministerial Education	—	209	(209)	—	—	**—**
Strategic Investment Projects	74	379	(413)	—	—	**40**
School Buildings Fund	—	667	(480)	—	—	**187**
Education Funds	—	178	—	—	—	**178**
Other Funds	—	274	(5)	—	—	**269**
Diocesan Pastoral Account Fund	324	—	(8)	—	—	**316**
	1,150	2,623	(2,062)	—	45	**1,756**
Designated funds						
Ministry Housing	12,237	—	—	950	—	**13,187**
Spirituality Fund	239	6	—	—	9	**254**
Witney Fund	1,065	29	(83)	—	44	**1,055**
Training Fund	23	—	—	—	—	**23**
	13,564	35	(83)	950	53	**14,519**
General funds						
General	29	9,694	(8,948)	—	4	**779**
Total unrestricted funds	13,593	9,729	(9,031)	950	57	**15,298**
Total Charity funds	87,225	12,373	(11,129)	—	3,447	**91,917**
Non-charitable trading funds	75	144	(146)	—	—	**73**
Total Group funds	87,300	12,517	(11,274)	—	3,447	**91,990**

20. Statement of funds (continued)

Summary: Group funds 2020	Brought forward at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains £'000	**Carried forward at 31 December 2020 £'000**
Designated funds	13,564	35	(83)	950	53	**14,519**
General funds (and non-charitable trading funds)	104	9,838	(9,094)	—	4	**852**
Unrestricted funds	13,668	9,873	(9,177)	950	57	**15,371**
Endowment funds	72,482	21	(35)	(950)	3,345	**74,863**
Restricted funds	1,150	2,623	(2,062)	—	45	**1,756**
Total funds	87,300	12,517	(11,274)	—	3,447	**91,990**

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2020 is given below:

Group 2020	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2020 £'000**
Tangible fixed assets	2,689	13,196	—	67,584	**83,469**
Fixed asset investments	399	1,435	779	5,537	**8,150**
Current assets	1,530	924	1,870	1,742	**6,066**
Creditors due within one year	(2,431)	(1,036)	(893)	—	**(4,360)**
Creditors due in more than one year	(1,335)	—	—	—	**(1,335)**
Total funds	852	14,519	1,756	74,863	**91,990**

General funds include non-charitable trading funds of £73k.

CANTERBURY DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249972

Accounts

Canterbury Diocesan Board of Finance

Trustees' Report and Financial Statements

31 December 2020

Company Limited by Guarantee
Registration Number
00145650 (England and Wales)

Charity Registration Number
249972

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Reference and administrative information

Trustees	
Ex-Officio Trustees	The Archbishop of Canterbury, The Most Revd and Rt Hon Justin Welby The Bishop of Dover, The Rt Revd Rose Hudson-Wilkin Mr Nigel Mansley, Chair The Dean of Canterbury Cathedral, The Very Revd Dr Robert Willis The Venerable Stephen Taylor, MBE The Archdeacon of Ashford, The Venerable Darren Miller The Archdeacon of Canterbury, The Venerable Joanne Kelly-Moore The Archdeacon of Maidstone, The Revd Venerable Andrew Sewell Mrs Jane Ashton Dr John Moss Mr Philip Sibbald The Revd Carol Smith
Elected Trustees	Miss Aimée Babbs Mrs Miranda Ford The Revd Estella Last The Revd Canon Stephen Lillicrap (appointed 1 February 2021) Lt Col (Retd) John Morrison The Revd Shiela Porter The Revd Michael Resch (resigned 9 December 2020)
Acting Diocesan Secretary	The Venerable Stephen Taylor, MBE
Registered address	Diocesan House Lady Wootton's Green Canterbury Kent CT1 1NQ
Company Registration No.	00145650 (England and Wales)
Charity Registration No.	249972
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc 49 High Street Canterbury Kent CT1 2SE

Reference and administrative information

Solicitors	Mowll & Mowll LLP Trafalgar House Gordon Road Whitfield Dover Kent CT16 3PN

The Trustees present their annual report (incorporating the strategic report for Companies Act purposes) together with the audited financial statements for the year ended 31 December 2020.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the principal accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the southern province and York for the northern. Each province comprises dioceses, of which there are 41 in England. Each diocese is divided into deaneries and each deanery into parishes; and each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the "cure of souls" in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The Lords Spiritual, consisting of the two archbishops and 24 of the senior bishops sit in the House of Lords.

The Church of England is episcopally-led; it is led by the Archbishops of Canterbury and York and there are a further 106 bishops including Diocesan Bishops and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. Its members belong to one of three groups or houses: The House of Bishops, The House of Clergy and the House of Laity, and General Synod meets in London or York at least twice annually to consider matters for the broader good of the Church.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Canterbury Diocesan Board of Finance (CDBF, the charity or the Board) was incorporated as a company on 29 December 1916 to manage the financial affairs of the diocese and to hold its assets. Every member of Diocesan Synod is a member of CDBF for company law purposes, and similarly Archbishop's Council comprises the Trustees. The Board is a company limited by guarantee and as such has no share capital. The Board is a registered charity and its Trustees are the same people who serve as the Board of Directors for company law purposes. The Board together with its subsidiary entities comprises the 'group'.

The principal object of the charity and the group is to promote and assist the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury.

Method of appointment or election of Trustees

The management of the charity and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies adopted for the induction and training of Trustees

At the first meeting of the triennium, the current triennium being the period August 2018 to July 2021, time is set aside for the induction and training of new Trustees and further training is provided where necessary during the triennium to ensure that all Trustees are kept fully informed of their responsibilities. Diocesan officers are always on hand to advise Trustees on supplementary issues.

Trustees' remuneration

The Trustees do not receive remuneration for their roles as trustees of the charity. The clergy members of the Board, as office holders within the diocese, receive housing and stipends as part of their clergy role.

Organisational structure and decision making

The Board, as Archbishop's Council, is responsible for working with the Bishop of Dover to shape the diocesan strategy and to monitor the outworking of that strategy. It sets overall objectives and priorities. The outworking of those objectives and strategies for the Diocese of Canterbury is conducted through four overarching frameworks. The frameworks (see below under policies and objectives) meet frequently to plan their own priorities and make appropriate decisions in support of the overriding strategies and objectives of the Diocese of Canterbury. The principal officers manage the day-to-day administration in conjunction with Archbishop's Council and respective frameworks as appropriate. The remaining staff assist in administration.

Related party relationships

CDBF makes contributions to the national Archbishops' Council towards the running costs of the National Church. The stipends of all parish priests are paid initially by the Church Commissioners but these are then reimbursed by CDBF. The stipend of the Bishop of Dover together with the salaries of appropriate secretarial support are borne by the Church Commissioners and are not included in these statements. The Board considers that the following are subsidiary companies or connected charities:

Subsidiary Companies:

- Canterbury Diocesan Enterprises Limited (CDEL)
- Diocesan Architectural Service Limited (DASL)
- Ethos School Improvement Limited (eSIL)

Connected Charities:

- Together Kent
- The Diocese of Canterbury Academies Company Limited (DCACL)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Trustees have assessed the major risks to which the charity and the group are exposed, in particular those related to the operations and finances of the charity and the group, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks. The Trustees, through the Finance and Assets Committee, undertook a comprehensive review of the strategic, business and operational risks in 2020.

In addition to the key challenges facing the charity because of the Covid-19 pandemic (see later in this report), the key risks facing the Board of Finance are:

- Non-payment of full Parish Share.

  The Trustees continue to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the general fund. The Trustees also monitor on a regular basis the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share. The impact of Coronavirus had a significant impact on income in 2020 with reduction in Parish Share collected of £1m. This impact will continue into 2021 and action is in place to mitigate the impact in 2021 to ensure the financial viability of the diocese.

- A failure to take appropriate safeguarding precautions and implement suitable policies to protect all those who come within the care of our churches.

  CDBF takes extremely seriously the need for strong safeguarding procedures and controls. The Trustees are responsible ultimately for overseeing the implementation and review of policies and procedures for safeguarding children and vulnerable adults throughout the diocese; and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults. All Church officers, Trustees, staff and volunteers are trained in diocesan safeguarding policy and best practice and the Diocesan Safeguarding Advisor is available to give advice.

  There are procedures in place for reporting serious safeguarding situations. However, further to this, the Trustees would consult at that time and obtain independent advice should the need arise.

- IT and systems failures.

  The Trustees are aware of the increasing use of, and demand upon, IT services and the increased threat posed by those with malicious intent. To strengthen our defences against attack, via malicious emails and phishing attacks, staff are trained to follow best practice and to be alert to malicious emails and other potential IT risks. The Trustees are aware also of the need to ensure the strongest possible defences against attack including the upgrading of software and hardware.

- The charity's key assets comprise properties and listed investments. Cash flow issues may arise because of the timing of capital transactions and poor investment performance may lead to losses being incurred.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

Property maintenance is of key importance, ensuring that the buildings are maintained to a high standard and that preventative action is taken before matters become real problems. The charity has a highly skilled Property Team with many years of experience looking after residential, office and historic buildings. The timing of property transactions is planned carefully to ensure that they do not give rise to adverse cash flow issues.

The value of the charity's listed investments is dependent on movements in the UK and world stock markets. The charity's financial position, therefore, is exposed to the downside risk attached to such investments. To control against this risk, the charity's investments are managed by reputable investment managers who adhere to a policy agreed by the Trustees. Representatives of the charity meet with the investment managers on a regular basis to monitor performance and to discuss the charity's investment strategy generally to ensure it remains appropriate – both now and into the future.

