

THE PETERBOROUGH DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 250569

Details

Status	Registered
Legal form	Charitable company
Company number	00186179
Registered	1966-12-14
Register	View on the Charity Commission register

Contact

Address	Diocesan Office The Palace Minster Precincts Peterborough PE1 1YB
Phone	01733887000
Email	sharon.welbourne@peterborough-diocese.org.uk
Website	www.peterborough-diocese.org.uk

Activities

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

Activities: Finance and Administration for the Church of England

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF PETERBOROUGH
- Cambridgeshire
- Leicestershire
- Northamptonshire
- Oxfordshire
- Peterborough City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£9,967,568	£11,525,015	£167,465,207	169
2023-12-31	£9,621,196	£10,078,215	£176,905,549	166
2022-12-31	£10,660,601	£10,163,100	£179,032,400	177
2021-12-31	£10,204,066	£10,364,860	£170,437,576	179
2020-12-31	£9,795,913	£9,773,387	£151,752,031	182

Trustees

Name	Role	Appointed
Dr Paul Vinton BUCKINGHAM	Chair	2015-09-16
Alan Charles Ridley		2024-11-14
Alice Cooper		2024-06-20
DAMIAN ROBERT PICKARD		2023-11-22
Isobel Burbidge		2015-02-12
JOHN HINDLE		2015-07-02
Nigel Platts		2025-06-18
ROBERT PURSER		2014-01-01
Rev Julie Scott		2025-02-20
Rev KATRINA HUTCHINS		2016-01-01
Rev Keir Dow		2025-06-18
Rev Stephen Trott		2023-06-29
Robert Gregory-Smith		2019-11-21
The Right Reverend Debbie Sellin		2024-03-03
The Venerable Alison Booker		2022-02-06
The Venerable Richard Ormston		2014-02-01
Very Reverend Christopher Dalliston		2018-01-20
William Craven		2021-02-25

Linked charities

- THE GEORGE TERRY FUND (250569-1)
- PETERBOROUGH DIOCESAN BOARD OF EDUCATION (250569-2)

THE PETERBOROUGH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 250569

Accounts

Company registration number 00186179

Charity registration number 250569

PETERBOROUGH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



A large print version is available on request from
Peterborough Diocesan Office
The Palace
Peterborough
PE1 1YB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CONTENTS

		<u>Page No.</u>
1	Foreword from Bishop Debbie	1
2	Introduction	2
3	Strategic Report	2
4	Objectives	3
5	Activities and Achievements	3 - 4
6	Structure and Governance	4 - 6
7	Financial Review	7 - 9
8	Risk Management	10 - 11
9	Structure and Governance of the Church of England	11 - 13
10	Statement of Trustees' Responsibilities	14
11	Administrative Details	15 - 17
12	Independent Auditors Report to the Members of the Diocesan Board of Finance	18 - 20
13	Statement of Financial Activities	21
14	Income and Expenditure Account	22
15	Balance Sheet	23
16	Statement of Cash Flows	24
17	Notes to the Financial Statements	25 - 53

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Foreword

I am delighted to introduce you to the Diocesan Board of Finance Annual Report. As you read this report, you will see that our finances remain similar to previous years, allowing us to deliver ministry across the diocese. We are aware of the deficit that we carry and will continue to review this. Our recent Governance and Organisational Review has made some recommendations, which we will be putting into place.

As I travel round the diocese, I find great joy in seeing where God is at work amongst us, where congregations and parishes are responding in love to their local communities, sharing the light of Christ. Thank you for all you do as we partner together in the work of God.

My thanks also go to the staff who work behind the scenes to ensure our accounts are in order, under the guidance of our Chief Finance Officer, David Mason.

With my prayers

+Debbie

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Introduction

The trustees, who are also the directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024. The names of the trustees/directors serving during this period from 1 January 2024 to the date of this report can be found in section 11.

3 Strategic Report and Aims

The financial affairs of the Diocese are conducted through the Peterborough Diocesan Board of Finance ('the DBF') which is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. At a strategic level, the DBF is responsible for the financing of any recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth.

In addition to ensuring the Diocese complies with national safeguarding standards, the main functions of the DBF are:

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the Diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton; handling Diocesan administration and, led by the Bishop, providing parish focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to finance any strategic recommendations proposed by the Bishop's Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth;
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to be financially responsible for the care of closed churches in the 'alternative use seeking' period;
- to act as custodian trustee of assets on behalf of some parishes which are held on permanent trusts by vestiture of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in Peterborough Diocese. We are committed to supporting the provision of ministry especially in the poorest parts of the Diocese. To assist us in that endeavour we are grateful for the Low Income Communities Grant funding from the National Church. We are further assisted by the Strategic Development Funding awarded in 2018, which underpins the training of youth mission enablers in the Diocese, aimed at engaging a new and younger church family to sustain long term growth in this Diocese.

The trustees will continue to make deliberate use of financial resources through the Pastoral Fund to address the budget deficit. We recognise the importance of this in a time when parishes have found they cannot fundraise in traditional ways and with significantly rising building costs.

We remain committed to these aims. We remain committed to using the opportunities and experience we have gained to consider what we might look like going forward.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Objectives

To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

Many parishes continue to experience financial challenges. It is apparent those parishes where their major source of income is from regular planned giving (by Standing Order or Direct Debit) are better able to meet the financial challenges. The roll out and switch to the Parish Giving Scheme has continued. We will continue to promote this scheme to encourage regular planned giving more widely across the Diocese.

We will engage fully in developments in National Safeguarding Policies and Procedures and Training to ensure the Peterborough Diocese remains a safe place to worship, work and live. The Safeguarding team provide the advice, guidance and ongoing support to: Parishes, the Diocesan Board of Finance Staff (DBF) Officers and Clergy, The Bishops Office Staff, Officers and Clergy.

We will ensure clergy numbers are affordable, and clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this Diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

We will continue to work to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the Diocese. We have received Strategic Ministry Funding of £74,877 to help with the cost of having an additional curate and also had confirmation of continuing funding for a further extra curate in 2025.

The trustees will review the property portfolio to seek the potential to sell houses not required for ministry purposes.

The trustees will continue to use video conferencing to drive down costs. Investment in improved hardware and infrastructure capability will drive transformational change.

We have adopted the National Church Route Map to Net Zero Carbon by 2030 and have begun the implementation of measures to achieve this target across all departments. We will offer advice and guidance to parishes to assist their journey to Net Zero Carbon by 2030 including advising on the completion of the On Line Energy Footprint Tool to provide them with baseline figures relating to the carbon footprint of individual churches.

The DAC will continue to signpost parishes to the national church sources of information in relation to environment and climate change, along with the availability of subsidised energy audits. We will administer the Buildings for Mission Minor Repairs and Improvements Fund and the Quick Wins Fund.

The trustees will engage with the recommendations arising from the review of governance. An application will be made to the national church to provide strategic capacity funding.

Over the next year, a key priority is to encourage all our clergy and churches to engage with their local schools and through that to build relationships with parents and families.

5 Activities and Achievements

No annual report would be complete without the acknowledgement of the efforts parishes have made to continue to meet their parish share obligations - 80.05% received, relating to 2024. As the most significant element of funding of the work described in every annual report by the trustees of the Diocesan Board of Finance, we simply would not exist without the hard work, generosity and sacrifice of our donors. THANK YOU.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

5 Activities and Achievements (continued)

Safeguarding remains a priority, and additional resources have been made available to strengthen and expand the team supporting the Diocesan Safeguarding Officer. We look forward to the Ineqe audit in 2025 and to further develop our work to keep this Diocese a safe place to worship, work and visit.

We continually review our working practices to ensure we can continue to benefit from the changed working practices of the 2020's and the rapid advances being made in technology. We welcome the opportunities to mix meetings in person and in the virtual space. 'Hybrid' options are available in the Peterborough office and in Bouverie Court with the installation of audio visual equipment. We are of course committed to offering 'face to face' meetings when required or requested, but do so mindful of the cost both in terms of finances and environmental.

Vacant posts (clergy or lay) remain subject to scrutiny to ensure any appointments are missionally necessary and financially affordable. The equivalent of 8.7 incumbent posts were vacated during 2024 but 7.2 incumbent status posts were filled. We are also well supported by clergy who do not take a stipend and by those providing duty in return for

Pastoral Reorganisation has been progressing and deaneries are being encouraged to prepare to develop local reviews.

The Diocese uses Interim Ministry to turn around parishes that are struggling and to focus attention and resources where they are most needed. The LICF grants have helped to make this possible and have been particularly helpful in sustaining that ministry in the neediest areas of the diocese.

We have moved on to MyConcern and will implement the new National Safeguarding Casework Management System, and an online Faculty System is being rolled out across the Diocese and will help to reduce bureaucracy and improve efficiencies.

A Net Zero Officer has been appointed in partnership with Leicester Diocese.

An application was made to the Flourish initiative which is developing pilot projects to create new inter-generational worshipping communities in some of our schools.

The Diocesan Website continued to be developed and content imported to provide an enhanced resource for all of our parishes.

6 Structure and Governance

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is registered for VAT, with registration number 737 9263 95. It has not undertaken any activities which would give rise to corporation tax. Details of the principal officers and agents of the DBF are in section 11.

The charity, which has no share capital, is a company limited by guarantee. The trustees, who are also the directors may derive no benefit or income from, or have any capital interest in, the charity's financial affairs other than reimbursement of out-of-pocket expenses. Trustees who are also clergy are paid a stipend for their services as clergy.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by Deanery Synods and clergy members by Diocesan Synod. Members can also be co-opted on to the DBF. The trustees maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

6 Structure and Governance

A small team of staff based in offices in Peterborough and Northampton handle essential administration. In addition a number of Bishop's Officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

The Diocesan Secretary, Andrew Roberts, left on 31 August 2025.

Charitable donations are made as part of normal expenditure in the exercise of the charity's objectives. No political contributions are made.

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The trustees believe that, by supporting the work of the Church of England in the Diocese of Peterborough, the DBF helps to promote more effectively the whole mission of the Church (pastoral, evangelistic, social and ecumenical), both in the Diocese as a whole and its individual parishes, and that in doing so, it provides a benefit to the public by:

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

6.1 Committees

Certain DBF Committee functions are described below. In addition, matters requiring senior management attention are dealt with by the Bishop's Management Group (BMG) for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team (BLT) for operational matters relating to achieving the Bishop's Vision. Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishop's Council and the Board of Finance and its various committees.

6.1.1 Finance and Administration Committee

This committee acts as the Executive Committee of the charity and focuses particularly on budget preparation, the parish share and the overall financial strategy.

6.1.2 Glebe and Trust Committee

This committee directs and manages the glebe properties on behalf of the charity and acts for the DBF in its corporate capacity as custodian and managing trustee.

A joint meeting of the Finance and Administration and Glebe and Trust Committees helps define an investment policy for the Board's assets, acting as the Investment Steering Group.

6.1.3 Houses Committee

The functions of the DBF as Diocesan Parsonages Board are delegated to the Houses Committee. This committee deals with the provision of, and day-to-day maintenance of, clergy housing.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

6 Structure and Governance (continued)

6.1.4 Audit Committee

This committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation.

A new Chair, Alice Cooper, was appointed on 29 April 2024.

6.2 Related Organisations

Within the ministry of the Church of England in the Diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that form part of the Church. While the Bishop of Peterborough and her clergy have the cure of souls within the Diocese, the responsibility for the funding of stipends for clergy (other than bishops and cathedral clergy), provision of clergy housing (other than for the Diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 11.2, are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the Diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod, which is intended to cover the cost of ministry.

Whilst Dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburse the costs of stipendiary clergy deployed in the Diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the general Synod, its boards and committees, and work undertaken on behalf of the church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the Diocese elects a number of lay and clergy members.

6.3 Other related organisations:

- The Church of England Pensions board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- The Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the Diocese makes annual contributions;
- The Peterborough Diocesan Education Trust (PDET), a multi-academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie Court under the terms of a lease;
- Peterborough Cathedral, to whom we provide IT services to under a service level agreement;
- Bishop's Office, to whom we provide IT services to under a service level agreement.
- Peterborough Diocesan Board of Education (DBE), is an unincorporated body which promotes religious education in schools within the Diocese. There is a memorandum of understanding between the DBF and the DBE to provide funding and administrative services to the DBE.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

7 Financial review

We are immensely grateful to the efforts made in all our parishes to meet the requests for parish share and celebrate the hard work our parishes make to meet their obligation despite these incredibly difficult times. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the requests for parish share. Many are meeting the increases from reserves, and almost half are not paying in full.

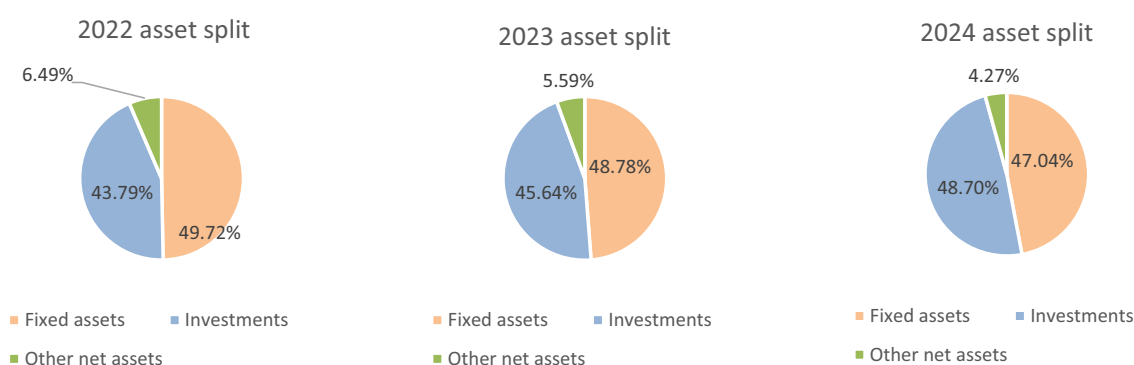
We are committed to ensuring we use this experience to drive forward transformational change to make cost savings where possible. Achieving a balanced budget remains the strategic aim of the trustees without damaging the excellent work done over the period to achieve sustainable growth of the Church.

The Diocesan Synod approved a deficit budget for 2024 of £1,746,081. The actual results for 2024 show a deficit of £1,557,447, before gains on investment and pension along with revaluations of fixed assets. As has been the case in the previous three years, the long term effects of the pandemic and clergy vacancy rates caused significant movements to the budget. The movements are explained in the income and expenditure review on pages 8 and 9.

The DBF is responsible for two main categories of asset – clergy houses and investments. The accounting requirement is that the assets be entered into the year end balance sheet at an estimated current valuation. A revaluation was started in 2024 on the housing portfolio, which resulted in a downward valuation of around £7.5million. This will continue on the rest of the portfolio over the coming years.

Trustees hold the portfolio of clergy houses for their operational importance to the provision of ministry in the Diocese. With only rare exceptions, the houses are not for sale and their financial impact is more a matter of the level of expenditure appropriate to their maintenance than to the increase or decrease in year-end valuation.

Investments (land and financial investments) are principally permanent endowments which are held neither for operational purposes or for sale. Their importance is in providing an annual financial return which enables the DBF to afford a higher level of ministry and support expenditure than would be possible without it.



During the year, there has been a reclassification of the housing portfolio in accordance with the SORP, so rented properties are now shown as investment properties.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

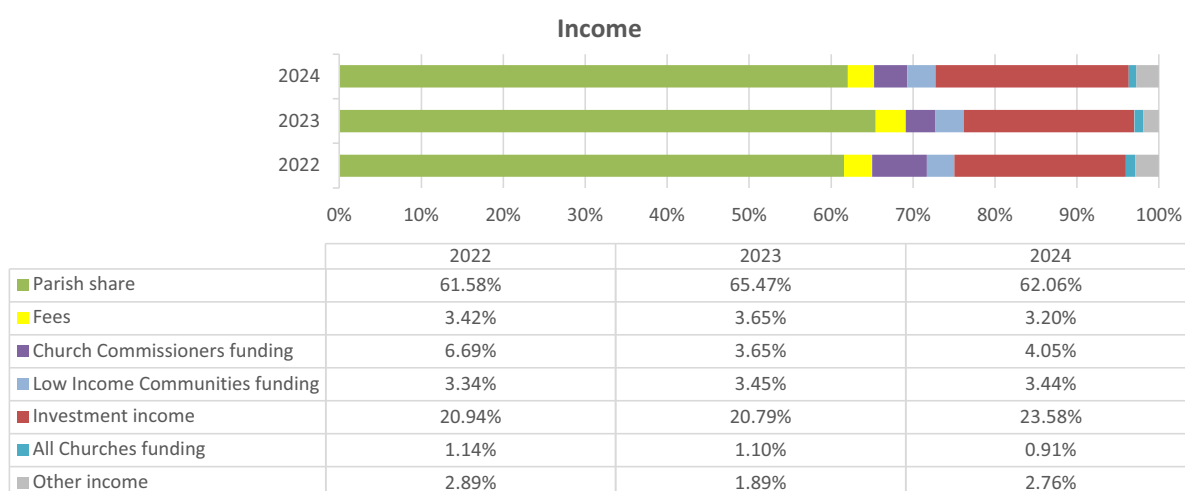
TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

7 Financial review (continued)

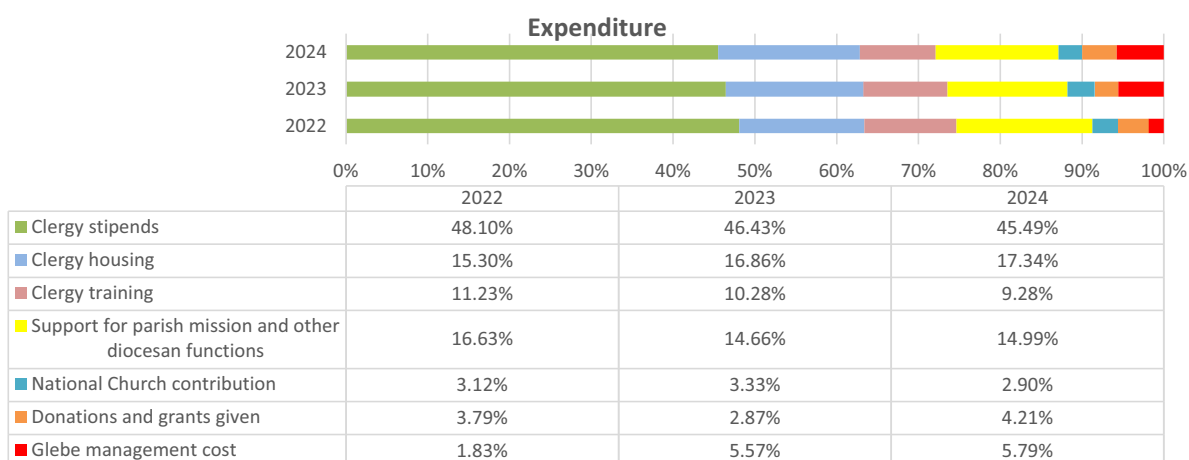
Income review

Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is still the main incoming resource for the Diocese. Parish share receipts for 2023 were lower than in recent years, although the percentage "collected" remained broadly consistent with 2021 to 2023. Including the amounts received in respect of requests from previous years, share decreased in cash terms by £112,541 compared to 2023. The total share received when expressed as a percentage of the overall share requested was 78.99% (2023 : 79.71%).



Expenditure review

Our main activities in 2024 are almost now returned to their pre-pandemic levels. More clergy vacancies have now been filled resulting in a £538,363 increase on previous years and £82,364 higher than the budgeted figure. By continuing to use more effective and efficient contractors, our housing costs were slightly under budget.



PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

7 Financial review (continued)

7.1 Investment Policy

The trustees' investment policy is that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. The trustees decided that a Total Returns policy in respect of its permanent endowment is not appropriate at this time.

Although there are no significant legal restrictions on the range of assets in which the trustees may invest, the advice of the Church of England Ethical Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the trustees who will direct what action to take.

The Finance and Administration Committee and the Glebe and Trust Committee meets together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment policy agreed by the trustees.

7.2 Reserves Policy and Reserves

The DBF notes that 62.06% of its annual income is from parish share receipts (2023 - 65.47%) with most of the balance coming from historic resources.

In view of the need to fund clergy stipends whether or not receipts from the parishes are up to date, the charity's reserves policy is to operate within a minimum general fund reserve of 60 days of annual expenditure - £1,866,437 (2023 - £1,628,080).

At 31 December 2024, the level of funds which are unrestricted, undesignated and not held as fixed assets totalled £1,478,196. This equates to approximately 48 days of annual expenditure (2023 - 106 days).

8 Risk management

The trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all risks identified, supported by the appropriate policy. The risk register is subject to annual review and responsibility for delivery of the mitigation activities are delegated to the Diocesan Secretary.

The past five years has exposed us to a greater level of financial and pastoral risk as well as some opportunities. Balancing expenditure against income will be a key challenge in the coming years and the risk register below will incrementally change to reflect a new operating environment based on driving efficiencies through opportunities presented.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

8 Risk management (continued)

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. The areas of risk and the associated mitigation activities are:

8.1.1 Spiritual Leadership

The risk that the Diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

The mitigations for this are:

- The work of the Director of Ordinands and Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The rollout of the 'Leading your Church into Growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

8.1.2 Finances

The risk that there is a failure to generate enough income from parish share, investments and other income sources affects the vision for growth.

The mitigations for this are:

- Routine monitoring of Income v Expenditure;
- The Investment Policy designed to provide growing investment income;
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation;
- The opportunities presented through a different way of working in the pandemic will be used to drive down expenditure where possible;
- A Budget Review Group is convened at times of crisis to identify measures to counter the impact of medium term shortfalls in income/savings on expenditure.

8.1.3 An unforeseen incident adversely affects the reputation of the Diocese

The risk of an unforeseen incident affecting the reputation of the Diocese - this could be either in the safeguarding or data security (IT) environment.

The mitigations for this are:

Safeguarding;

- A refreshed diocesan Safeguarding Advisory Committee and an investment in more staff has improved our resilience and accountability in this area.
- We align our policies to the National Church guidance;
- All parishes are required to implement and endorse the Diocesan Safeguarding Policy;
- The DBF provides compulsory safeguarding training for all staff where the role requires it.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

8 Risk management (continued)

8.1.3 An unforeseen incident adversely affects the reputation of the Diocese (continued)

Information Technology;

- The DBF has invested in a professional IT Managed Service Company to deliver the IT function across the DBF offices;
- The IT delivery model puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings;
- Infrastructure developments implemented during 2021/2022 provide additional opportunities for savings through migrating to cloud services;
- The IT service delivery model is underpinned by a clear governance framework and staff user forums.

8.1.4 Changing demographic profile.

The risk is that an aging participating population without any rebalancing is detrimental to the future of the Church in the Diocese.

The mitigations for this are:

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the Church;
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

9 Structure and Governance of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each Diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents 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 some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

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

9.1 Three National Church Institutions

The Archbishops’ Council, the Church Commissioners and the Church of England Pensions Board are the three National Church Institutions.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

9 Structure and Governance of the Church of England (continued)

9.1 Three National Church Institutions (continued)

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

The Church Commissioners manage historic assets of the Church of England, spending most of their income on pensions for the clergy. The Church Commissioners meet the costs of episcopal administration through the Diocesan and Suffragan Bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. It was subsequently given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in ministry; and to administer pension schemes for lay employees of Church organisations.

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

9.2 The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The Diocese assumed roughly its present dimensions in 1927 with a total area of 1,150 square miles.

The Diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the Diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 917,000 (mid term estimate 2017).

The Diocese comprises two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

Peterborough Cathedral is the Mother Church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the Diocese. It is made up of broadly equal numbers of clergy and lay representatives elected from across the Diocese together with the bishops and archdeacons. Its role is to:

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

9.2 The Diocese of Peterborough (continued)

Each deanery has a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

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

The Bishop's Council, under the constitution of Diocesan Synod, has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy. This includes taking forward, for approval by Synod, recommendations made by the Bishop's Management Group;
- To advise the President (the Diocesan Bishop) on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

A Parochial Church Council (PCC) is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC comprises of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated in the near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. We do not aggregate these assets in the financial statements, as the DBF does not control them, and they are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2024 was £18,082,267 (2023 - £17,415,955), are set out in note 30 to the accounts. Where we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. A benefice is an ecclesiastical office in a parish or group of parishes normally served by an Incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

10 Statement of Trustees' Responsibilities

10.1 Trustees' Responsibilities

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

Company law requires the trustees (as company directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the DBF and of the surplus or deficit of the DBF for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

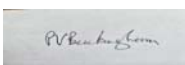
The trustees are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10.2 Statement of disclosure to auditors

As far as the trustees are aware, there is no relevant audit information of which the DBF's auditors are unaware. The trustees have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

The Trustees Annual Report, which includes the Strategic Report, was approved by the Board on 18 June 2025.

Signed on its behalf by:



Paul Buckingham (Sep 29, 2025, 2:55pm)

Dr Paul Buckingham
Chair

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

11 Administrative Details

11.1 Officers and Agents

President	Rt Revd D M Sellin (Bishop of Peterborough)	
Chair	Dr P Buckingham	
Secretary and Treasurer	Mr A J Roberts	left 31 August 2025
Assistant Secretary	Mrs S J Ratcliffe	
Registered Office	The Diocesan Office The Palace Peterborough PE1 1YB	
Registered Numbers	Company Registration No. 186179 Charity No. 250569 VAT Registration No.737 9263 95	
Diocesan Surveyors, Glebe and Property Agents	Houses / Surveyors	Glebe agents
	Carter Jonas LLP 12 Waterside Way Bedford Road Northampton NN4 7XD	Andrew Granger & Co Limited 44-46 Forest Road Loughborough Leicestershire LE11 3NP
Bankers	Barclays Bank plc 1 Church Street Peterborough PE1 1QP	
Auditors	Price Bailey LLP Tennyson House Cambridge Business Park Cambridge Business Park CB4 0WZ	
Investment Fund Managers	Charles Stanley & Co Ltd 55 Bishopsgate London EC2N 3AS	CCLA Investment Management Ltd 1 Angel Lane London EC4R 3AB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

11.1 Officers and Agents (continued)

Diocesan Registrar	Ms A Spriggs c/o The Diocesan Office
Diocesan Chancellor	Mr D M Pittaway KC c/o Diocesan Registrar
Deputy Diocesan Chancellor	Mr M Griffiths KC c/o Diocesan Registrar
Solicitors	Howes Percival LLP Nene House 4 Rushmills Northampton NN4 7YB
Finance and Administration Committee	Chair: Dr P Buckingham Secretary: Diocesan Secretary c/o The Diocesan Office
Glebe and Trust Committee	Chair: Mr William Craven Secretary: Property Officer c/o The Diocesan Office
Houses Committee	Chair: Mr R Purser Secretary: Property Officer c/o The Diocesan Office
Audit Committee	Chair: Mrs A Cooper (from 29 April 2024) Secretary: Assistant Diocesan Secretary c/o The Diocesan Office

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

11.2 List of trustees/directors

President	Rt Revd Debbie Sellin	appointed 3 March 2024
Chair	Dr P Buckingham (FA, GT)	
Ex- Officio	Rt Revd J E Holbrook Ven R J Ormston (FA, GT, H) Ven A Booker (FA, GT, H) Very Revd C Dalliston	
Co- opted	Mrs A Cooper (A) Mr W Craven (GT) Mr R Purser (H)	appointed 20 June 2024

Elected by the House of Clergy of the Diocesan Synod (2021 – 2024)

Archdeacons of Northampton	Archdeaconry of Oakham
Revd K Hutchins (also Wellingborough) (A, FA)	Revd Canon J E Baxter (GT)
Revd J Scott - appointed 20 February 2025	Revd Dr B Brandon (H) - resigned 20 June 2024
Revd S Trott (H)	Revd M W Lucas - resigned 31 December 2024

Elected by the Houses of Laity of the Deanery Synods (2021 – 2024)

Archdeacons of Northampton	Archdeaconry of Oakham
Mrs I Burbidge (Brackley)	Mr A Ridley (Kettering) - appointed 14 November 2024
Mr R Baker (Daventry) (A)	Mr J Hindle (Corby)
Mr D Pickard (Greater Northampton) (A)	Mr A C Hawkins (Oundle) - resigned 26 February 2025
Dr H Creek (Towcester)	Mr R Gregory-Smith (Peterborough)
Revd K Hutchins (Wellingborough) (FA, A)	

The abbreviations used above indicate sub-committees on which members serve, as follows:

A = Audit	FA = Finance and Administration
GT = Glebe and Trust	H = Houses

11.3 Key Management Team

Rt Revd D M Sellin	Bishop of Peterborough - appointed 3 March 2024
Ven R J Ormston	Archdeacon of Northampton
Ven A Booker	Archdeacon of Oakham
Mr A Roberts	Diocesan Secretary - left 31 August 2025
Mr P Cantley	Director of Education
Mr D Mason	Chief Finance Officer
Revd C Nobbs	Director of Mission and Development
Mrs S Ratcliffe	Assistant Diocesan Secretary
Revd H Spenceley	Director of Vocation and Formation
Mr P White	Director of Children and Youth - resigned 31 December 2024
Mrs V Kellett	Diocesan Safeguarding Officer

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2024

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2024

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

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

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

Auditor 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:

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2024

Auditor's responsibilities for the audit of the financial statements (continued)

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of the charitable company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements. We identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness.

We reviewed accounting policies for evidence of management bias and ensured that the accounting policies were correctly applied to the financial statements.

We reviewed minutes of Trustee Board meetings, any correspondence with the Charity Commission and reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

We made enquiries of management and officers of the charitable company regarding laws and regulations applicable to the organisation and discussed whether there had been any known breaches of laws and regulations in order to consider any possible further considerations or impact upon the charity.

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

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for> 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.

Suzanne Goldsmith FCA (Senior Statutory Auditor)
For and on behalf of Price Bailey LLP, Statutory Auditor
Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ
Date: 30 September 2025

PETERBOROUGH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2024 £	Total 2023 £
Income and endowments from						
Donations:						
Parish share	3	6,186,280	-	-	6,186,280	6,298,821
Other donations	4	731,168	321,113	-	1,052,281	916,151
Charitable activities	5	318,763	-	-	318,763	351,462
Other income	6	59,598	-	-	59,598	54,492
Investment income	7	96,276	709,284	1,545,086	2,350,646	2,000,270
Total income		7,392,085	1,030,397	1,545,086	9,967,568	9,621,196
Expenditure on						
Raising funds	8	496,303	-	170,917	667,220	560,923
Charitable activities	9	9,003,403	353,470	1,500,922	10,857,795	9,517,292
Total expenditure		9,499,706	353,470	1,671,839	11,525,015	10,078,215
Net (expenditure)/income before investment gains		(2,107,621)	676,927	(126,753)	(1,557,447)	(457,019)
Net gains on investments	16	10,321	14,267	(23,946)	642	2,159,595
Net income/(expenditure)		(2,097,300)	691,194	(150,699)	(1,556,805)	1,702,576
Transfers between funds	21	944,914	(527,134)	(417,780)	-	-
Other recognised gains						
Losses on revaluations of fixed assets	16	-	(486,964)	(7,121,773)	(7,608,737)	(2,521,778)
Actuarial loss on pension schemes	30	(274,800)	-	-	(274,800)	879,000
Net movement in funds		(1,427,186)	(322,904)	(7,690,252)	(9,440,342)	59,798
Transferred to DBE		-	-	-	-	(2,186,649)
Total funds brought forward		3,934,830	13,757,340	159,213,379	176,905,549	179,032,400
Total funds carried forward		2,507,644	13,434,436	151,523,127	167,465,207	176,905,549

For detailed fund by fund comparisons, a copy of the 2023 Statement of Financial Activities is included in note 32

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024

	Total 2024 £	Total 2023 £
Total income	8,422,482	8,306,640
Total expenditure	(9,853,176)	(8,633,087)
Gross income for the year	(1,430,694)	(326,447)
Net movement on investments	24,588	90,166
Net income for the year	(1,406,106)	(236,281)
Other comprehensive income		
Net assets transferred from endowments	417,780	479,673
Net comprehensive income for the year	(988,326)	243,392

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law.

All income and expenditure is derived from continuing activities.