OBJECTIVES AND ACTIVITIES

Policies and objectives

In planning the activities of the charity for the year, the Trustees have considered the guidance on public benefit issued by the Charity Commission. In common with the Church of England, the diocese strives to ensure that in every local community there is a worshipping, welcoming and serving congregation, working with Christians of other traditions and people of goodwill, witnessing to the transforming power of the love of God as seen in Jesus. The key strategic initiative of the diocese is called 'Changed Lives→Changing Lives' to better enable the diocese to achieve its overall objectives of:

- Growth – both numerical and spiritual
- Reimagining ministry
- Building partnerships that enrich communities

There are 3 frameworks within the diocesan organisation which primarily serve the delivery of each of these key objectives respectively:

- Local Church Development
- Licensed Ministries
- Communities & Partnerships

In addition, there is one other framework:

- Children and Young People – serving all three objectives within the under-eighteen age group

OBJECTIVES AND ACTIVITIES (continued)

Strategies for achieving objectives

The six key strands of our 'Changed Lives→Changing Lives' strategy are:

- Engaging with disadvantaged people
- Prioritising young people
- Missional prayer networks
- Enriching leadership
- Missional learning communities
- Caring for the environment

In June 2018 Archbishop's Council was successful in achieving funding of nearly £1 million over 4 years from the Church Commissioners' Strategic Development Fund to support a model of mission amongst disadvantaged communities called Ignite. This led to the development of new Ignite worshipping communities in 7 locations across the diocese plus one in Guernsey (some functions of the Channel Islands were managed by Canterbury Diocese at the time of the bid; episcopal oversight now sits with Salisbury Diocese).

In March 2021 the diocese published a report "Towards a Flourishing and Sustainable Future" which further developed and communicated our thoughts on our 'Changed Lives→Changing Lives' strategy. This clarified our vision and is a commitment to a shared journey of discipleship and growth - learning, sharing and listening on the way. This will have consequences for the delivery of the strategy in 2021 onwards.

Grant making policies

The diocese has historically made grants to parishes and deaneries for the purposes of assisting in parochial mission and ministry from unrestricted income derived from occasional office fees and the Church Commissioners. These have been mainly to support strategic missional posts across the diocese and are agreed in conjunction with the deaneries and archdeacons. Currently the income available for grants from the Church Commissioners is restricted to lowest income communities (LInC) and the reduction in occasional office fees means this is no longer a reliable income stream. Until we are able to generate unrestricted income ourselves the Church Commissioners LInC funding will support the neediest parishes, either with Parish Share or towards a post.

Historically the charity acted as the agent of school governors in relation to school building works and the purchase of IT equipment for Schools. It acted as the agent of school governors in helping to arrange funding through the DfE and Local Authorities and in paying professional fees and building costs on behalf of school governors. The SCA (School Condition Allocation) system was introduced in April 2020 and superseded the LCVAP (Locally Coordinated Voluntary-Aided Programme). The change in funding gives the charity discretion over how these funds are used. Historically, the LCVAP was not reflected in the Statement of Financial Activities as the charity had no control over the funds and the transactions were those of the school governors rather than the charity which acted as agent. The SCA grant funding has now been recognised as income in the Statement of Financial Activities along with the related expenditure. The uncommitted balance of SCA funding at the end of the year of £187k (2019 - £nil) has to be committed to projects by 31 March 2022 or returned to the DfE.

OBJECTIVES AND ACTIVITIES (continued)

Raising funds

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial church councils, donors and supporters. It applies best practice to protect their data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

ACHIEVEMENTS AND PERFORMANCE

Key financial performance indicators

Current year Parish Share receipts represent 86.8% of the total apportioned (2019 – 92.1%) or, when deferred receipts for previous years are included, 88.0% (2019 – 93.0%). This shortfall of 12% (2019 – 7%) represents £1.0m (2019 - £0.6m) in cash terms.

Our aspiration is always to collect 100% of Parish Share.

Review of activities

The diocese continues to strive to resource effective mission, ministry and growth throughout its parishes in East Kent. Working with Mission Action Planning, many parishes and deaneries are capturing the vision for new approaches and new forms of Church which is transforming growth and spiritual development. Wherever possible, archdeacons and diocesan officers (often acting as deanery accompaniers) work closely with deaneries to re-energise the mission and ministry of struggling parishes. There are many cases now where mission plans have been agreed and transitional finance provided which has transformed Christian communities in bringing about new hope, where seemingly all had been lost. However, there are still cases where parishes are struggling to resource an effective mission and ministry to their community.

We had an average of 128 paid clergy and 134 active voluntary Readers in 2020. Since *Explore More*, a way of listening to God's voice about vocation, began in the diocese in 2015 many people have explored a vocation and many have gone on into theological training for Reader or ordained ministry or engaged with other lay ministry in the church and secular world.

We have provided timely and responsive safeguarding support and advice to clergy and their teams across the diocese, trained many people at various levels, and conducted over 750 DBS (Disclosure and Barring Service) checks, helping to keep our children and vulnerable people safe in our churches. In October 2020 responsibility for Safeguarding for the Channel Islands passed to the Salisbury Diocese. However, our Diocesan Safeguarding Advisors now cover the role of Cathedral Safeguarding Advisers for Canterbury Cathedral on a service level agreement basis for one day per week. A service level agreement for the provision of training has been in existence since 2019.

Our deepening discipleship courses have been transformational for many and our missional learning communities have brought together groups of enthusiastic ministers, emerging ministers and growing disciples.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

We continue to support our communities through a wide range of partnerships with other organisations such as the work being done by The Revd Chris Hodgkins in supporting the farming community where mental health can be a particular problem with farmers and rural workers.

Our Novena booklet has been very popular and is an invitation to explore, through art and prayer, the dual message of love and challenge as part of the global Thy Kingdom Come family.

The face of ministry is changing as ordained clergy help equip and enable the ministry of everyone to ensure the Church is a Monday to Saturday Church, as well as a Sunday Church and is sustainable into the future. The impact of Coronavirus (Covid-19) has provided further impetus to reimagine ministry.

Covid-19

Covid-19 (2019 Novel Coronavirus) has had a global impact in 2020 and 2021.

Covid-19 has significantly affected the operation of CDBF. Our offices have mainly been closed since March 2020 and around half our staff were on furlough for part of 2020 with the remainder mainly working from home. CDBF already had the IT capability to allow staff to work from home and some staff were already doing this from time to time. The impact of Covid-19 resulted in the acceleration of the planned strengthening of our IT platforms and an additional focus on home working. Many staff working from home or on furlough have had to deal with additional challenges. CDBF has continued to focus on meeting the expectations of those who use our services and has ensured that ministry and operational support continues for parishes in these challenging times. Key operational areas such as safeguarding, finance and communications have continued to operate. Operational and financial teams are very aware of the risk of fraud and cybercrime and additional safeguards have been developed to mitigate this risk. Despite the significant challenges arising from Covid-19, it has given us the opportunity to explore how we can further extend our Eco Diocese commitment through, perhaps, greater homeworking and a 'paper-lite' environment.

Covid-19 is likely to continue to have a significant impact on the finances of CDBF. Many parishes are finding it difficult to meet their Parish Share because of churches and parish halls being closed and the subsequent impact on their income. Although costs in many parishes have decreased, the loss of income has exceeded the cost savings made. Parish Share is the main source of income for the diocese and is essential to support our ministry and mission. Other sources of income are also under pressure. CDBF took steps to mitigate the loss of income by removing all but essential expenditure and taking advantage of the Coronavirus Job Retention Scheme by placing staff on furlough. In addition, increased generosity has been seen from several parishes.

In 2020 it was estimated that the shortfall in Parish Share could be up to £1.4m and that the shortfall in 2021 could be up to £2.0m. In the event, due to the significant generosity of many parishes in such challenging times, the shortfall in 2020 was £1.0m. Given the uncertainty around the shortfall in Parish Share, the diocese was awarded a grant of £665,000 from Archbishops' Council. The diocese also received grant income from the Government funded Coronavirus Job Retention Scheme and significantly reduced its expenditure on property maintenance by only carrying out essential works. It maintained tight control on costs in all areas with significantly reduced expenditure in areas such as travel and venue hire due to the Coronavirus pandemic.

ACHIEVEMENTS AND PERFORMANCE (continued)

Covid-19 (continued)
The trustees are grateful to the Church Commissioners for the support they have provided in 2020 – in addition to the £665,000 grant from Archbishops' Council a stipend loan facility of £872,000 was made available to cover three months' stipends payments. The stipend loan is reflected in cash and creditors and will be repaid in 2021 and was provided to ensure sufficient liquidity in general funds. The grant funding which supported the diocese in 2020 will continue to be of benefit in 2021.

The diocese predicts the shortfall in 2021 could still be up to £2.0m as many parishes have dipped into their reserves to meet Parish Share in 2020 and thus may be unable to meet their 2021 Parish Share in full.

The diocese has applied for and been awarded a £2.5m CBILS (Coronavirus Business Interruption Loan Scheme) loan to support its working capital due to the pressures of the Coronavirus pandemic. The loan is repayable over six years with the first year being interest free and the loan has a one year capital repayment holiday. The interest rate is 1.68% over Base Rate but the loan may be converted to a fixed rate after one year at a fixed rate margin of 1.72% over the prevailing cost of funds at that time.

Income generation
The diocese received 82% of its unrestricted income (excluding the £665,000 grant from Archbishops' Council) from Parish Share, which is a voluntary payment from parishes. A review of Parish Share was completed in 2020 and recommended no change to the current methodology.

The Church Commissioners allocate lowest income community funding grants to the poorest dioceses and Canterbury received a grant of £791,000 in 2020 (2019 - £724,000).

The diocese received an allocation from Allchurches Trust of £125,000 in 2020 (2019 - £123,000) which supports our diocesan strategic projects.

Investment policy and performance
An improvement in investment markets in 2020 resulted in an increase in the value of investment of £253k compared with an increase of £708k in 2019. This has resulted in the value of our investments increasing by £1.0m in two years from £5.4m to £6.4m.

The investment policy for 2020 was:

- To keep surplus liquid funds on short term deposit
- To maintain holdings of longer-term investments at the following levels:
    - Investment Fund (75%)
    - Property Fund (25%)
- To pool investments across the funds of the diocese so that returns on investment are consistent and not dependent upon the levels and denomination of investment held.

The portfolios are reviewed with CCLA Investment Management Limited every year. Investments held by the Board have been acquired in accordance with powers available to the Trustees under the Memorandum and Articles of Association.

FINANCIAL REVIEW

Introduction

Archbishop's Council continues to work diligently to secure the financial position of the diocese whilst at the same time promoting effective mission, ministry and community throughout the area. The Church of England exists to promote the Gospel of Christ in every community and the diocese sees that the furtherance of that aspiration is the only way to secure the future of the Anglican Church in this diocese.

The Board's subsidiary company, Canterbury Diocesan Enterprises Limited (CDEL), is responsible for adopting a strategic approach to all property assets and maximising the value of any disposal proceeds. This company continues to work on several key projects and advises on property aspects of pastoral reorganisation and it continues to deliver vital resources to help the work of CDBF.

The total funds of the diocese include the value of all benefice parsonages within the parishes and these were valued at £67.6m in 2020 (2019 - £65.5m). CDBF is engaged on a rolling five-year process of revaluations of these properties. These properties are included in endowment funds recognising that they remain benefice property, although should they cease to be used as ministry houses then ownership is usually transferred to CDBF unrestricted funds.

Results for the year

Total income for the year amounted to £12.5m, an increase of £1.4m compared with 2019. The increase was driven primarily by a Covid-19 support grant of £0.7m from Archbishops' Council, grants of £0.2m from the Coronavirus Job Retention Scheme and restricted education income of £0.8m, offset by a decrease in Parish Share of £0.3m. Full details of the restricted education income are provided in the grant making policies section within Objectives and Activities.

The diocese remains concerned that the financial pressures many parishes are experiencing will impact upon the 2021 Parish Share collection rate.

Other sources of income consist of other grant income, investment income, property rental income, parochial fees for weddings and funerals and the income for work done for third parties by the charity's subsidiary companies. Such income remains very important and is an essential contributor in keeping Parish Share requirements lower than they might otherwise be.

Expenditure for the year totalled £11.3m compared to £11.4m in 2019. Unrestricted expenditure fell by £0.8m, mainly due to a £0.6m reduction in property costs as only essential works were done and significant reductions were made in areas such as travel and venue hire due to the Coronavirus pandemic. Restricted expenditure increased by £0.6m, of which £0.5m was due to expenditure in respect of Schools Conditional Allocation as explained in the preceding paragraph.

Net income before revaluations and investment asset disposals was £1,243k compared to net expenditure in 2019 of £321k for the reasons explained above. After revaluations and investment gains, the net movement in funds for the year was an increase of £4,690k being a £2,381k increase in endowment funds, a £606k increase in restricted funds and a £1,703k increase in unrestricted funds, which included a transfer from endowment funds of £950k in respect of properties transferred from benefice property funds following Pastoral Schemes made by the Church Commissioners.

Under FRS 102 the Board is required to account for any deficit in the clergy and laity pension fund schemes. These provisions are £0.46m (2019 - £0.79m) for the diocese's proportion of the national clergy scheme and £0.53m (2019 - £0.58m) for our proportion of the staff scheme.

FINANCIAL REVIEW (continued)

Financial position

The consolidated balance sheet showed total funds at 31 December 2020 of £92.0m (2019 - £87.3m) comprising:

	2020	2019
	£	£
General funds (including non-charitable trading funds)	852	104
Designated funds	14,519	13,564
Restricted funds	1,756	1,150
Endowment funds	74,863	72,482
	91,990	**87,300**

The above figures include endowment funds of £74.9m (2019 – £72.5m), the principal part of this being the benefice properties amounting to £67.6m (2019 – £65.5m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds are restricted funds totalling £1.8m (2019 – £1.2m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 20 to the financial statements together with an analysis of movements in the year.

Funds totalling £14.5m (2019 – £13.6m) have been designated, or set aside, by the Trustees for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 20 to the financial statements. The Trustees are aware that most of the designated funds are represented by ministry housing and they are currently reviewing their policy on the sale of empty property to improve the level of working capital.

General funds (including non-charitable trading funds of £73k) total £852k (2019 - £104k). Excluding gains on disposal, revaluation of investments and fund transfers, general funds increased by £429k for the year (2019 – decrease of £772k).

Reserves policy

The Board's policy is to hold working capital (net current assets) of between 15% and 20% of its annual budgeted expenditure. In 2020 this would require working capital of between £1.6m and £2.2m. This amount is regarded as the minimum necessary to enable the Board to withstand cash flow fluctuations in the course of its normal business. At the end of 2020 the Board's working capital was £1.7m (2019 - £1.1m).

FINANCIAL REVIEW (continued)

Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Trustees, mindful of Covid-19, have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient investments which can be realised in the short term to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £14.5m, including £13.2m designated for ministry housing. If necessary, some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary in the medium term. As noted above, the diocese has applied for and been awarded a £2.5m CBILS (Coronavirus Business Interruption Loan Scheme) loan to support its working capital due to the pressures of the Coronavirus pandemic. The loan is repayable over six years with the first year being interest free and the loan has a one year capital repayment holiday. The interest rate is 1.68% over Base Rate but the loan may be converted to a fixed rate after one year at a fixed rate margin of 1.72% over the prevailing cost of funds at that time. For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements.

Pay policy for senior staff

Senior Clergy are paid according to stipend scales set by the national church. The stipends for the Bishop of Dover and the Archdeacon of Maidstone (in lieu of the unused Bishop of Maidstone post) are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne principally by Canterbury Cathedral. The stipend of the Archdeacon of Ashford is borne by CDBF.

CDBF uses a system of job evaluation to grade staff appropriately and each is then assigned a particular pay point on that grade. This system operates for all key diocesan staff but each is then compared to the averages across all dioceses in the southern province. The HR Committee then formally agrees the appropriate salary in the light of these variables.

Key management personnel are defined as the Trustees together with those employees listed in note 13 to the attached financial statements.

PLANS FOR THE FUTURE

Future developments

The Archbishop's Council will continue to pursue the strategy 'Changed Lives→Changing Lives' still further in line with Bishop Rose's episcopal leadership. The Council will look to obtain funds for the different project strands both from the Church Commissioners and other charities as well as re-allocating diocesan resources. We have a Strategic Programme Board that oversees progress on each strand. Below that we have programme boards (in some cases "frameworks") that focus on particular strands. We are aware that the level of future retirements of clergy and, consequently, our 'Enriching leadership' strand is particularly important for us to develop a mixed economy of leadership in our churches and parishes. We will also work to implement the vision and ideas in our recent report "Towards a Flourishing and Sustainable Future".

PLANS FOR THE FUTURE

Future developments (continued)
As part of the resourcing of this strategy, the Trustees will continue to look for ways to develop the current Diocesan House to better enable modern team based collegial working and changes have already been made to accomplish this.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board acts as Custodian Trustee in respect of trusts administered on behalf of managing trustees, which includes incumbents, churchwardens, Parochial Church Councils and other organisations of the diocese. The assets held in the capacity of Custodian Trustee include freehold property and investments.

The Board also administers funds, on behalf of Parochial Church Councils, on an agency basis for investment and obtains income tax repayments, relating to Gift Aid, on behalf of parishes and other diocesan organisations. The tax recoverable during 2020 was £1.5m (2019 - £1.20m).

In 2000 the Board arranged for the Central Board of Finance to take over the administration of investments held on behalf of parishes, except for Endowment Funds. The Board is still administering investments with a book value of £3.1m (2019 - £2.9m). The assets of these funds are held separately from those of the Board.