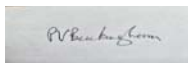
The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

BALANCE SHEET AS AT 31 DECEMBER 2024

	Note	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	15	78,769,370		86,326,866	
Investments	16	81,552,308		80,768,675	
			160,321,678		167,095,541
Current assets					
Debtors	17	1,070,663		1,853,856	
Cash on deposit, at bank and in hand	18	6,675,474		8,785,900	
		7,746,137		10,639,756	
Creditors: amounts falling due within one year	19	(527,608)		(751,748)	
Net current assets			7,218,529		9,888,008
Total assets less current liabilities			167,540,207		176,983,549
Creditors: amounts falling due after more than one year	20		(75,000)		(78,000)
Net assets			167,465,207		176,905,549
Funds					
Endowment funds	22		151,493,128		159,213,379
<i>(including revaluation reserve £112,836,180 - 2023 £110,618,131)</i>					
Restricted funds	23		13,464,436		13,757,340
<i>(including revaluation reserve £3,645,974 - 2023 £4,088,670)</i>					
Unrestricted income funds:					
General funds	24		1,503,174		2,956,291
Designated funds	25		1,004,469		978,539
<i>(including revaluation reserve £290,938 - 2023 £280,617)</i>					
Total funds	26		167,465,207		176,905,549

Approved by the Board and authorised for issue on 18 June 2025 and signed on its behalf by:



Paul Buckingham (Sep 29, 2025, 2:55pm)

Dr P Buckingham
Chairman

Company number: 00186179

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £	2024 £	2023 £	2023 £
Net cash flow from operating activities		(3,767,927)		(3,239,148)
Cash flows from investing activities				
Dividends, interest and rent from investments	2,350,646		2,000,270	
Proceeds from sale of tangible fixed assets	417,780		501,989	
Proceeds from sale of investments	1,046,808		21,639,417	
Purchase of tangible fixed assets	(1,063,727)		(522,744)	
Purchase of investments	(1,094,006)		(23,516,431)	
Net cash flow from investing activities		1,657,501		102,501
Change in cash and cash equivalents in the year		(2,110,426)		(3,136,647)
Cash and cash equivalents brought forward		8,785,900		11,922,547
Cash and cash equivalents carried forward		6,675,474		8,785,900
Reconciliation of net movement in funds to net cash flow from operating activities				
Net movement in funds for the year		(1,557,447)		(457,019)
Adjustments for:				
Depreciation		19,978		17,492
Loss on sale of fixed assets		170,917		174,061
Loss on sale of investments		10,191		-
Dividends, interest and rent from investments		(2,350,646)		(2,000,270)
Decrease / (increase) in debtors		783,193		(947,441)
(Decrease) in creditors		(227,140)		(388,500)
Adjustment for actuarial gain on pension scheme		(274,800)		879,000
Net current assets of Diocesan Board of Education removed		-		(516,471)
Reclassification of cash held by investment managers		(342,173)		-
Net cash flow from operating activities		(3,767,927)		(3,239,148)
Analysis of cash and cash equivalents				
Cash at bank and in hand		1,095,709		3,481,964
Cash on deposit with Central Board of Finance of the Church of England and the Church Commissioners		5,579,765		5,303,936
		6,675,474		8,785,900

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 General information

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to promote, assist and advance the work of the Church of England in the Diocese of Peterborough by acting as the financial executive of the Peterborough Diocesan Synod. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

2 Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (Second Edition, effective 1 January 2019), the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

2.2 Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is recognised as income of the year in which it is received.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil 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.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting Policies (continued)

2.3 Expenditure

Expenditure is included in the SoFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SoFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 30). Contributions payable by the PDBF to the defined contribution scheme are included in the SoFA when payable. Contributions payable to the defined benefit schemes are included in the SoFA when payable in respect of current service. Contributions payable in respect of scheme deficits relating to past service are charged to the Clergy Pension Liability in the Balance Sheet.

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £790,050 (2023: £655,795) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SoFA.

2.4 Tangible Fixed Assets

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

Tangible fixed assets have been included on the following bases:

Clergy and Other Domestic Houses:

At valuation using the Halifax House Price index (which was supplied through S&P Dow Jones Indices LLC) to reflect changes in the year. In addition, a selection of properties were valued by an external estate agent based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income.

Board Property:

At valuation using the Halifax House Price index (which was supplied through S&P Down Jones Indices LLC) to reflect changes in the year. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting Policies (continued)

2.5 Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

2.6 Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Listed Investments are stated at bid price at the balance sheet date.

Unlisted Investments are stated at market value at the balance sheet date.

Agricultural Land and Commercial Property was valued at 31 December 2024 as part of an estate held for investment purposes by the glebe agent, Andrew Granger and Co Limited, 44-46 Forest Road, Loughborough, Leicestershire, LE11 3NP.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice Properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS 102 which requires that they are recognised as Investment Properties. This presentation has been used for the purposes of achieving a true and fair view as this reflects the intended long term use of the properties concerned.

2.7 Custodian Trustee

Investments held by the charity as Custodian Trustee are not included in these financial statements but are set out separately in note 31.

2.8 Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting Policies (continued)

2.9 Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Pension contributions

The charity's staff are members of the Church of England Pension Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the charity's contributions in respect of the accounting period, in accordance with FRS 102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the charity participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

2.13 Fund Accounting

In accordance with the SORP - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), the charity's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the charity. These funds may be set aside by the charity for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the charity or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund, along with investment movements.

Expendable Endowment Funds - these are funds that may be used as income at the discretion of the charity. Use of the funds are subject to legally binding conditions imposed by the donor upon the charity or by terms of an appeal.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting Policies (continued)

2.13 Fund Accounting (continued)

Investment income and movement in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget, as approved by Diocesan Synod. These only appear on the SoFA if the transfer is between the fund types identified above.

2.14 Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

The valuation methodology used will be reviewed annually.

Pension scheme liability

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 29 and set by reference to the duration of the deficit recovery payments.

Depreciation

Depreciation is calculated on a straight line basis, based on the trustees best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3	Parish share		
		Total 2024 £	Total 2023 £
	Current year requests	7,831,557	7,902,028
	Shortfall in contributions	(1,844,678)	(1,672,865)
		<hr/> 5,986,879	<hr/> 6,229,163
	Receipts for prior year	199,401	69,658
		<hr/> 6,186,280	<hr/> 6,298,821
4	Other donations		
		Total 2024 £	Total 2023 £
	All Churches Trust	91,053	105,875
	Forsters Charity	3,660	6,960
	Mission Fund donations	16,500	8,800
	Donations	194,523	111,055
	Strategic Development Fund	211,897	163,051
	Low Income Communities grant	343,165	331,880
	Strategic Ministry Fund	74,877	53,610
	RME Block grants	23,383	119,920
	Central Church Net Zero grant	-	15,000
	Flourish	55,000	-
	Central Church Minor church repairs	16,120	-
	Central Church Quick Wins	14,713	-
	Other grants	7,390	-
		<hr/> 1,052,281	<hr/> 916,151
5	Charitable activities		
		Total 2024 £	Total 2023 £
	Statutory fees for parochial services	318,763	351,462

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

6	Other income	Total 2024 £	Total 2023 £
	Administration income	59,598	54,492
		<hr/>	<hr/>
7	Investment income	Total 2024 £	Total 2023 £
	Dividends receivable	1,046,476	799,327
	Interest receivable	350,751	322,881
	Rents receivable:		
	Properties	444,476	377,389
	Glebe	508,943	500,673
		<hr/>	<hr/>
		2,350,646	2,000,270
		<hr/>	<hr/>
8	Raising funds	Total 2024 £	Total 2023 £
	Professional charges	250,981	253,186
	Loss on disposal of property	170,917	174,061
	Other support costs	245,322	133,676
		<hr/>	<hr/>
		667,220	560,923
		<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

9	Charitable activities	Total 2024 £	Total 2023 £
	National Church	334,212	335,870
	Clergy stipends and staff costs (note 10)	5,573,905	5,035,542
	Clergy housing	1,998,374	1,698,870
	Clergy training	738,094	679,988
	Grants and donations (note 11)	485,477	289,175
	Diocesan support for Parish Mission (note 12)	1,727,733	1,477,847
		10,857,795	9,517,292
		10,857,795	9,517,292
10	Clergy stipends and staff costs	Total 2024 £	Total 2023 £
	Stipends and employers national insurance	4,378,642	3,822,135
	Pension contributions	863,820	857,011
	Removal, resettlement and other grants	198,801	239,111
	Other expenses and other grants	132,642	117,285
		5,573,905	5,035,542
		5,573,905	5,035,542
11	Grants and donations	Total 2024 £	Total 2023 £
	Bishop's Discretionary Funds	6,000	3,000
	Widows and Dependants	16,140	11,583
	Shared Churches Peterborough	32,772	32,961
	Northamptonshire Ecumenical Council	7,645	7,645
	Peterborough Diocesan Board of Education	235,312	163,231
	Quinquennial grants	36,400	9,984
	Mission Fund grants	35,000	20,100
	Other grants	116,208	25,671
	Net Zero consultancy	-	15,000
		485,477	289,175
		485,477	289,175

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

12 Diocesan support for Parish Mission

	Total 2024 £	Total 2023 £
Bishop's Advisors and Support to Parishes	177,901	169,114
DAC, Legal, Stewardship, Support to parishes and asset management	676,864	551,058
Bishop's Officers and Mission work in the Parishes	343,514	286,134
Adult, Lay and Clergy Training and Conferences	278,057	259,067
Social Responsibility (including overseas links)	1,503	8,734
SSMs, Readers, Pastoral Assistants, Parish Evangelists	20,973	8,564
Strategic Development Fund - "Generation to Generation" project	210,008	188,210
Other costs	18,913	6,966
	<hr/> 1,727,733	<hr/> 1,477,847

Included above are Governance costs of £106,157 (2023 : £115,651)

13 Deficit for the financial year

	2024 £	2023 £
The net deficit for the financial year is stated after charging:		
Auditors remuneration including VAT:		
in respect of audit services - current year	28,800	27,000
in respect of corporation tax computations - current year	450	-
in respect of audit services - under-provision of prior year	7,500	-
	<hr/> 36,750	<hr/> 27,000
Depreciation on tangible fixed assets	19,977	17,492
Adjustment on disposal of tangible fixed assets	397,283	174,061
Operating lease charges in the year	31,000	31,000
Interest charges on Church Commissioner Value Linked Loans	7,281	12,069

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

14 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

Staff costs

	Total 2024 £	Total 2023 £
Employee costs during the year were as follows:		
Wages and salaries	1,287,886	1,240,610
National insurance contributions	120,677	116,140
Pension costs	142,823	143,429
	1,551,386	1,500,179

Redundancy and termination costs during the year totalled £23,845 (2023 - £18,148).

Clergy stipends

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

The stipends of the Bishop and Suffragan Bishop were paid and funded by the Church Commissioners.

The PDBF paid an average of 130 (2023 - 124) stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese and the costs were as follows:

	Total 2024 £	Total 2023 £
Stipends	4,065,731	3,559,052
National insurance contributions	312,911	263,083
Pension costs - current year contributions	863,820	857,011
	5,242,462	4,679,146

The average number of employees during the year was as follows:

	2024 full-time	2024 part-time	2023 full-time	2023 part-time
Archdeacons	2	-	2	-
Stipendiary Parochial Ministers	120	8	106	16
Diocesan Boards and Councils	18	2	19	2
Parochial Youth Staff (SDF)	1	2	4	2
Administration	7	9	9	6
	148	21	140	26

In addition to the above, there are 39 self supported ministers and a further 11 house for duty ministers.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

14 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The number of staff whose emoluments (including benefits in kind but excluding national insurance and pension contributions) amounted to more than £60,000 were as follows:

	2024	2023
£80,001 - £90,000	1	-
£70,000 - £80,000	-	1

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Andrew Roberts
Chief Finance Officer	David Mason
Assistant Diocesan Secretary	Sue Ratcliffe
Director of Children and Youth	Pete White
Director of Mission and Development	Charlie Nobbs
Director of Vocation and Formation	Haydon Spenceley
Diocesan Safeguarding Officer	Victoria Kellett

Remuneration, pensions and expenses for these employees amounted to £440,615 (2023 : £360,890).

Trustees remuneration and expenses

During the year, no trustee received any remuneration for services as a trustee or received any travel expenses relating to services as a trustee (2023 : none).

During the year the charity made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the Board during the year:

	<i>Stipend</i>	<i>Housing</i>
Revd J Baxter	Yes	Yes
Ven A Booker	Yes	Yes
Rt Rev J Holbrook	No	Yes
Revd K Hutchins	No	Yes
Revd M Lucas	Yes	Yes
Ven R J Ormston	Yes	Yes
Revd S Trott	Yes	Yes

The charity is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The charity is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

15 Tangible fixed assets

	Freehold land and buildings £	Short Leasehold improvements £	Office equipment £	Total 2024 £
Cost or valuation:				
At 1 January 2024	86,300,384	56,602	456,642	86,813,628
Additions	1,045,254	-	18,473	1,063,727
Disposals proceeds	(417,780)	-	-	(417,780)
Eliminated on disposal	(397,283)	-	(356,246)	(753,529)
Revaluation	(7,400,212)	-	-	(7,400,212)
Net transferred to fixed asset investments	(385,971)	-	-	(385,971)
At 31 December 2024	78,744,391	56,602	118,869	78,919,863
Depreciation:				
At 1 January 2024	-	56,602	430,159	486,761
Charge for the year	-	-	19,978	19,978
Eliminated on disposals	-	-	(356,246)	(356,246)
At 31 December 2024	-	56,602	93,891	150,493
Net book value				
At 31 December 2024	78,744,391	-	24,978	78,769,370
At 31 December 2023	86,300,384	-	26,483	86,326,867

The historical cost of the land and buildings is £19,007,120 (2023 - £12,125,196).

The historical cost of land and buildings shown above is only for purchases made by the DBF. The historical cost of land and buildings taken over by the DBF from parishes is not known.

16 Fixed asset investments

	Investment properties £	Listed investments £	Unlisted investments £	Total 2024 £
Valuation:				
At 1 January 2024	50,883,978	26,813,891	3,070,805	80,768,674
Additions	-	1,094,006	-	1,094,006
Disposals proceeds	(99,512)	(947,296)	-	(1,046,808)
Gain on disposal	(25,965)	33,615	-	7,650
Revaluation	(496,426)	426,190	70,878	642
Net transferred from fixed assets	385,971	-	-	385,971
Transferred from cash balances	-	342,173	-	342,173
At 31 December 2024	50,648,046	27,762,579	3,141,683	81,552,308
Historic cost at 31 December 2024	6,974,883	27,006,617	774,163	34,755,663
Historic cost at 31 December 2023	12,841,553	26,340,728	774,163	39,956,444

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

16 Fixed asset investments (continued)

The glebe land valuation was conducted by Andrew Granger & Co Limited as at 31 December 2023.

The historical cost of glebe land and buildings shown above is only for purchases made by the DBF. The historical cost of glebe land and buildings taken over by the DBF from parishes is not known.

Listed investments are valued at bid price at the year end.

Unlisted investments consist of holdings in CBF Church of England Funds managed by CCLA Investment Managers Limited (the CBF Investment Fund and CBF Short Duration Bond Fund).

17 Debtors

	2024 £	2023 £
<i>Due within one year</i>		
Parochial loans	41,848	34,347
Trade debtors	134,985	124,244
Other debtors	837,085	1,631,022
	1,013,918	1,789,613
<i>Due after more than one year</i>		
Parochial loans	56,745	64,243
	1,070,663	1,853,856

18 Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand - current and deposit accounts	1,095,709	3,481,964
Funds with the Central Board of Finance of the Church of England Deposit fund and the Church Commissioners	5,579,765	5,303,936
	6,675,474	8,785,900

Cash held by Charles Stanley had been included within cash at bank, but is now shown within the investment portfolio.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

19 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	121,260	81,042
Taxation and social security	50,548	57,582
Other creditors	289,607	428,666
Accruals and deferred income	66,193	122,323
Church Commissioners value linked loans	-	62,135
	527,608	751,748

20 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Church Commissioners value linked loans	75,000	78,000
	75,000	78,000

Value linked loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.

21 Transfers

The transfers between funds during 2024 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	417,780	(417,780)
Resource Ministry costs - 2023	114,705	-	(114,705)	-
Ordinand candidates fund - 2023	12,967	-	(12,967)	-
Parsonage repair costs	817,242	-	(817,242)	-
	944,914	-	(527,134)	(417,780)

The transfers between funds during 2023 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	439,854	(439,854)
Dividend income transferred	39,819	-	-	(39,819)
Parsonage repair costs	625,223	-	(625,223)	-
	665,042	-	(185,369)	(479,673)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

22 Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

Permanent Endowments

<i>Current year</i>	Balance at 1.1.24 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.24 £
Houses Committee	1,456,730	40,437	-	-	33,342	1,530,509
Stipends Capital	393,052	10,911	-	-	8,996	412,959
Diocesan Stipends Capital Fund	77,970,400	1,490,011	(1,671,839)	-	(925,715)	76,862,857
Church Major Works	137,944	3,727	-	-	3,073	144,744
	<u>79,958,126</u>	<u>1,545,086</u>	<u>(1,671,839)</u>	<u>-</u>	<u>(880,304)</u>	<u>78,951,069</u>

<i>Prior year</i>	Balance at 1.1.23 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.23 £
Houses Committee	1,331,461	39,819	-	(39,819)	125,269	1,456,730
Stipends Capital	359,252	10,744	-	(10,744)	33,800	393,052
Diocesan Stipends Capital Fund	76,307,979	1,260,323	(1,445,128)	10,744	1,836,482	77,970,400
Church Major Works	122,727	3,670	-	-	11,547	137,944
	<u>78,121,419</u>	<u>1,314,556</u>	<u>(1,445,128)</u>	<u>(39,819)</u>	<u>2,007,098</u>	<u>79,958,126</u>

Houses Committee

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

Stipends Capital

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

Diocesan Stipends Capital Fund

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

22 Endowment funds (continued)

Permanent Endowments (continued)

Church Major Works Fund (formerly Church Major Repair Fund)

This fund may be loaned to parishes in need of funds for works to churches.

Expendable Endowments

	Balance at 1.1.24 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.24 £
Current year						
Education Act 1996	-	-	-	-	-	-
Clergy Houses	79,255,253	-	-	(417,780)	(6,295,414)	72,542,059
	<u>79,255,253</u>	<u>-</u>	<u>-</u>	<u>(417,780)</u>	<u>(6,295,414)</u>	<u>72,542,059</u>
Prior year						
Education Act 1996	1,851,645	-	-	(1,851,645)	-	-
Clergy Houses	81,999,316	-	-	(439,854)	(2,304,209)	79,255,253
	<u>83,850,961</u>	<u>-</u>	<u>-</u>	<u>(2,291,499)</u>	<u>(2,304,209)</u>	<u>79,255,253</u>

Education Act 1996 (Section 554)

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

Clergy Houses

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the Diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Clergy House fund. Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

23	Restricted funds	Balance at 1.1.24 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.24 £
	Current year						
	Houses Committee	6,746,691	444,476	-	-	(456,964)	6,734,203
	Widows & Dependants	531,047	16,381	(16,140)	-	11,290	542,578
	Ordination Candidates	145,214	3,611	(14,525)	(12,967)	2,977	124,310
	Education Act 1996	-	-	-	-	-	-
	Church Major Works	56,939	4,951	-	-	-	61,890
	Resourcing Ministerial Education (RME)	119,387	23,383	(25,636)	(114,705)	-	2,429
	Gen 2 Gen - SDF	(40)	211,897	(210,008)	-	-	1,849
	Family Care Fund	200	-	-	-	-	200
	Pastoral Account	6,157,902	239,865	(32,772)	(399,462)	-	5,965,533
	Net Zero grant	-	-	(11,249)	-	-	(11,249)
	Flourish	-	55,000	(40,902)	-	-	14,098
	Minor church repairs	-	16,120	(2,238)	-	-	13,882
	Quick Wins	-	14,713	-	-	-	14,713
		13,757,340	1,030,397	(353,470)	(527,134)	(442,697)	13,464,436
	Prior year						
	Houses Committee	6,524,540	377,389	-	-	(155,238)	6,746,691
	Widows & Dependants	488,020	14,406	(11,583)	-	40,204	531,047
	Ordination Candidates	130,474	3,555	-	-	11,185	145,214
	Education Act 1996	335,004	-	-	(335,004)	-	-
	Church Major Works	54,138	2,801	-	-	-	56,939
	Resourcing Ministerial Education (RME)	(533)	119,920	-	-	-	119,387
	Gen 2 Gen - SDF	25,119	163,051	(188,210)	-	-	(40)
	Family Care Fund	200	-	-	-	-	200
	Pastoral Account	6,205,917	170,315	(32,961)	(185,369)	-	6,157,902
	Energy grant funding	-	15,000	(15,000)	-	-	-
		13,762,879	866,437	(247,754)	(520,373)	(103,849)	13,757,340

Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

23 Restricted funds (continued)

Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

Schools Fund/Education/Education Act 1996

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided Schools.

Church Major Works Fund (formerly Church Major Repair Fund)

This represents unspent income from the endowment fund.

Resourcing Ministerial Education (RME)

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from September 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

Gen 2 Gen

This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)

Family Care Fund

This represents funds received from Family Care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the Deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

Pastoral Account

This represents the capital and investment income which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

Energy Grant Funding

The Diocese received £265,000 from Church Commissioners for distribution to parishes to help with rising energy costs. It was decided to spread this equally across all parishes, giving £755 to each parish.

Flourish

This relates to the Flourish project programme funded by The Church Commissioners.

Minor Church repairs

This relates to grant funding received through the Historic Church Buildings Officer to enable parish churches to receive funding for small projects to help keep buildings dry and help on their journey to Net Zero.

Quick Wins

This relates to grant funding received through the Historic Church Buildings Officer to enable parish churches to receive funding for small scale decarbonisation works, to help on their journey to Net Zero.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

24 Unrestricted funds

	Balance at 1.1.24 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.24 £
Current year						
General fund	2,956,291	7,341,475	(9,464,706)	944,914	(274,800)	1,503,174
	<u>2,956,291</u>	<u>7,341,475</u>	<u>(9,464,706)</u>	<u>944,914</u>	<u>(274,800)</u>	<u>1,503,174</u>
Prior year						
General fund	2,346,079	7,431,403	(8,365,233)	665,042	879,000	2,956,291
	<u>2,346,079</u>	<u>7,431,403</u>	<u>(8,365,233)</u>	<u>665,042</u>	<u>879,000</u>	<u>2,956,291</u>

The General fund is a free reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

25 Designated funds

	Balance at 1.1.24 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.24 £
Current year						
Church Major Works	843,308	24,080	-	-	10,321	877,709
Mission Fund	135,231	26,529	(35,000)	-	-	126,760
	<u>978,539</u>	<u>50,609</u>	<u>(35,000)</u>	<u>-</u>	<u>10,321</u>	<u>1,004,469</u>
Prior year						
Church Major Works	804,531	-	-	-	38,777	843,308
Mission Fund	146,531	8,800	(20,100)	-	-	135,231
	<u>951,062</u>	<u>8,800</u>	<u>(20,100)</u>	<u>-</u>	<u>38,777</u>	<u>978,539</u>

Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans and, exceptionally, as grants.

Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

26 Analysis of net assets between funds

Fund balances at 31 December 2024 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	24,978	-	4,177,800	74,566,592	78,769,370
Investments	-	461,257	2,815,294	77,933,584	81,210,135
Current assets	2,005,804	543,212	6,546,342	(1,007,048)	8,088,310
Current liabilities	(527,608)	-	-	-	(527,608)
Long term liabilities	-	-	(75,000)	-	(75,000)
	<u>1,503,174</u>	<u>1,004,469</u>	<u>13,464,436</u>	<u>151,493,128</u>	<u>167,465,207</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	1,426,107	58,311,166	59,737,273
Investments	-	290,938	2,219,867	54,525,014	57,035,819
	<u>-</u>	<u>290,938</u>	<u>3,645,974</u>	<u>112,836,180</u>	<u>116,773,092</u>

Fund balances at 31 December 2023 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	26,483	-	5,808,862	80,491,521	86,326,866
Investments	-	450,936	611,673	79,706,066	80,768,675
Current assets	3,619,421	527,603	7,476,940	(984,208)	10,639,756
Current liabilities	(689,613)	-	(62,135)	-	(751,748)
Long term liabilities	-	-	(78,000)	-	(78,000)
	<u>2,956,291</u>	<u>978,539</u>	<u>13,757,340</u>	<u>159,213,379</u>	<u>176,905,549</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,605,139	70,570,049	74,175,188
Investments	-	280,617	483,531	40,048,082	40,812,230
	<u>-</u>	<u>280,617</u>	<u>4,088,670</u>	<u>110,618,131</u>	<u>114,987,418</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

27 Capital commitments and contingent liabilities

	2024 £	2023 £
Expenditure on house repairs approved but not contracted for	2,602	4,570
Ordinands support grants approved	235,543	161,700
Contingent liability in respect of guarantee given	150,000	150,000

The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to St Matthew's PCC, Northampton.

28 Operating leases

Lessee:

At 31 December 2024, PDBF had commitments under non-cancellable operating leases as follows:

	2024 £	2023 £
Within one year	31,000	31,000

Lessor:

At 31 December 2024, PDBF had agreed commitments as a lessor under non-cancellable operating leases to receive receipts as follows:

	2024 £	2023 £
Investment properties		
within one year	748,535	725,999
within two to five years	150,534	137,845
over five years	59,861	59,061

At 31 December 2024	958,930	922,905
---------------------	---------	---------

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

29 Pension costs

Church Workers Pension Fund

PDBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for some 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 Benefit Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £nil, 2023: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2024 (2023: £nil).

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

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

The next actuarial valuation is due at 31 December 2025.

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

29 Pension costs (continued)

The movement in the provision is set out below.

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

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

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

	<i>December 2024</i>	<i>December 2023</i>	<i>December 2022</i>
Discount rate	n/a	n/a	0.0%

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

Pension Builder Scheme (PBS)

For eligible salaried employees who commenced employment after 1 January 2000, the charity participates in the Church of England Pension Builder Scheme, within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS of the Church Workers Pension Fund is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined contribution 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.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

29 Pension costs (continued)

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable.

A valuation of the scheme is carried out once every three years. The most recent 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 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, PDBF could become responsible for paying a share of that employer's pension liabilities.

Clergy Pension Fund

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £863,820 in 2024 (2023: £857,011), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £nil (2023: £nil).

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

29 Pension costs (continued)

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:

<i>%age of pensionable stipends</i>	<i>January 2022 to December 2024</i>	<i>January 2021 to December 2021</i>
Deficit repair contribution	0.0%	7.1%

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

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

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

	2024	2023
	£	£
Balance sheet liability as at 1 January	-	-
Deficit Contributions paid	-	-
Interest cost (recognised in the SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/>	<hr/>

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

30 Trust funds

The charity acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the charity as custodian trustee but which does not form part of the charity's assets, amounted to £18,082,267 at 31 December 2024 (2023 : £17,415,955) made up as follows:

	2024 Cost £	2024 Valuation £	2023 Cost £	2023 Valuation £
Land & Buildings	727,124	1,158,178	727,124	946,326
Miscellaneous Unlisted Investments	533,778	1,427,048	550,188	1,436,638
Central Board of Finance:				
Investment Fund shares	2,850,902	12,375,171	2,846,868	12,094,322
Short Duration Bond Fund shares	460,516	468,348	459,929	454,047
Equity Fund	96,851	125,438	49,490	76,566
Property Fund	96,851	84,774	49,490	39,460
Deposits	1,585,342	1,585,342	1,518,909	1,518,909
Diocesan Board of Education bank balances	857,968	857,968	849,687	849,687
	7,209,332	18,082,267	7,051,685	17,415,955

31 Related party transactions

The Diocese maintains a register of Trustees interests. Trustees have declared participation in training funded by the Diocese and transactions arising from their stipendiary ministry and housing (note 14). It shows no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the DBF and are part of its normal activities.

The charity has made reasonable endeavours to confirm from trustees that they are not aware of any related party transactions with themselves or close family members. The charity is not aware of any further transactions which require disclosure other than those already noted here.

The Very Reverend Chris Dalliston is one of the trustees of the PDBF and also a trustee of Launde Abbey Trust and Peterborough Cathedral.

The Venerable Richard Ormston and The Revd Katrina Hutchins are trustees of the PDBF and also the Peterborough Diocesan Board of Education (PDBE). The PDBF provides financial support to the PDBE by way of an annual grant and also accounting and payroll services at no cost to the PDBE.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

31 Related party transactions (continued)

During the year, the PDBF entered in to transactions with the following related parties.

	Sales invoiced		Purchases bought	
	2024	2023	2024	2023
	£	£	£	£
Launde Abbey Trust	-	-	620	250
Launde Abbey Enterprises Limited (a wholly owned subsidiary of Launde Abbey Trust)	-	-	36,863	59,966
Bishop's Office	11,346	13,057	-	-
Peterborough Cathedral	51,507	41,435	2,626	951

At the end of the financial year, the following balances were outstanding:

	Sales ledger		Purchase ledger	
	2024	2023	2024	2023
	£	£	£	£
Launde Abbey Trust	-	-	-	-
Launde Abbey Enterprises Limited (a wholly owned subsidiary of Launde Abbey Trust)	-	-	5,730	3,544
Bishop's Office	1,007	1,891	-	-
Peterborough Cathedral	14,952	18,316	431	294

Parochial Church Councils

Parochial Church Councils (PCCs) support PDBF financially with payments of parish share. Many committee members and trustees are also members of PCCs within the Diocese. Much of PDBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

32 Prior year Statement of Financial Activities (SoFA)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2023 £
Income and endowments from				
Donations:				
Parish share	6,298,821	-	-	6,298,821
Other donations	618,180	297,971	-	916,151
Charitable activities	351,462	-	-	351,462
Other income	54,492	-	-	54,492
Investment income	117,248	568,466	1,314,556	2,000,270
Total incoming resources	7,440,203	866,437	1,314,556	9,621,196
Expenditure on				
Raising funds	386,862	-	174,061	560,923
Charitable activities	7,998,471	247,754	1,271,067	9,517,292
Total outgoing resources	8,385,333	247,754	1,445,128	10,078,215
Net income/(expenditure) before investment gains	(945,130)	618,683	(130,572)	(457,019)
Net gains on Investments	38,777	51,389	2,069,429	2,159,595
Net income/(expenditure)	(906,353)	670,072	1,938,857	1,702,576
Transfers between funds	665,042	(185,369)	(479,673)	-
Other recognised gains/(losses)				
Gains/(losses) on revaluations and disposals of fixed assets	-	(155,238)	(2,366,540)	(2,521,778)
Actuarial gains on pension schemes	879,000	-	-	879,000
Net movement in funds	637,689	329,465	(907,356)	59,798
Transferred to DBE	-	(335,004)	(1,851,645)	(2,186,649)
Total funds brought forward	3,297,141	13,762,879	161,972,380	179,032,400
Total funds carried forward	3,934,830	13,757,340	159,213,379	176,905,549

THE PETERBOROUGH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 250569

Accounts

Company registration number 186179

Charity registration number 250569

PETERBOROUGH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



A large print version is available on request from
Andrew Roberts
Peterborough Diocesan Office
The Palace
Peterborough
PE1 1YB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CONTENTS

		<u>Page No.</u>
1	Foreword from Bishop Debbie	1
2	Introduction	2
3	Strategic Report	2
4	Objectives	3
5	Activities and Achievements	4
6	Structure and Governance	4 - 6
7	Financial Review	7 - 9
8	Risk Management	10 - 11
9	Structure and Governance of the Church of England	11 - 13
10	Statement of Trustees' Responsibilities	14
11	Administrative Details	15 - 17
12	Independent Auditors Report to the Members of the Diocesan Board of Finance	18 - 20
13	Statement of Financial Activities	21
14	Income and Expenditure Account	22
15	Balance Sheet	23
16	Statement of Cash Flows	24
17	Notes to the Financial Statements	25 - 53

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Foreword

I am delighted to introduce you to the Diocesan Board of Finance Annual Report. Since taking up post at the beginning of March, I have been enjoying travelling around the Diocese and getting to know you better. There is so much to give thanks for as we seek to share the love of Jesus with those around us and I have appreciated hearing your stories.

As you read this report, you will see that our finances remain on a consistent basis, which provides the opportunity for a wide range of ministries to take place across the Diocese. We are always looking at ways to be good stewards of our financial resource and I am grateful to the members of the DBF, especially the Chair, Paul Buckingham, for their careful work. Thanks must also go to the staff who work behind the scenes to ensure our accounts are in order, under the guidance of our Chief Finance Officer, David Mason.

I would like to take this opportunity to thank you for your generosity and support as we partner together in the work of God.

With my prayers

+Debbie

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Introduction

The trustees, who are also the directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023. The names of the trustees/directors serving during this period from 1 January 2023 to the date of this report can be found in section 11.

3 Strategic Report and Aims

The financial affairs of the Diocese are conducted through the Peterborough Diocesan Board of Finance ('the DBF') which is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. At a strategic level, the DBF is responsible for the financing of any recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth.