In 2014 an agreement was made with Winchester Diocese whereby the Board was to act as an agent for a number of services for the Channel Islands including the collection and disbursement of parish share from the deaneries of Guernsey and Jersey. The diocese received a fee for providing these services which ended on 1 October 2020 when the Channel Islands moved to being under the episcopal oversight of the Diocese of Salisbury.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Canterbury Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

TRUSTEES' RESPONSIBILITIES STATEMENT (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

AUDITOR

Buzzacott LLP was reappointed as statutory auditor on 1 October 2020 and has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

This report, incorporating the Strategic Report, was approved by the Trustees on 12 June 2021 and signed on their behalf by:



Nigel Mansley

Trustee

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

Opinion

We have audited the financial statements of Canterbury Diocesan Board of Finance (the 'charitable parent company') and of Canterbury Diocesan Board of Finance and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the consolidated and charitable parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies, the notes to the financial statements and the appendices. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions 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 and Financial Statements, other than the financial statements and our auditor's report thereon. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the charitable parent 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

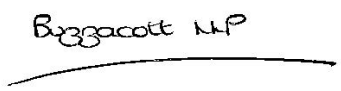
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanda Francis (Senior Statutory Auditor) 25 June 2021
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Consolidated statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
Income and endowments from:						
Donations and grants:						
Archbishops' Council	1	**665**	**—**	**—**	**665**	—
Other donations and grants	1	**7,664**	**1,778**	**—**	**9,442**	9,300
Charitable activities	2	**297**	**667**	**—**	**964**	368
Other trading activities	3	**770**	**—**	**—**	**770**	806
Investments and interest	4	**210**	**—**	**13**	**223**	247
Other sources	5	**267**	**178**	**8**	**453**	398
Total income and endowments		**9,873**	**2,623**	**21**	**12,517**	11,119
Expenditure on:						
Raising funds	6	**330**	**—**	**—**	**330**	325
Charitable activities	8	**8,847**	**2,062**	**35**	**10,944**	11,115
Total expenditure	10	**9,177**	**2,062**	**35**	**11,274**	11,440
Net income (expenditure) before investment gains		**696**	**561**	**(14)**	**1,243**	(321)
Net gains on investments	16	**85**	**45**	**293**	**423**	708
Net income before transfers		**781**	**606**	**279**	**1,666**	**387**
Transfers between funds	20	**950**	**—**	**(950)**	**—**	—
Net income (expenditure) for the year	11	**1,731**	**606**	**(671)**	**1,666**	**387**
Other recognised gains and losses:						
(Losses) gains on revaluation of pension fund liabilities	22	**(28)**	**—**	**(24)**	**(52)**	1,229
Gains on revaluations of tangible fixed assets	15	**—**	**—**	**3,076**	**3,076**	2,715
Net movement in funds		**1,703**	**606**	**2,381**	**4,690**	4,331
Reconciliation of funds						
Total funds brought forward		**13,668**	**1,150**	**72,482**	**87,300**	82,969
Total funds carried forward		**15,371**	**1,756**	**74,863**	**91,990**	87,300

All activities relate to continuing operations in both the above financial years.

The unrestricted fund column above comprises both general funds and designated funds. Details of the analysis between these funds can be found in note 20 to these financial statements. At 31 December 2020, general funds were £779k (2019 - £29k) whilst designated funds (many of which represent ministry housing) amounted to £14.5m (2019 - £13.6m).

	Note	**2020** **£'000**	2019 £'000
Income		**12,496**	10,944
Less: Expenditure		**(11,239)**	(11,427)
Net income (expenditure) for the year before transfers and investment gains and losses		**1,257**	(483)
Net gains on investments	20	**130**	330
Transfers from endowment funds	20	**950**	1,060
Net income for financial year		**2,337**	907

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 activities relate to continuing operations.

Balance Sheets 31 December 2020

	Note	**Group 2020 £'000**	Group 2019 £'000	**Charity 2020 £'000**	Charity 2019 £'000
Fixed assets					
Tangible fixed assets	15	**83,469**	80,224	**83,469**	80,224
Investments	16	**8,150**	7,727	**8,151**	7,728
		91,619	87,951	**91,620**	87,952
Current assets					
Debtors	17	**1,558**	1,322	**1,562**	1,335
Cash at bank and in hand		**4,508**	3,127	**4,382**	2,988
		6,066	4,449	**5,944**	4,323
Creditors: amounts falling due within one year	18	**(4,360)**	(3,378)	**(4,312)**	(3,328)
Net current assets		**1,706**	1,071	**1,632**	995
Total assets less current liabilities		**93,325**	89,022	**93,252**	88,947
Creditors: amounts falling due after more than one year	19	**(1,335)**	(1,722)	**(1,335)**	(1,722)
Net assets		**91,990**	87,300	**91,917**	87,225
Funds					
Endowment funds	20	**74,863**	72,482	**74,863**	72,482
Restricted funds	20	**1,756**	1,150	**1,756**	1,150
Unrestricted funds					
. Designated funds	20	**14,519**	13,564	**14,519**	13,564
. General funds	20	**779**	29	**779**	29
. Non-charitable trading funds	20	**73**	75	**—**	—
Total funds		**91,990**	87,300	**91,917**	87,225

The financial statements were approved by the Trustees on 12 June 2021 and signed on their behalf by:



Nigel Mansley

Trustee

Consolidated statement of cash flows Year to 31 December 2020

	Note	**2020 £'000**	2019 £'000
Cash flows from operating activities			
Net cash used in operating activities	A	**(251)**	(1,297)
Cash flows from investing activities			
Investment income and interest received		**223**	247
Rental income received		**470**	428
Proceeds from the sale of tangible fixed assets		**267**	1,061
Purchase of tangible fixed assets		**(200)**	(489)
Net cash provided by investment activities		**760**	1,247
Cash flows from financing activities			
Repayments of borrowings		**—**	(275)
Cash inflows from new borrowing		**872**	—
Net cash provided by (used in) financing activities		**872**	(275)
Change in cash and cash equivalents in the year		**1,381**	(325)
Cash and cash equivalents brought forward		**3,127**	3,452
Cash and cash equivalents carried forward	B	**4,508**	3,127

A. Reconciliation of net income (expenditure) for the year to net cash used in operating activities

	2020 £'000	2019 £'000
Net income (expenditure) for the year (as per the statement of financial activities)	**1,666**	387
Adjustment for:		
Depreciation charges	**31**	25
Gains on investments	**(423)**	(708)
Investment income and interest receivable	**(223)**	(247)
Rental income receivable	**(470)**	(428)
Gains on property disposals	**(267)**	(232)
Pension adjustment	**(432)**	(424)
Increase in debtors	**(236)**	(210)
Increase in creditors excluding loans	**103**	540
Net cash used in operating activities	**(251)**	(1,297)

B. Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**4,508**	3,127

Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020 with comparative information provided for the year to 31 December 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the Canterbury Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation

The financial statements consolidate the accounts of Canterbury Diocesan Board of Finance and all its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account. Gross income of the charity of £12,436k (2019 - £10,979k) and surplus of £1,667k (2019 - £387k) has been dealt with in the accounts of the charity.

Company status

The charity is a company limited by guarantee, Company Registration Number 00145650 (England and Wales). Every member of Diocesan Synod is a member of CDBF for company law purposes. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity. The company's address and other reference information is shown on page 1.

Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the Trustees. Certain unrestricted funds have been set aside and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

Fund structure (continued)
The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

The non-charitable trading funds represent the accumulated gains and losses arising on the charity's trading subsidiaries.

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the valuation of investment property and benefice properties;
- the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting (see below).

The Trustees consider valuation of benefice properties and pensions liabilities to be the areas of judgement and estimation that have a significant effect on the financial statements. Further details of these judgements are given in notes 15 and 22 respectively.

Going concern
The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

Many parishes are finding it difficult to meet their Parish Share because of churches and parish halls being closed due to Covid-19 and the subsequent impact on their income. Although costs in many parishes have decreased the loss of income has exceeded the cost savings made. Parish Share is the main income source for the charity and is essential to support its ministry and mission. Parochial fees have also suffered due to Covid-19. The charity has taken steps to mitigate the loss of income by removing all but essential expenditure and taking advantage of the Coronavirus Job Retention Scheme by placing staff on furlough. In addition, increased generosity has been seen from several parishes and a grant of £665,000 was received from Archbishops' Council in 2020.

Going concern (continued)
The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient investments which can be readily realised to meet liabilities should a shortfall in income arise. In addition, the charity has designated reserves of £14.5m, including £13.2m designated for ministry housing. Some properties could be undesignated and sold to meet any cash flow shortfall should this be necessary. The diocese has applied for and been awarded a £2.5m CBILS (Coronavirus Business Interruption Loan Scheme) loan to support its working capital due to the pressures of the Coronavirus pandemic. The loan is repayable over six years with the first year being interest free and the loan has a one year capital repayment holiday. The interest rate is 1.68% over Base Rate but the loan may be converted to a fixed rate after one year at a fixed rate margin of 1.72% over the prevailing cost of funds at that time.

For these reasons the Trustees continue to adopt the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income
Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including Parish Share income, income from listed investments, interest receivable, income directly related to charitable activities (including grants), income from trading activities, the surplus on disposal of tangible fixed assets, rental and miscellaneous income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charity has entitlement to the income and the amount due to the charity can be measured.

Income is deferred only when the charity must fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income (continued)

Income from charitable activities comprises parochial fees received for occasional offices including baptisms, weddings and funerals.

Income from other trading activities includes the income received from third parties by the charity's trading subsidiaries. Such income is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered. Expenditure comprises the following:

a) Expenditure on raising funds which includes expenditure associated with raising funds and comprises the expenditure of trading subsidiary companies.

b) Expenditure on charitable activities which comprises expenditure on the charity's primary charitable purposes as described in the Trustees' report i.e. promoting and assisting the work of the Church of England for the advancement of the Christian faith in the Diocese of Canterbury. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

Property, plant and equipment

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Laptop and desktop computers costing under £1,000 are also capitalised.

Benefice property being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the Trustees, who are satisfied that their residual value is not materially less than their book value. Other freehold buildings which are used either as private residential properties or as Diocesan offices are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Office equipment is written off over a period of three to five years, based on cost, in order to write the cost of each asset off over its estimated useful life.

Benefice property

CDBF has followed the requirements of FRS 102 in its accounting treatment for benefice houses. FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. CDBF is formally responsible for the maintenance and repair of benefice houses 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. Therefore, the Trustees consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their estimated current value. Benefice houses are revalued on a five-year cycle by professional valuers or a member of the charity's property team with a Chartered Surveyor qualification with approximately one-fifth of the properties being visited for valuation purposes each year. Those properties not revalued in the year are however revalued by reference to appropriate property indices.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid price.

Glebe property mainly consists of agricultural land and is included in the financial statements at a valuation based on income yield with provision being made for any impairment deemed necessary. The valuation is determined by the Trustees after consultation with the Board's property director. Some glebe properties have development potential but due to the uncertainties in the planning process these are not revalued unless planning permission has been granted and a willing purchaser exists.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired after the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Pensions

The charity operates four pension schemes as more fully described in note 22:

i) A defined benefits scheme for clergy - the Church of England Funded Pensions Scheme

ii) A defined benefits scheme for certain diocesan staff now closed to new staff - the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund

iii) A defined benefits scheme - the Church of England Pension Builder Classic Scheme, part of the Church Workers Pension Fund

iv) A defined contribution pension scheme for diocesan staff not included in the above schemes

The pension costs charged as expenditure represent CDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. 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.

Custodian funds

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

School major repair and capital projects

The charity assists voluntary aided schools with school building projects and the provision of IT equipment. The SCA (School Condition Allocation) system was introduced in April 2020 and superseded the LCVAP (Locally Coordinated Voluntary-Aided Programme). Until April 2020, the Charity acted as the agent of school governors in helping to arrange funding through the DfE and Local Authorities and in paying professional fees and building costs on behalf of school governors. The LCVAP income and expenditure was not reflected in the Statement of Financial Activities as the Charity had no control over the funds and the transactions were those of the school governors rather than the Charity which acted as agent. The change in funding from April 2020 gives the Charity discretion over how these funds are used. Therefore, the SCA grant funding received is recognised in the SOFA along with the related expenditure.

1. Income from: Donations and grants

	Unrestricted funds £'000	Restricted funds £'000	**2020 £'000**	2019 £'000
Archbishops' Council	665	—	**665**	—

The one-off grant was given in order to provide support to the diocese during the Coronavirus pandemic.

	Unrestricted funds £'000	Restricted funds £'000	**2020 £'000**	2019 £'000
Parish Share	7,529	—	**7,529**	7,802
Archbishops' Council	—	1,379	**1,379**	1,329
Allchurches Trust	—	125	**125**	123
Other donations and grants	135	274	**409**	46
Total funds	7,664	1,778	**9,442**	9,300

2. Income from: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	**2020 £'000**	2019 £'000
Parochial fees for occasional offices (see (a) below)	297	—	**297**	368
Department for Education capital grants (see (b) below)	—	667	**667**	—
Total funds	297	667	**964**	368

(a) Occasional offices include weddings and funerals.

(b) The charity assists voluntary aided schools with school building projects and the provision of IT equipment. Historically it acted as the agent of school governors in helping to arrange funding through the DfE and Local Authorities and in paying professional fees and building costs on behalf of school governors. The SCA (School Condition Allocation) system was introduced in April 2020 and superseded the LCVAP (Locally Coordinated Voluntary-Aided Programme). The change in funding gives the Charity discretion over how these funds are used. Historically, the LCVAP funding was not included in the Statement of Financial Activities as the Charity had no control over the funds and the transactions were those of the school governors rather than the Charity which acted as agent. The SCA grant funding received has now been included as income in the SOFA along with the related expenditure. The unspent balance at the end of the year has to be committed to projects by 31 March 2022 or returned to the DfE.

3. Income from: Other trading activities

	Unrestricted funds	
	2020	2019
	£'000	£'000
Income from subsidiary trading companies	**144**	140
Rental income	**470**	428
Other trading income	**156**	238
Total funds	**770**	806

Income from subsidiary trading companies represents work done by Canterbury Diocesan Enterprises Limited and Ethos School Improvement Limited for third parties outside of the group. Work done by Canterbury Diocesan Enterprises Limited for CDBF of £258k (2019 - £235k), work done by Ethos School Improvement Limited for Canterbury Diocesan Enterprises Limited of £4k (2019 - £6k) and work done by Canterbury Diocesan Board of Finance for Ethos School Improvement Limited of £26k (2019 - £32k) has been eliminated on consolidation.

4. Income from: Investments and interest

	Unrestricted funds	Endowment funds	**2020**	2019
	£'000	£'000	**£'000**	£'000
Investment income	200	13	**213**	221
Bank and other interest receivable	10	—	**10**	26
Total funds	210	13	**223**	247

5. Income from: Other sources

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2020 £'000**	Total funds 2019 £'000
Gains on property disposals (see note)	267	—	—	**267**	232
Proceeds from sale of closed schools	—	178	8	**186**	166
Total funds	267	178	8	**453**	398

The gains on property disposals relate to the disposal of land attached to benefice properties which was deemed surplus to requirements.

6. Expenditure on: Raising funds

	Unrestricted funds	
	2020	2019
	£'000	£'000
Wages and salaries	**148**	145
Social security costs	**14**	13
Pension costs	**5**	5
Other overheads	**163**	162
	330	325

Expenditure on raising funds comprises the expenditure of subsidiary trading companies.

7. Analysis of grant funding activities

Included within expenditure on charitable activities (note 8) are the following grants:

		2020		2019
	Number	**£'000**	Number	£'000
From unrestricted funds for National Church responsibilities				
Contributions to Archbishops' Council	**—**	**550**	—	541
From restricted funds				
Education grants for school building projects	**5**	**480**	—	—
From unrestricted and restricted funds				
Parochial fee grants	**—**	**—**	97	32
Ministry grants	**31**	**791**	17	432
Children and young people	**—**	**—**	6	78
Parish administration	**—**	**—**	3	203
Parish support	**—**	**—**	3	15
Deanery grants	**11**	**22**	15	28
		1,843		1,329

The development of diocesan grants using the Church Commissioner funding allocation continues to see the diocese giving financial assistance to parishes to leverage their mission. In 2020, £791k (2019 - £728k) was spent in targeting parishes which can most benefit from grant funding for mission and ministry.

In 2019 grants were used for purposes other than direct ministry and parish administration grants included commitments in respect of future years for which funding had been received.

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2020 £'000**	Total funds 2019 £'000
Contributions to Archbishops' Council:					
Training for ministry	235	—	—	**235**	236
National church responsibilities	177	—	—	**177**	187
Grants and provisions	20	—	—	**20**	20
Mission agency pension costs	9	—	—	**9**	2
Retired clergy housing costs	85	—	—	**85**	81
Pooling of ordinands' maintenance grants	24	—	—	**24**	15
	550	—	—	**550**	541
Resourcing Ministry and Mission:					
Parish Ministry					
Stipends	3,046	—	—	**3,046**	3,001
National Insurance	242	—	—	**242**	237
Pension contributions	784	—	—	**784**	712
Housing costs	1,151	—	—	**1,151**	1,708
Apprenticeship levy	14	—	—	**14**	14
Removal and resettlement costs	204	—	—	**204**	111
Other expenses	124	18	35	**177**	187
Lay and ordinand training	138	209	—	**347**	322
Parochial fee grants	—	—	—	**—**	32
Mission development grants	22	791	—	**813**	680
	5,725	1,018	35	**6,778**	7,004
Senior Clergy					
Stipends, NI and Pensions	57	—	—	**57**	56
Housing cost allocation	29	—	—	**29**	28
	86	—	—	**86**	84
Strategic Investment Projects *(see below)*	36	564	—	**600**	525
Support costs (note 9)	2,110	—	—	**2,110**	2,298
Total expenditure on resourcing Ministry and Mission	7,957	1,582	35	**9,574**	9,911
Expenditure on education:					
Support for church schools and young people	340	—	—	**340**	663
School building grants (see note 2)	—	480	—	**480**	—
Total funds	8,847	2,062	35	**10,944**	11,115

The 2019 expenditure is analysed by fund in the appendix.

Restricted expenditure on Strategic Investment Projects comprises expenditure on projects to enable the Diocesan Strategy of 'Changed Lives→ Changing Lives' of which £322k (2019 - £376k) is funded by the Church Commissioners £151k (2019 - £81k) by Allchurches Trust and £91k (2019 – nil) by grant income from the Coronavirus Job Retention Scheme.

9. Analysis of support costs

	Unrestricted funds	
	2020 Total funds £'000	2019 Total funds £'000
Diocesan administration		
Salaries	**1,260**	1,242
National Insurance	**122**	120
Pensions	**218**	222
Administration, office and other indirect costs	**389**	588
Governance		
External audit	**31**	39
Diocesan Synod and Archbishop's Council	**6**	8
National Synod	**2**	4
Registrar	**57**	50
Statutory accounts preparation	**10**	10
Strategic management	**15**	15
Total support costs	**2,110**	2,298

In both 2019 and 2020, support costs relate only to the resourcing of Ministry and Mission.

10. Analysis of total expenditure

	Activities directly undertaken £'000	**Grant funding of activities £'000**	**Support costs £'000**	**2020 Total funds £'000**	2019 Total funds £'000
Raising funds	**330**	**—**	**—**	**330**	325
Charitable activities					
. Contributions to Archbishops' Council	**—**	**550**	**—**	**550**	541
. Resourcing Ministry and Mission	**6,651**	**813**	**2,110**	**9,574**	9,911
. Education	**340**	**480**	**—**	**820**	663
	7,321	**1,843**	**2,110**	**11,274**	11,440

The 2019 expenditure is analysed by activity in the appendix.