In addition to ensuring the Diocese complies with national safeguarding standards, the main functions of the DBF are:

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the Diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton; handling Diocesan administration and, led by the Bishop, providing parish focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to finance any strategic recommendations proposed by the Bishop's Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth;
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to be financially responsible for the care of closed churches in the 'alternative use seeking' period;
- to act as custodian trustee of assets on behalf of some parishes which are held on permanent trusts by vesture of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in Peterborough Diocese. We are committed to supporting the provision of ministry especially in the poorest parts of the Diocese. To assist us in that endeavour we are grateful for the Low Income Communities Grant funding from the National Church. We are further assisted by the Strategic Development Funding awarded in 2018, which underpins the training of youth mission enablers in the Diocese, aimed at engaging a new and younger church family to sustain long term growth in this Diocese.

The trustees will continue to make deliberate use of financial resources through the Pastoral Fund to address the budget deficit. We recognise the importance of this in a time when parishes have found they cannot fundraise in traditional ways and with significantly rising building costs.

We remain committed to these aims, and will work towards them against the backdrop of the pandemic and its continued impact on us and our parishes. We remain committed to using the opportunities and experience we have gained to consider what we might look like going forward.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

4 Objectives

To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

Many parishes continue to experience financial challenges. It is apparent those parishes where their major source of income is from regular planned giving (by Standing Order or Direct Debit) are better able to meet the financial challenges. The roll out and switch to the Parish Giving Scheme has continued. We will continue to promote this scheme to encourage regular planned giving more widely across the Diocese.

We will engage fully in developments in National Safeguarding Policies and Procedures and Training to ensure the Peterborough Diocese remains a safe place to worship, work and live. The Safeguarding team provide the advice, guidance and ongoing support to: Parishes, the Diocesan Board of Finance Staff (DBF) Officers and Clergy, The Bishops Office Staff, Officers and Clergy.

We will ensure clergy numbers are affordable, and clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this Diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

We will continue to work to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the Diocese. We have received Strategic Ministry Funding of £53,610 to help with the cost of having an additional curate and also had confirmation of continuing funding for a further extra curate in 2024.

The trustees will review the property portfolio to seek the potential to sell houses not required for ministry purposes.

The trustees will continue to use video conferencing to drive down costs. Investment in improved hardware and infrastructure capability will drive transformational change.

We have moved on to MyConcern and will implement the new National Safeguarding Casework Management System, and an online Faculty System is being rolled out across the Diocese and will help to reduce bureaucracy and improve efficiencies.

We have adopted the National Church Route Map to Net Zero Carbon by 2030 and have begun the implementation of measures to achieve this target across all departments. We will offer advice and guidance to parishes to assist their journey to Net Zero Carbon by 2030 including advising on the completion of the On Line Energy Footprint Tool to provide them with baseline figures relating to the carbon footprint of individual churches. A Net Zero Officer will be appointed in partnership with Leicester Diocese.

The DAC will continue to signpost parishes to the national church sources of information in relation to environment and climate change, along with the availability of subsidised energy audits. We will administer the Buildings for Mission Minor Repairs and Improvements Fund and will apply for National money from the Quick Wins Fund.

Over the next year, a key priority is to encourage all our clergy and churches to engage with their local schools and through that to build relationships with parents and families. An application will be made to the Flourish initiative.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Activities and Achievements

Recovering from the pandemic continued to impact on the work and mission of the Diocese in 2023.

Despite the challenges, no annual report would be complete without the acknowledgement of the efforts parishes have made to continue to meet their parish share obligations - 81.1% received. As the most significant element of funding of the work described in every annual report by the trustees of the Diocesan Board of Finance, we simply would not exist without the hard work, generosity and sacrifice of our donors. THANK YOU.

Safeguarding remains a priority, and a new Diocesan Safeguarding Officer will lead the work afresh in 2024 to deliver the national safeguarding training obligations we have and look forward to continuing our work to keep this Diocese a safe place to worship, work and visit.

We continually review our working practices to ensure we can continue to benefit from changed working practices brought about by the pandemic. Most of our meetings remain in the virtual space, with a 'hybrid' option in Bouverie Court with the installation of new audio visual equipment. We are of course committed to offering 'face to face' meetings when required or requested, but do so mindful of the cost both in terms of finances and environmental damage.

Vacant posts (clergy or lay) remain subject to scrutiny to ensure any appointments are missionally necessary and financially affordable. The equivalent of 8.1 incumbent posts were vacated during 2023 but 11.2 incumbent status posts were filled. We are also well supported by clergy who do not take a stipend and by those providing duty in return for housing.

Pastoral Reorganisation has been progressing following a hiatus during the pandemic. Deaneries are being encouraged to prepare to develop local reviews.

The Diocese uses Interim Ministry to turn around parishes that are struggling and to focus attention and resources where they are most needed. The LICF grants have helped to make this possible and have been particularly helpful in sustaining that ministry during the demands and financial constraints of Covid.

The Diocesan Website continued to be developed and content imported to provide an enhanced resource for all of our parishes.

6 Structure and Governance

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is registered for VAT, with registration number 737 9263 95. It has not undertaken any activities which would give rise to corporation tax. Details of the principal officers and agents of the DBF are in section 11.

The charity, which has no share capital, is a company limited by guarantee. The trustees, who are also the directors may derive no benefit or income from, or have any capital interest in, the charity's financial affairs other than reimbursement of out-of-pocket expenses. Trustees who are also clergy are paid a stipend for their services as clergy.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by Deanery Synods and clergy members by Diocesan Synod. Members can also be co-opted on to the DBF. The trustees maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Structure and Governance

A small team of staff based in offices in Peterborough and Northampton handle essential administration. In addition a number of Bishop's Officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

Charitable donations are made as part of normal expenditure in the exercise of the charity's objectives. No political contributions are made.

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The trustees believe that, by supporting the work of the Church of England in the Diocese of Peterborough, the DBF helps to promote more effectively the whole mission of the Church (pastoral, evangelistic, social and ecumenical), both in the Diocese as a whole and its individual parishes, and that in doing so, it provides a benefit to the public by:

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

6.1 Committees

Certain DBF Committee functions are described below. In addition, matters requiring senior management attention are dealt with by the Bishop's Management Group (BMG) for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team (BLT) for operational matters relating to achieving the Bishop's Vision. Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishop's Council and the Board of Finance and its various committees.

6.1.1 Finance and Administration Committee

This committee acts as the Executive Committee of the charity and focuses particularly on budget preparation, the parish share and the overall financial strategy.

6.1.2 Glebe and Trust Committee

This committee directs and manages the glebe properties on behalf of the charity and acts for the DBF in its corporate capacity as custodian and managing trustee.

A joint meeting of the Finance and Administration and Glebe and Trust Committees helps define an investment policy for the Board's assets, acting as the Investment Steering Group.

6.1.3 Houses Committee

The functions of the DBF as Diocesan Parsonages Board are delegated to the Houses Committee. This committee deals with the provision of, and day-to-day maintenance of, clergy housing.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Structure and Governance (continued)

6.1.4 Audit Committee

This committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation.

We were saddened at the death of Jeremy early in 2023. He brought serious in-depth thinking to the Committee and helped to ensure policies were developed and adhered to. He will be greatly missed.

A new Chair, Alice Cooper, was appointed on 29 April 2024.

6.2 Diocesan Board of Education

Peterborough Diocesan Board of Education (DBE) has charitable status and is an unincorporated body separate from the DBF - it was granted charitable status with the Charity Commission on 27 September 2023, registration number 1204953. The DBF grants funds to the DBE on an annual basis. The DBE has separate officers and staff and administers its own day-to-day operations. Note 32 gives a breakdown of the assets and liabilities of the DBE that were removed from the DBF when it became a separate body on 1 January 2023.

6.3 Related Organisations

Within the ministry of the Church of England in the Diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that form part of the Church. While the Bishop of Peterborough and her clergy have the cure of souls within the Diocese, the responsibility for the funding of stipends for clergy (other than bishops and cathedral clergy), provision of clergy housing (other than for the Diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 11.2, are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the Diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod, which is intended to cover the cost of ministry.

Whilst Dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburse the costs of stipendiary clergy deployed in the Diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the general Synod, its boards and committees, and work undertaken on behalf of the church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the Diocese elects a number of lay and clergy members.

6.4 Other related organisations:

- The Church of England Pensions board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- The Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the Diocese makes annual contributions;
- The Peterborough Diocesan Education Trust (PDET), a multi-academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie Court under the terms of a sharing agreement;
- Peterborough Cathedral, to whom we provide IT services to under a service level agreement;
- Bishop's Office, to whom we provide IT services to under a service level agreement.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Financial review

We are immensely grateful to the efforts made in all our parishes to meet the requests for parish share and celebrate the hard work our parishes make to meet their obligation despite these incredibly difficult times. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the requests for parish share. Many are meeting the increases from reserves, and almost half are not paying in full.

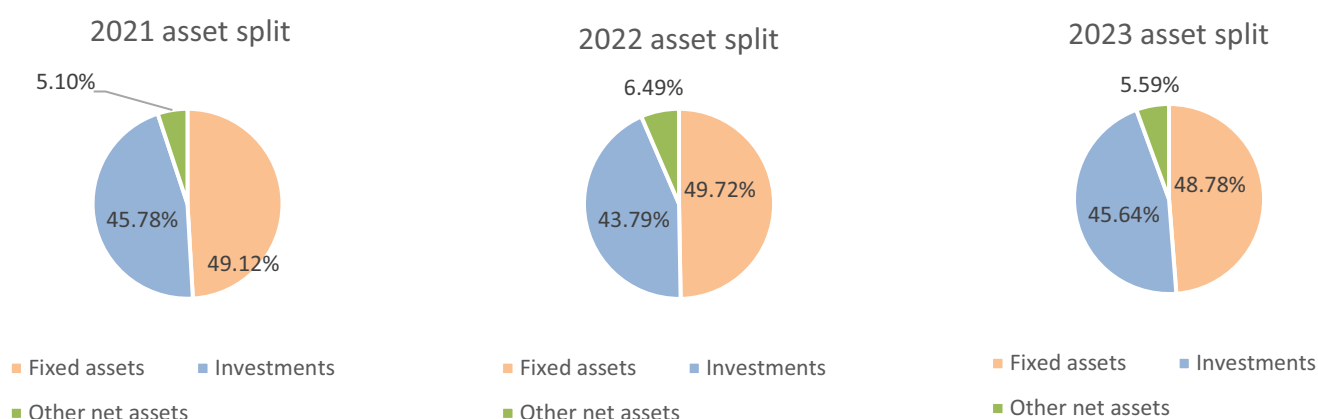
We are committed to ensuring we use this experience to drive forward transformational change to make cost savings where possible. Achieving a balanced budget remains the strategic aim of the trustees without damaging the excellent work done over the period to achieve sustainable growth of the Church.

The Diocesan Synod approved a deficit budget for 2023 of £877,143. The actual results for 2023 show a deficit before investment gains and revaluations of £457,019. As has been the case in the previous three years, the on-going effects of the pandemic and clergy vacancy rates caused significant movements to the budget. The movements are explained in the income and expenditure review on pages 8 and 9.

The DBF is responsible for two main categories of asset – clergy houses and investments. The accounting requirement is that the assets be entered into the year end balance sheet at an estimated current valuation. Given recent years' increases in house prices and in the markets for land and financial investments, the DBF balance sheet figures on page 23 have increased significantly. These valuation increases are not available to subsidise DBF expenditures.

Trustees hold the portfolio of clergy houses for their operational importance to the provision of ministry in the Diocese. With only rare exceptions, the houses are not for sale and their financial impact is more a matter of the level of expenditure appropriate to their maintenance than to the increase or decrease in year-end valuation.

Investments (land and financial investments) are principally permanent endowments which are held neither for operational purposes or for sale. Their importance is in providing an annual financial return which enables the DBF to afford a higher level of ministry and support expenditure than would be possible without it.



PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

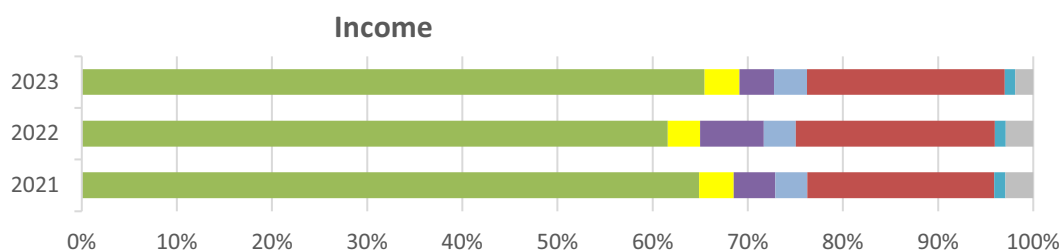
FOR THE YEAR ENDED 31 DECEMBER 2023

7 Financial review (continued)

Income review

Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is still the main incoming resource for the Diocese. Parish share receipts for 2023 were lower than in recent years, although the percentage "collected" remained broadly consistent with 2020 to 2022. Including the amounts received in respect of earlier years, share decreased in cash terms by £136,996 compared to 2022. The total share received when expressed as a percentage of the overall share requested was 80.9% (2022 : 80.4%).

Investment income decreased by approximately £230,000. This was due to a £194,000 glebe receipt in 2022 not repeated in 2023. Additionally, this was due to a move to new investment managers so there was a small time lag in the dividend income from the new portfolio replacing the old portfolio. We took this opportunity to divest of our interest in fossil fuel companies.



	2021	2022	2023
■ Parish share	64.88%	61.58%	65.47%
■ Fees	3.64%	3.42%	3.65%
■ Church Commissioners funding	4.38%	6.69%	3.65%
■ Low Income Communities funding	3.37%	3.34%	3.45%
■ Investment income	19.63%	20.94%	20.79%
■ All Churches funding	1.17%	1.14%	1.10%
■ Other income	2.93%	2.89%	1.89%

Expenditure review

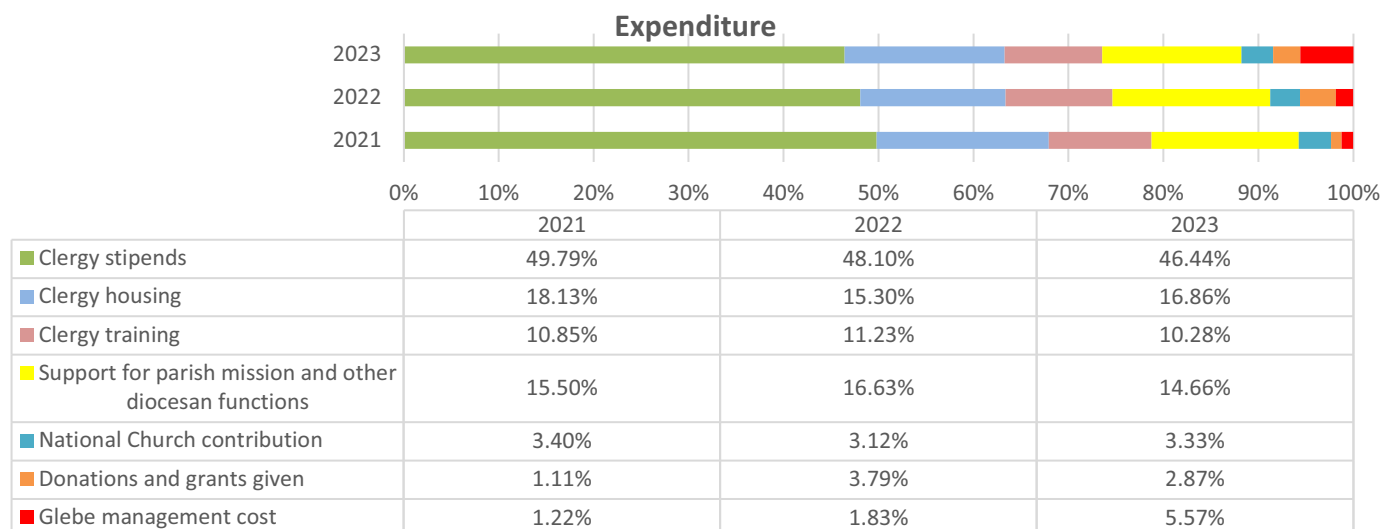
Our main activities continued to return to normality in 2023. However, there were still positive variances against budgeted expenditure in most areas. Unfilled clergy vacancies and training courses not being run resulted in a £531,931 positive variance to budget - clearly, this had a significant negative impact on our mission work. We were able to inspect and carry out works in clergy houses and, by using more effective and efficient contractors, our housing costs were £32,452 under budget. As a continued result of home working, there were again considerably lower travelling and training costs along with other general office cost savings.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

7 Financial review (continued)

Expenditure review (continued)



7.1 Investment Policy

The trustees' investment policy is that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. The trustees decided that a Total Returns policy in respect of its permanent endowment is not appropriate at this time.

Although there are no significant legal restrictions on the range of assets in which the trustees may invest, the advice of the Church of England Ethical Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the trustees who will direct what action to take.

The Finance and Administration Committee and the Glebe and Trust Committee meets together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment policy agreed by the trustees.

During the year, the DBF took the decision to change its investment manager to Charles Stanley and Co. This has resulted in the DBF disposing of its holdings in the CCLA investment account and M&G Charifund and has taken the decision to divest of holdings in companies involved in fossil fuels.

7.2 Reserves Policy and Reserves

The DBF notes that 65.47% of its annual income is from parish share receipts (2022 - 61.58%) with most of the balance coming from historic resources.

In view of the need to fund clergy stipends whether or not receipts from the parishes are up to date, the charity's reserves policy is to operate within a minimum general fund reserve of 60 days of annual expenditure - £1,628,080 (2022 - £1,779,753).

At 31 December 2023, the level of funds which are unrestricted, undesignated and not held as fixed assets totalled £2,929,8080. This equates to approximately 99 days of annual expenditure (2022 - 79 days).

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Risk management

The trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all risks identified, supported by the appropriate policy. The risk register is subject to annual review and responsibility for delivery of the mitigation activities are delegated to the Diocesan Secretary.

The pandemic, associated lockdown, and post-pandemic challenges has exposed us to a greater level of financial and pastoral risk as well as some opportunities. Balancing expenditure against income will be a key challenge in the coming years and the risk register below will incrementally change to reflect a new operating environment based on driving efficiencies through opportunities presented by the pandemic.

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. The areas of risk and the associated mitigation activities are:

8.1.1 Spiritual Leadership

The risk that the Diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

The mitigations for this are:

- The work of the Director of Ordinands and Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The rollout of the 'Leading your Church into Growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

8.1.2 Finances

The risk that there is a failure to generate enough income from parish share, investments and other income sources affects the vision for growth.

The mitigations for this are:

- Routine monitoring of Income v Expenditure;
- The Investment Policy designed to provide growing investment income;
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation;
- The opportunities presented through a different way of working in the pandemic will be used to drive down expenditure where possible;
- A Budget Review Group is convened at times of crisis to identify measures to counter the impact of medium term shortfalls in income/savings on expenditure.

8.1.3 An unforeseen incident adversely affects the reputation of the Diocese

The risk of an unforeseen incident affecting the reputation of the Diocese - this could be either in the safeguarding or data security (IT) environment.

The mitigations for this are:

Safeguarding;

- The DBF invests in highly skilled and well-trained safeguarding professionals in advisor roles;
- We align our policies to the National Church guidance;
- All parishes are required to implement and endorse the Diocesan Safeguarding Policy;
- The DBF provides compulsory safeguarding training for all staff.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Risk management (continued)

8.1.3 An unforeseen incident adversely affects the reputation of the Diocese (continued)

Information Technology;

- The DBF has invested in a professional IT Managed Service Company to deliver the IT function across the DBF offices;
- The IT delivery model puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings;
- Infrastructure developments implemented during 2021/2022 provide additional opportunities for savings through migrating to cloud services;
- The IT service delivery model is underpinned by a clear governance framework and staff user forums.

8.1.4 Changing demographic profile.

The risk is that an aging participating population without any rebalancing is detrimental to the future of the Church in the Diocese.

The mitigations for this are:

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the Church;
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

9 Structure and Governance of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each Diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents 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 some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

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

9.1 Three National Church Institutions

The Archbishops’ Council, the Church Commissioners and the Church of England Pensions Board are the three National Church Institutions.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Structure and Governance of the Church of England (continued)

9.1 Three National Church Institutions (continued)

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

The Church Commissioners manage historic assets of the Church of England, spending most of their income on pensions for the clergy. The Church Commissioners meet the costs of episcopal administration through the Diocesan and Suffragan Bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. It was subsequently given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in ministry; and to administer pension schemes for lay employees of Church organisations.

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

9.2 The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The Diocese assumed roughly its present dimensions in 1927 with a total area of 1,150 square miles.

The Diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the Diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 917,000 (mid term estimate 2017).

The Diocese comprises two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

Peterborough Cathedral is the Mother Church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the Diocese. It is made up of broadly equal numbers of clergy and lay representatives elected from across the Diocese together with the bishops and archdeacons. Its role is to:

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

9.2 The Diocese of Peterborough (continued)

Each deanery has a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

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

The Bishop's Council, under the constitution of Diocesan Synod, has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy. This includes taking forward, for approval by Synod, recommendations made by the Bishop's Management Group;
- To advise the President (the Diocesan Bishop) on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

A Parochial Church Council (PCC) is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC comprises of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated in the near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. We do not aggregate these assets in the financial statements, as the DBF does not control them, and they are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2023 was £16,036,953 (2022 - £13,601,506), are set out in note 30 to the accounts. Where we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. A benefice is an ecclesiastical office in a parish or group of parishes normally served by an Incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Statement of Trustees' Responsibilities

10.1 Trustees' Responsibilities

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

Company law requires the trustees (as company directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the DBF and of the surplus or deficit of the DBF for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

The trustees are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10.2 Statement of disclosure to auditors

As far as the trustees are aware, there is no relevant audit information of which the DBF's auditors are unaware. The trustees have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

The Trustees Annual Report, which includes the Strategic Report, was approved by the Board on 25 Sep 2024

Signed on its behalf by:

Paul V Buckingham

Paul Buckingham (Wed, 25th Sep 2024
16:41:13 BST)

Dr Paul Buckingham
Chair

Andrew Roberts

Andrew Roberts (Thu, 26th Sep 2024
8:47:59 BST)

Andrew Roberts
Secretary and Treasurer

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Administrative Details

11.1 Officers and Agents

President	Rt Revd D M Sellin (Bishop of Peterborough) - from 3 March 2024 Rt Revd D S Allister (Bishop of Peterborough) - until 8 January 2023	
Chair	Dr P Buckingham	
Secretary and Treasurer	Mr A J Roberts	
Assistant Secretary	Mrs S J Ratcliffe	
Registered Office	The Diocesan Office The Palace Peterborough PE1 1YB	
Registered Numbers	Company Registration No. 186179 Charity No. 250569 VAT Registration No.737 9263 95	
Diocesan Surveyors, Glebe and Property Agents	Houses / Surveyors	Glebe agents
	Carter Jonas LLP 12 Waterside Way Bedford Road Northampton NN4 7XD	Andrew Granger & Co Limited 44-46 Forest Road Loughborough Leicestershire LE11 3NP
Bankers	Barclays Bank plc 1 Church Street Peterborough PE1 1QP	
Auditors	Price Bailey LLP Tennyson House Cambridge Business Park Cambridge Business Park CB4 0WZ	
Investment Fund Managers	Charles Stanley & Co Ltd 55 Bishopsgate London EC2N 3AS	CCLA Investment Management Ltd 1 Angel Lane London EC4R 3AB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

11.1 Officers and Agents (continued)

Diocesan Registrar Ms A Spriggs
c/o The Diocesan Office

Diocesan Chancellor Mr D M Pittaway KC
c/o Diocesan Registrar

Deputy Diocesan Chancellor Mr M Griffiths KC
c/o Diocesan Registrar

Solicitors Howes Percival LLP
Nene House
4 Rushmills
Northampton
NN4 7YB

Finance and Administration Committee Chair: Dr P Buckingham
Secretary: Diocesan Secretary
c/o The Diocesan Office

Glebe and Trust Committee Chair: Mr William Craven
Secretary: Property Officer
c/o The Diocesan Office

Houses Committee Chair: Mr R Purser
Secretary: Property Officer
c/o The Diocesan Office

Audit Committee Chair: Mr J Orme (to 15 March 2023)
Chair: Mrs A Cooper (from 29 April 2024)
Secretary: Assistant Diocesan Secretary
c/o The Diocesan Office

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

11.2 List of trustees/directors

President	Rt Revd Debbie Sellin Rt Revd Donald Allister	appointed 3 March 2024 resigned 8 January 2023
Chair	Dr P Buckingham (FA, GT)	
Ex- Officio	Rt Revd J E Holbrook Ven R J Ormston (FA, GT, H) Ven A Booker (FA, GT, H) Very Revd C Dalliston	
Co- opted	Mr W Craven (GT) Mr R Purser (H) Mr P McKay	resigned 23 February 2023

Elected by the House of Clergy of the Diocesan Synod (2021 – 2024)

Archdeaconry of Northampton	Archdeaconry of Oakham
Revd K Hutchins (also Wellingborough) (A, FA)	Revd Canon J E Baxter (GT)
Revd S Trott - appointed 29 June 2023 (H)	Revd Dr B Brandon (H)
	Revd M W Lucas
	Revd D Walsh (also Kettering Deanery) resigned 29 June 2023

Elected by the Houses of Laity of the Deanery Synods (2021 – 2024)

Archdeaconry of Northampton	Archdeaconry of Oakham
Mrs I Burbidge (Brackley)	Mr J Hindle (Corby)
Mr R Baker (Daventry) (A)	Revd D Walsh (Kettering) - resigned 29 June 2023
Mr N Critchlow (Greater Northampton) (FA) - resigned 22 November 2023	Mr A C Hawkins (Oundle)
Mr D Pickard (Greater Northampton) (A) - appointed 22 November 2023	Mr R Gregory-Smith (Peterborough)
Dr H Creek (Towcester)	Mr J Orme (Rutland) (A) - deceased 15 March 2023
Revd K Hutchins (Wellingborough) (FA, A)	

The abbreviations used above indicate sub-committees on which members serve, as follows:

A = Audit	FA = Finance and Administration
GT = Glebe and Trust	H = Houses

11.3 Key Management Team

Rt Revd D M Sellin	Bishop of Peterborough - appointed 3 March 2024
Rt Revd D S Allister	Bishop of Peterborough - resigned 8 January 2023
Ven R J Ormston	Archdeacon of Northampton
Ven A Booker	Archdeacon of Oakham
Mr A Roberts	Diocesan Secretary
Mr P Cantley	Director of Education
Mr D Mason	Chief Finance Officer
Revd C Nobbs	Director of Mission and Development
Mrs S Ratcliffe	Assistant Diocesan Secretary
Revd H Spenceley	Director of Vocation and Formation
Mr P White	Director of Children and Youth

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2023

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

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

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

Auditor 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:

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2023

Auditor's responsibilities for the audit of the financial statements (continued)

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of the charitable company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements. We identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness.

We reviewed accounting policies for evidence of management bias and ensured that the accounting policies were correctly applied to the financial statements.

We reviewed minutes of Trustee Board meetings, any correspondence with the Charity Commission and reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

We made enquiries of management and officers of the charitable company regarding laws and regulations applicable to the organisation and discussed whether there had been any known breaches of laws and regulations in order to consider any possible further considerations or impact upon the charity.

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

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Suzanne Goldsmith FCA (Senior Statutory Auditor)
For and on behalf of Price Bailey LLP, Statutory Auditor
Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ
27 September 2024

PETERBOROUGH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2023 £	Total 2022 £
Income and endowments from						
Donations:						
Parish share	3	6,298,821	-	-	6,298,821	6,564,751
Other donations	4	618,180	297,971	-	916,151	1,327,525
Charitable activities	5	351,462	-	-	351,462	482,951
Other income	6	54,492	-	-	54,492	52,734
Investment income	7	117,248	568,466	1,314,556	2,000,270	2,232,640
Total income		7,440,203	866,437	1,314,556	9,621,196	10,660,601
Expenditure on						
Raising funds	8	386,862	-	174,061	560,923	185,978
Charitable activities	9	7,998,471	247,754	1,271,067	9,517,292	9,977,122
Total expenditure		8,385,333	247,754	1,445,128	10,078,215	10,163,100
Net income/(expenditure) before investment gains		(945,130)	618,683	(130,572)	(457,019)	497,501
Net gains on investments	16	38,777	51,389	2,069,429	2,159,595	2,697,668
Net income/(expenditure)		(906,353)	670,072	1,938,857	1,702,576	3,195,169
Transfers between funds	21	665,042	(185,369)	(479,673)	-	-
Other recognised gains						
Gains on revaluations of fixed assets	16	-	(155,238)	(2,366,540)	(2,521,778)	5,303,655
Actuarial gains on pension schemes	30	879,000	-	-	879,000	96,000
Net movement in funds		637,689	329,465	(907,356)	59,798	8,594,824
Transferred to DBE	33	-	(335,004)	(1,851,645)	(2,186,649)	-
Total funds brought forward		3,297,141	13,762,879	161,972,380	179,032,400	170,437,576
Total funds carried forward		3,934,830	13,757,340	159,213,379	176,905,549	179,032,400

For detailed fund by fund comparisons, a copy of the 2022 Statement of Financial Activities is included in note 33

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

	Total 2023 £	Total 2022 £
Total income	8,306,640	9,017,836
Total expenditure	(8,633,087)	(8,643,059)
Gross income for the year	<u>(326,447)</u>	<u>374,777</u>
Net movement on investments	90,166	(130,492)
Net income for the year	<u>(236,281)</u>	<u>244,285</u>
Other comprehensive income		
Net assets transferred from / (to) endowments	479,673	760,848
Net comprehensive income for the year	<u><u>243,392</u></u>	<u><u>1,005,133</u></u>

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law.

All income and expenditure is derived from continuing activities.

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

BALANCE SHEET AS AT 31 DECEMBER 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	15	86,326,866		89,019,442	
Investments	16	80,768,675		78,402,244	
			167,095,541		167,421,686
Current assets					
Debtors	17	1,853,856		906,415	
Cash on deposit, at bank and in hand	18	8,785,900		11,922,547	
		10,639,756		12,828,962	
Creditors: amounts falling due within one year	19	(751,748)		(1,078,113)	
Net current assets			9,888,008		11,750,849
Total assets less current liabilities			176,983,549		179,172,535
Creditors: amounts falling due after more than one year	20		(78,000)		(140,135)
Net assets			176,905,549		179,032,400
Funds					
Endowment funds	22		159,213,379		161,972,380
<i>(including revaluation reserve £110,618,131 - 2022 £119,090,201)</i>					
Restricted funds	23		13,757,340		13,762,879
<i>(including revaluation reserve £4,088,670 - 2022 £4,192,520)</i>					
Unrestricted income funds:					
General funds	24		2,956,291		2,346,079
Designated funds	25		978,539		951,062
<i>(including revaluation reserve £280,617 - 2022 £241,839)</i>					
Total funds	26		176,905,549		179,032,400

Approved by the Board and authorised for issue on 25 Sep 2024

and signed on its behalf by

Paul V Buckingham

Andrew Roberts

Paul Buckingham (Wed, 25th Sep 2024
16:41:13 BST)

Andrew Roberts (Thu, 26th Sep 2024
8:47:59 BST)

Dr P Buckingham
Chairman

A Roberts
Secretary

Company number: 186179

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2023 £	2022 £	2022 £
Net cash flow from operating activities		(3,239,148)		(1,870,226)
Cash flows from investing activities				
Dividends, interest and rent from investments	2,000,270		2,232,640	
Proceeds from sale of tangible fixed assets	501,989		475	
Proceeds from sale of investments	21,639,417		2,567,614	
Purchase of tangible fixed assets	(522,744)		(13,132)	
Purchase of investments	(23,516,431)		(250,000)	
Net cash flow from investing activities		102,501		4,537,597
Change in cash and cash equivalents in the year		(3,136,647)		2,667,371
Cash and cash equivalents brought forward		11,922,547		9,255,176
Cash and cash equivalents carried forward		8,785,900		11,922,547
Reconciliation of net movement in funds to net cash flow from operating activities				
Net movement in funds for the year		(457,019)		497,501
Adjustments for:				
Depreciation		17,492		15,004
Loss / (profit) on sale of fixed assets		174,061		(46)
Dividends, interest and rent from investments		(2,000,270)		(2,232,640)
(Increase) in debtors		(947,441)		(77,084)
Increase / (decrease) in creditors		(388,500)		63,039
Pension scheme liability movement		-		(232,000)
Adjustment for actuarial gain on pension scheme		879,000		96,000
Net current assets of Diocesan Board of Education removed		(516,471)		-
Net cash flow from operating activities		(3,239,148)		(1,870,226)
Analysis of cash and cash equivalents				
Cash at bank and in hand		3,481,964		5,666,531
Cash on deposit with Central Board of Finance of the Church of England and the Church Commissioners		5,303,936		6,256,016
		8,785,900		11,922,547

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 General information

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to promote, assist and advance the work of the Church of England in the Diocese of Peterborough by acting as the financial executive of the Peterborough Diocesan Synod. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

2 Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (Second Edition, effective 1 January 2019), the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting

Until 31 December 2022, the financial statements presented an aggregation of the accounts of the PDBF and those of the Peterborough Diocesan Board of Education (the PDBE). From 1 January 2023, the DBE has been removed from the PDBF accounts

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The COVID-19 pandemic has had a negative effect on collection of parish share, however the trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

2.2 Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is recognised as income of the year in which it is received.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil 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.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2 Accounting Policies (continued)

2.3 Expenditure

Expenditure is included in the SoFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SoFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 30). Contributions payable by the PDBF to the defined contribution scheme are included in the SoFA when payable. Contributions payable to the defined benefit schemes are included in the SoFA when payable in respect of current service. Contributions payable in respect of scheme deficits relating to past service are charged to the Clergy Pension Liability in the Balance Sheet.