11. Net income (expenditure) for the year

This is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets owned by the charitable group	**31**	25
Operating lease rentals	**23**	22

12. Auditor's remuneration

	2020 £'000	2019 £'000
Audit of the charity's annual accounts and those of subsidiary trading companies:		
Current year	**30**	39
Prior year	**10**	12
Taxation services to the group	**8**	7

13. Stipends and staff costs

	2020 £'000	2019 £'000
Wages, salaries and stipends	**5,069**	5,032
Social security costs	**430**	426
Other pension costs	**1,102**	1,044
	6,601	6,502
Defined benefit scheme operating cost	**6**	6
Apprenticeship levy	**14**	14
	6,621	6,522

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

	2020 No.	2019 No.
Clergy, Curates and Senior Staff	**128**	131
Diocesan House (including strategic projects)	**69**	70
Subsidiary trading companies	**5**	5
	202	206

The number of employees with remuneration in excess of £60,000 (including taxable benefits but excluding employer pension and national insurance contributions) was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	**2**	2
In the band £80,001 - £90,000	**1**	1

Employer pension scheme costs under employment contracts in respect of the above higher paid employees were £49,106 (2019 - £43,709).

13. Stipends and staff costs (continued)

Remuneration of key management personnel

Key management personnel are deemed to be the Trustees and those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2020 and 2019 the key management personnel were the Trustees and the following:

Diocesan Secretary and Company Secretary
Director of Communications
Director of Communities and Partnerships
Director of Education
Director of Finance
Director of HR
Director of Mission and Ministry
Director of Ordinands
Director of Property

Remuneration including taxable benefits and employer national insurance and pension contributions for these 9 positions amounted to £596,394 (2019 - £602,675).

14. Trustees' remuneration

No Trustees received any remuneration in connection with their duties as trustees during the year (2019 – none). During the year several Trustees, who are also clergy within the diocese, received stipends from, and/or were provided with housing by, the charity in connection with their religious and pastoral duties within the diocese.

The following table gives details of the Trustees who were in receipt of a stipend (including pension), part stipend (including pension) and/or housing provided by CDBF during part or all of the year, either directly or via a spouse.

	Stipend	Housing
The Bishop of Dover	No	Yes
Mr Nigel Mansley	Yes	Yes
The Archdeacon of Ashford	Yes	Yes
The Archdeacon of Canterbury	Yes	No
The Archdeacon of Maidstone	Yes	Yes
The Venerable Stephen Taylor, MBE	No	Yes
The Revd Estella Last	Yes	Yes
The Revd Canon Stephen Lillicrap	Yes	Yes
The Revd Shiela Porter	Yes	Yes
The Revd Michael Resch	Yes	Yes
The Revd Carol Smith	Yes	Yes

Trustees received reimbursement of expenses of £13,718 (2019 - £20,733) in respect of General Synod duties, duties as archdeacon and other duties as trustees.

15. Tangible fixed assets

Group and charity	Freehold property	Office equipment	Benefice property	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2020	**15,670**	**380**	**65,458**	**81,508**
Additions	**148**	**52**	**—**	**200**
Transfers	**950**	**—**	**(950)**	**—**
Revaluation	**—**	**—**	**3,076**	**3,076**
At 31 December 2020	**16,768**	**432**	**67,584**	**84,784**
Depreciation				
At 1 January 2020	**957**	**327**	**—**	**1,284**
Charge for the year	**—**	**31**	**—**	**31**
At 31 December 2020	**957**	**358**	**—**	**1,315**
Net book values				
At 31 December 2020	**15,811**	**74**	**67,584**	**83,469**
At 31 December 2019	14,713	53	65,458	80,224

Benefice properties are included in the financial statements at a valuation determined as part of a rolling programme designed to value all such properties over a five-year period. The valuation is based on market value for existing use of approximately one fifth of the property portfolio for each year and has been carried out by a member of the charity's property team with a Chartered Surveyor qualification.

All other tangible fixed assets are included in the financial statements at cost.

16. Fixed asset investments

Group	Glebe property £'000	Listed investments £'000	Total £'000
Market value			
At 1 January 2020	**1,623**	**6,104**	**7,727**
Additions	**—**	**56**	**56**
Disposal proceeds	**—**	**(56)**	**(56)**
Revaluation	**170**	**—**	**170**
Net investment gains	**—**	**253**	**253**
At 31 December 2020	**1,793**	**6,357**	**8,150**
Historical cost	**-**	**3,850**	**3,850**

16. Fixed asset investments (continued)

Charity	Glebe property £'000	Investment in subsidiaries £'000	Listed investments £'000	Total £'000
Cost or valuation				
At 1 January 2020	**1,623**	**127**	**6,104**	**7,854**
Additions	**—**	**—**	**56**	**56**
Disposals	**—**	**—**	**(56)**	**(56)**
Revaluation	**170**	**—**	**—**	**170**
Net investment gains	**—**	**—**	**253**	**253**
At 31 December 2020	**1,793**	**127**	**6,357**	**8,277**
Impairment				
At 1 January 2020 and 31 December 2020	**—**	**126**	**—**	**126**
Net book values				
At 31 December 2020	**1,793**	**1**	**6,357**	**8,151**
At 31 December 2019	1,623	1	6,104	7,728

All the fixed asset investments are held in the UK. The listed investments are held in Church of England Central Board of Finance funds managed by CCLA Investment Management Limited.

At 31 December 2020, the listed investments included the following holdings deemed material in the context of the entire portfolio of listed investments.

Holding	Value £'000	% of portfolio
Property fund	**1,343**	21.1%
Investment fund	**4,979**	78.3%

17. Debtors

	Group		Charity	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Parish share due	**251**	209	**251**	209
Amounts owed by subsidiaries	**—**	—	**26**	32
Amounts owed by undertakings in which the company has a participating interest	**—**	4	**—**	4
Other debtors:				
. Secured loan	**216**	214	**216**	214
. Other debtors	**432**	429	**419**	420
Prepayments	**317**	196	**308**	186
Accrued income	**342**	270	**342**	270
	1,558	1,322	**1,562**	1,335

17. Debtors (continued)

Parish Share (the group and the charity)

The parish share element within debtors above consists of:

	2020	2019
	£'000	£'000
Total parish share due at 31 December	**3,434**	2,489
Provisions made in respect of:		
. Current year	**(1,135)**	(647)
. Previous years	**(2,048)**	(1,633)
Total	**251**	209

18. Creditors: amounts falling due within one year

	Group		**Charity**	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Bank loan	**423**	423	**423**	423
Church Commissioners' loan	**872**	—	**872**	—
Other loans	**145**	145	**145**	145
Expense creditors	**303**	150	**308**	145
Other taxation and social security	**48**	51	**48**	49
Other creditors	**1,928**	1,978	**1,924**	1,978
Pension scheme liabilities	**432**	424	**432**	424
Amounts owed to subsidiaries	**—**	—	**—**	1
Accruals and deferred income	**209**	207	**160**	163
	4,360	3,378	**4,312**	3,328

The bank loan which was extended in 2020 is repayable in June 2021 with interest charged at 1.99% above Bank Rate. It is secured over a freehold property.

The Church Commissioners' loan relates to an advance to cover three month's stipends for August, September and October 2020. It is interest free and expected to be repaid in 2021.

Other loans comprise Value Linked Loans of £145,000 (2019 - £145,000) for the purchase of special needs housing (purchased on behalf of the Church Commissioners). These loans are only repayable in the event of a sale of any of the properties and interest is charged on these loans at a variable rate.

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

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Other loans	**778**	778	**778**	778
Pension scheme liabilities	**556**	944	**556**	944
	1,335	1,722	**1,335**	1,722

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Repayable other than by instalments	**1,335**	1,722	**1,335**	1,722

The other loans consist of three (2019 - three) interest only mortgages which are secured on freehold properties. All the loans are repayable within 20 years. Interest on the loans is charged at 1.50% above base rate.