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £655,795 (2022: £576,090) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SoFA.

2.4 Tangible Fixed Assets

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

Tangible fixed assets have been included on the following bases:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income.

Board Property:

At either cost or at a valuation using a published index to reflect changes since the last valuation. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2 Accounting Policies (continued)

2.5 Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

2.6 Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Listed Investments are stated at bid price at the balance sheet date.

Unlisted Investments are stated at market value at the balance sheet date.

Agricultural Land and Commercial Property was valued at 31 December 2023 as part of an estate held for investment purposes by the glebe agent, Andrew Granger and Co Limited, 44-46 Forest Road, Loughborough, Leicestershire, LE11 3NP.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice Properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS102 which requires that they are recognised as Investment Properties. This presentation has been used for the purposes of achieving a true and fair view as this reflects the intended long term use of the properties concerned.

2.7 Custodian Trustee

Investments held by the charity as Custodian Trustee are not included in these financial statements but are set out separately in note 31. These will be reviewed with the local PCCs during 2024.

2.8 Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2 Accounting Policies (continued)

2.9 Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Pension contributions

The charity's staff are members of the Church of England Pension Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the charity's contributions in respect of the accounting period, in accordance with FRS 102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the charity participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

2.13 Fund Accounting

In accordance with the SORP - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), the charity's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the charity. These funds may be set aside by the charity for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the charity or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund, along with investment movements.

Expendable Endowment Funds - these are funds that may be used as income at the discretion of the charity. Use of the funds are subject to legally binding conditions imposed by the donor upon the charity or by terms of an appeal.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2 Accounting Policies (continued)

2.13 Fund Accounting (continued)

Investment income and movement in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget, as approved by Diocesan Synod. These only appear on the SoFA if the transfer is between the fund types identified above.

2.14 Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

The valuation methodology used will be reviewed annually.

Pension scheme liability

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 29 and set by reference to the duration of the deficit recovery payments.

Depreciation

Depreciation is calculated on a straight line basis, based on the trustees best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3 Parish share

	Total 2023 £	Total 2022 £
Current year requests	7,741,405	8,116,012
Shortfall in contributions	(1,512,242)	(1,589,230)
	<u>6,229,163</u>	<u>6,526,782</u>
Receipts for prior year	69,658	37,969
	<u>6,298,821</u>	<u>6,564,751</u>

4 Other donations

	Total 2023 £	Total 2022 £
All Churches Trust	105,875	121,000
Forsters Charity	6,960	-
Mission Fund donations	8,800	6,800
Donations	111,055	130,386
Strategic Development Fund	163,051	203,341
Low Income Communities grant	331,880	355,838
Strategic Ministry Fund	53,610	34,818
RME Block grants	119,920	210,342
Energy grant	-	265,000
Central Church Net Zero grant	15,000	-
	<u>916,151</u>	<u>1,327,525</u>

5 Charitable activities

	Total 2023 £	Total 2022 £
Statutory fees for parochial services	351,462	364,668
Education	-	118,283
	<u>351,462</u>	<u>482,951</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

6	Other income	Total 2023 £	Total 2022 £
	Administration income	54,492	52,734
		<hr/>	<hr/>
		54,492	52,734
		<hr/>	<hr/>
7	Investment income	Total 2023 £	Total 2022 £
	Dividends receivable	799,327	1,091,781
	Interest receivable	322,881	95,185
	Rents receivable:		
	Properties	377,389	395,572
	Glebe	500,673	650,102
		<hr/>	<hr/>
		2,000,270	2,232,640
		<hr/>	<hr/>
8	Glebe management costs	Total 2023 £	Total 2022 £
	Professional charges	253,186	125,480
	Loss on disposal of property	174,061	-
	Other support costs	133,676	60,498
		<hr/>	<hr/>
		560,923	185,978
		<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9 Charitable activities

	Total 2023 £	Total 2022 £
National Church	335,870	317,271
Clergy stipends and staff costs (note 10)	5,035,542	5,187,586
Clergy housing	1,698,870	1,554,818
Clergy training	679,988	841,904
Grants and donations (note 11)	289,175	385,360
Education	-	371,130
Diocesan support for Parish Mission (note 12)	1,477,847	1,319,053
	9,517,292	9,977,122

10 Clergy stipends and staff costs

	Total 2023 £	Total 2022 £
Stipends and employers national insurance	3,822,135	3,873,311
Pension contributions	857,011	1,150,795
Clergy pension deficit reduction payments	-	(136,000)
Removal, resettlement and other grants	239,111	162,734
Other expenses and other grants	117,285	136,746
	5,035,542	5,187,586

11 Grants and donations

	Total 2023 £	Total 2022 £
Bishop's Discretionary Funds	3,000	4,750
Widows and Dependants	11,583	11,900
Shared Churches Peterborough	32,961	22,518
Shared Churches Northampton	-	-
Northamptonshire Ecumenical Council	7,645	6,950
Peterborough Diocesan Board of Education	163,231	-
Quinquennial grants	9,984	12,168
Mission Fund grants	20,100	16,000
Energy grants	-	265,005
Other grants	25,671	46,069
Net Zero consultancy	15,000	-
	289,175	385,360

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12 Diocesan support for Parish Mission

	Total 2023 £	Total 2022 £
Bishop's Advisors and Support to Parishes	169,114	173,156
DAC, Legal, Stewardship, Support to parishes and asset management	551,058	507,131
Bishop's Officers and Mission work in the Parishes	286,134	249,016
Adult, Lay and Clergy Training and Conferences	259,067	203,898
Social Responsibility (including overseas links)	8,734	2,304
SSMs, Readers, Pastoral Assistants, Parish Evangelists	8,564	5,500
Strategic Development Fund - "Generation to Generation" project	188,210	176,401
Other costs	6,966	1,646
	1,477,847	1,319,052

Included above are Governance costs of £115,651 (2022 : £156,410)

13 Surplus/(Deficit) for the financial year

	2023 £	2022 £
The net surplus/(deficit) for the financial year is stated after charging:		
Auditors remuneration including VAT:		
in respect of audit services - current year	27,000	24,600
in respect of corporation tax computations - current year	-	2,160
in respect of corporation tax computations - under-provision of prior year	240	240
	27,240	27,000
Depreciation on tangible fixed assets	17,492	15,004
Adjustment on disposal of tangible fixed assets	174,061	(46)
Operating lease charges in the year	31,000	31,000
Interest charges on Church Commissioner Value Linked Loans	12,069	11,052

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

Staff costs

	Total 2023 £	Total 2022 £
Employee costs during the year were as follows:		
Wages and salaries	1,240,610	1,297,732
National insurance contributions	116,140	126,726
Pension costs	143,429	169,094
	1,500,179	1,593,552

Redundancy and termination costs during the year totalled £18,148 (2022 - £nil).

Clergy stipends

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

The stipends of the Bishop and Suffragan Bishop were paid and funded by the Church Commissioners.

The PDBF paid an average of 124 (2022 - 132) stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese and the costs were as follows:

	Total 2023 £	Total 2022 £
Stipends	3,559,052	3,599,598
National insurance contributions	263,083	273,713
Pension costs - current year contributions	857,011	1,150,795
	4,679,146	5,024,106

The average number of employees during the year was as follows:

	2023 full-time	2023 part-time	2022 full-time	2022 part-time
Archdeacons	2	-	2	-
Stipendiary Parochial Ministers	106	16	113	17
Diocesan Boards and Councils	19	2	20	6
Parochial Youth Staff (SDF)	4	2	4	2
Administration	9	6	9	4
	140	26	148	29

In addition to the above, there are 40 self supported ministers and a further 13 house for duty ministers.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2023	2022
£80,001 - £90,000	1	1
£70,001 - £80,000	-	1
£60,001 - £70,000	1	1

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Andrew Roberts
Chief Finance Officer	David Mason
Assistant Diocesan Secretary	Sue Ratcliffe
Director of Children and Youth	Pete White
Director of Mission and Development	Charlie Nobbs
Director of Vocation and Formation	Haydon Spenceley

Remuneration, pensions and expenses for these employees amounted to £360,890 (2022 : £318,084).

Trustees remuneration and expenses

During the year, no trustee received any remuneration for services as a trustee or received any travel expenses relating to services as a trustee (2022 : none).

During the year the charity made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the Board during the year:

	Stipend	Housing
Revd J Baxter	Yes	Yes
Ven A Booker	Yes	Yes
Rt Rev J Holbrook	No	Yes
Revd K Hutchins	No	Yes
Revd M Lucas	Yes	Yes
Ven R J Ormston	Yes	Yes
Revd D Walsh	Yes	Yes
Revd S Trott	Yes	Yes

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15 Tangible fixed assets

	Freehold land and buildings £	Short Leasehold improvements £	Office equipment £	Total 2023 £
Cost or valuation:				
At 1 January 2023	88,981,097	56,602	451,012	89,488,711
Additions	517,114	-	5,630	522,744
Disposals proceeds	(501,989)	-	-	(501,989)
Eliminated on disposal	(174,061)	-	-	(174,061)
Revaluation	(2,521,778)	-	-	(2,521,778)
At 31 December 2023	86,300,384	56,602	456,642	86,813,627
Depreciation:				
At 1 January 2023	-	56,602	412,667	469,269
Charge for the year	-	-	17,492	17,492
Eliminated on disposals	-	-	-	-
At 31 December 2023	-	56,602	430,159	486,761
Net book value				
At 31 December 2023	86,300,384	-	26,483	86,326,866
At 31 December 2022	88,981,097	-	38,345	89,019,442

The historical cost of the land and buildings is £12,125,196 (2022 - £11,670,217).

The historical cost of land and buildings shown above is only for purchases made by the DBF. The historical cost of land and buildings taken over by the DBF from parishes is not known.

16 Fixed asset investments

	Investment properties £	Listed investments £	Unlisted investments £	Total 2023 £
Valuation:				
At 1 January 2023	51,021,759	4,220,438	23,160,047	78,402,244
Additions	-	23,516,431	-	23,516,431
Disposals proceeds	(44,953)	(1,789,564)	(19,804,900)	(21,639,417)
Gain on disposal	43,549	(86,857)	363,779	320,471
Revaluation	623,623	953,444	262,057	1,839,124
Transferred to DBE	(760,000)	-	(910,178)	(1,670,178)
At 31 December 2023	50,883,978	26,813,891	3,070,805	80,768,675
Historic cost at 31 December 2023	12,841,553	26,831,081	774,163	40,446,797
Historic cost at 31 December 2022	13,541,854	4,794,303	13,818,882	32,155,039

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

16 Fixed asset investments (continued)

The glebe land valuation was conducted by Andrew Granger & Co Limited as at 31 December 2023.

The historical cost of glebe land and buildings shown above is only for purchases made by the DBF. The historical cost of glebe land and buildings taken over by the DBF from parishes is not known.

Listed investments are valued at bid price at the year end.

Unlisted investments consist of holdings in CBF Church of England Funds managed by CCLA Investment Managers Limited (the CBF Investment Fund and CBF Short Duration Bond Fund).

17 Debtors

	2023 £	2022 £
<i>Due within one year</i>		
Parish share received after year end	-	98,467
Parochial loans	34,347	49,609
Trade debtors	124,244	167,250
Other debtors	1,631,022	541,999
	<hr/> 1,789,613	<hr/> 857,325
<i>Due after more than one year</i>		
Parochial loans	64,243	49,090
	<hr/> 1,853,856	<hr/> 906,415
Total debtors	<hr/> 1,853,856	<hr/> 906,415

18 Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand - current and deposit accounts	3,481,964	5,666,531
Funds with the Central Board of Finance of the Church of England Deposit fund and the Church Commissioners	5,303,936	6,256,016
	<hr/> 8,785,900	<hr/> 11,922,547

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

19 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	81,042	97,933
Taxation and social security	57,582	53,409
Other creditors	428,666	669,627
Accruals and deferred income	122,323	257,144
Church Commissioners value linked loans	62,135	-
	751,748	1,078,113

20 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Church Commissioners value linked loans	78,000	140,135
	78,000	140,135

Value linked loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.

21 Transfers

The transfers between funds during 2023 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	439,854	(439,854)
Dividend income transferred	39,819	-	-	(39,819)
Parsonage repair costs	625,223	-	(625,223)	-
	665,042	-	(185,369)	(479,673)

The transfers between funds during 2022 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	868,990	(868,990)
Sale proceeds of houses	27,858	-	-	(27,858)
Education s554	(136,000)	-	-	136,000
Energy grant	(5)	-	5	-
	(108,147)	-	868,995	(760,848)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22 Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

Permanent Endowments

	Balance at 1.1.23 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.23 £
Current year						
Houses Committee	1,331,461	39,819	-	(39,819)	125,269	1,456,730
Stipends Capital	359,252	10,744	-	(10,744)	33,800	393,052
Diocesan Stipends Capital Fund	76,307,979	1,260,323	(1,445,128)	10,744	1,836,482	77,970,400
Clergy Pension Liability	-	-	-	-	-	-
Church Major Works	122,727	3,670	-	-	11,547	137,944
	<u>78,121,419</u>	<u>1,314,556</u>	<u>(1,445,128)</u>	<u>(39,819)</u>	<u>2,007,098</u>	<u>79,958,126</u>

	Balance at 1.1.22 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.22 £
Prior year						
Houses Committee	1,509,108	-	-	-	(177,647)	1,331,461
Stipends Capital	407,185	-	-	-	(47,933)	359,252
Diocesan Stipends Capital Fund	74,569,846	1,642,765	(1,506,765)	-	1,602,133	76,307,979
Clergy Pension Liability	(232,000)	-	96,000	136,000	-	-
Church Major Works	139,102	-	-	-	(16,375)	122,727
	<u>76,393,241</u>	<u>1,642,765</u>	<u>(1,410,765)</u>	<u>136,000</u>	<u>1,360,178</u>	<u>78,121,419</u>

Houses Committee

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

Stipends Capital

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

Diocesan Stipends Capital Fund

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22 Endowment funds (continued)

Permanent Endowments (continued)

Clergy Pension Liability

Before 2019, the clergy pension liability was presented as a component of unrestricted funds. Following a review, it is considered appropriate to show this as part of endowment funds on the basis that the endowment assets underpin the liability.

Church Major Works Fund (formerly Church Major Repair Fund)

This fund may be loaned to parishes in need of funds for works to churches.

Expendable Endowments

	Balance at 1.1.23 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.23 £
Current year						
Education Act 1996	1,851,645	-	-	(1,851,645)	-	-
Clergy Houses	81,999,316	-	-	(439,854)	(2,304,209)	79,255,253
	<u>83,850,961</u>	<u>-</u>	<u>-</u>	<u>(2,291,499)</u>	<u>(2,304,209)</u>	<u>79,255,253</u>
Prior year						
Education Act 1996	2,014,217	-	(13,276)	(27,858)	(121,438)	1,851,645
Clergy Houses	76,334,973	-	-	(868,990)	6,533,333	81,999,316
	<u>78,349,190</u>	<u>-</u>	<u>(13,276)</u>	<u>(896,848)</u>	<u>6,411,895</u>	<u>83,850,961</u>

Clergy Houses

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the Diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Clergy House fund. Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

Education Act 1996 (Section 554)

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

23 Restricted funds

	Balance at 1.1.23 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.23 £
Current year						
Houses Committee	6,524,540	377,389	-	-	(155,238)	6,746,691
Widows & Dependants	488,020	14,406	(11,583)	-	40,204	531,047
Ordination Candidates	130,474	3,555	-	-	11,185	145,214
Education Act 1996	335,004	-	-	(335,004)	-	-
Church Major Works	54,138	2,801	-	-	-	56,939
Resourcing Ministerial Education (RME)	(533)	119,920	-	-	-	119,387
Gen 2 Gen - SDF	25,119	163,051	(188,210)	-	-	(40)
Family Care Fund	200	-	-	-	-	200
Pastoral Account	6,205,917	170,315	(32,961)	(185,369)	-	6,157,902
Net Zero grant	-	15,000	(15,000)	-	-	-
	13,762,879	866,437	(247,754)	(520,373)	(103,849)	13,757,340
Prior year						
Houses Committee	5,921,336	412,633	(169,171)	-	359,742	6,524,540
Widows & Dependants	545,135	14,424	(11,900)	-	(59,639)	488,020
Ordination Candidates	146,697	3,536	(3,897)	-	(15,862)	130,474
Education Act 1996	282,200	52,804	-	-	-	335,004
Church Major Works	53,037	1,101	-	-	-	54,138
Resourcing Ministerial Education (RME)	(25,320)	210,342	(185,555)	-	-	(533)
Gen 2 Gen - SDF	(1,821)	203,341	(176,401)	-	-	25,119
Family Care Fund	200	-	-	-	-	200
Pastoral Account	5,302,378	57,067	(22,518)	868,990	-	6,205,917
Energy grant funding	-	265,000	(265,005)	5	-	-
	12,223,842	1,220,248	(834,447)	868,995	284,241	13,762,879

Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

23 Restricted funds (continued)

Schools Fund/Education/Education Act 1996

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided Schools.

Church Major Works Fund (formerly Church Major Repair Fund)

This represents unspent income from the endowment fund.

Resourcing Ministerial Education (RME)

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from September 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

Gen 2 Gen

This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)

Family Care Fund

This represents funds received from Family Care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the Deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

Pastoral Account

This represents the capital and investment income which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

Energy Grant Funding

The Diocese received £265,000 from Church Commissioners for distribution to parishes to help with rising energy costs. It was decided to spread this equally across all parishes, giving £755 to each parish.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

24 Unrestricted funds

<i>Current year</i>	Balance at 1.1.23 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.23 £
General fund	2,346,079	7,431,403	(8,365,233)	665,042	879,000	2,956,291
Church Worker Fund pension deficit	-	-	-	-	-	-
	<u>2,346,079</u>	<u>7,431,403</u>	<u>(8,365,233)</u>	<u>665,042</u>	<u>879,000</u>	<u>2,956,291</u>

<i>Prior year</i>	Balance at 1.1.22 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.22 £
General fund	2,476,274	7,770,564	(7,792,612)	(108,147)	-	2,346,079
Church Worker Fund pension deficit	-	-	-	-	-	-
	<u>2,476,274</u>	<u>7,770,564</u>	<u>(7,792,612)</u>	<u>(108,147)</u>	<u>-</u>	<u>2,346,079</u>

The General fund is a free reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

25 Designated funds

	Balance at 1.1.23 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31.12.23 £
Current year						
Church Major Works	804,531	-	-	-	38,777	843,308
Mission Fund	146,531	8,800	(20,100)	-	-	135,231
	<u>951,062</u>	<u>8,800</u>	<u>(20,100)</u>	<u>-</u>	<u>38,777</u>	<u>978,539</u>
Prior year						
Church Major Works	841,854	17,668	-	-	(54,991)	804,531
Mission Fund	153,175	9,356	(16,000)	-	-	146,531
	<u>995,029</u>	<u>27,024</u>	<u>(16,000)</u>	<u>-</u>	<u>(54,991)</u>	<u>951,062</u>

Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans and, exceptionally, as grants.

Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

26 Analysis of net assets between funds

Fund balances at 31 December 2023 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	26,483	-	5,808,862	80,491,521	86,326,866
Investments	-	450,936	611,673	79,706,066	80,768,675
Current assets	3,619,421	527,603	7,476,940	(984,208)	10,639,756
Current liabilities	(689,613)	-	(62,135)	-	(751,748)
Long term liabilities	-	-	(78,000)	-	(78,000)
	<u>2,956,291</u>	<u>978,539</u>	<u>13,757,340</u>	<u>159,213,379</u>	<u>176,905,549</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,605,139	70,570,049	74,175,188
Investments	-	280,617	483,531	40,048,082	40,812,230
	<u>-</u>	<u>280,617</u>	<u>4,088,670</u>	<u>110,618,131</u>	<u>114,987,418</u>

Fund balances at 31 December 2022 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	38,345	-	6,026,236	82,954,861	89,019,442
Investments	-	412,159	560,284	77,429,801	78,402,244
Current assets	3,525,983	538,903	7,176,359	1,587,718	12,828,963
Current liabilities	(1,078,114)	-	-	-	(1,078,114)
Long term liabilities	(140,135)	-	-	-	(140,135)
	<u>2,346,079</u>	<u>951,062</u>	<u>13,762,879</u>	<u>161,972,380</u>	<u>179,032,400</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,760,377	73,550,503	77,310,880
Investments	-	241,839	432,143	45,539,698	46,213,680
	<u>-</u>	<u>241,839</u>	<u>4,192,520</u>	<u>119,090,201</u>	<u>123,524,560</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

27 Capital commitments and contingent liabilities

	2023 £	2022 £
Expenditure on house repairs approved but not contracted for	4,570	5,958
Ordinands support grants approved	161,700	202,946
Contingent liability in respect of guarantee given	150,000	150,000

The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to St Matthew's PCC, Northampton.

28 Operating leases

	2023 £	2022 £
Total commitments under non-cancellable operating leases are as follows:		
Operating leases in respect of buildings where the lease expires:		
within one year	31,000	31,000
within two to five years	-	-
At 31 December 2023	<u>31,000</u>	<u>31,000</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

29 Pension costs

Church Workers Pension Fund

PDBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for some 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 Benefit 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. It does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk 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 the DBS 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 - 2023 : £nil, 2022: £nil - plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in SoFA, giving a total charge of £nil for 2023 and total charge of £nil for 2022.

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

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

The next actuarial valuation was due at 31 December 2022.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

29 Pension costs (continued)

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2023 £	2022 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-

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

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

	<i>December 2023</i>	<i>December 2022</i>	<i>December 2021</i>
Discount rate	n/a	0.0%	0.0%

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

Pension Builder Scheme (PBS)

For eligible salaried employees who commenced employment after 1 January 2000, the charity participates in the Church of England Pension Builder Scheme, within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS of the Church Workers Pension Fund is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined contribution schemes.

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

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

29 Pension costs (continued)

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable.

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

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

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

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

Clergy Pension Fund

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £857,011 in 2023 (2022: £1,150,795), 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, the deficit contributions paid were £nil (2022: £nil).

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

- An average discount rate of 2.7% 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 of 3.4% p.a.;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0%

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

29 Pension costs (continued)

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:

<i>%age of pensionable stipends</i>	<i>January 2021 to December 2023</i>	<i>January 2021 to December 2021</i>
Deficit repair contribution	0.0%	7.1%

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

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 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 as at 1 January	-	232,000
Deficit Contributions paid	-	(136,000)
Interest cost (recognised in the SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(96,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/>	<hr/>

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

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

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

30 Trust funds

The charity acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the charity as custodian trustee but which does not form part of the charity's assets, amounted to £17,415,955 at 31 December 2023 (2022 : £13,617,612) made up as follows:

	2023 Cost £	2023 Valuation £	2022 Cost £	2022 Valuation £
Land & Buildings	727,124	946,326	96,823	221,076
Miscellaneous Unlisted Investments	550,188	1,436,638	550,188	1,359,169
Central Board of Finance:				
Investment Fund shares	2,846,868	12,094,322	2,051,751	10,041,711
Short Duration Bond Fund shares	459,929	454,047	459,452	429,586
Equity Fund	49,490	76,566	49,490	69,201
Property Fund	49,490	39,460	49,490	42,040
Deposits	1,518,909	1,518,909	1,454,829	1,454,829
Diocesan Board of Education bank balances	849,687	849,687	-	-
	<u>7,051,685</u>	<u>17,415,955</u>	<u>4,712,023</u>	<u>13,617,612</u>

31 Related party transactions

The Diocese maintains a register of Trustees interests. Trustees have declared participation in training funded by the Diocese and transactions arising from their stipendiary ministry and housing (note 14). It shows no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the DBF and are part of its normal activities.

The charity has made reasonable endeavours to confirm from trustees that they are not aware of any related party transactions with themselves or close family members. The charity is not aware of any further transactions which require disclosure other than those already noted here.

The Very Reverend Chris Dalliston is one of the trustees of the PDBF and also a trustee of Launde Abbey Trust. The spouse of Jeremy Orme, another trustee of the PDBF, is also a trustee of Launde Abbey Trust and a director of Launde Abbey Enterprises Limited. During the year, PDBF bought services totalling £250 (2022 : £5,047) from Launde Abbey Trust and services totalling £59,966 (2022 : £38,100) from Launde Abbey Enterprises Limited.

During the year, the DBF recharged provision of IT services to the Bishop's Office and the Cathedral - who are related party transactions. The value of these recharges were:

	2023 £	2022 £
Bishop's Office	13,057	11,910
Peterborough Cathedral	41,435	40,824

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

31 Related party transactions (continued)

Parochial Church Councils

Parochial Church Councils (PCCs) support PDBF financially with payments of parish share. Many committee members and trustees are also members of PCCs within the Diocese. Much of PDBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans.

32 Peterborough Diocesan Board of Education

At 31 December 2022, the Diocesan Board of Education (DBE) became its own separate entity, rather than being part of the Diocesan Board of Finance (DBF).

On 1 January 2023, the assets and liabilities of the DBE were transferred from the DBF to the DBE. The DBE is registered separately as its own independent unincorporated charity.

The balance sheet of the DBE at that date was as follows:

		£
Fixed assets		760,000
Investments		910,178
Current assets:		
Debtors	33,288	
Cash at bank	1,092,619	
	<hr/>	
	1,125,907	
Current liabilities:		
Creditors	(609,436)	
	<hr/>	
Net current assets		516,471
		<hr/>
Net assets		2,186,649
		<hr/> <hr/>
Reserves		2,186,649
		<hr/> <hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

33 Prior year Statement of Financial Activities (SoFA)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2022 £
Income and endowments from				
Donations:				
Parish share	6,564,751	-	-	6,564,751
Other donations	648,842	678,683	-	1,327,525
Charitable activities	482,951	-	-	482,951
Other income	52,734	-	-	52,734
Investment income	48,310	541,565	1,642,765	2,232,640
Total incoming resources	7,797,588	1,220,248	1,642,765	10,660,601
Expenditure on				
Raising funds	185,978	-	-	185,978
Charitable activities	7,622,634	834,447	1,520,041	9,977,122
Total outgoing resources	7,808,612	834,447	1,520,041	10,163,100
Net income/(expenditure) before investment gains	(11,024)	385,801	122,724	497,501
Net gains on Investments	(54,991)	(75,501)	2,828,160	2,697,668
Net income/(expenditure)	(66,015)	310,300	2,950,884	3,195,169
Transfers between funds	(108,147)	868,995	(760,848)	-
Other recognised gains/(losses)				
Gains/(losses) on revaluations and disposals of fixed assets	-	359,742	4,943,913	5,303,655
Actuarial gains on pension schemes	-	-	96,000	96,000
Net movement in funds	(174,162)	1,539,037	7,229,949	8,594,824
Total funds brought forward	3,471,303	12,223,842	154,742,431	170,437,576
Total funds carried forward	3,297,141	13,762,879	161,972,380	179,032,400

THE PETERBOROUGH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 250569

Accounts

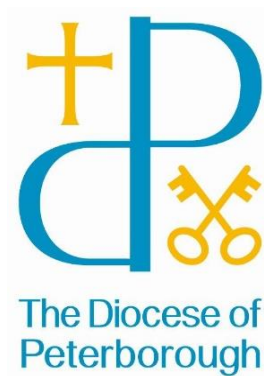
Company registration number 186179

Charity registration number 250569

PETERBOROUGH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



A large print version is available on request from
Andrew Roberts
Peterborough Diocesan Office
The Palace
Peterborough
PE1 1YB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CONTENTS

		<u>Page No.</u>
1	Foreword from Bishop John	1
2	Introduction	2
3	Strategic Report	2
4	Objectives	3
5	Activities and Achievements	4
6	Structure and Governance	4 - 6
7	Financial Review	7 - 9
8	Risk Management	10 - 11
9	Structure and Governance of the Church of England	11 - 13
10	Statement of Trustees' Responsibilities	14
11	Administrative Details	15 - 17
12	Independent Auditors Report to the Members of the Diocesan Board of Finance	18 - 20
13	Statement of Financial Activities	21
14	Income and Expenditure Account	22
15	Balance Sheet	23
16	Statement of Cash Flows	24
17	Notes to the Financial Statements	25 - 53

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Foreword

It is with great pleasure that I introduce to you the Diocesan Board of Finance Annual Report.

I am grateful to those responsible for compiling this report, most notably Paul Buckingham as Chair of the DBF and David Mason as Chief Finance Officer and his team in the Diocesan Office.

It is encouraging to see that our finances continue to be on a consistent level. There is so much work that we want to do and none of this can be achieved without healthy finances.

Together, our parishes, working with those at Diocesan level, are able to fulfill their commitment to provide ministry in every one of our communities through a shared partnership.

Thank you who give so generously as well as those who manage our funds with diligence and care so that our resources are effectively used in ministry and mission.

With my thanks, prayers and best wishes,

+John

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Introduction

The trustees, who are also the directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022. The names of the trustees/directors serving during this period from 1 January 2022 to the date of this report can be found in section 11.

3 Strategic Report and Aims

The financial affairs of the Diocese are conducted through the Peterborough Diocesan Board of Finance ('the DBF') which is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. At a strategic level, the DBF is responsible for the financing of any recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth.

In addition to ensuring the Diocese complies with national safeguarding standards, the main functions of the DBF are:

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the Diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton; handling Diocesan administration and, led by the Bishop, providing parish focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to finance any strategic recommendations proposed by the Bishop's Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth;
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to be financially responsible for the care of closed churches in the 'alternative use seeking' period;
- to act as custodian trustee of assets on behalf of some parishes which are held on permanent trusts by vestiture of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in Peterborough Diocese. We are committed to supporting the provision of ministry especially in the poorest parts of the Diocese. To assist us in that endeavour we are grateful for the Low Income Communities Grant funding from the National Church. We are further assisted by the Strategic Development Funding awarded in 2018, which underpins the training of youth mission enablers in the Diocese, aimed at engaging a new and younger church family to sustain long term growth in this Diocese.

We remain committed to transforming our back office functions through change projects to enable us to deliver an efficient and effective service, responsive to parish needs. We will ensure the opportunities provided by the pandemic become embedded as business as usual where appropriate, this ensures our support to clergy and officers is financially sustainable. This work will continue in 2023.

The trustees will continue to make deliberate use of financial resources through the Pastoral Fund to address the budget deficit. We recognise the importance of this in a time when parishes have found they cannot fundraise in traditional ways as a result of restrictions arising from the pandemic.

We remain committed to these aims, and will work towards them against the backdrop of the pandemic and its continued impact on us and our parishes. We remain committed to using the opportunities and experience we have gained as we have continued to work whilst in lock down, to consider what we might look like going forward.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Objectives

To continue to learn from the pandemic and use all opportunities to pause, reflect and re-design, how we work. To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

Every parish continues to experience financial challenges. It is apparent those parishes where their major source of income is from regular planned giving (by Standing Order or Direct Debit) are better able to meet the financial challenges. The roll out and switch to the Parish Giving Scheme has continued. We will continue to promote this scheme to encourage regular planned giving more widely across the Diocese.

We will engage fully in developments in National Safeguarding Policies and Procedures and Training to ensure the Peterborough Diocese remains a safe place to worship, work and live. In support of the Bishop's Vision for Growth, the Safeguarding team provide the advice, guidance and ongoing support to: Parishes, the Diocesan Board of Finance Staff (DBF) Officers and Clergy, The Bishops Office Staff, Officers and Clergy and the Cathedral.

We will ensure clergy numbers are affordable, and clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this Diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

We will continue to work to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the Diocese. We have received Strategic Ministry Funding £34,818 to help with the cost of having an additional curate and also had confirmation of funding for a further extra curate in 2023.

The trustees will review the property portfolio to seek the potential to sell houses not required for ministry purposes.

The trustees will continue to use video conferencing to drive down costs. Investment in improved hardware and infrastructure capability will drive transformational change. We will implement a new National Safeguarding Casework Management System, and On Line Faculty System to continue to reduce bureaucracy and improve efficiencies.

We will adopt the National Church Route Map to Net Zero Carbon by 2030 and begin the implementation of measures to achieve this target across all departments. We will offer advice and guidance to parishes to assist their journey to Net Zero Carbon by 2030 including advising on the completion of the On Line Energy Footprint Tool to provide them with baseline figures relating to the carbon footprint of individual churches.

We will move to implement the Online Faculty System in 2023/24 to improve efficiency in the Diocesan Advisory Committee's (DAC) work in relation to appropriate development of the use of church buildings to enable and support parish's missional plans and growth strategies. The DAC will continue to signpost parishes to the national church sources of information in relation to environment and climate change, along with the availability of subsidised energy audits.

Over the next year, a key priority is to encourage all our clergy and churches to engage with their local schools and through that to build relationships with parents and families.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Activities and Achievements

The impact of the pandemic on the work and mission of the Diocese continued to be felt in 2022.

Despite the challenges, no annual report would be complete without the acknowledgement of the efforts parishes have made to continue to meet their parish share obligations - 80.9% received. As the most significant element of funding of the work described in every annual report by the trustees of the Diocesan Board of Finance, we simply would not exist without the hard work, generosity and sacrifice of our donors. THANK YOU.

Safeguarding remains a priority, and we have invested in a Safeguarding Learning and Development Officer to deliver the national safeguarding training obligations we have. We have a new safeguarding lead and look forward to continuing our work to keep this Diocese a safe place to worship, work and visit.

We continually review our working practices to ensure we can continue to benefit from changed working practices brought about by the pandemic. Most of our meetings remain in the virtual space, with a 'hybrid' option becoming possible in Bouverie Court with the installation of new audio visual equipment. We are of course committed to offering 'face to face' meetings when required or requested, but do so mindful of the cost both in terms of finances and environmental damage.

Vacant posts (clergy or lay) remain subject to scrutiny to ensure any appointments are missionally necessary and financially affordable. The equivalent of 16.6 incumbent posts were vacated during 2022 but 6.3 incumbent status posts were filled. We are also well supported by clergy who do not take a stipend and by those providing duty in return for housing.

Pastoral Reorganisation has been progressing following a hiatus during the pandemic. Deaneries are being encouraged to prepare to develop local reviews.

The Diocese uses Interim Ministry to turn around parishes that are struggling and to focus attention and resources where they are most needed. The LICF grants have helped to make this possible and have been particularly helpful in sustaining that ministry during the demands and financial constraints of Covid.

The Diocesan Website continued to be developed and content imported to provide an enhanced resource for all of our parishes.

6 Structure and Governance

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is registered for VAT, with registration number 737 9263 95. It does not pay corporation tax. Details of the principal officers and agents of the DBF are in section 11.

The charity, which has no share capital, is a company limited by guarantee. The trustees, who are also the directors may derive no benefit or income from, or have any capital interest in, the charity's financial affairs other than reimbursement of out-of-pocket expenses.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by Deanery Synods and clergy members by Diocesan Synod. Members can also be co-opted on to the DBF. The trustees maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Structure and Governance

A small team of staff based in offices in Peterborough and Northampton handle essential administration. In addition a number of Bishop's Officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

Charitable donations are made as part of normal expenditure in the exercise of the charity's objectives. No political contributions are made.

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The trustees believe that, by supporting the work of the Church of England in the Diocese of Peterborough, the DBF and DBE helps to promote more effectively the whole mission of the Church (pastoral, evangelistic, social and ecumenical), both in the Diocese as a whole and its individual parishes, and that in doing so, it provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, for its members as well as for anyone who wishes to benefit from what the Church offers;
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole; and
- Supporting Church of England schools and Christian education in the Diocese through the Board of Education.

6.1 Committees

Certain DBF Committee functions are described below. In addition, matters requiring senior management attention are dealt with by the Bishop's Management Group (BMG) for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team (BLT) for operational matters relating to achieving the Bishop's Vision. Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishop's Council and the Board of Finance and its various committees.

6.1.1 Finance and Administration Committee

This committee acts as the Executive Committee of the charity and focuses particularly on budget preparation, the parish share and the overall financial strategy.

6.1.2 Glebe and Trust Committee

This committee directs and manages the glebe properties on behalf of the charity and acts for the DBF in its corporate capacity as custodian and managing trustee.

A joint meeting of the Finance and Administration and Glebe and Trust Committees helps define an investment policy for the Board's assets, acting as the Investment Steering Group.

6.1.3 Houses Committee

The functions of the DBF as Diocesan Parsonages Board are delegated to the Houses Committee. This committee deals with the provision of, and day-to-day maintenance of, clergy housing.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Structure and Governance (continued)

6.1.4 Audit Committee

This committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation. We were delighted to welcome Jeremy Orme as the new Chair, taking forward the work of the Audit Committee in 2022 with effect from 24 March 2022.

We were saddened at the death of Jeremy early in 2023. He brought serious in-depth thinking to the Committee and helped to ensure policies were developed and adhered to. He will be greatly missed.

6.2 Diocesan Board of Education

Peterborough Diocesan Board of Education (DBE) has charitable status and is an unincorporated body separate from the DBF. The DBF grants funds to the DBE on an annual basis. The DBE has separate officers and staff and administers its own day-to-day operations; however, the DBF is the employing body for the staff of both organisations.

As a result of the DBE measure dated 12 May 2022, the Diocesan Board of Education has reviewed its constitution. Key changes have been approved which come into effect on 1 January 2023.

6.3 Related Organisations

Within the ministry of the Church of England in the Diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that form part of the Church. While the Bishop of Peterborough and his clergy have the cure of souls within the Diocese, the responsibility for the funding of stipends for clergy (other than bishops and cathedral clergy), provision of clergy housing (other than for the Diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 11.2, are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the Diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod, which is intended to cover the cost of ministry.

Whilst Dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburse the costs of stipendiary clergy deployed in the Diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the general Synod, its boards and committees, and work undertaken on behalf of the church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the Diocese elects a number of lay and clergy members.

6.4 Other related organisations:

- The Church of England Pensions board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- The Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the Diocese makes annual contributions;
- The Peterborough Diocesan Education Trust (PDET), a multi-academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie Court under the terms of a sharing agreement;
- Peterborough Cathedral, to whom we provide IT services to under a service level agreement;
- Bishop's Office, to whom we provide IT services to under a service level agreement.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Financial review

Against the backdrop of the continuing COVID-19 pandemic and then the energy price increases, 2022 was another very strange and challenging year both in terms of operating and also financially. The trustees continued to work within the budget for 2022, approved by Synod, which was set in 2021 but, as with 2021, the pandemic continued to force us to adapt most of our working practices temporarily, which are moving to potentially more permanent - such as hybrid meetings.

We are immensely grateful to the efforts made in all our parishes to meet the requests for parish share and celebrate the hard work our parishes make to meet their obligation despite these incredibly difficult times. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the requests for parish share. Many are meeting the increases from reserves, and a majority are not paying in full.

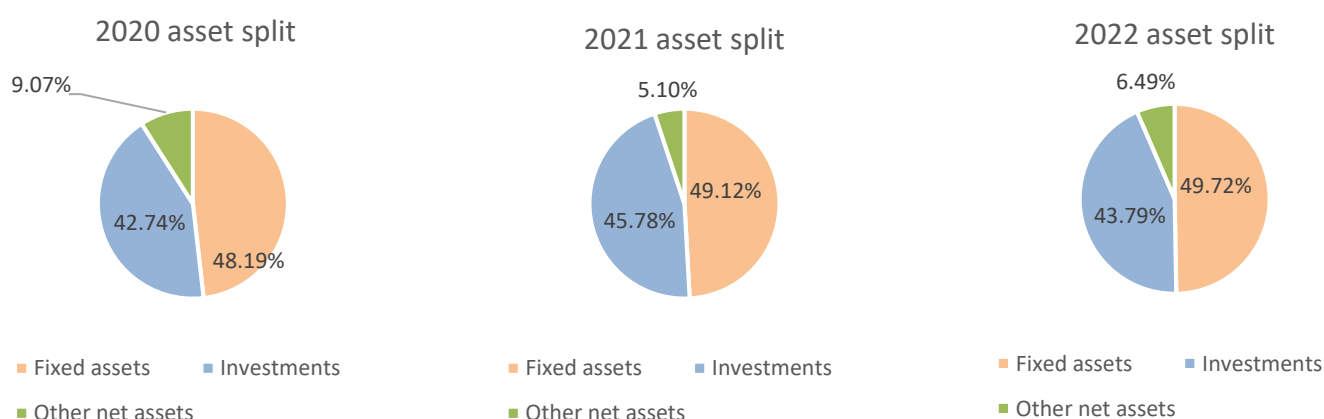
We are committed to ensuring we use this experience to drive forward transformational change to make cost savings where possible. Achieving a balanced budget remains the strategic aim of the trustees without damaging the excellent work done over the period to achieve sustainable growth of the Church.

The Diocesan Synod approved a deficit budget for 2022 of £999,383. The actual results for 2022 show a surplus before investment gains and revaluations of £497,501. As has been the case in the previous two years, the on-going effects of the pandemic caused significant movements to the budget. Additionally, the deficits in the clergy and staff pension schemes have now been reversed - giving a £242,000 movement in the year. The movements are explained in the income and expenditure review on pages 8 and 9.

The DBF is responsible for two main categories of asset – clergy houses and investments. The accounting requirement is that the assets be entered into the year end balance sheet at an estimated current valuation. Given recent years' increases in house prices and in the markets for land and financial investments, the DBF balance sheet figures on page 23 have increased significantly. These valuation increases are not available to subsidise DBF expenditures.

Trustees hold the portfolio of clergy houses for their operational importance to the provision of ministry in the Diocese. With only rare exceptions, the houses are not for sale and their financial impact is more a matter of the level of expenditure appropriate to their maintenance than to the increase or decrease in year-end valuation.

Investments (land and financial investments) are principally permanent endowments which are held neither for operational purposes or for sale. Their importance is in providing an annual financial return which enables the DBF to afford a higher level of ministry and support expenditure than would be possible without it.



PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

7 Financial review (continued)

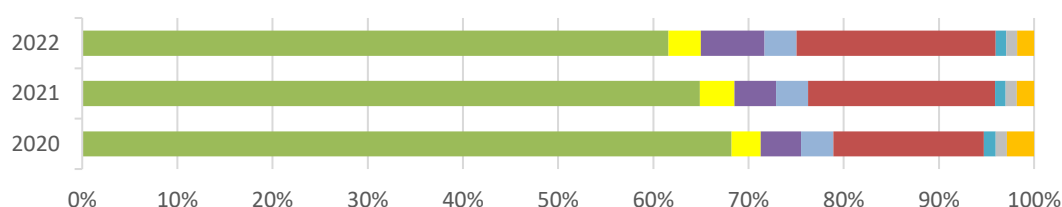
Income review

Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is still the main incoming resource for the Diocese. Parish share receipts for 2022 were slightly lower than in recent years, although broadly similar to 2020. Including the amounts received in respect of earlier years, share decreased in cash terms by £56,114 compared to 2021. The total share received when expressed as a percentage of the overall share requested was 80.9% (2021 : 81.4%).

The Diocese received £265,000 from Church Commissioners for energy grants which was distributed equally to parishes across the Diocese.

Additionally, investment income increased by approximately £230,000 - helped by higher yields on new investments which were in place for a full year.

Income



	2020	2021	2022
Parish share	68.21%	64.88%	61.58%
Fees	3.06%	3.64%	3.42%
Church Commissioners funding	4.25%	4.38%	6.69%
Low Income Communities funding	3.39%	3.37%	3.34%
Investment income	15.81%	19.63%	20.94%
Education income	1.24%	1.12%	1.11%
All Churches funding	1.20%	1.17%	1.14%
Other income	2.84%	1.81%	1.78%

Expenditure review

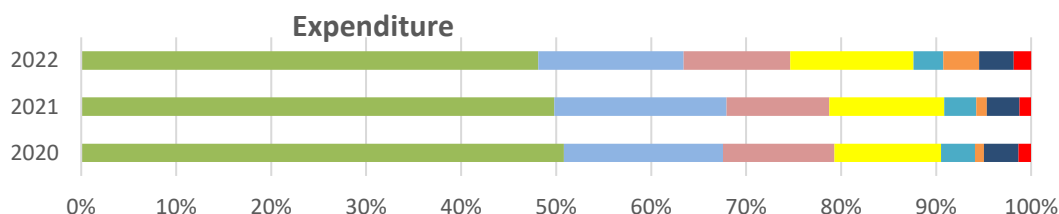
Our main activities began to return to some sort of normality in 2022. However, there were still positive variances against budgeted expenditure in most areas. Unfilled clergy vacancies and training courses not being run resulted in a £283,623 positive variance to budget - clearly, this had a significant negative impact on our mission work. Being able to inspect and carry out works in clergy houses caused our housing costs to be £73,540 over budget. As a continued result of home working, there were again considerably lower travelling and training costs along with other general office cost savings. Additionally, accounting standards require the inclusion of the reduction in the clergy pension liability, which does not form part of the DBF's regular day-to-day operating income and expenditure. In 2022 this was a further reduction of £232,000, which has the effect of reducing expenditure by that amount - again, this is unbudgeted.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

7 Financial review (continued)

Expenditure review (continued)



	2020	2021	2022
Clergy stipends	50.83%	49.79%	48.11%
Clergy housing	16.75%	18.13%	15.30%
Clergy training	11.72%	10.85%	11.23%
Support for parish mission and other diocesan functions	11.22%	12.07%	12.98%
National Church contribution	3.58%	3.40%	3.12%
Donations and grants given	0.93%	1.11%	3.79%
Education expenditure	3.64%	3.43%	3.65%
Glebe management cost	1.33%	1.22%	1.83%

7.1 Investment Policy

The trustees' investment policy is that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. The trustees decided that a Total Returns policy in respect of its permanent endowment is not appropriate at this time.

Although there are no significant legal restrictions on the range of assets in which the trustees may invest, the advice of the Church of England Ethical Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the trustees who will direct what action to take.

The Finance and Administration Committee and the Glebe and Trust Committee meets together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment policy agreed by the trustees.

After the year end, the DBF took the decision to change its investment manager to Charles Stanley and Co. This has resulted in the DBF disposing of its holdings in the CCLA investment account and M&G Charifund and has taken the decision to divest of holdings in companies involved in fossil fuels.

7.2 Reserves Policy and Reserves

The DBF notes that 61.58% of its annual income (excluding education capital related income) is from parish share receipts (2021 - 64.88%) with most of the balance coming from historic resources.

In view of the need to provide bridging finance for educational projects and more particularly to fund clergy stipends whether or not receipts from the parishes are up to date, the charity's reserves policy is to operate within a minimum general fund reserve of 60 days of annual expenditure including schools' capital works - £1,779,753 (2021 - £1,727,025).

At 31 December 2022, the level of funds which are unrestricted, undesignated and not held as fixed assets totalled £2,310,094. This equates to approximately 77 days of annual expenditure, including schools' capital work (2021 - 85 days).

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Risk management

The trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all risks identified, supported by the appropriate policy. The risk register is subject to annual review and responsibility for delivery of the mitigation activities are delegated to the Diocesan Secretary.

The pandemic, associated lockdown, and post-pandemic challenges has exposed us to a greater level of financial and pastoral risk as well as some opportunities. Balancing expenditure against income will be a key challenge in the coming years and the risk register below will incrementally change to reflect a new operating environment based on driving efficiencies through opportunities presented by the pandemic.

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. The areas of risk and the associated mitigation activities are:

8.1.1 Spiritual Leadership

The Diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

- The work of the Director of Ordinands and Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The rollout of the 'Leading your Church into Growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

8.1.2 Finances

A failure to generate enough income from parish share, investments and other income sources affects the vision for growth.

- Routine monitoring of Income v Expenditure;
- The Investment Policy designed to provide growing investment income;
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation;
- The opportunities presented through a different way of working in the pandemic will be used to drive down expenditure where possible;
- A Budget Review Group is convened at times of crisis to identify measures to counter the impact of medium term shortfalls in income/savings on expenditure.

8.1.3 An unforeseen incident adversely affects the reputation of the Diocese

This could be either in the safeguarding or data security (IT) environment.

Safeguarding;

- The DBF invests in highly skilled and well-trained safeguarding professionals in advisor roles;
- We align our policies to the National Church guidance;
- All parishes are required to implement and endorse the Diocesan Safeguarding Policy;
- The DBF provides compulsory safeguarding training for all staff.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Risk management (continued)

8.1.3 An unforeseen incident adversely affects the reputation of the Diocese (continued)

Information Technology;

- The DBF has invested in a professional IT Managed Service Company to deliver the IT function across the DBF offices;
- The IT delivery model puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings;
- Infrastructure developments implemented during 2021/2022 provide additional opportunities for savings through migrating to cloud services;
- The IT service delivery model is underpinned by a clear governance framework and staff user forums.

8.1.4 Changing demographic profile.

An aging participating population without any rebalancing is detrimental to the future of the Church in the Diocese.

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the Church;
- An ongoing Diocesan Board of Education objective aims to work in collaboration with the Directors of Ordinands, Children and Youth and Mission to take forward ‘Growing Faith’ initiatives to benefit children, young people and families;
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

9 Structure and Governance of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each Diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents 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 some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

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

9.1 Three National Church Institutions

The Archbishops’ Council, the Church Commissioners and the Church of England Pensions Board are the three National Church Institutions.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Structure and Governance of the Church of England (continued)

9.1 Three National Church Institutions (continued)

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

The Church Commissioners manage historic assets of the Church of England, spending most of their income on pensions for the clergy. The Church Commissioners meet the costs of episcopal administration through the Diocesan and Suffragan Bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. It was subsequently given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in ministry; and to administer pension schemes for lay employees of Church organisations.

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

9.2 The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The Diocese assumed roughly its present dimensions in 1927 with a total area of 1,150 square miles.

The Diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the Diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 917,000 (mid term estimate 2017).

The Diocese comprises two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

Peterborough Cathedral is the Mother Church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the Diocese. It is made up of broadly equal numbers of clergy and lay representatives elected from across the Diocese together with the bishops and archdeacons. Its role is to:

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

9.2 The Diocese of Peterborough (continued)

Each deanery has a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

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

The Bishop's Council, under the constitution of Diocesan Synod, has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy. This includes taking forward, for approval by Synod, recommendations made by the Bishop's Management Group;
- To advise the President (the Diocesan Bishop) on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

A Parochial Church Council (PCC) is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC comprises of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated in the near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. We do not aggregate these assets in the financial statements, as the DBF does not control them, and they are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2022 was £13,601,506 (2021 - £15,340,218), are set out in note 31 to the accounts. Where we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors, Hunt & Coombs.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. A benefice is an ecclesiastical office in a parish or group of parishes normally served by an Incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Statement of Trustees' Responsibilities

10.1 Trustees' Responsibilities

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

Company law requires the trustees (as company directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the DBF and of the surplus or deficit of the DBF for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

The trustees are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10.2 Statement of disclosure to auditors

As far as the trustees are aware, there is no relevant audit information of which the DBF's auditors are unaware. The trustees have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

The Trustees Annual Report, which includes the Strategic Report, was approved by the Board on 7 September 2023

Signed on its behalf by:

Paul Buckingham

Dr Paul Buckingham
Chair

Andrew Roberts

Andrew Roberts
Secretary and Treasurer

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Administrative Details

11.1 Officers and Agents

President	Rt Revd D S Allister (Bishop of Peterborough)	until 8 January 2023
Chair	Dr P Buckingham	
Secretary and Treasurer	Mr A J Roberts	
Assistant Secretary	Mrs S J Ratcliffe	
Director of Education	Mr P Cantley	
Registered Office	The Diocesan Office The Palace Peterborough PE1 1YB	
Registered Numbers	Company Registration No. 186179 Charity No. 250569 VAT Registration No.737 9263 95	
Diocesan Surveyors, Glebe and Property Agents	Houses / Surveyors Glebe (to 30 June 2022) Carter Jonas LLP 12 Waterside Way Bedford Road Northampton NN4 7XD	Glebe (from 1 July 2022) Andrew Granger & Co Limited 44-46 Forest Road Loughborough Leicestershire LE11 3NP
Bankers	Barclays Bank plc 1 Church Street Peterborough PE1 1QP	
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	
Investment Fund Managers	M & G Investments M & G Securities Ltd PO Box 9039 Chelmsford CM99 2XF Barclays Wealth 1 Stanhope Gate Mayfair London W1K 1AF	CCLA Investment Management Ltd 1 Angel Lane London EC4R 3AB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

11.1 Officers and Agents (continued)

Diocesan Registrar	Ms A Spriggs c/o The Diocesan Office	
Diocesan Chancellor	Mr D M Pittaway KC c/o Diocesan Registrar	
Deputy Diocesan Chancellor	Mr M Griffiths KC c/o Diocesan Registrar	
Solicitors	To the Board of Finance Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG Howes Percival LLP Nene House 4 Rushmills Northampton NN4 7YB	To the Board of Education Stone King Boundary House 91 Charterhouse Street London EC1M 6HR
Finance and Administration Committee	Chair: Dr P Buckingham Secretary: Diocesan Secretary c/o The Diocesan Office	
Glebe and Trust Committee	Chair: Mr William Craven Secretary: Property Officer c/o The Diocesan Office	
Investment Steering Group	Chair: Mr P McKay (to 23 February 2023) Secretary: Assistant Diocesan Secretary c/o The Diocesan Office	
Houses Committee	Chair: Mr R Purser Secretary: Property Officer c/o The Diocesan Office	
Audit Committee	Chair: Mr J Orme (from 25 March 2022 to 15 March 2023) Secretary: Assistant Diocesan Secretary c/o The Diocesan Office	
Board of Education	Chair: Ven R Ormston (Archdeacon of Northampton) Secretary: Director of Education c/o The Diocesan Office Director: Peter Cantley c/o The Diocesan Office	

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

11.2 List of trustees/directors

President	Rt Revd Donald Allister	resigned 8 January 2023
Chair	Dr P Buckingham (FA, GT, H)	
Ex- Officio	Rt Revd J E Holbrook Ven R J Ormston (FA, GT, H) Ven A Booker (FA, GT, H) Very Revd C Dalliston	appointed 8 February 2022
Co- opted	Mr W Craven (GT) Mr R Purser (H) Mr P McKay	resigned 23 February 2023

Elected by the House of Clergy of the Diocesan Synod (2019 – 2021)

Archdeaconry of Northampton	Archdeaconry of Oakham
Revd K Hutchins (also Wellingborough) (A, FA) Revd S Trott - appointed 29 June 2023	Revd Canon J E Baxter (GT) Revd Dr B Brandon - appointed 17 January 2022 Revd M W Lucas Revd D Walsh (also Kettering Deanery) resigned 29 June 2023

Elected by the Houses of Laity of the Deanery Synods (2021 – 2024)

Archdeaconry of Northampton	Archdeaconry of Oakham
Mrs I Burbidge (Brackley) Mr R Baker (Daventry) (A) Mr N Critchlow (Greater Northampton) (FA) Dr H Creek (Towcester) Revd K Hutchins (Wellingborough) (FA)	Mr J Hindle (Corby) Revd D Walsh (Kettering) - resigned 29 June 2023 Mr A C Hawkins (Oundle) Mr R Gregory-Smith (Peterborough) Mr J Orme (Rutland) (A) - deceased 15 March 2023

The abbreviations used above indicate sub-committees on which members serve, as follows:

A = Audit	FA = Finance and Administration
GT = Glebe and Trust	H = Houses

11.3 Key Management Team

Rt Revd D S Allister	Bishop of Peterborough - resigned 8 January 2023
Ven R J Ormston	Archdeacon of Northampton
Ven A Booker	Archdeacon of Oakham - appointed 8 February 2022
Mr A Roberts	Diocesan Secretary
Mr P Cantley	Director of Education
Mr P White	Director of Children and Youth
Revd C Nobbs	Director of Mission and Development
Revd H Spenceley	Director of Vocation and Formation - from May 2022

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Peterborough Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2022

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

Use of our report

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



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

Date: 21 September 2023

10 Queen Street Place
London
EC4R 1AG

PETERBOROUGH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2022 £	Total 2021 £
Income and endowments from						
Donations:						
Parish share	3	6,564,751	-	-	6,564,751	6,620,865
Other donations	4	648,842	678,683	-	1,327,525	1,033,942
Charitable activities	5	482,951	-	-	482,951	486,259
Other income	6	52,734	-	-	52,734	59,669
Investment income	7	48,310	541,565	1,642,765	2,232,640	2,003,331
Total income		7,797,588	1,220,248	1,642,765	10,660,601	10,204,066
Expenditure on						
Raising funds	8	185,978	-	-	185,978	298,561
Charitable activities	9	7,622,634	834,447	1,520,041	9,977,122	10,066,299
Total expenditure		7,808,612	834,447	1,520,041	10,163,100	10,364,860
Net income/(expenditure) before investment gains		(11,024)	385,801	122,724	497,501	(160,794)
Net gains on investments	17	(54,991)	(75,501)	2,828,160	2,697,668	8,905,230
Net income/(expenditure)		(66,015)	310,300	2,950,884	3,195,169	8,744,436
Transfers between funds	22	(108,147)	868,995	(760,848)	-	-
Other recognised gains						
Gains on revaluations of fixed assets	16	-	359,742	4,943,913	5,303,655	9,935,109
Actuarial gains on pension schemes	30	-	-	96,000	96,000	6,000
Net movement in funds		(174,162)	1,539,037	7,229,949	8,594,824	18,685,545
Total funds brought forward		3,471,303	12,223,842	154,742,431	170,437,576	151,752,031
Total funds carried forward		3,297,141	13,762,879	161,972,380	179,032,400	170,437,576

For detailed fund by fund comparisons, a copy of the 2021 Statement of Financial Activities is included in note 34

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Total 2022 £	Total 2021 £
Total income	9,017,836	10,204,066
Total expenditure	(8,643,059)	(10,364,860)
Gross income for the year	<u>374,777</u>	<u>(160,794)</u>
Net movement on investments	(130,492)	138,014
Net income for the year	<u>244,285</u>	<u>(22,780)</u>
Other comprehensive income Net assets transferred from / (to) endowments	760,848	599,975
Net comprehensive income for the year	<u><u>1,005,133</u></u>	<u><u>577,195</u></u>

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law.

All income and expenditure is derived from continuing activities.

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	16	89,019,442		83,718,088	
Investments	17	78,402,244		78,022,190	
			167,421,686		161,740,278
Current assets					
Debtors	18	906,415		829,331	
Cash on deposit, at bank and in hand	19	11,922,547		9,255,176	
		12,828,962		10,084,507	
Creditors: amounts falling due within one year	20	(1,078,113)		(1,247,074)	
Net current assets			11,750,849		8,837,433
Total assets less current liabilities			179,172,535		170,577,711
Creditors: amounts falling due after more than one year	21		(140,135)		(140,135)
Net assets			179,032,400		170,437,576
Funds					
Endowment funds	23		161,972,380		154,742,431
<i>(including revaluation reserve £119,090,201 - 2021 £113,435,742)</i>					
Restricted funds	24		13,762,879		12,223,842
<i>(including revaluation reserve £4,192,520 - 2021 £3,908,279)</i>					
Unrestricted income funds:					
General funds	25		2,346,079		2,476,274
Designated funds	26		951,062		995,029
<i>(including revaluation reserve £241,839 - 2021 £296,830)</i>					
Total funds	27		179,032,400		170,437,576

Approved by the Board and authorised for issue on 7 September 2023 and signed on its behalf by

Paul Buckingham

Andrew Roberts

Dr P Buckingham
Chairman

A Roberts
Secretary

Company number: 186179

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2022 £	2021 £	2021 £
Net cash flow from operating activities		(1,870,226)		(3,191,027)
Cash flows from investing activities				
Dividends, interest and rent from investments	2,232,640		2,003,331	
Proceeds from sale of tangible fixed assets	475		464,953	
Proceeds from sale of investments	2,567,614		1,867,317	
Purchase of tangible fixed assets	(13,132)		(1,308,092)	
Purchase of investments	(250,000)		(6,122,585)	
Net cash flow from investing activities		4,537,597		(3,095,076)
Change in cash and cash equivalents in the year		2,667,371		(6,286,103)
Cash and cash equivalents brought forward		9,255,176		15,541,279
Cash and cash equivalents carried forward		11,922,547		9,255,176
Reconciliation of net movement in funds to net cash flow from operating activities				
Net movement in funds for the year		497,501		(160,794)
Adjustments for:				
Depreciation		15,004		13,678
(Profit) / loss on sale of fixed assets		(46)		169,356
Dividends, interest and rent from investments		(2,232,640)		(2,003,331)
Decrease in debtors		(77,084)		(25,829)
Increase / (decrease) in creditors		63,039		(876,107)
Pension scheme liability movement		(232,000)		(314,000)
Adjustment for actuarial gain on pension scheme		96,000		6,000
Net cash flow from operating activities		(1,870,226)		(3,191,027)
Analysis of cash and cash equivalents				
Cash at bank and in hand		5,666,531		3,011,409
Cash on deposit with Central Board of Finance of the Church of England and the Church Commissioners		6,256,016		6,243,767
		11,922,547		9,255,176

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to promote, assist and advance the work of the Church of England in the Diocese of Peterborough by acting as the financial executive of the Peterborough Diocesan Synod. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

2 Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (Second Edition, effective 1 January 2019), the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies.

The financial statements present an aggregation of the accounts of the PDBF and those of the Peterborough Diocesan Board of Education (the PDBE).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The COVID-19 pandemic has had a negative effect on collection of parish share, however the trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

2.2 Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is included where received up to the end of the month following the end of the financial year.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil 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.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting Policies (continued)

2.3 Expenditure

Expenditure is included in the SoFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SoFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 30). Contributions payable by the PDBF to the defined contribution scheme are included in the SoFA when payable. Contributions payable to the defined benefit schemes are included in the SoFA when payable in respect of current service. Contributions payable in respect of scheme deficits relating to past service are charged to the Clergy Pension Liability in the Balance Sheet.

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £576,090 (2021: £430,659) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SoFA.

2.4 Tangible Fixed Assets

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

Tangible fixed assets have been included on the following bases:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income. The profit/loss on disposal is also treated as if they were investment properties.

Board Property:

At either cost or at a valuation using a published index to reflect changes since the last valuation. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting Policies (continued)

2.5 Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

2.6 Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Listed Investments are stated at bid price at the balance sheet date.

Unlisted Investments are stated at market value at the balance sheet date as provided by the Central Board of Finance of the Church of England and M&G Investments.

Agricultural Land and Commercial Property was valued at 31 December 2022 as part of an estate held for investment purposes by the glebe agent, Andrew Granger and Co Limited, 44-46 Forest Road, Loughborough, Leicestershire, LE11 3NP.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice Properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS102 which requires that they are recognised as Investment Properties. This presentation has been used for the purposes of achieving a true and fair view as this reflects the intended long term use of the properties concerned.

2.7 Custodian Trustee

Investments held by the charity as Custodian Trustee are not included in these financial statements but are set out separately in note 31. These will be reviewed with the local PCCs during 2022.

2.8 Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting Policies (continued)

2.9 Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Pension contributions

The charity's staff are members of the Church of England Pension Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the charity's contributions in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the charity participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

2.13 Fund Accounting

In accordance with the SORP - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), the charity's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the charity. These funds may be set aside by the charity for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the charity or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund, along with investment movements.

Expendable Endowment Funds - these are funds that may be used as income at the discretion of the charity. Use of the funds are subject to legally binding conditions imposed by the donor upon the charity or by terms of an appeal.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting Policies (continued)

2.13 Fund Accounting (continued)

Investment income and movement in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget, as approved by Diocesan Synod. These only appear on the SoFA if the transfer is between the fund types identified above.

2.14 Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

The valuation methodology used will be reviewed annually.

Pension scheme liability

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 30 and set by reference to the duration of the deficit recovery payments.