20. Statement of funds

Year to 31-Dec-20	Brought forward at 1 January 2020	Income	Expenditure	Transfers in (out)	(Losses) gains	**Carried forward at 31 December 2020**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Endowment funds						
Ministry Trust Fund	1,987	—	—	—	95	**2,082**
Clergy Training Fund	548	—	—	—	27	**575**
Tait Mission Fund	201	—	—	—	17	**218**
Benefice Properties Fund	65,748	—	—	(950)	3,052	**67,850**
Board of Education General Fund	1,332	21	—	—	(3)	**1,350**
Stipends Capital Fund	2,666	—	(35)	—	157	**2,788**
	72,482	21	(35)	(950)	3,345	**74,863**
Restricted funds						
Clergy and Spouses Retirement Fund	710	—	(5)	—	45	**750**
Allchurches Trust	42	125	(151)	—	—	**16**
Lower Income Communities Fund	—	791	(791)	—	—	**—**
Resourcing Ministerial Education	—	209	(209)	—	—	**—**
Strategic Investment Projects	74	379	(413)	—	—	**40**
School Buildings Fund (see note 2)	—	667	(480)	—	—	**187**
Education Funds	—	178	—	—	—	**178**
Other Funds	—	274	(5)	—	—	**269**
Diocesan Pastoral Account Fund	324	—	(8)	—	—	**316**
	1,150	2,623	(2,062)	—	45	**1,756**
Designated funds						
Ministry Housing	12,237	—	—	950	—	**13,187**
Spirituality Fund	239	6	—	—	9	**254**
Witney Fund	1,065	29	(83)	—	44	**1,055**
Training Fund	23	—	—	—	—	**23**
	13,564	35	(83)	950	53	**14,519**
General funds						
General	29	9,694	(8,948)	—	4	**779**
Total unrestricted funds	13,593	9,729	(9,031)	950	57	**15,298**
Total Charity funds	87,225	12,373	(11,129)	—	3,447	**91,917**
Non-charitable trading funds	75	144	(146)	—	—	**73**
Total Group funds	87,300	12,517	(11,274)	—	3,447	**91,990**

20. Statement of funds (continued)

Summary: Group funds 2020	Brought forward at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains £'000	**Carried forward at 31 December 2020 £'000**
Designated funds	13,564	35	(83)	950	53	**14,519**
General funds (and non-charitable trading funds)	104	9,838	(9,094)	—	4	**852**
Unrestricted funds	13,668	9,873	(9,177)	950	57	**15,371**
Endowment funds	72,482	21	(35)	(950)	3,345	**74,863**
Restricted funds	1,150	2,623	(2,062)	—	45	**1,756**
Total funds	87,300	12,517	(11,274)	—	3,447	**91,990**

Designated Funds

i) Ministry Housing - This fund consists of Ministry Housing properties.

ii) Spirituality Fund - The fund represents the sale proceeds of St Gabriel's Retreat House for financing a part time Diocesan Spirituality Adviser and making grants to assist Parishes and individuals to take retreats.

iii) Witney Fund - This fund consists of a legacy from the Estate of the Late Dr Raymond Witney. The Board resolved that the capital of the fund should be retained intact and the income be used to assist in the promotion of the Christian faith in the diocese.

iv) Training Fund - The purpose of this fund was to provide grants to clergy to supplement their training needs as appropriate. This fund receives unused Continuing Ministerial Education contributions and the income arising from the Cobbe Holiday Trust Fund (with the approval of the Charity Commission).

General Funds

General funds consist of the accumulated surpluses, less deficits, on unrestricted funds, excluding designated fund movements.

Non-charitable trading funds

These funds consist of the unrestricted funds of the trading subsidiaries.

Endowment Funds

Permanent Endowment Funds

The endowment funds, whereby the capital may not be expended and the income may be applied as specified are as follows:

i) Ministry Trust Fund - Income to be applied for stipends. The fund comprises the Standen Bequest, the Spooner Bequest, the A T Wiggins Bequest, the Parsonage Repair Fund, and the Dame Stancombe- Wills Fund.

ii) Clergy Training Fund - Income to be applied for clergy training. The fund comprises the Candidates for the Ministry Fund, the Holt Fund and the Knight Trust Fund.

iii) Tait Mission Fund - Income to be applied for the expenses of the Tait Missioner.

20. Statement of funds (continued)

Expendable Endowment Funds

Benefice Properties Fund - The fund consists of resources restricted to provision of benefice houses which are vested for the time being in the incumbents of the benefices concerned. The CDBF is obliged to maintain them and to ensure that there are sufficient benefice houses for the pastoral structure of the diocese. Sale proceeds of benefice houses surplus to requirements may be transferred into the diocesan pastoral account fund or other funds following specific agreement of the Church Commissioners. During the year £950,000 (2019 - £1,060,000) was transferred from the Benefice Properties Fund to the Ministry Housing Fund following schemes approved by the Church Commissioners.

i) Board of Education General Fund - The proceeds of sale of redundant properties are held on a separate endowment fund under s554 of the Education Act. The capital of funds awaiting Orders from the Secretary of State are not available for use until such time as they are included in a charitable order or scheme which may require funds to be disposed of to other parties in part or in full. Other proceeds of sale of redundant properties are held until the completion of replacement schools. In these cases the proceeds of sale may be used to offset expenses relating to the new school projects.

ii) Stipends Capital Fund - The fund is governed by s35 of the Endowments and Glebe Measure 1976. Income is derived primarily from the return on investments, the sale of glebe, gains on sale of investments, the transfer of parsonage proceeds and occasional gifts and bequests. Income of the fund is automatically applied to stipends but, at the request of the Bishop, and with the concurrence of the Board, can be applied to:

- acquiring new glebe land;
- developing, improving and protecting amenities of glebe;
- discharging loans on glebe;
- the improvement or repair of parsonage houses or ministry housing.

Restricted Funds

Restricted funds comprise of:

i) Clergy and Spouses Retirement Fund - The following restricted funds specify that both capital and income must be applied for retired clergy and spouses:

- C S Thomas
- Mrs A W Mannell Bequest
- R & M Pratt
- Dorothy Mowll Will Trust

ii) Allchurches Trust - These funds, which are intended to be recurring, must be used for projects of regional or national significance and may be spread over up to three years.

iii) Lower Income Communities Fund – The fund consists of income from Archbishops' Council to make provision for the cure of souls in parishes where such assistance is most required.

iv) Resourcing Ministerial Education- The fund consists of income from Archbishops' Council to support ordinand training.

20. Statement of funds (continued)

Restricted Funds *(continued)*

v) Strategic Investment Projects - The fund consists of funding for projects to enable the Diocesan Strategy of 'Changed Lives→Changing' Lives.

vi) School Buildings Fund – This fund consists of funding received from the DfE under the School Condition Allocation (see note 2).

vii) Education Funds – This fund consists of monies from the sale of a closed school. These funds are likely to be subject to an order under s554 of the Education Act and will then be transferred to the Board of Education expendable endowment fund.

viii) Other Funds – These funds consist of various funds for projects out with the Diocesan Strategy.

ix) Diocesan Pastoral Account Fund - The purposes for which this fund may be used are laid down in Section 94 of the Pastoral Measure 2011 and comprise:

- grants and loans for parsonage and church provision, restoration, improvement or repair;
- costs of disposing of or maintaining houses and churches vested in the Board or Commissioners by the Measure;
- transfers to Stipends Capital Fund of capital or income;
- other purposes of the Diocese or any benefice or parish.

The fund receives the sale proceeds of churches and parsonages, which have become redundant under pastoral reorganisation when it is specified that they should be paid into this fund. The fund includes monies set aside by the Pastoral Committee for mission and development in parishes.

The analysis of the movements in funds for 2019 is included in the appendix.

21. Analysis of net assets between funds

An analysis of the group net assets between funds at 31 December 2020 is given below:

Group 2020	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	**Total funds 2020 £'000**
Tangible fixed assets	2,689	13,196	—	67,584	**83,469**
Fixed asset investments	399	1,435	779	5,537	**8,150**
Current assets	1,530	924	1,870	1,742	**6,066**
Creditors due within one year	(2,431)	(1,036)	(893)	—	**(4,360)**
Creditors due in more than one year	(1,335)	—	—	—	**(1,335)**
Total funds	852	14,519	1,756	74,863	**91,990**

General funds include non-charitable trading funds of £73k (2019 – £75k). The 2019 analysis of net assets by fund is included in the appendix.

22. Pension commitments

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific 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 statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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% pa;
- RPI inflation of 3.4% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% pa;
- 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.

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

% of pensionable stipends	January 2019 to December 2020	**January 2021 to December 2022**
Deficit contributions	11.9%	**7.1%**

As at 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.

22. Pension commitments (continued)

Clergy *(continued)*

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	**791**	2,406
Deficit recovery contributions paid	**(357)**	(349)
Interest cost (recognised in statement of financial activities)	**7**	47
Remaining change to the balance sheet liability* (recognised in statement of financial activities)	**17**	(1,313)
Balance sheet liability at 31 December	**458**	791

* 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 recovery 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:

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

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

Staff

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

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

Defined Benefits Scheme

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

For funding purposes, 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.

22. Pension commitments (continued)

Staff *(continued)*

Defined Benefits Scheme (continued)

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

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

A valuation of the DBS is carried out once every three years. The most recent valuation 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 Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 40.5% of pensionable salary and expenses of £6,100 per year. In addition, deficit payments of £74,552 per year have been agreed for 10 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within these financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

The movement in the provision is set out below:

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	**577**	615
Deficit contribution paid	**(75)**	(75)
Interest cost (recognised in statement of financial activities)	**8**	13
Remaining change to the balance sheet liability* (recognised in statement of financial activities)	**20**	24
Balance sheet liability at 31 December	**530**	577

* 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 recovery 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:

	2020	2019
Discount rate	**0.5% pa**	1.4% pa

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

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

23. Operating lease commitments

At 31 December 2020 the total of the group's and charity's future minimum lease payments under non-cancellable operating leases was:

Group and Charity	**Land and buildings £'000**	**Equipment £'000**	**2020 £'000**	Land and buildings £'000	Equipment £'000	2019 £'000
Amounts payable:						
Within 1 year	**15**	**7**	**22**	15	1	16
Between 2 and 5 years	**20**	**28**	**48**	34	3	37
Over 5 years	**—**	**3**	**3**	—	—	—
Total	**35**	**38**	**73**	49	4	53

24. Principal subsidiaries, joint ventures and connected charities

a. Principal subsidiaries

Details of the principal subsidiaries are provided below:

Company name	**Registration number**	**Country**	**Percentage Shareholding**	**Principal Activity**
Diocesan Architectural Services Limited	2790278	England & Wales	100%	Architectural services Dormant from May 2018
Canterbury Diocesan Enterprises Limited	6673588	England & Wales	100%	Property management
Ethos School Improvement Limited	7945168	England & Wales	100%	Provision of services to schools

Financial information for each of the subsidiaries is as follows:

Diocesan Architectural Services Limited	**2020 £'000**	2019 £'000
Assets and funds	**1**	1

Canterbury Diocesan Enterprises Limited	**2020 £'000**	2019 £'000
Income	**326**	275
Expenditure	**(329)**	(285)
Loss	**(3)**	(10)
Assets	**49**	53
Liabilities	**(24)**	(25)
Funds	**25**	28

Ethos School Improvement Limited	**2020 £'000**	2019 £'000
Income	**81**	88
Expenditure	**79**	(78)
Profit	**2**	10
Assets	**119**	120
Liabilities	**(70)**	(73)
Funds	**49**	47

24. Principal subsidiaries, joint ventures and connected charities (continued)

b. Principal joint ventures

Company name	Registration number	Country	Percentage Shareholding	Principal Activity
Together Kent	8763875	England & Wales	50%	Christian Charity missionary work

With effect from 1 March 2021, Together Kent became a wholly owned subsidiary.

c. Connected entities

Company name	Registration number	Country	Principal Activity
The Diocese of Canterbury Academies Company Limited	7793458	England & Wales	Educational activities

25. Custodian Trustee

The charity acts as Custodian Trustee in respect of various funds. These assets are held separately from those of the charity and are not included in the balance sheets on page 23. The summary of the funds as at 31 December is as follows:

	2020 £'000	2019 £'000
Trust funds		
Represented by:		
Fixed assets		
. Listed investments (at cost)	**1,782**	1,579
Current assets		
. Central Board of Finance Deposit Fund	**1,321**	1,312
. Cash at bank	**3**	4
Total	**3,106**	2,895
Market value of investments at 31 December		
Listed investments	**5,629**	5,105

26. School building projects

The charity received government grants of £0.8m (2019 - £1.5m) as the agent of school governors in connection with major repair and capital projects at church schools in the Diocese. These monies, together with the contributions received from school governors are used to fund contractor payments also administered by the charity acting as managing agent for the schools. During the year the charity made payments to contractors of £1.1m (2019 - £1.4m).

27. Related party transactions

Other than the relationships and transactions disclosed in note 14, there are no other related party transactions requiring disclosure (2019: none).

Appendix: Comparative consolidated statement of financial activities Year to 31 December 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2019 £'000
Income and endowments from:					
Donations and legacies	1	7,806	1,494	—	9,300
Charitable activities	2	368	—	—	368
Other trading activities	3	806	—	—	806
Investments and interest	4	238	—	9	247
Other sources	5	232	—	166	398
Total income and endowments		9,450	1,494	175	11,119
Expenditure on:					
Raising funds	6	325	—	—	325
Charitable activities	8	9,665	1,437	13	11,115
Total expenditure	10	9,990	1,437	13	11,440
Net (expenditure) income before investment gains (losses)		(540)	57	162	(321)
Net gains on investments	16	223	107	378	708
Net (expenditure) income before transfers		(317)	164	540	387
Transfers between funds	20	1,060	—	(1,060)	—
Net income (expenditure) for the year	11	743	164	(520)	387
Other recognised gains and losses:					
(Losses) gains on revaluation of pension fund liabilities	22	(37)	—	1,266	1,229
Gains on revaluations of tangible fixed assets		—	—	2,715	2,715
Net movement in funds		706	164	3,461	4,331
Reconciliation of funds					
Total funds brought forward		12,962	986	69,021	82,969
Total funds carried forward		13,668	1,150	72,482	87,300

Appendix: Comparative notes to the financial statements Year to 31 December 2019

1. Income from: Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2019 £'000
Parish Share	7,802	—	7,802
Archbishops' Council	—	1,329	1,329
Allchurches Trust	—	123	123
Other donations and grants	4	42	46
Legacies	7,806	1,494	9,300
Total funds	7,864	1,107	8,971

2. Income from: Charitable activities

	Unrestricted funds 2019 £'000
Total funds: Parochial fees for occasional offices	368

4. Income from: Investments and interest

	Unrestricted funds £'000	Endowment funds £'000	2019 £'000
Investment income	212	9	221
Bank and other interest receivable	26	—	26
Total funds	238	9	247

5. Income from: Other sources

	Unrestricted Funds £'000	Endowment funds £'000	Total funds 2019 £'000
Gains on property disposals	232	—	232
Proceeds from sale of closed schools	—	166	166
Total funds	232	166	398

8. Expenditure on: Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2019 £'000
Contributions to Archbishops' Council:				
Training for ministry	236	—	—	236
National Church Responsibilities	187	—	—	187
Grants and provisions	20	—	—	20
Mission agency pension costs	2	—	—	2
Retired clergy housing costs	81	—	—	81
Pooling of ordinands' maintenance grants	15	—	—	15
	541	—	—	541
Resourcing Ministry and Mission:				
Parish Ministry				
Stipends	3,001	—	—	3,001
National Insurance	237	—	—	237
Pension contributions	712	—	—	712
Housing costs	1,708	—	—	1,708
Apprenticeship levy	14	—	—	14
Removal and resettlement grants	111	—	—	111
Other expenses	155	19	13	187
Lay and ordinand training	134	188	—	322
Parochial fee grants	32	—	—	32
Mission development grants	—	680	—	680
	6,104	887	13	7,004
Senior Clergy				
Stipends, NI and Pensions	56	—	—	56
Housing cost allocation	28	—	—	28
	84	—	—	84
Strategic Investment Projects *(see below)*	53	472	—	525
Support costs (note 9)	2,298	—	—	2,298
Total expenditure on resourcing Ministry and Mission	8,539	1,359	13	9,911
Expenditure on education:				
Support for church schools and young people	585	78	—	663
Total funds 2019	9,665	1,437	13	11,115

Expenditure on Strategic Investment Projects comprises expenditure on projects to enable the Diocesan Strategy of 'Changed Lives→Changing Lives' of which £104k is funded by the Church Commissioners.

10. Analysis of total expenditure

	Activities directly undertaken £'000	Grant funding of activities £'000	Support costs £'000	Total funds 2019 £'000
Raising funds	325	—	—	325
Charitable activities				
. Contributions to Archbishops' Council	—	541	—	541
. Resourcing Parish Ministry	6,903	710	2,298	9,911
. Education	585	78	—	663
	7,813	1,329	2,298	11,440

20. Statement of funds

Year to 31 December 2019	Brought forward at 1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	(Losses) gains £'000	Carried forward at 31 December 2019 £'000
Endowment funds						
Ministry Trust Fund	1,738	—	—	—	248	1,986
Clergy Training Fund	477	—	—	—	71	548
Tait Mission Fund	172	—	—	—	29	201
Benefice Properties Fund	62,828	—	—	(1,060)	3,981	65,749
Board of Education General Fund	1,160	175	—	—	(1)	1,334
Stipends Capital Fund	2,646	—	(13)	—	31	2,664
	69,021	175	(13)	(1,060)	4,359	72,482
Restricted funds						
Clergy and Spouses Retirement Fund	613	—	(10)	—	107	710
Allchurches Trust	—	123	(81)	—	—	42
Lower Income Communities Fund	—	724	(724)	—	—	—
Resourcing Ministerial Education	—	188	(188)	—	—	—
Strategic Investment Projects	40	425	(391)	—	—	74
Other Funds	—	34	(34)	—	—	—
Diocesan Pastoral Account Fund	333	—	(9)	—	—	324
	986	1,494	(1,437)	—	107	1,150
Designated funds						
Ministry Housing	11,579	—	—	658	—	12,237
Spirituality Fund	218	6	(8)	—	23	239
Witney Fund	935	29	(20)	—	121	1,065
Training Fund	23	—	—	—	—	23
	12,755	35	(28)	658	144	13,564
General funds						
General	132	9,275	(9,822)	402	42	29
Total unrestricted funds	12,887	9,310	(9,850)	1,060	186	13,593
Total Charity funds	82,894	10,979	(11,300)	—	4,652	87,225
Non-charitable trading funds	75	140	(140)	—	—	75
Total Group funds	82,969	11,119	(11,440)	—	4,652	87,300

20. Statement of funds (continued)

Summary: Group funds 2019	Brought forward at 1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers in (out) £'000	Gains £'000	Carried forward at 31 December 2019 £'000
Designated funds	12,755	35	(28)	658	144	13,564
General funds (and non-charitable trading funds)	207	9,415	(9,962)	402	42	104
Unrestricted funds	12,962	9,450	(9,990)	1,060	186	13,668
Endowment funds	69,021	175	(13)	(1,060)	4,359	72,482
Restricted funds	986	1,494	(1,437)	—	107	1,150
Total funds	82,969	11,119	(11,440)	—	4,652	87,300

21. Analysis of net assets between funds

Group 2019	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2019 £'000
Tangible fixed assets	2,528	12,238	—	65,458	80,224
Fixed asset investments	345	1,538	782	5,062	7,727
Current assets	285	1,087	1,115	1,962	4,449
Creditors due within one year	(1,594)	(1,037)	(747)	—	(3,378)
Creditors due in more than one year	(1,460)	(262)	—	—	(1,722)
Total funds	104	13,564	1,150	72,482	87,300