Depreciation

Depreciation is calculated on a straight line basis, based on the trustees best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3 Parish share

	Total 2022 £	Total 2021 £
Current year requests	8,116,012	8,132,853
Shortfall in contributions	(1,589,230)	(1,582,195)
	<u>6,526,782</u>	<u>6,550,658</u>
Receipts for prior year	37,969	70,207
	<u>6,564,751</u>	<u>6,620,865</u>

4 Other donations

	Total 2022 £	Total 2021 £
All Churches Trust	121,000	119,500
Forsters Charity	-	3,440
Mission Fund donations	6,800	3,700
Donations	130,386	116,212
Strategic Development Fund	203,341	161,600
Low Income Communities grant	355,838	343,968
Strategic Ministry Fund	34,818	35,318
RME Block grants	210,342	250,204
Energy grant	265,000	-
	<u>1,327,525</u>	<u>1,033,942</u>

5 Charitable activities

	Total 2022 £	Total 2021 £
Statutory fees for parochial services	364,668	371,882
Education	118,283	114,377
	<u>482,951</u>	<u>486,259</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6	Other income	Total 2022 £	Total 2021 £
	HMRC Furlough income	-	7,828
	Administration income	52,734	51,841
		<hr/>	<hr/>
		52,734	59,669
		<hr/>	<hr/>
7	Investment income	Total 2022 £	Total 2021 £
	Dividends receivable	1,091,781	852,836
	Interest receivable	95,185	8,606
	Rents receivable:		
	Properties	395,572	381,177
	Glebe	650,102	760,712
		<hr/>	<hr/>
		2,232,640	2,003,331
		<hr/>	<hr/>
8	Glebe management costs	Total 2022 £	Total 2021 £
	Professional charges	125,480	70,276
	Other support costs	60,498	228,285
		<hr/>	<hr/>
		185,978	298,561
		<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9 Charitable activities

	Total 2022 £	Total 2021 £
National Church	317,271	346,514
Clergy stipends and staff costs (note 10)	5,187,586	5,354,875
Clergy housing	1,554,818	1,848,057
Clergy training	841,904	824,136
Grants and donations (note 11)	385,360	113,595
Education (note 12)	371,130	349,214
Diocesan support for Parish Mission (note 13)	1,319,053	1,229,908
	<hr/> 9,977,122 <hr/>	<hr/> 10,066,299 <hr/>

10 Clergy stipends and staff costs

	Total 2022 £	Total 2021 £
Stipends and employers national insurance	3,873,311	4,005,894
Pension contributions	1,150,795	1,309,556
Clergy pension deficit reduction payments	(136,000)	(242,000)
Removal, resettlement and other grants	162,734	162,714
Other expenses and other grants	136,746	118,711
	<hr/> 5,187,586 <hr/>	<hr/> 5,354,875 <hr/>

11 Grants and donations

	Total 2022 £	Total 2021 £
Bishop's Discretionary Funds	4,750	6,000
Widows and Dependants	11,900	11,600
Shared Churches Peterborough	22,518	39,862
Shared Churches Northampton	-	100
Northamptonshire Ecumenical Council	6,950	6,615
Record offices	-	400
Quinquennial grants	12,168	7,176
Mission Fund grants	16,000	8,562
Energy grants	265,005	-
Other grants	46,069	33,280
	<hr/> 385,360 <hr/>	<hr/> 113,595 <hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12 Education (Church schools)

	Total 2022 £	Total 2021 £
Section 554 net expenditure	13,276	7,718
Administration	338,844	330,888
Other - including travel	19,010	10,608
	<hr/>	<hr/>
	371,130	349,214
	<hr/>	<hr/>

The following Church schools are supported by the Diocese:

	Number 2022	Number 2021
Voluntary aided	14	14
Academy schools	64	61
Voluntary controlled	25	28
	<hr/>	<hr/>
	103	103
	<hr/>	<hr/>

The Diocesan Accounts Group (DAG) recommends that Education income and expenditure relating to building projects entered into by the Governing bodies of voluntary aided schools is not included in SOFA other than as short term loans repaid by ESFA Grants and Governors contributions. This is due to the PDBE not acting as principal in the arrangements. The effect of this recommendation is that £759,729 (2021 : £321,367) of receipts and payments does not appear in the SOFA as it is effectively "netted off".

13 Diocesan support for Parish Mission

	Total 2022 £	Total 2021 £
Bishop's Advisors and Support to Parishes	173,156	163,001
DAC, Legal, Stewardship Support to parishes and asset management	507,131	477,765
Bishop's Officers and Mission work in the Parishes	249,016	216,766
Adult, Lay and Clergy Training and Conferences	203,898	196,702
Social Responsibility (including overseas links)	2,304	-
SSMs, Readers, Pastoral Assistants, Parish Evangelists	5,500	3,249
Strategic Development Fund - "Generation to Generation" project	176,401	169,760
Other costs	1,646	2,665
	<hr/>	<hr/>
	1,319,052	1,229,908
	<hr/>	<hr/>

Included above are Governance costs of £156,394 (2021 : £193,180)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14 Surplus/(Deficit) for the financial year

	2022 £	2021 £
The net surplus/(deficit) for the financial year is stated after charging:		
Auditors remuneration including VAT:		
in respect of audit services - current year	24,600	21,360
in respect of corporation tax computations - current year	2,160	1,680
in respect of corporation tax computations - under-provision of prior year	240	-
	27,000	23,040
Depreciation on tangible fixed assets	15,004	13,678
Adjustment on disposal of tangible fixed assets	(46)	-
Operating lease charges in the year	31,000	31,000
Interest charges on Church Commissioner Value Linked Loans	11,052	10,281

15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

Staff costs

	Total 2022 £	Total 2021 £
Employee costs during the year were as follows:		
Wages and salaries	1,297,732	1,244,443
National insurance contributions	126,726	111,212
Pension costs	169,094	174,247
	1,593,552	1,529,902

Clergy stipends

The PDBF paid an average of 132 (2021 - 135) stipendary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese and the costs were as follows:

	Total 2022 £	Total 2021 £
Stipends	3,599,598	3,724,060
National insurance contributions	273,713	281,834
Pension costs - current year contributions	1,150,795	1,308,556
	5,024,106	5,314,450

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The average number of employees during the year was as follows:

	2022 full-time	2022 part-time	2021 full-time	2021 part-time
Archdeacons	2	-	2	-
Stipendary Parochial Ministers	113	17	119	14
Diocesan Boards and Councils	20	6	20	7
Parochial Youth Staff (SDF)	4	2	4	2
Administration	9	4	8	3
	<u>148</u>	<u>29</u>	<u>153</u>	<u>26</u>

In addition to the above, there are 35 self supported ministers and a further 14 house for duty ministers.

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2022	2021
£80,001 - £90,000	1	1
£70,001 - £80,000	1	-
£60,001 - £70,000	1	2

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Andrew Roberts
Diocesan Director of Education	Peter Cantley

Remuneration, pensions and expenses for these two employees amounted to £167,335 (2021 : £164,121).

Trustees remuneration and expenses

During the year, no trustee received any remuneration for services as a trustee or received any travel expenses relating to services as a trustee (2021 : none).

During the year the charity made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the Board during the year:

	Stipend	Housing
Revd J Baxter	Yes	Yes
Ven A Booker (from 6 February 2022)	Yes	Yes
Revd K Hutchins	No	Yes
Revd M Lucas	Yes	Yes
Ven R J Ormston	Yes	Yes
Revd D Walsh	Yes	Yes

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16 Tangible fixed assets

	Freehold land and buildings £	Short Leasehold improvements £	Office equipment £	Total 2022 £
Cost or valuation:				
At 1 January 2022	83,677,442	56,602	438,566	84,172,610
Additions	-	-	13,132	13,132
Disposals proceeds	-	-	(475)	(475)
Eliminated on disposal	-	-	(211)	(211)
Revaluation	5,303,655	-	-	5,303,655
	<u>88,981,097</u>	<u>56,602</u>	<u>451,012</u>	<u>89,488,711</u>
At 31 December 2022	88,981,097	56,602	451,012	89,488,711
Depreciation:				
At 1 January 2022	-	56,602	397,920	454,522
Charge for the year	-	-	15,004	15,004
Eliminated on disposals	-	-	(257)	(257)
	<u>-</u>	<u>56,602</u>	<u>412,667</u>	<u>469,269</u>
At 31 December 2022	-	56,602	412,667	469,269
Net book value				
At 31 December 2022	<u>88,981,097</u>	<u>-</u>	<u>38,345</u>	<u>89,019,442</u>
At 31 December 2021	<u>83,677,442</u>	<u>-</u>	<u>40,646</u>	<u>83,718,088</u>

The historical cost of the land and buildings is £11,670,217 (2021 - £11,670,217).

The historical cost of land and buildings shown above is only for purchases made by the DBF. The historical cost of land and buildings taken over by the DBF from parishes is not known.

17 Fixed asset investments

	Investment properties £	Listed investments £	Unlisted investments £	Total 2022 £
Valuation:				
At 1 January 2022	47,557,031	4,890,852	25,574,307	78,022,190
Additions	-	-	250,000	250,000
Disposals proceeds	(2,567,614)	-	-	(2,567,614)
Gain on disposal	568,644	-	-	568,644
Revaluation	5,463,698	(573,865)	(2,760,809)	2,129,024
	<u>51,021,759</u>	<u>4,220,438</u>	<u>23,160,047</u>	<u>78,402,244</u>
At 31 December 2022	51,021,759	4,220,438	23,160,047	78,402,244
Historic cost at 31 December 2022	13,541,854	4,794,303	13,818,882	32,155,039
Historic cost at 31 December 2021	13,991,854	4,794,303	13,568,882	32,355,039

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17 Fixed asset investments (continued)

The glebe land valuation was conducted by Andrew Granger & Co Limited as at 31 December 2022.

The historical cost of glebe land and buildings shown above is only for purchases made by the DBF. The historical cost of glebe land and buildings taken over by the DBF from parishes is not known.

Listed investments are valued at bid price at the year end.

Unlisted investments consist of holdings in CBF Church of England Funds managed by CCLA Investment Managers Limited (the CBF Investment Fund, CBF Fixed Interest Fund and UK Equity Fund) and in Charifund (managed by M&G Securities Limited).

18 Debtors

	2022 £	2021 £
<i>Due within one year</i>		
Parish share received after year end	98,467	110,801
Parochial loans	49,609	57,861
Trade debtors	167,250	81,534
Other debtors	541,999	502,674
	<hr/> 857,325	<hr/> 752,870
<i>Due after more than one year</i>		
Parochial loans	49,090	76,461
	<hr/> 906,415	<hr/> 829,331
Total debtors	<hr/> 906,415	<hr/> 829,331

19 Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand - current and deposit accounts	5,666,531	3,011,409
Funds with the Central Board of Finance of the Church of England Deposit fund and the Church Commissioners	6,256,016	6,243,767
	<hr/> 11,922,547	<hr/> 9,255,176

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	97,933	26,090
Taxation and social security	53,409	38,781
Other creditors	669,627	655,557
Accruals and deferred income	257,144	294,646
Clergy pension scheme liabilities	-	232,000
	1,078,113	1,247,074

21 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Church Commissioners value linked loans	140,135	140,135
	140,135	140,135

Value linked loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.

22 Transfers

The transfers between funds during 2022 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	868,990	(868,990)
Education s554	27,858	-	-	(27,858)
Clergy pension liability repayment	(136,000)	-	-	136,000
Energy grant	(5)	-	5	-
	(108,147)	-	868,995	(760,848)

The transfers between funds during 2021 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	-	-
Sale proceeds of houses	464,953	-	(464,953)	-
Education s554	28,851	-	-	(28,851)
Clergy pension liability repayment	(241,000)	-	-	241,000
	252,804	-	(464,953)	212,149

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23 Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

Permanent Endowments

	Balance at 1.1.22 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.22 £
Current year					
Houses Committee	1,509,108	-	-	(177,647)	1,331,461
Stipends Capital	407,185	-	-	(47,933)	359,252
Diocesan Stipends Capital Fund	74,569,846	1,642,765	(1,506,765)	1,602,133	76,307,979
Clergy Pension Liability	(232,000)	-	232,000	-	-
Church Major Works	139,102	-	-	(16,375)	122,727
	<u>76,393,241</u>	<u>1,642,765</u>	<u>(1,274,765)</u>	<u>1,360,178</u>	<u>78,121,419</u>

	Balance at 1.1.21 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
Prior year					
Houses Committee	1,320,241	-	-	188,867	1,509,108
Stipends Capital	356,225	-	-	50,960	407,185
Diocesan Stipends Capital Fund	65,702,426	1,516,825	(1,301,912)	8,652,507	74,569,846
Clergy Pension Liability	(479,000)	-	247,000	-	(232,000)
Church Major Works	121,693	-	-	17,409	139,102
	<u>67,021,585</u>	<u>1,516,825</u>	<u>(1,054,912)</u>	<u>8,909,743</u>	<u>76,393,241</u>

Houses Committee

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

Stipends Capital

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

Diocesan Stipends Capital Fund

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23 Endowment funds (continued)

Permanent Endowments (continued)

Clergy Pension Liability

Before 2019, the clergy pension liability was presented as a component of unrestricted funds. Following a review, it is considered appropriate to show this as part of endowment funds on the basis that the endowment assets underpin the liability.

Church Major Works Fund (formerly Church Major Repair Fund)

This fund may be loaned to parishes in need of funds for works to churches.

Expendable Endowments

	Balance at 1.1.22 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.22 £
Current year					
Education Act 1996 (s554)	2,014,217	-	(41,134)	(121,438)	1,851,645
Clergy Houses	76,334,973	-	(868,990)	6,533,333	81,999,316
	<u>78,349,190</u>	<u>-</u>	<u>(910,124)</u>	<u>6,411,895</u>	<u>83,850,961</u>
Prior year					
	Balance at 1.1.21 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
Education Act 1996 (s554)	1,921,678	-	(36,569)	129,108	2,014,217
Clergy Houses	67,230,501	-	-	9,104,472	76,334,973
	<u>69,152,179</u>	<u>-</u>	<u>(36,569)</u>	<u>9,233,580</u>	<u>78,349,190</u>

Clergy Houses

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the Diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Clergy House fund. Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

Education Act 1996 (Section 554)

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24 Restricted funds

	Balance at 1.1.22 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.22 £
Current year					
Houses Committee	5,921,336	412,633	(169,171)	359,742	6,524,540
Widows & Dependants	545,135	14,424	(11,900)	(59,639)	488,020
Ordination Candidates	146,697	3,536	(3,897)	(15,862)	130,474
Education Act 1996	282,200	52,804	-	-	335,004
Church Major Works	53,037	1,101	-	-	54,138
Resourcing Ministerial Education (RME)	(25,320)	210,342	(185,555)	-	(533)
Gen 2 Gen - SDF funding	(1,821)	203,341	(176,401)	-	25,119
Family Care Fund	200	-	-	-	200
Pastoral Account	5,302,378	57,067	846,472	-	6,205,917
Energy grant funding	-	265,000	(265,000)	-	-
	<u>12,223,842</u>	<u>1,220,248</u>	<u>34,548</u>	<u>284,241</u>	<u>13,762,879</u>
Prior year					
Houses Committee	5,572,582	397,117	(604,390)	556,027	5,921,336
Widows & Dependants	488,572	13,304	(11,600)	54,859	545,135
Ordination Candidates	127,796	3,420	(1,383)	16,864	146,697
Education Act 1996	230,471	51,729	-	-	282,200
Church Major Works	52,996	41	-	-	53,037
Resourcing Ministerial Education (RME)	(61,435)	250,204	(214,089)	-	(25,320)
Gen 2 Gen - SDF funding	6,339	161,600	(169,760)	-	(1,821)
Family Care Fund	200	-	-	-	200
Pastoral Account	5,788,536	2,799	(488,957)	-	5,302,378
	<u>12,206,057</u>	<u>880,214</u>	<u>(1,490,179)</u>	<u>627,750</u>	<u>12,223,842</u>

Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24 Restricted funds (continued)

Schools Fund/Education/Education Act 1996

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided Schools.

Church Major Works Fund (formerly Church Major Repair Fund)

This represents unspent income from the endowment fund.

Resourcing Ministerial Education (RME)

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from September 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

Gen 2 Gen

This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)

Family Care Fund

This represents funds received from Family Care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the Deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

Pastoral Account

This represents the capital and investment income which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

Energy Grant Funding

The Diocese received £265,000 from Church Commissioners for distribution to parishes to help with rising energy costs. It was decided to spread this equally across all parishes, giving £755 to each parish.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

25 Unrestricted funds

	Balance at 1.1.22 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.22 £
Current year					
General fund	2,476,274	7,770,564	(7,900,759)	-	2,346,079
Church Worker Fund pension deficit	-	-	-	-	-
	<u>2,476,274</u>	<u>7,770,564</u>	<u>(7,900,759)</u>	<u>-</u>	<u>2,346,079</u>
Prior year					
General fund	2,510,561	7,787,549	(7,821,836)	-	2,476,274
Church Worker Fund pension deficit	(64,000)	-	64,000	-	-
	<u>2,446,561</u>	<u>7,787,549</u>	<u>(7,757,836)</u>	<u>-</u>	<u>2,476,274</u>

The General fund is a free reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

26 Designated funds

	Balance at 1.1.22 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.22 £
Current year					
Church Major Works	841,854	17,668	-	(54,991)	804,531
Mission Fund	153,175	9,356	(16,000)	-	146,531
	<u>995,029</u>	<u>27,024</u>	<u>(16,000)</u>	<u>(54,991)</u>	<u>951,062</u>
Prior year					
Church Major Works	767,944	15,446	-	58,464	841,854
Mission Fund	157,705	4,032	(8,562)	-	153,175
	<u>925,649</u>	<u>19,478</u>	<u>(8,562)</u>	<u>58,464</u>	<u>995,029</u>

Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans and, exceptionally, as grants.

Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

27 Analysis of net assets between funds

Fund balances at 31 December 2022 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	38,345	-	6,026,236	82,954,861	89,019,442
Investments	-	412,159	560,284	77,429,801	78,402,244
Current assets	3,525,983	538,903	7,176,359	1,587,718	12,828,963
Current liabilities	(1,078,114)	-	-	-	(1,078,114)
Long term liabilities	(140,135)	-	-	-	(140,135)
	<u>2,346,079</u>	<u>951,062</u>	<u>13,762,879</u>	<u>161,972,380</u>	<u>179,032,400</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,760,377	73,550,503	77,310,880
Investments	-	241,839	432,143	45,539,698	46,213,680
	<u>-</u>	<u>241,839</u>	<u>4,192,520</u>	<u>119,090,201</u>	<u>123,524,560</u>

Fund balances at 31 December 2021 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	40,646	-	5,666,494	78,010,948	83,718,088
Investments	-	467,149	635,785	76,919,255	78,022,189
Current assets	3,590,836	527,880	5,921,563	44,228	10,084,507
Current liabilities	(1,015,073)	-	-	(232,000)	(1,247,073)
Long term liabilities	(140,135)	-	-	-	(140,135)
	<u>2,476,274</u>	<u>995,029</u>	<u>12,223,842</u>	<u>154,742,431</u>	<u>170,437,576</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,400,635	68,606,590	72,007,225
Investments	-	296,830	507,644	44,829,152	45,633,626
	<u>-</u>	<u>296,830</u>	<u>3,908,279</u>	<u>113,435,742</u>	<u>117,640,851</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

28 Capital commitments and contingent liabilities

	2022	2021
	£	£
Expenditure on house repairs approved but not contracted for	5,958	8,810
Ordinands support grants approved	202,946	179,281
Contingent liability in respect of guarantee given	150,000	150,000

The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to St Matthew's PCC, Northampton.

29 Operating leases

	2022	2021
	£	£
Total commitments under non-cancellable operating leases are as follows:		
Operating leases in respect of buildings where the lease expires:		
within one year	31,000	31,000
within two to five years	-	38,750
	<hr/>	<hr/>
At 31 December 2022	31,000	69,750
	<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 Pension costs

Church Workers Pension Fund

PDBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for some 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 Benefit 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. It does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk 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 the DBS 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 - 2022 : £nil, 2021: £14,148 - plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in SoFA, giving a total charge of £4,300 for 2022 and credit of £48,852 for 2021.

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

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

The next actuarial valuation was due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 46.5% of pensionable salary and expenses of £4,300 per year.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 Pension costs (continued)

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2022 £	2021 £
Balance sheet liability at 1 January	-	67,000
Deficit contribution paid	-	(4,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(63,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-

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

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

	<i>December 2022</i>	<i>December 2021</i>	<i>December 2020</i>
Discount rate	0.0%	0.0%	0.4%

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

Pension Builder Scheme (PBS)

For eligible salaried employees who commenced employment after 1 January 2000, the charity participates in the Church of England Pension Builder Scheme, within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS of the Church Workers Pension Fund is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined contribution schemes.

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

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 Pension costs (continued)

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable.

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

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

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

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

Clergy Pension Fund

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021 : £1,067,556, 2020 : £870,563), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,062,556 for 2021 (2020 : charge of £879,563).

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

- An average discount rate of 2.7% 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 of 3.4% p.a.;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0%

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 Pension costs (continued)

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

<i>%age of pensionable stipends</i>	<i>January 2018 to December 2020</i>	<i>January 2021 to December 2022</i>
Deficit repair contribution	11.9%	7.1%

As at 31 December 2020, 31 December 2021 and 31 December 2022 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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

	2022	2021
	£	£
Balance sheet liability as at 1 January	232,000	479,000
Deficit Contributions paid	(136,000)	(242,000)
Interest cost (recognised in the SoFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(96,000)	(6,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	232,000
	<hr/>	<hr/>

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

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

	<i>December 2022</i>	<i>December 2021</i>	<i>December 2020</i>
Discount rate	n/a	0.0%	0.2%
Price inflation	n/a	n/a	3.1%
Increase to total pensionable payroll	n/a	-1.5%	1.6%

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

31 Trust funds

The charity acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the charity as custodian trustee but which does not form part of the charity's assets, amounted to £13,601,506 at 31 December 2022 (2021: £15,340,219) made up as follows:

	2022 Cost £	2021 Cost £	2022 Valuation £	2021 Valuation £
Land & Buildings	96,823	96,823	221,076	221,076
Miscellaneous Unlisted Investments	550,188	585,881	1,359,169	1,576,695
Central Board of Finance:				
Investment Fund shares	2,051,751	2,074,209	10,041,711	11,473,567
Fixed Interest Securities Fund shares	459,452	459,971	429,586	498,309
Equity Fund	49,490	49,490	69,201	86,304
Property Fund	49,490	49,490	42,040	47,628
Deposits	1,438,723	1,436,640	1,438,723	1,436,639
	<u>4,695,917</u>	<u>4,752,504</u>	<u>13,601,506</u>	<u>15,340,218</u>

32 Related party transactions

The Diocese maintains a register of Trustees interests. Trustees have declared participation in training funded by the Diocese and transactions arising from their stipendiary ministry and housing. It shows no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the DBF and are part of its normal activities.

The Very Reverend Chris Dalliston is one of the trustees of the PDBF and also a trustee of Launde Abbey Trust. The spouse of Jeremy Orme, another trustee of the PDBF, is also a trustee of Launde Abbey Trust and a director of Launde Abbey Enterprises Limited. During the year, PDBF bought services totalling £5,047 (2021 £8,606) from Launde Abbey Trust and services totalling £38,100 (2021 £20,356) from Launde Abbey Enterprises Limited.

During the year, the DBF recharged provision of IT services to the Bishop's Office, the Cathedral and PDET - all of whom are related party transactions. The value of these recharges were:

	2022 £	2021 £
Bishop's Office	17,047	10,936
Peterborough Cathedral	71,443	39,141
Peterborough Diocesan Education Trust	576	1,764

Parochial Church Councils

Parochial Church Councils (PCCs) support PDBF financially with payments of parish share. Many committee members and trustees are also members of PCCs within the Diocese. Much of PDBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

33 Post balance sheet event

At the year end, the Diocesan Board of Education (DBE) became its own separate entity, rather than being part of the Diocesan Board of Finance (DBF).

On 1 January 2023, the assets and liabilities of the DBE will be transferred from the DBF to the DBE. The DBE is being registered separately as its own independent unincorporated charity.

The balance sheet of the DBE at that date was as follows:

		£
Fixed assets		760,000
Investments		910,178
Current assets:		
Debtors	16,612	
Cash at bank	1,092,619	
	<hr/>	
	1,109,231	
Current liabilities:		
Creditors	(604,430)	
	<hr/>	
Net current assets		504,801
Net assets		<hr/> <hr/> 2,174,979
Reserves		<hr/> <hr/> 2,174,979

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

34 Prior year Statement of Financial Activities (SoFA)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £
Income and endowments from					
Donations:					
Parish share	3	6,620,865	-	-	6,620,865
Other donations	4	622,138	411,804	-	1,033,942
Charitable activities	5	486,259	-	-	486,259
Other income	6	59,669	-	-	59,669
Investment income	7	18,096	468,410	1,516,825	2,003,331
Total incoming resources		7,807,027	880,214	1,516,825	10,204,066
Expenditure on					
Raising funds	8	124,403	136,269	37,889	298,561
Charitable activities	9	7,894,799	888,957	1,282,543	10,066,299
Total outgoing resources		8,019,202	1,025,226	1,320,432	10,364,860
Net income/(expenditure) before investment gains		(212,175)	(145,012)	196,393	(160,794)
Net gains on Investments		58,464	71,722	8,775,044	8,905,230
Net income/(expenditure)		(153,711)	(73,290)	8,971,437	8,744,436
Transfers between funds	22	252,804	(464,953)	212,149	-
Other recognised gains/(losses)					
Gains/(losses) on revaluations and disposals of fixed assets		-	556,028	9,379,081	9,935,109
Actuarial gains on pension schemes		-	-	6,000	6,000
Net movement in funds		99,093	17,785	18,568,667	18,685,545
Total funds brought forward		3,372,210	12,206,057	136,173,764	151,752,031
Total funds carried forward		3,471,303	12,223,842	154,742,431	170,437,576

THE PETERBOROUGH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 250569

Accounts

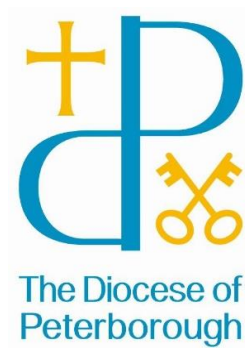
Company registration number 186179

Charity registration number 250569

PETERBOROUGH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



A large print version is available on request from
Andrew Roberts
Peterborough Diocesan Office
The Palace
Peterborough
PE1 1YB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CONTENTS

		<u>Page No.</u>
1	Foreword from Bishop Donald	1
2	Introduction	2
3	Strategic Report	2
4	Objectives	3
5	Activities and achievements	4
6	Structure and Governance	4 - 6
7	Financial Review	7 - 9
8	Risk management	10 - 11
9	Structure and Governance of the Church of England	11 - 13
10	Statement of Trustees' Responsibilities	14
11	Administrative Details	15 - 17
12	Independent Auditors Report to the members of the Diocesan Board of Finance	18 - 20
13	Statement of Financial Activities	21
14	Income and Expenditure Account	22
15	Balance Sheet	23
16	Statement of cash flows	24
17	Notes to the Financial Statements	25 - 53

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Foreword from Bishop Donald

I am grateful to all those responsible for compiling this report, not least Paul Buckingham as Chair of the DBF, and David Mason as Chief Finance Officer, and their team.

So much work goes on in this diocese. Most of that is in our parishes (including the Cathedral) and chaplaincies. However, without the diocesan teams, boards, and committees functioning as they do, it would be much harder and more costly (probably impossible) for the local churches and ministries to operate at all.

I am hugely encouraged at this report. The Covid pandemic could have led to a very much worse picture. As it is, we are well set for gradual but real recovery from that major shock.

My thanks to all who share in our priestly ministry of the gospel in this diocese

Donald

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Introduction

The trustees, who are also the directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021. The names of the trustees/directors serving during this period from 1 January 2021, to the date of this report can be found in section 11.

3 Strategic Report and Aims

The financial affairs of the diocese are conducted through the Peterborough Diocesan Board of Finance ('the DBF') which is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. At a strategic level, the DBF is responsible for the financing of any recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth.

In addition to ensuring the diocese complies with national safeguarding standards, the main functions of the DBF are

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton; handling diocesan administration and, led by the Bishop, providing parish focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to finance any strategic recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishops' vision for growth;
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to be financially responsible for the care of closed churches in the 'alternative use seeking' period;
- to act as custodian trustee of assets on behalf of some parishes which are held on permanent trusts by vesture of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in Peterborough diocese. We are committed to supporting the provision of ministry especially in the poorest parts of the diocese. To assist us in that endeavour we are grateful for the Low Income Communities Grant funding from the National Church. We are further assisted by the Strategic Development Funding awarded in 2018, which underpins the training of youth mission enablers in the diocese, aimed at engaging a new and younger church family to sustain long term growth in this diocese.

We remain committed to transforming our back office functions through change projects to enable us to deliver an efficient and effective service, responsive to parish needs. We will ensure the opportunities provided by the pandemic become embedded as business as usual where appropriate, this ensures our support to clergy and officers is financially sustainable. This work will continue in 2022.

The trustees will continue to make deliberate use of financial resources through the Pastoral Fund to address the budget deficit. We recognise the importance of this in a time when parishes have found they cannot fundraise in traditional ways as a result of restrictions arising from the pandemic.

We remain committed to these aims, and will work towards them against the backdrop of the pandemic and its continued impact on us and our parishes. We remain committed to using the opportunities and experience we have gained as we have continued to work whilst in lock down, to consider what we might look like going forward.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Objectives

To continue to learn from the pandemic and use all opportunities to pause, reflect and re design, how we work. To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

Every Parish continues to experience financial challenges. It is apparent those parishes where their major source of income is from regular planned giving (by Standing Order or Direct Debit) are better able to meet the financial challenges. The roll out and switch to the Parish Giving Scheme has continued and a majority of donors have now moved over to this scheme enabling giving to rise by 8.9% over the past three years. We will continue to promote this scheme to encourage regular planned giving more widely across the diocese.

We will engage fully in developments in National Safeguarding Policies and Procedures and Training to ensure the Peterborough Diocese remains a safe place to worship, work and live. In support of the Bishop's Vision for Growth, the Safeguarding team provide the advice, guidance and ongoing support to: Parishes, the Diocesan Board of Finance Staff (DBF) Officers and Clergy, The Bishops Office Staff, Officers and Clergy and the Cathedral.

We will ensure clergy numbers are affordable, and clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

We will continue to work to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the diocese. We have received Strategic Ministry Funding £35,318 to help with the cost of having an additional curate and also had confirmation of funding for a further extra curate in 2023.

The trustees will review the property portfolio to seek the potential to sell houses not required for ministry purposes.

The trustees will be looking to increase revenue from diversification of the glebe portfolio whilst also engaging where possible with the 'Coming Home' project set out by the Archbishop's Commission on affordable housing.

The trustees will continue to use video conferencing to drive down costs. Investment in improved hardware and infrastructure capability will drive transformational change. We will implement a new National Safeguarding Casework Management System, and On Line Faculty System during 2022 to continue to reduce bureaucracy and improve efficiencies.

We will adopt the National Church Route Map to Net Zero Carbon by 2030 and begin the implementation of measures to achieve this target across all departments. We will offer advice and guidance to parishes to assist their journey to Net Zero Carbon by 2030 including advising on the completion of the On Line Energy Footprint Tool to provide them with baseline figures relating to the carbon footprint of individual churches.

We will move to implement the Online Faculty System in 2022 to improve efficiency in the DAC work in relation to appropriate development of the use of church buildings to enable and support parish's missional plans and growth strategies. The DAC will continue to sign post parishes to the national church sources of information in relation to environment and climate change, along with the availability of subsidised energy audits.

The trustees will finalise the Memorandum of Understanding which will be the key governance document underpinning the new unincorporated DBE under the terms of the Scheme approved by Diocesan Synod on 12 May 2022. The Memorandum of Understanding will be in place with effect from 1 January 2023.

Over the next year, a key priority is to encourage all our clergy and churches to engage with their local schools and through that to build relationships with parents and families.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Activities and Achievements

The impact of the pandemic on the work and mission of the diocese was as keenly felt in 2021 as it was in 2020.

Despite the challenges, no annual report would be complete without the acknowledgement of the efforts parishes have made to continue to meet their parish share obligations - 81.4% received. As the most significant element of funding of the work described in every annual report by the trustees of the Diocesan Board of Finance, we simply would not exist without the hard work, generosity and sacrifice of our donors. THANK YOU.

Safeguarding remains a priority, and we have invested in a Safeguarding Learning and Development Officer to deliver the national safeguarding training obligations we have. We will see a change in the lead safeguarding role in 2022 and look forward to continuing our work to keep this diocese a safe place to worship, work and visit.

We continually review our working practices to ensure we can continue to benefit from changed working practices brought about by the pandemic. Most of our meetings remain in the virtual space, with a 'hybrid' option becoming possible in Bouverie Court with the installation of new audio visual equipment. We are of course committed to offering 'face to face' meetings when required or requested, but do so mindful of the cost both in terms of finances and environmental damage.

Vacant posts (clergy or lay) remain subject to scrutiny to ensure any appointments are missionally necessary and financially affordable. The equivalent of 10.5 incumbent posts were vacated during 2021 but 13.5 incumbent status posts were filled. We are also well supported by clergy who do not take a stipend and by those providing duty in return for housing.

Pastoral Reorganisation matters were halted during the pandemic and we have now invested in a short term, part time post to deal with the backlog. The proposals in the pipeline have all been designed and agreed to make ministry in the parishes affordable in a wider context than the pandemic period. Real consideration of what the diocese should look like started in some deaneries before the pandemic took hold.

The Diocese uses Interim Ministry to turn around parishes that are struggling and to focus attention and resources where they are most needed. The LICF grants have helped to make this possible and has been particularly helpful in sustaining that ministry during the demands and financial constraints of Covid.

The Diocesan Website was recast using the Church Edit template in use by many dioceses. Content has been reviewed and will be further developed during the next year to provide an enhanced resource for all of our parishes.

6 Structure and Governance

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number; 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is registered for VAT, with registration number 737 9263 95. It does not pay corporation tax. Details of the principal officers and agents of the DBF are in section 11.

The charity, which has no share capital, is a company limited by guarantee. The trustees, who are also the directors may derive no benefit or income from or have any capital interest in the charity's financial affairs other than reimbursement of out-of-pocket expenses.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by deanery synods and clergy members by diocesan synod. Members can also be co-opted on to the DBF. The trustees maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Structure and Governance

A small team of staff based in offices in Peterborough and Northampton handle essential administration. In addition a number of Bishop's Officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

Charitable donations are made as part of normal expenditure in the exercise of the charity's objectives. No political contributions are made.

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The trustees believe that, by supporting the work of the Church of England in the diocese of Peterborough, the DBF and DBE helps to promote more effectively the whole mission of the Church (Pastoral, evangelistic, social and ecumenical), both in the diocese as a whole and its individual parishes, and that in doing so, it provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, for its members as well as for anyone who wishes to benefit from what the Church offers;
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole; and
- Supporting Church of England schools and Christian education in the diocese through the Board of Education.

6.1 Committees

Certain DBF Committee functions are described below. In addition matters requiring senior management attention are dealt with by the Bishop's Management Group ('BMG') for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team ('BLT') for operational matters relating to achieving the Bishop's Vision. Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishops Council and the Board of Finance and its various committees.

6.1.1 Finance and Administration Committee

This committee acts as the Executive Committee of the charity and focuses particularly on budget preparation, the parish share and the overall financial strategy.

6.1.2 Glebe and Trust Committee

This committee directs and manages the glebe properties on behalf of the charity and acts for the DBF in its corporate capacity as custodian and managing trustee.

A joint meeting of the Finance and Administration and Glebe and Trust Committees helped define an investment policy for the Board's assets, acting as the Investment Steering Group.

6.1.3 Houses Committee

The functions of the DBF as Diocesan Parsonages Board are delegated to the Houses Committee. This committee deals with the provision of, and day-to-day maintenance of, clergy housing.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Structure and Governance (continued)

6.1.4 Audit Committee

This committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation. Hilary Daniels, Chair, has stepped down and we are grateful for the expertise and commitment she has brought to the role. We are delighted to welcome Jeremy Orme as the new Chair, taking forward the work of the Audit Committee in 2022 with effect from 24 March 2022.

6.2 Diocesan Board of Education

Peterborough Diocesan Board of Education ('the DBE') has charitable status and is an unincorporated body separate from the DBF. The DBF grants funds to the DBE on an annual basis. The DBE has separate officers and staff and administers its own day-to-day operations; however, the DBF is the employing body for the staff of both organisations.

2022 will see a key constitutional change in the Diocesan Board of Education arising from the DBE Measure dated 12 May 2022 taking effect on 1 January 2023.

6.3 Related Organisations

Within the ministry of the Church of England in the diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that form part of the Church. While the Bishop of Peterborough and his clergy have the cure of souls within the diocese, the responsibility for the funding of stipends for clergy (other than bishops and cathedral clergy), provide clergy housing (other than for the diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 11.2 are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod, which is intended to cover the cost of ministry.

Whilst dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburse the costs of stipendiary clergy deployed in the diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the general Synod, its boards and committees, and work undertaken on behalf of the church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the diocese elects a number of lay and clergy members.

6.4 Other related organisations:

- The Church of England Pensions board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- The Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the diocese makes annual contributions.
- The Peterborough Diocesan Education Trust (PDET) a multi-academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie Court under the terms of a sharing agreement;
- Peterborough Cathedral, who we provide IT services to under a service level agreement
- Bishop's Office, who we provide IT services to under a service level agreement

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Financial review

Against the backdrop of the continuing COVID-19 pandemic, 2021 was another very strange and challenging year both in terms of operating and also financially. The trustees continued to work within the budget for 2021, approved by Synod, which was set in 2020 but, as with 2020, the pandemic continued to force us to adapt most of our working practices temporarily.

We are immensely grateful to the efforts made in all our parishes to meet the requests for parish share and celebrate the hard work our parishes make to meet their obligation despite these incredibly difficult times. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the requests for parish share. Many are meeting the increases from reserves, and a majority are not paying in full.

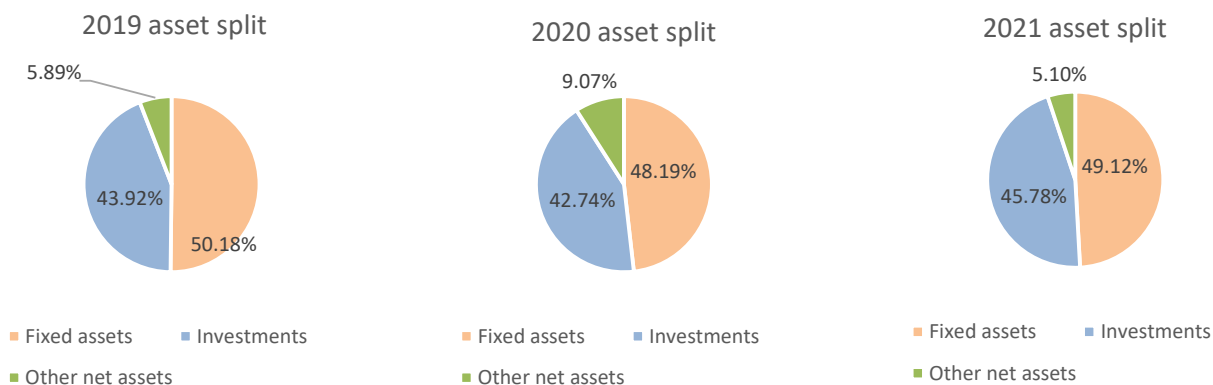
We are committed to ensuring we use this experience to drive forward transformational change to make cost savings where possible. Achieving a balanced budget remains the strategic aim of the trustees without damaging the excellent work done over the period to achieve sustainable growth of the church.

The Diocesan Synod approved a deficit budget for 2021 of £880,914. The actual results for 2021 show a deficit before investment gains and revaluations of £160,794. This was largely caused by a fixed asset loss, as was the case in 2020. However, the on-going effects of the pandemic caused significant movements to the budget. The movements are explained in the income and expenditure review on pages 8 and 9.

The DBF is responsible for two main categories of asset – clergy houses and investments. The accounting requirement is that the assets be entered into the year end balance sheet at an estimated current valuation. Given recent years' increases in house prices and in the markets for land and financial investments, the DBF balance sheet figures on page 23 have increased significantly. These valuation increases are not available to subsidise DBF

Trustees hold the portfolio of clergy houses for their operational importance to the provision of ministry in the diocese. With only rare exceptions, the houses are not for sale and their financial impact is more a matter of the level of expenditure appropriate to their maintenance than to the increase or decrease in year-end valuation.

Investments (land and financial investments) are principally permanent endowments which are held neither for operational purposes or for sale. Their importance is in providing an annual financial return which enables the DBF to afford a higher level of ministry and support expenditure than would be possible without it.



PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

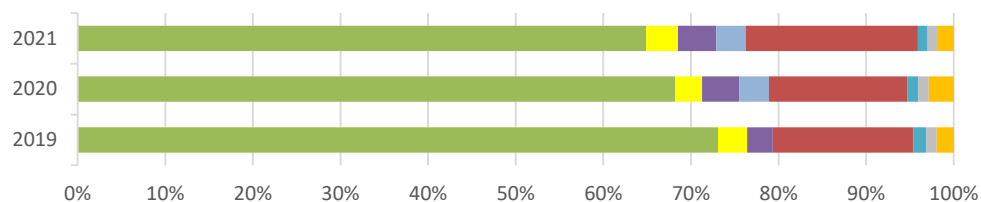
7 Financial review (continued)

Income review

Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. Due to the ongoing effects of the pandemic, parish share receipts for 2021 were lower than in recent years, although broadly similar to 2020. Including the amounts received in respect of earlier years, share decreased in cash terms by £61,347 compared to 2020. The total share received when expressed as a percentage of the overall share requested was 81.4% (2020 : 81.6%).

Investment income increased by £354,926 largely due to £300,000 received in respect of the Titchmarsh glebe.

Income



	2019	2020	2021
Parish share	73.10%	68.21%	64.88%
Fees	3.31%	3.06%	3.64%
Church Commissioners funding	2.92%	4.25%	4.38%
Low Income Communities funding	0.00%	3.39%	3.37%
Investment income	16.08%	15.81%	19.63%
Education income	1.48%	1.24%	1.12%
All Churches funding	1.17%	1.20%	1.17%
Other income	1.94%	2.84%	1.81%

Expenditure review

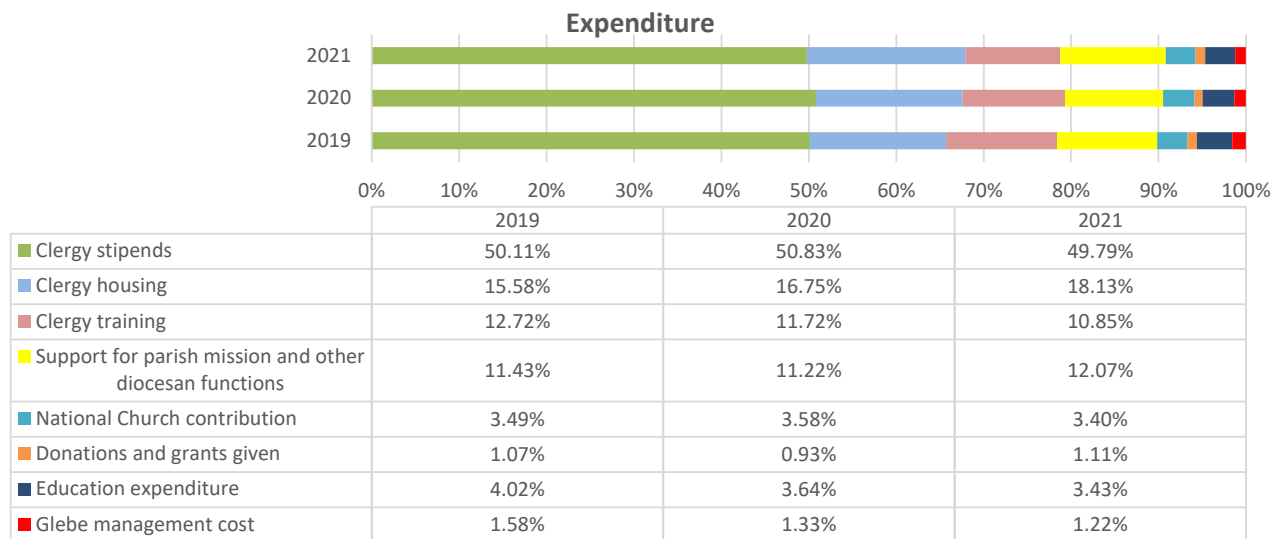
With our activities still restricted as in 2020, there were positive variances against budgeted expenditure in most areas. Unfilled clergy vacancies and training courses not being run resulted in a £177,231 positive variance to budget - clearly, this had a significant negative impact on our mission work. Being able to inspect and carry out works in clergy houses caused our housing costs to be £202,682 over budget. As a continued result of home working, considerably less travelling, training and other general office cost savings, there were, again, unbudgeted reductions in central costs of £259,079. Additionally, accounting standards require the inclusion of the reduction in the clergy pension liability, which does not form part of the DBF's regular day-to-day operating income and expenditure. In 2021 this was a further reduction of £314,000, which has the effect of reducing expenditure by that amount - again, this is unbudgeted.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

7 Financial review (continued)

Expenditure review (continued)



7.1 Investment Policy

The trustees Investment Policy is that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. The trustees decided that a Total Returns policy in respect of its permanent endowment is not appropriate at this time.

Although there are no significant legal restrictions on the range of assets in which the trustees may invest, the advice of the Church of England Ethical Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the trustees who will direct what action to take.

The Finance and Administration Committee and the Glebe and Trust Committee meets together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment policy agreed by the trustees.

7.2 Reserves Policy and Reserves

The DBF notes that 64.88% of its annual income (excluding education capital related income) is from parish share receipts (2020 - 68.21%) with most of the balance coming from historic resources.

In view of the need to provide bridging finance for educational projects and more particularly to fund clergy stipends whether or not receipts from the parishes are up to date, the charity's reserves policy is to operate within a minimum general fund reserve of 60 days of annual expenditure including schools' capital works - £1,727,025 (2020 - £1,697,224).

At 31 December 2021, the level of funds which are unrestricted, undesignated and not held as fixed assets totalled £2,435,628. This equates to approximately 85 days of annual expenditure, including schools' capital work (2020 - 85 days).

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Risk management

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all risks identified, supported by the appropriate policy. The risk register is subject to annual review and responsibility for delivery of the mitigation activities are delegated to the Diocesan Secretary.

The pandemic, associated lockdown, and post-pandemic challenges has exposed us to a greater level of financial and pastoral risk as well as some opportunities. Balancing expenditure against income will be a key challenge in the coming years and the risk register below will incrementally change to reflect a new operating environment based on driving efficiencies through opportunities presented by the pandemic.

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. The areas of risk and the associated mitigation activities are:

8.1.1 Spiritual Leadership

The diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

- The work of the Director of Ordinands and Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The role out of the 'Leading your church into growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

8.1.2 Finances

A failure to generate enough income from parish share, investments and other income sources affects the vision for growth.

- Routine monitoring of Income v Expenditure
- The Investment Policy designed to provide growing investment income.
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation.
- The opportunities presented through a different way of working in the pandemic will be used to drive down expenditure where possible.
- A Budget Review Group is convened at times of crisis to identify measures to counter the impact of medium term shortfalls in income/savings on expenditure.

8.1.3 An unforeseen incident adversely affects the reputation of the diocese

This could be either in the safeguarding or data security (IT) environment.

Safeguarding;

- The DBF invests in highly skilled and well-trained safeguarding professionals in advisor roles.
- We align our policies to the National Church guidance.
- All parishes are required to implement and endorse the diocesan safeguarding policy.
- The DBF provides compulsory safeguarding training for all staff.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Risk management (continued)

8.1.3 An unforeseen incident adversely affects the reputation of the diocese (continued)

Information Technology;

- The DBF has invested in a professional IT Managed Service Company to deliver the IT function across the DBF offices.
- The IT delivery model puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings.
- Infrastructure developments implemented during 2021/2022 provide additional opportunities for savings through migrating to cloud services.
- The IT service delivery model is underpinned by a clear governance framework and staff user forums .

8.1.4 Changing demographic profile.

An aging participating population without any rebalancing is detrimental to the future of the church in the diocese.

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the church.
- An ongoing Diocesan Board of Education objective aims to work in collaboration with the Directors of Ordinands, Children and Youth and Mission to take forward ‘Growing Faith’ initiatives to benefit children, young people and families.
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

9 Structure and Governance of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents 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 some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

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

9.1 Three National Church Institutions

The Archbishops’ Council, the Church Commissioners and the Church of England Pensions Board are the three National Church Institutions.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Structure and Governance of the Church of England (continued)

9.1 Three National Church Institutions (continued)

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

The Church Commissioners manage historic assets of the Church of England, spending most of their income on pensions for the clergy. The church commissioners meet the costs of episcopal administration through the Diocesan and suffragan bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. Subsequently given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in ministry; and to administer pension schemes for lay employees of Church organisations.

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

9.2 The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The diocese assumed roughly its present dimensions in 1927 with a total area of 1,150 square miles.

The diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 917,000 (mid term estimate 2017).

The diocese comprises two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

Peterborough Cathedral is the Mother Church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the diocese. It is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the bishops and archdeacons. Its role is to:

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

9.2 The Diocese of Peterborough (continued)

Each deanery has a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

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

The Bishop's Council, under the constitution of Diocesan Synod, has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy, this includes taking forwards for approval by Synod, recommendations made by the Bishops Management Group.
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it.

A Parochial Church Council (PCC) is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC comprises of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. We do not aggregate these assets in the financial statements, as the DBF does not control them, and are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2021 was £15,340,218 (2020 - £13,698,235), are set out in note 31 to the accounts. Where we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors, Hunt & Coombs.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Statement of Trustees' Responsibilities

10.1 Trustees' Responsibilities

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

Company law requires the trustees (as company directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

The trustees are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10.2 Statement of disclosure to auditors

As far as the trustees are aware, there is no relevant audit information of which the DBF's auditors are unaware. The trustees have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

Haysmacintyre LLP have signified their willingness to act for the coming year. A resolution to appoint them as auditors will be proposed at the forthcoming annual general meeting.

The Trustees Annual Report, which includes the Strategic Report, was approved by the Board on 23 June 2022

Signed on its behalf by:

Paul Buckingham

Dr Paul Buckingham
Chair

Andrew Roberts

Andrew Roberts
Secretary and Treasurer

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Administrative Details

11.1 Officers and Agents

President	Rt Revd D S Allister (Bishop of Peterborough)	
Chair	Dr P Buckingham	
Vice-Chair	Ven G.J Steele (Archdeacon of Oakham) - resigned 30 November 2021	
Secretary and Treasurer	Mr A J Roberts	
Assistant Secretary	Mrs S J Ratcliffe	
Director of Education	Mr P Cantley	
Diocesan Surveyors	Carter Jonas LLP 12 Waterside Way Bedford Road Northampton NN4 7XD	
Bankers	Barclays Bank plc 1 Church Street Peterborough PE1 1QP	
Investment Fund Managers	M & G Investments M & G Securities Ltd PO Box 9039 Chelmsford CM99 2XF	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET
	Barclays Wealth 1 Stanhope Gate Mayfair London W1K 1AF	
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	
Solicitors	Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG	
Solicitors to the Board of Education	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR	

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

11.1 Officers and Agents (continued)

Diocesan Registrar	Ms A Spriggs Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG
Diocesan Chancellor	Mr D M Pittaway QC c/o Diocesan Registrar
Deputy Diocesan Chancellor	Mr M Griffiths QC c/o Diocesan Registrar
Registered Office	The Diocesan Office The Palace Peterborough PE1 1YB
Registered Numbers	Company Registration No. 186179 Charity No. 250569 VAT Registration No.737 9263 95
Finance and Administration Committee	Chair: Dr P Buckingham Secretary: Diocesan Secretary c/o The Diocesan Office
Glebe and Trust Committee	Chair: Mr William Craven Secretary: Property Officer c/o The Diocesan Office
Investment Steering Group	Chair: Mr P McKay Secretary: Assistant Diocesan Secretary c/o The Diocesan Office
Houses Committee	Chair: Mr R Purser Secretary: Property Officer c/o The Diocesan Office
Audit Committee	Chair: Mrs H Daniels (to 31 December 2021) Chair: Mr J Orme (from 25 March 2022) Secretary: Assistant Diocesan Secretary c/o The Diocesan Office
Board of Education	Chair: Ven R Ormston (Archdeacon of Northampton) Secretary: Director of Education c/o The Diocesan Office Director: Peter Cantley c/o The Diocesan Office

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

11.2 List of trustees/directors

President	Rt Revd Donald Allister	
Chair	Dr P Buckingham (FA, GT, H)	
Ex- Officio	Rt Revd J E Holbrook Ven R J Ormston (FA, GT, H) Ven G J Steele (Vice Chair) (FA, GT, H) Ven A Booker (FA, GT, H) Very Revd C Dalliston	resigned 30 November 2021 appointed 8 February 2022
Co- opted	Ms H Daniels (A) Mr W Craven (GT) Mr R Purser (H) Mr P McKay	resigned 31 December 2021 appointed 25 February 2021

Elected by the House of Clergy of the Diocesan Synod (2019 – 2021)

Archdeaconry of Northampton	Archdeaconry of Oakham
Revd K Hutchins (also Wellingborough) (A, FA) Revd Canon B Hollins - resigned 31 December 2021	Revd Canon J E Baxter (GT) Revd Dr B Brandon - appointed 17 January 2022 Revd M W Lucas Revd Canon G H Rogers - resigned 31 January 2021 Revd D Walsh (also Kettering Deanery)

Elected by the Houses of Laity of the Deanery Synods (2021 – 2024)

Archdeaconry of Northampton	Archdeaconry of Oakham
Mrs I Burbidge (Brackley) Mr N Robertson (Brixworth) - resigned 31 August 2021 Mr R Baker (Daventry) (A) Mr N Critchlow (Greater Northampton) (FA) Dr H Creek (Towcester) Revd K Hutchins (Wellingborough) (FA)	Mr J Hindle (Corby) Mr A K Owst (Higham) - resigned 6 March 2021 Revd D Walsh (Kettering) Mr A C Hawkins (Oundle) Mr R Gregory-Smith (Peterborough) Mr J Orme (Rutland) (A)

The abbreviations used above indicate sub-committees on which members serve, as follows:

A = Audit	FA = Finance and Administration
GT = Glebe and Trust	H = Houses

11.3 Key Management Team

Rt Revd D S Allister	Bishop of Peterborough
Ven R J Ormston	Archdeacon of Northampton
Ven G J Steele	Archdeacon of Oakham - resigned 30 November 2021
Ven A Booker	Archdeacon of Oakham - appointed 8 February 2022
Mr A Roberts	Diocesan Secretary
Mr P Cantley	Director of Education
Mr P White	Director of Children and Youth
Revd C Nobbs	Director of Mission and Development
Revd Canon S Benoy	Director of Vocation and Formation

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Peterborough Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2021

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2021

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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.



Steve Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

06/09/2022

10 Queen Street Place
London
EC4R 1AG

PETERBOROUGH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
Income and endowments from						
Donations:						
Parish Share	3	6,620,865	-	-	6,620,865	6,682,212
Other donations	4	622,138	411,804	-	1,033,942	991,679
Charitable activities	5	486,259	-	-	486,259	421,303
Other income	6	59,669	-	-	59,669	151,715
Investment income	7	18,096	468,410	1,516,825	2,003,331	1,549,004
Total income		7,807,027	880,214	1,516,825	10,204,066	9,795,913
Expenditure on						
Raising Funds	8	124,403	136,269	37,889	298,561	287,629
Charitable activities	9	7,894,799	888,957	1,282,543	10,066,299	9,643,674
Total expenditure		8,019,202	1,025,226	1,320,432	10,364,860	9,931,303
Net income/(expenditure) before investment gains		(212,175)	(145,012)	196,393	(160,794)	(135,390)
Net gains on investments	17	58,464	71,722	8,775,044	8,905,230	7,742,976
Net income/(expenditure)		(153,711)	(73,290)	8,971,437	8,744,436	7,607,586
Transfers between funds	22	252,804	(464,953)	212,149	-	-
Other recognised gains						
Gains on revaluations of fixed assets	16	-	556,028	9,379,081	9,935,109	3,378,556
Actuarial gains on pension schemes	30	-	-	6,000	6,000	(2,000)
Net movement in funds		99,093	17,785	18,568,667	18,685,545	10,984,142
Total funds brought forward		3,372,210	12,206,057	136,173,764	151,752,031	140,767,889
Total funds carried forward		3,471,303	12,223,842	154,742,431	170,437,576	151,752,031

For detailed fund by fund comparisons, a copy of the 2020 Statement of Financial Activities is included in note 33

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Total 2021 £	Total 2020 £
Total income	8,687,241	9,795,913
Total expenditure	(9,044,428)	(9,931,303)
Gross income for the year	<u>(357,187)</u>	<u>(135,390)</u>
Net movement on investments	130,186	138,014
Net income for the year	<u>(227,001)</u>	<u>2,624</u>
Other comprehensive income		
Net assets transferred from / (to) endowments	(212,149)	599,975
Net comprehensive income for the year	<u><u>(439,150)</u></u>	<u><u>602,599</u></u>

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law.

All income and expenditure is derived from continuing activities.

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	16	83,718,088		73,122,874	
Investments	17	78,022,190		64,861,692	
			161,740,278		137,984,566
Current assets					
Debtors	18	829,331		803,502	
Cash on deposit, at bank and in hand	19	9,255,176		15,541,279	
		10,084,507		16,344,781	
Creditors: amounts falling due within one year	20	(1,247,074)		(2,295,181)	
Net current assets			8,837,433		14,049,600
Total assets less current liabilities			170,577,711		152,034,166
Creditors: amounts falling due after more than one year	21		(140,135)		(282,135)
Net assets			170,437,576		151,752,031
Funds					
Endowment funds	23		154,742,431		136,173,764
<i>(including revaluation reserve £113,435,742 - 2020 £97,211,720)</i>					
Restricted funds	24		12,223,842		12,206,057
<i>(including revaluation reserve £3,908,279 - 2020 £3,687,098)</i>					
Unrestricted income funds:					
General funds	25		2,476,274		2,446,561
Designated funds	26		995,029		925,649
<i>(including revaluation reserve £296,830 - 2020 £238,366)</i>					
Total funds	27		170,437,576		151,752,031

Approved by the Board and authorised for issue on 23 June 2022 and signed on its behalf by

Paul Buckingham

Andrew Roberts

Dr P Buckingham
Chairman

A Roberts
Secretary

Company number: 186179

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2021 £	2020 £	2020 £
Net cash flow from operating activities		(3,191,027)		(98,745)
Cash flows from investing activities				
Dividends, interest and rent from investments	2,003,331		1,549,004	
Proceeds from sale of tangible fixed assets	464,953		1,232,185	
Proceeds from sale of investments	1,867,317		4,710,627	
Purchase of tangible fixed assets	(1,308,092)		(495,489)	
Purchase of investments	(6,122,585)		-	
Net cash flow from investing activities		(3,095,076)		6,996,327
Change in cash and cash equivalents in the year		(6,286,103)		6,897,582
Cash and cash equivalents brought forward		15,541,279		8,643,697
Cash and cash equivalents carried forward		9,255,176		15,541,279
Reconciliation of net movement in funds to net cash flow from operating activities				
Net movement in funds for the year		(160,794)		(135,390)
Adjustments for:				
Depreciation		13,678		1,668
Loss on sale of fixed assets		169,356		157,916
Dividends, interest and rent from investments		(2,003,331)		(1,549,004)
Decrease in debtors		(25,829)		496,993
Increase / (decrease) in creditors		(876,107)		1,323,072
Pension scheme liability movement		(314,000)		(392,000)
Adjustment for actuarial gain on pension scheme		6,000		(2,000)
Net cash flow from operating activities		(3,191,027)		(98,745)
Analysis of cash and cash equivalents				
Cash at bank and in hand		3,011,409		3,377,566
Cash on deposit with Central Board of Finance of the Church of England and the Church Commissioners		6,243,767		12,163,713
		9,255,176		15,541,279

The notes on pages 25 to 53 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to promote, assist and advance the work of the Church of England in the Diocese of Peterborough by acting as the financial executive of the Peterborough Diocesan Synod. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

2 Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (Second Edition, effective 1 January 2019), the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting

The financial statements present an aggregation of the accounts of the PDBF and those of the Peterborough Diocesan Board of Education (the PDBE).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The COVID-19 pandemic has had a negative effect on collection of parish share, however the trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

2.2 Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is included where received up to the end of the month following the end of the financial year.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil 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.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting Policies (continued)

2.3 Expenditure

Expenditure is included in the SOFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SOFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 30). Contributions payable by the PDBF to defined contribution scheme are included in the SOFA when payable. Contributions payable to the defined benefit schemes are included in the SOFA when payable in respect of current service. Contributions payable in respect of scheme deficits relating to past service are charged to the Clergy Pension Liability in the Balance Sheet.

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £430,659 (2020: £525,259) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SOFA.

2.4 Tangible Fixed Assets

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

Tangible fixed assets have been included on the following bases:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income. The profit/loss on disposal is also treated as if they were investment properties.

Board Property:

At either cost or at a valuation using a published index to reflect changes since the last valuation. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting Policies (continued)

2.5 Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

2.6 Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Listed Investments are stated at market value at the balance sheet date

Unlisted Investments are stated at market value at the balance sheet date as provided by the Central Board of Finance of the Church of England and M&G Investments.

Agricultural Land was valued at 31 December 2021 as part of an estate held for investment purposes by an external valuer Carter Jonas LLP, Chartered Surveyors & Property Consultants, 12 Waterside Way, Bedford Road, Northampton.

Commercial Property at Bouverie Court was valued during 2021 by chartered surveyors Carter Jonas (address as above) on an open market basis.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS102 which requires that they are recognised as Investment Properties. This presentation has been used for the purposes of achieving a true and fair view as this reflects the intended long term use of the properties concerned.

2.7 Custodian Trustee

Investments held by the charity as Custodian Trustee are not included in these financial statements but are set out separately in note 31. These will be reviewed with the local PCCs during 2022.

2.8 Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting Policies (continued)

2.9 Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Pension contributions

The charity's staff are members of the Church of England Pension Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the charity's contributions in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the charity participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

2.13 Fund Accounting

In accordance with the SORP - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), the charity's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the charity. These funds may be set aside by the charity for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the charity or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund, along with investment movements.

Expendable Endowment Funds - these are funds that may be used as income at the discretion of the charity. Use of the funds are subject to legally binding conditions imposed by the donor upon the charity or by terms of an appeal.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting Policies (continued)

2.13 Fund Accounting (continued)

Investment income and movement in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget, as approved by Diocesan Synod. These only appear on the SOFA if the transfer is between the fund types identified above.

2.14 Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Clergy and Other Domestic Houses:

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

The valuation methodology used will be reviewed annually.

Pension scheme liability

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 30 and set by reference to the duration of the deficit recovery payments.

Depreciation

Depreciation is calculated on a straight line basis, based on the trustees best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3	Parish share	Total 2021 £	Total 2020 £
	Current year requests	8,132,853	8,188,788
	Shortfall in contributions	(1,582,195)	(1,595,526)
		<hr/>	<hr/>
		6,550,658	6,593,262
	Receipts for prior year	70,207	88,950
		<hr/>	<hr/>
		6,620,865	6,682,212
		<hr/>	<hr/>
4	Other donations	Total 2021 £	Total 2020 £
	All Churches Trust	119,500	118,000
	Forsters Charity	3,440	3,360
	Mission fund donations	3,700	500
	Donations	116,212	121,970
	Strategic Development Fund	161,600	139,996
	Low Income Communities grant	343,968	332,500
	Strategic Ministry Fund	35,318	17,547
	RME Block grants	250,204	257,806
		<hr/>	<hr/>
		1,033,942	991,679
		<hr/>	<hr/>
5	Charitable activities	Total 2021 £	Total 2020 £
	Statutory fees for parochial services	371,882	299,912
	Education	114,377	121,391
		<hr/>	<hr/>
		486,259	421,303
		<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6	Other income	Total 2021 £	Total 2020 £
	HMRC Furlough income	7,828	126,045
	Administration income	51,841	25,670
		<hr/>	<hr/>
		59,669	151,715
		<hr/>	<hr/>
7	Investment income	Total 2021 £	Total 2020 £
	Dividends receivable	852,836	722,202
	Interest receivable	8,606	32,722
	Rents receivable:		
	Properties	381,177	259,542
	Glebe	760,712	534,538
		<hr/>	<hr/>
		2,003,331	1,549,004
		<hr/>	<hr/>
8	Glebe management costs	Total 2021 £	Total 2020 £
	Professional charges	70,276	80,548
	Other support costs	228,285	207,081
		<hr/>	<hr/>
		298,561	287,629
		<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9 Charitable activities

	Total 2021 £	Total 2020 £
National Church	346,514	349,575
Clergy stipends and staff costs (note 10)	5,354,875	5,246,231
Clergy housing	1,848,057	1,636,914
Clergy training	824,136	867,463
Grants and donations (note 11)	113,595	91,137
Education (note 12)	349,214	355,910
Diocesan support for Parish Mission (note 13)	1,229,908	1,096,444
	10,066,299	9,643,674

10 Clergy stipends and staff costs

	Total 2021 £	Total 2020 £
Stipends and employers national insurance	4,005,894	4,097,366
Pension contributions	1,309,556	1,258,563
Clergy pension deficit reduction payments	(242,000)	(388,000)
Removal, resettlement and other grants	162,714	178,224
Other expenses and other grants	118,711	100,078
	5,354,875	5,246,231

11 Grants and donations

	Total 2021 £	Total 2020 £
Bishop's Discretionary Funds	6,000	6,000
Widows and Dependents	11,600	16,280
Shared Churches Peterborough	39,862	26,402
Shared Churches Northampton	100	60
Northamptonshire Ecumenical Council	6,615	6,300
Record offices	400	400
Quinquennial grants	7,176	7,176
Mission Fund grants	8,562	500
Other grants	33,280	28,019
	113,595	91,137

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12 Education (Church schools)

	Total 2021 £	Total 2020 £
Section 554 net expenditure	7,718	19,810
Administration	330,888	329,518
Other - including travel	10,608	6,582
	349,214	355,910

The following church schools are supported by the Diocese:

	Number	Number
Voluntary aided	14	14
Academy Schools	61	61
Voluntary controlled	28	28
	103	103

The Diocesan Accounts Group (DAG) recommends that Education income and expenditure relating to building projects entered into by the Governing bodies of voluntary aided schools is not included in SOFA other than as short term loans repaid by ESFA Grants and Governors contributions. This is due to the PDBE not acting as principal in the arrangements. The effect of this recommendation is that £321,367 (2020 : £549,394) of receipts and payments does not appear in the SOFA as it is effectively "netted off".

13 Diocesan support for Parish Mission

	Total 2021 £	Total 2020 £
Bishop's Advisors and Support to Parishes	163,001	109,027
DAC, Legal, Stewardship Support to parishes and asset management	477,765	445,030
Bishop's Officers and Mission work in the Parishes	216,766	210,622
Adult, Lay and Clergy Training and Conferences	196,702	173,904
SSMs, Readers, Pastoral Assistants, Parish Evangelists	3,249	3,907
Strategic Development Fund - "Generation to Generation" project	169,760	133,657
Other costs	2,665	20,297
	1,229,908	1,096,444

Included above are Governance costs of £193,380 (2020 : £68,186)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14 Surplus/(Deficit) for the financial year

	2021	2020
	£	£
The net surplus/(deficit) for the financial year is stated after charging:		
Auditors remuneration:		
in respect of audit services - current year	21,360	21,120
in respect of corporation tax computations - current year	1,680	1,680
in respect of audit services - over-provision of prior year	-	(1,920)
in respect of corporation tax computations - under-provision of prior year	-	80
	23,040	20,960
Depreciation on tangible fixed assets	13,678	1,668
Operating lease charges in the year	31,000	31,000
Interest charges on Church Commissioner Value Linked Loans	10,281	10,159

15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

Staff costs

	Total	Total
	2021	2020
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,244,443	1,284,001
National insurance contributions	111,212	120,514
Pension costs	174,247	204,676
	1,529,902	1,609,191

Clergy stipends

The PDBF paid an average of 135 (2020 - 137) stipendary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the diocese and the costs were as follows:

	Total	Total
	2021	2020
	£	£
Stipends	3,724,060	3,448,066
National insurance contributions	281,834	284,093
Pension costs - current year contributions	1,308,556	1,251,563
	5,314,450	4,983,722

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The average number of employees during the year was as follows:

	2021 full-time	2021 part-time	2020 full-time	2020 part-time
Archdeacons	2	-	2	-
Stipendary Parochial Ministers	119	14	121	14
Diocesan Boards and Councils	20	7	19	8
Parochial Youth Staff (SDF)	4	2	4	1
Administration	8	3	9	4
	153	26	155	27

In addition to the above, there are 33 self supported ministers and a further 14 house for duty ministers.

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2021	2020
£70,001 - £80,000	1	1
£60,001 - £70,000	2	2

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees for planning, directing and controlling the activities of the Diocese. During 2021 they were:

Diocesan Secretary and Company Secretary	Andrew Roberts
Diocesan Director of Education	Peter Cantley

Remuneration, pensions and expenses for these two employees amounted to £164,121 (2020 : £163,546).

Trustees remuneration and expenses

During the year, no trustee received any remuneration for services as a trustee or received any travel expenses relating to services as a trustee (2020 : none).

During the year the charity made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the Board during the year:

		Stipend	Housing
Revd J Baxter		Yes	Yes
Revd B Hollins		Yes	Yes
Revd K Hutchins		No	Yes
Revd M Lucas		Yes	Yes
Ven R J Ormston		Yes	Yes
Revd G Rogers	to 31 January 2021	Yes	Yes
Ven G J Steele	to 30 November 2021	Yes	Yes
Revd D Walsh		Yes	Yes

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16 Tangible fixed assets

	Freehold land and buildings £	Short Leasehold improvements £	Office equipment £	Total 2021 £
Cost or valuation:				
At 1 January 2021	73,073,116	56,602	434,000	73,563,718
Additions	1,303,526	-	4,566	1,308,092
Disposals proceeds	(464,953)	-	-	(464,953)
Loss on disposal	(169,356)	-	-	(169,356)
Revaluation	9,935,109	-	-	9,935,109
At 31 December 2021	83,677,442	56,602	438,566	84,172,610
Depreciation:				
At 1 January 2021	-	56,602	384,242	440,844
Charge for the year	-	-	13,678	13,678
Eliminated on disposals	-	-	-	-
At 31 December 2021	-	56,602	397,920	454,522
Net book value				
At 31 December 2021	83,677,442	-	40,646	83,718,088
At 31 December 2020	73,073,116	-	49,758	73,122,874

The historical cost of the land and buildings is £11,670,217 (2020 - £10,561,344).

The historical cost of land and buildings shown above is only for purchases made by the DBF. The historical cost of land and buildings taken over by the DBF from parishes is not known.

17 Fixed asset investments

	Investment properties £	Listed investments £	Unlisted investments £	Total 2021 £
Valuation:				
At 1 January 2021	43,612,957	-	21,248,735	64,861,692
Additions	-	4,794,303	1,328,282	6,122,585
Disposals proceeds	(1,867,317)	-	-	(1,867,317)
Gain on disposal	387,317	-	-	387,317
Revaluation	5,424,074	96,549	2,997,290	8,517,913
	47,557,031	4,890,852	25,574,307	78,022,190
Historic cost at 31 December 2021	13,991,854	4,794,303	13,572,709	32,358,866
Historic cost at 31 December 2020	13,991,854	-	12,244,427	26,236,281

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17 Fixed asset investments (continued)

The glebe land valuation was conducted by Carter Jonas as at 31 December 2021.

The historical cost of glebe land and buildings shown above is only for purchases made by the DBF. The historical cost of glebe land and buildings taken over by the DBF from parishes is not known.

Listed investments are valued at bid price at the year end.

Unlisted investments consist of holdings in CBF Church of England Funds managed by CCLA Investment Managers Limited (the CBF Investment Fund, CBF Fixed Interest Fund and UK Equity Fund) and in Charifund (managed by M&G Securities Limited).

The following unlisted investments each represent more than 5% by value of the portfolio:

	£
The CBF Church of England Investment Fund	17,530,359
M&G Charifund	7,163,183

18 Debtors

	2021 £	2020 £
<i>Due within one year</i>		
Parish share received after year end	110,801	98,899
Parochial loans	57,861	67,286
Trade debtors	81,534	87,611
Other debtors	502,674	465,384
	<hr/> 752,870	<hr/> 719,180
<i>Due after more than one year</i>		
Parochial loans	76,461	84,322
	<hr/>	<hr/>
Total debtors	<hr/> 829,331	<hr/> 803,502

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19	Cash and cash equivalents	2021	2020
		£	£
	Cash at bank and in hand - Current and deposit accounts	3,011,409	3,377,566
	Funds with the Central Board of Finance of the Church of England Deposit fund and the Church Commissioners	6,243,767	12,163,713
		9,255,176	15,541,279
20	Creditors: amounts falling due within one year	2021	2020
		£	£
	Trade creditors	26,090	86,888
	Taxation and social security	38,781	1,065,152
	Other creditors	655,557	475,896
	Accruals and deferred income	294,646	263,245
	Clergy pension scheme liabilities	232,000	388,000
	Lay workers' defined benefit pension scheme liabilities	-	16,000
		1,247,074	2,295,181
21	Creditors: amounts falling due after more than one year	2021	2020
		£	£
	Clergy pension scheme liabilities	-	91,000
	Lay workers' defined benefit pension scheme liabilities	-	51,000
	Church Commissioners value linked loans	140,135	140,135
		140,135	282,135

Value Linked Loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

22 Transfers

The transfers between funds during 2021 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	-	-
Sale proceeds of houses	464,953	-	(464,953)	-
Education s554	28,851	-	-	(28,851)
Clergy pension liability repayment	(241,000)	-	-	241,000
	<hr/> 252,804	<hr/> -	<hr/> (464,953)	<hr/> 212,149

The transfers between funds during 2020 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	982,837	(982,837)
Sale proceeds of houses	249,348	-	(249,348)	-
Education s554	(1,862)	-	-	1,862
Clergy pension liability repayment	(381,000)	-	-	381,000
	<hr/> (133,514)	<hr/> -	<hr/> 733,489	<hr/> (599,975)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23 Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

Permanent Endowments

	Balance at 1.1.21 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
Current year					
Houses Committee	1,320,241	-	-	188,867	1,509,108
Stipends Capital	356,225	-	-	50,960	407,185
Diocesan Stipends Capital Fund	65,702,426	1,516,825	(1,301,912)	8,652,507	74,569,846
Clergy Pension Liability	(479,000)	-	247,000	-	(232,000)
Church Major Works	121,693	-	-	17,409	139,102
	<u>67,021,585</u>	<u>1,516,825</u>	<u>(1,054,912)</u>	<u>8,909,743</u>	<u>76,393,241</u>

	Balance at 1.1.20 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Prior year					
Houses Committee	1,235,297	-	-	84,944	1,320,241
Stipends Capital	333,305	-	-	22,920	356,225
Diocesan Stipends Capital Fund	57,706,101	1,161,548	(771,548)	7,606,325	65,702,426
Clergy Pension Liability	(858,000)	-	379,000	-	(479,000)
Church Major Works	113,863	-	-	7,830	121,693
	<u>58,530,566</u>	<u>1,161,548</u>	<u>(392,548)</u>	<u>7,722,019</u>	<u>67,021,585</u>

Houses Committee

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

Stipends Capital

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

Diocesan Stipends Capital Fund

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23 Endowment funds (continued)

Permanent Endowments (continued)

Clergy Pension Liability

Before 2019, the clergy pension liability was presented as a component of unrestricted funds. Following a review, it is considered appropriate to show this as part of endowment funds on the basis as the endowment assets underpin the liability.

Church Major Works Fund (formerly Church Major Repair Fund)

This fund may be loaned to parishes in need of funds for works to churches.

Expendable Endowments

	Balance at 1.1.21 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
Current year					
Education Act 1996 (s554)	1,921,678	-	(36,569)	129,108	2,014,217
Clergy Houses	67,230,501	-	-	9,104,472	76,334,973
	<u>69,152,179</u>	<u>-</u>	<u>(36,569)</u>	<u>9,233,580</u>	<u>78,349,190</u>
Prior year					
Education Act 1996 (s554)	1,881,557	-	(17,948)	58,069	1,921,678
Clergy Houses	65,296,785	-	(982,837)	2,916,553	67,230,501
	<u>67,178,342</u>	<u>-</u>	<u>(1,000,785)</u>	<u>2,974,622</u>	<u>69,152,179</u>

Clergy Houses

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the PDBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Clergy House fund. Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

Education Act 1996 (Section 554)

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24 Restricted funds	Balance at 1.1.21	Income	Expenditure and Transfers	Gains/ (Losses)	Balance at 31.12.21
<i>Current year</i>	£	£	£	£	£
Houses Committee	5,572,582	397,117	(604,390)	556,027	5,921,336
Widows & Dependants	488,572	13,304	(11,600)	54,859	545,135
Ordination Candidates	127,796	3,420	(1,383)	16,864	146,697
Education Act 1996	230,471	51,729	-	-	282,200
Church Major Works	52,996	41	-	-	53,037
Resourcing Ministerial Education (RME)	(61,435)	250,204	(214,089)	-	(25,320)
Gen 2 Gen - SDF funding	6,339	161,600	(169,760)	-	(1,821)
Family Care Fund	200	-	-	-	200
Pastoral Account	5,788,536	2,799	(488,957)	-	5,302,378
	12,206,057	880,214	(1,490,179)	627,750	12,223,842
	11,332,748	760,096	(125,466)	238,679	12,206,057

<i>Prior year</i>	Balance at 1.1.20	Income	Expenditure and Transfers	Gains/ (Losses)	Balance at 31.12.20
	£	£	£	£	£
Houses Committee	5,341,648	276,597	(249,348)	203,685	5,572,582
Widows & Dependants	464,203	13,239	(16,280)	27,410	488,572
Ordination Candidates	119,907	3,302	(2,997)	7,584	127,796
Education Act 1996	182,215	48,256	-	-	230,471
Church Major Works	52,677	319	-	-	52,996
Resourcing Ministerial Education (RME)	(58,379)	257,806	(260,862)	-	(61,435)
Gen 2 Gen - SDF funding	-	139,996	(133,657)	-	6,339
Family Care Fund	200	-	-	-	200
Pastoral Account	5,230,277	20,581	537,678	-	5,788,536
	11,332,748	760,096	(125,466)	238,679	12,206,057

Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24 Restricted funds (continued)

Schools Fund/Education/Education Act 1996

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided

Church Major Works Fund (formerly Church Major Repair Fund)

This represents unspent income from the endowment fund.

Resourcing Ministerial Education (RME)

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from September 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

Gen 2 Gen

This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)

Family Care Fund

This represents funds received from Family Care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

Pastoral Account

This represents the capital and investment income which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

25 Unrestricted funds

	Balance at 1.1.21 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
Current year					
General fund	2,510,561	7,787,549	(7,821,836)	-	2,476,274
Church Worker Fund pension deficit	(64,000)	-	64,000	-	-
	<u>2,446,561</u>	<u>7,787,549</u>	<u>(7,757,836)</u>	<u>-</u>	<u>2,476,274</u>
Prior year					
General fund	2,923,220	7,857,429	(8,270,088)	-	2,510,561
Church Worker Fund pension deficit	(80,000)	-	16,000	-	(64,000)
	<u>2,843,220</u>	<u>7,857,429</u>	<u>(8,254,088)</u>	<u>-</u>	<u>2,446,561</u>

The General fund is a free reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26 Designated funds

	Balance at 1.1.21 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
Current year					
Church Major Works	767,944	15,446	-	58,464	841,854
Mission Fund	157,705	4,032	(8,562)	-	153,175
	<u>925,649</u>	<u>19,478</u>	<u>(8,562)</u>	<u>58,464</u>	<u>995,029</u>
Prior year					
Church Major Works	650,965	15,071	-	60,256	767,944
Mission Fund	173,871	2,150	(19,300)	-	157,705
	<u>824,836</u>	<u>17,221</u>	<u>(19,300)</u>	<u>60,256</u>	<u>925,649</u>

Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans and, exceptionally, as grants.

Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27 Analysis of net assets between funds

Fund balances at 31 December 2021 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	40,646	-	5,666,494	78,010,948	83,718,088
Investments	-	467,149	635,785	76,919,255	78,022,189
Current assets	3,590,836	527,880	5,921,563	44,228	10,084,507
Current liabilities	(1,015,073)	-	-	(232,000)	(1,247,073)
Long term liabilities	(140,135)	-	-	-	(140,135)
	<u>2,476,274</u>	<u>995,029</u>	<u>12,223,842</u>	<u>154,742,431</u>	<u>170,437,576</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,400,635	68,606,590	72,007,225
Investments	-	296,830	507,644	44,829,152	45,633,626
	<u>-</u>	<u>296,830</u>	<u>3,908,279</u>	<u>113,435,742</u>	<u>117,640,851</u>

Fund balances at 31 December 2020 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	49,758	-	5,295,984	67,777,132	73,122,874
Investments	-	408,685	564,063	63,888,943	64,861,691
Current assets	4,495,118	516,964	6,346,010	4,986,689	16,344,781
Current liabilities	(1,907,180)	-	-	(388,000)	(2,295,180)
Long term liabilities	(191,135)	-	-	(91,000)	(282,135)
	<u>2,446,561</u>	<u>925,649</u>	<u>12,206,057</u>	<u>136,173,764</u>	<u>151,752,031</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,251,177	59,260,595	62,511,772
Investments	-	238,366	435,921	37,951,125	38,625,412
	<u>-</u>	<u>238,366</u>	<u>3,687,098</u>	<u>97,211,720</u>	<u>101,137,184</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

28 Capital commitments and contingent liabilities

	2021	2020
	£	£
Expenditure on house repairs approved but not contracted for	8,810	16,645
Ordinands support grants approved	179,281	154,873
Contingent liability in respect of guarantee given	150,000	150,000

The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to St Matthew's PCC, Northampton.

29 Operating leases

	2021	2020
	£	£
Total commitments under non-cancellable operating leases are as follows:		
Operating leases in respect of buildings where the lease expires:		
within one year	31,000	31,000
within two to five years	38,750	69,750
At 31 December 2021	<u>69,750</u>	<u>100,750</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Pension costs

Church Workers Pension Fund

PDBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for some 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 Benefit 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.

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 the DBS 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 - 2021 : £14,148, 2020: £60,044 - plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in SoFA, giving a total credit of £48,852 for 2021 and charge of £63,044 for 2020.

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

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

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 46.5% of pensionable salary and expenses of £4,300 per year.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Pension costs (continued)

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2021 £	2020 £
Balance sheet liability at 1 January	67,000	80,000
Deficit contribution paid	(4,000)	(16,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(63,000)	2,000
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	67,000

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

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

	<i>December 2021</i>	<i>December 2020</i>	<i>December 2019</i>
Discount rate	0.0%	0.4%	1.3%

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 liabilities.

Pension Builder Scheme

For eligible salaried employees who commenced employment after 1 January 2000, the charity participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS of the Church Workers Pension Fund is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined contribution schemes.

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

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Pension costs (continued)

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable.

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

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 payment at the current time.

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

Clergy Pension Fund

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021 : £1,067,556, 2020 : £870,563), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,062,556 for 2021 (2020 : charge of £879,563).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Pension costs (continued)

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

<i>%age of pensionable stipends</i>	<i>January 2018 to December 2020</i>	<i>January 2021 to December 2022</i>
Deficit repair contribution	11.90%	7.10%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
	£	£
Balance sheet liability as at 1 January	479,000	858,000
Deficit Contributions paid	(242,000)	(388,000)
Interest cost (recognised in the SOFA)	1,000	7,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(6,000)	2,000
	<hr/>	<hr/>
Balance sheet liability at 31 December	232,000	479,000
	<hr/>	<hr/>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

December 2021 December 2020 December 2019

Discount rate	0.0%	0.2%	1.1%
Price inflation	n/a	3.1%	2.8%
Increase to total pensionable payroll	-1.5%	1.6%	1.3%

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31 Trust funds

The charity acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the charity as custodian trustee but which does not form part of the charity's assets, amounted to £15,340,218 at 31 December 2021 (2020: £13,698,235) made up as follows:

	2021 Cost £	2020 Cost £	2021 Valuation £	2020 Valuation £
Land & Buildings	96,823	96,823	221,076	221,076
Miscellaneous Unlisted Investments	585,881	590,115	1,576,695	1,401,532
Central Board of Finance:				
Investment Fund shares	2,074,209	1,976,013	11,473,567	9,993,466
Fixed Interest Securities Fund shares	459,971	483,704	498,309	561,474
Equity Fund	49,490	49,490	86,304	73,394
Property Fund	49,490	49,490	47,628	41,682
Deposits	1,436,640	1,405,611	1,436,639	1,405,611
	<u>4,752,504</u>	<u>4,651,246</u>	<u>15,340,218</u>	<u>13,698,235</u>

32 Related party transactions

The Diocese maintains a register of Trustees interests. Trustees have declared participation in training funded by the Diocese and transactions arising from their stipendiary ministry and housing. It shows no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the DBF and are part of its normal activities.

One of the trustees and also the spouse of a trustee of the DBF is a trustee of Launde Abbey Trust. During the year, PDBF bought services totalling £8,606 from Launde Abbey Trust.

During the year, the DBF recharged provision of IT services to the Bishop's Office, the Cathedral and PDET - all of whom are related party transactions. The value of these recharges were:

	2021 £	2020 £
Bishop's Office	10,936	4,197
Peterborough Cathedral	39,141	17,946
Peterborough Diocesan Education Trust	1,764	3,527

Parochial Church Councils

Parochial Church Councils (PCCs) support PDBF financially with payments of parish share. Many committee members and trustees are also members of PCCs within the Diocese. Much of PDBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

33 Prior year Statement of Financial Activities (SoFA)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £
Income and endowments from					
Donations:					
Parish Share	3	6,682,212	-	-	6,682,212
Other donations	4	593,877	397,802	-	991,679
Charitable activities	5	421,303	-	-	421,303
Other income	6	151,715	-	-	151,715
Investment income	7	25,162	362,294	1,161,548	1,549,004
Total incoming resources		7,874,269	760,096	1,161,548	9,795,913
Expenditure on					
Raising Funds	8	129,713	157,916	-	287,629
Charitable activities	9	7,991,361	858,955	793,358	9,643,674
Total outgoing resources		8,121,074	1,016,871	793,358	9,931,303
Net income/(expenditure) before investment gains		(246,805)	(256,775)	368,190	(135,390)
Net gains on Investments		26,296	34,994	7,681,686	7,742,976
Net income/(expenditure)		(220,509)	(221,781)	8,049,876	7,607,586
Transfers between funds	22	(133,514)	733,489	(599,975)	-
Other recognised gains/(losses)					
Gains/(losses) on revaluations and disposals of fixed assets		-	361,601	3,016,955	3,378,556
Actuarial gains on pension schemes		-	-	(2,000)	(2,000)
Net movement in funds		(354,023)	873,309	10,464,856	10,984,142
Total funds brought forward		3,726,233	11,332,748	125,708,908	140,767,889
Total funds carried forward		3,372,210	12,206,057	136,173,764	151,752,031

THE PETERBOROUGH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 250569

Accounts

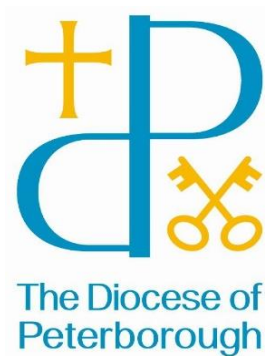
Company registration number 186179

Charity registration number 250569

PETERBOROUGH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



A large print version is available on request from
Andrew Roberts
Peterborough Diocesan Office
The Palace
Peterborough
PE1 1YB

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CONTENTS

		<u>Page No.</u>
1	Foreword from Bishop Donald	1
2	Introduction	2
3	Strategic Report	2
4	Objectives	3
5	Activities and achievements	4 - 5
6	Structure and Governance	5 - 7
7	Financial Review	7 - 8
8	Risk management	8 - 10
9	Structure and Governance of the Church of England	10 - 12
10	Statement of Trustees' Responsibilities	13
11	Administrative Details	14 - 16
12	Independent Auditors Report to the members of the Diocesan Board of Finance	17 - 19
13	Statement of Financial Activities	20
14	Income and Expenditure Account	21
15	Balance Sheet	22
16	Statement of cash flows	23
17	Notes to the Financial Statements	24 - 52

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Foreword from Bishop Donald

There are no more words to say about how different 2020 has been from anything else we have known. However, I put on record how impressed, grateful, and moved I am at the way so much of our church life, worship, mission, and service has continued. Not just continued, but in many ways been renewed and enhanced. I am so grateful to the diocesan staff, and to our clergy, churchwardens, church schools, chaplaincies, and many, many volunteers.

We have much to learn from all this. There will be a legacy of tiredness, of financial issues, and (not least) of mental health issues. We will need to address all that. This is all about people, and we have some great people in the Diocese. Ultimately it is all about God and His good news for the world, and we can be confident, because He can be trusted.

With best wishes

Donald

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Introduction

The trustees, who are also the directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020. The names of the trustees/directors serving during this period from 1 January 2020, to the date of this report can be found in section 11.

3 Strategic Report

The Peterborough Diocesan Board of Finance is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. The principal object is to promote, assist and advance the work of the Church of England in the Diocese of Peterborough by acting as the financial executive of the Peterborough Diocesan Synod.

The main functions of the DBF are:

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton; handling diocesan administration and, led by the Bishop, providing parish-focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to finance any strategic recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishops vision for growth.
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to be financially responsible for the care of closed churches in the 'alternative use seeking period'.
- to act as custodian trustee of assets on behalf of some parishes which are held on permanent trusts by virtue of the Parochial church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

3.1 Strategic Aims

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in the Peterborough diocese. We are committed to supporting the provision of ministry especially in the poorest parts of the diocese. To assist us in that endeavour we are grateful for the Low Income Communities Grant funding from the National Church.

Investment in our IT infrastructure enables us to design and deliver an efficient and effective administrative support function through digitisation where possible. This ensures our support to clergy and officers is financially sustainable. This work will continue into 2021.

The trustees will continue to make deliberate use of financial resources through the Pastoral Fund to address the budget deficit. We recognise the importance of this in a time when parishes have found they cannot fundraise in traditional ways as a result of restrictions arising from the pandemic.

We remain committed to these aims, and will work towards them against the backdrop of the pandemic and its continued impact on us and our parishes. We remain committed to using the opportunities and experience we have gained as we have continued to work whilst in lock down, to consider what we might look like going forward.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Objectives

To continue to learn from the pandemic and use all opportunities to pause, reflect and re design, how we work. To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

Every single Parish has seen the financial challenge increase more than ever and those whose major source of income is from regular planned giving; (by Standing Order or Direct Debit) seem to have coped better. Our work with the roll out and switch to the Parish Giving Scheme has continued remarkably well and a majority of givers have swapped over to the Scheme enabling giving to rise by 8%. We will continue to promote the use of the Scheme.

The trustees will engage fully in developments in National Safeguarding Policies and Procedures and Training to ensure the Peterborough Diocese remains a safe place to worship, work and live. In support of the Bishop's Vision for Growth, the Safeguarding team provide the advice, guidance and ongoing support to: Parishes, the Diocesan Board of Finance Staff (DBF) Officers and Clergy, The Bishops Office Staff, Officers and Clergy and the Cathedral.

Training forms a large part of the support and guidance the safeguarding team provides. Going forward it will be important to strengthen our capability to provide the necessary training being developed nationally.

We will ensure clergy numbers are affordable, and clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

Our aim is to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the diocese. We are especially thrilled to see the number of our own ordinands who, having been curates, are now serving as incumbents right across the diocese: more appointed to such posts in the last 3 years than the previous 6 put together.

The trustees will review the property portfolio to seek the potential to sell houses not required for ministry purposes.

The trustees will be looking to increase revenue from diversification of the glebe portfolio whilst also engaging where possible with the 'Coming Home' project set out by the Archbishop's Commission on affordable housing.

The trustees will continue to use video conferencing to drive down costs. Investment in improved hardware and infrastructure capability will drive transformational change to reduce bureaucracy and improve efficiencies. We will implement a new contacts database and diocesan website which is compatible with the National People Data System.

We will ask Diocesan Synod to approve an Environmental Policy which will provide the framework through which we will improve our environmental credentials. This will enable us to support parishes to assess their carbon footprint and facilitate the journey towards Eco Diocese status.

The work of the DAC in relation to appropriate development of the use of church buildings to enable and support parish's missional plans and growth strategies and encourage broader engagement with the wider community includes highlighting the national church sources of information in relation to environment and climate change, along with the availability of subsidised energy audits and an Energy Footprint Tool to provide them with baseline figures regarding the carbon footprint of their individual church building.

The trustees have set up a working group to consider the new DBE Measure which requires dioceses to choose the constitutional option which will in future be most appropriate. The DBF and DBE are working together with a view to bringing a recommendation to Diocesan Synod in 2022

Over the next year, a key priority is to encourage all our clergy and churches to engage with their local schools and through that to build relationships with parents and families.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Activities and Achievements

No report on 2020 can be made without reference to the pandemic. It has affected every aspect of the work and mission of the diocese from each parish through to the National Church Institutions.

The most significant element of the funding of the work described in every annual report by the trustees of the Board of Finance is the contribution made in the form of Parish Share. This is a voluntary payment and continues to be a testament to the commitment of everyone in the church to sustain the ordained ministry that leads us in our missional endeavours.

It is remarkable that in 2020 with much church activity curtailed and traditional methods of fundraising placed on hold our parishes met 80% of the share requested. THANK YOU.

The trustees have been pleased to play its part in assisting with the resourcing of an ongoing service to our parishes and to continue the maintenance of our cohort of parish clergy and lay ministers.

New ways of working have emerged during 2020 and the use of Zoom has provided a dramatic change to many aspects of our activity, while saving on travelling costs. Arrangements were able to be made so that all Board and Committee meetings could be held in the virtual environment. This has also enabled full attendance.

We made use of the furlough scheme to retain staff.

The trustees were pleased that the long awaited sale of glebe land at Kettering completed - a key element in the charity's ability to use balance sheet strength appropriate to the Bishop's Vision.

Every vacant post (clergy or lay) is reviewed by assessing what is missionally necessary and financially affordable. In some cases, part-time instead of full-time clergy have been appointed. At the same time, there are more curates in training than ten years ago, and more clergy in assistant and associate posts. Consequently, in total, we have slightly more clergy than in 2010. When reviewing posts, factors such as new housing areas are always taken into account. Some deaneries have undertaken internal reviews regarding the number of clergy that are financially sustainable. A current example of this is Greater Northampton Deanery. Recommendations have been presented by the Greater Northampton Deanery to the Archdeaconry Mission and Pastoral Committee. Many of these are long-standing plans rather than emergency responses to the current COVID-19 situation. There are no central plans for the closure of church buildings.

Following the publication of the IICSA report we continue to engage with the national church as new Safeguarding training is developed and stronger policies are agreed. Safeguarding remains a top priority for the diocese; our investment in outstanding safeguarding professionals ensures that the people who come into contact with us, in whatever capacity do so in the confidence they are in a safe and secure environment.

We have invested in a new IT Service delivery model in order to help us achieve efficiency savings into the future. We are also ensuring our software provision is compatible with the national People System that will see more joined up thinking in dealing with the administration common to all parts of the church.

In our stewardship of God's world, we have committed to work towards achieving net zero carbon emissions by 2030 in line with the General Synod commitment to the same. We will put environmental considerations at the heart of everything we do in order that we make incremental steps toward this goal.

We are very grateful for the support we receive from the All Churches Trust in their annual grant and from the national church by way of the Low Income Communities Fund helping us to provide additional support to those parishes assessed as most needy in this category. We recognise the importance of evaluating the impact of this funding enabling us to evidence what benefits have been derived from it.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Activities and Achievements (continued)

We entered 2021 back in lockdown but with the hope of vaccinations leading us out of the pandemic. We pray for all those who have lost loved ones and for our parishes and communities who feel the impact of the virus. We pray also for our clergy, officers, staff and volunteers who have responded admirably to a changed working environment. It is clear that a new "normal" will emerge for our operating procedures.

There will be adjustments to be made as we adopt the benefits of working and meeting remotely into more traditional ways of functioning. We are committed to using this experience to learn. We will consider what we need to look like in the future, and what investment we need to make to enable us to deliver an exceptional service to our parishes in a more efficient and effective way.

6 Structure and Governance

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number; 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is registered for VAT, with registration number 737 9263 95. It does not pay corporation tax. Details of the principal officers and agents of the DBF are in section 11.

The charity, which has no share capital, is a company limited by guarantee. The trustees, who are also the directors may derive no benefit or income from or have any capital interest in the charity's financial affairs other than reimbursement of out-of-pocket expenses.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by deanery synods and clergy members by diocesan synod. Members can also be co-opted on to the DBF. The trustees maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

A small team of staff based in offices in Peterborough and Northampton handle essential administration. In addition a number of Bishop's Officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

Charitable donations are made as part of normal expenditure in the exercise of the charity's objectives. No political contributions are made.

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The trustees believe that, by supporting the work of the Church of England in the diocese of Peterborough, the DBF and DBE helps to promote more effectively the whole mission of the Church (Pastoral, evangelistic, social and ecumenical), both in the diocese as a whole and its individual parishes, and that in doing so, it provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, for its members as well as for anyone who wishes to benefit from what the Church offers;
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole; and
- Supporting Church of England schools and Christian education in the diocese through the Board of Education.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Structure and Governance (continued)

6.1 Committees

Certain DBF Committee functions are described below. In addition matters requiring senior management attention are dealt with by the Bishop's Management Group ('BMG') for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team ('BLT') for operational matters relating to achieving the Bishop's Vision. Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishops Council and the Board of Finance and its various committees.

6.1.1 Finance and Administration Committee

This committee acts as the Executive Committee of the charity and focuses particularly on budget preparation, the parish share and the overall financial strategy.

6.1.2 Glebe and Trust Committee

This committee directs and manages the glebe properties on behalf of the charity and acts for the DBF in its corporate capacity as custodian and managing trustee. Gerard Hoare, Chair, has stepped down and we are grateful for the expertise and commitment he has brought to the role. We are delighted to welcome Mr William Craven as the new Chair, taking forward the work of the Glebe and Trust Committee in 2020 with effect from 23rd January 2020.

A joint meeting of the Finance and Administration and Glebe and Trust Committees helped define an investment policy for the Board's assets, acting as the Investment Steering Group.

6.1.3 Houses Committee

The functions of the DBF as Diocesan Parsonages Board are delegated to the Houses Committee. This committee deals with the provision of, and day-to-day maintenance of, clergy housing.

6.1.4 Audit Committee

The committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation, including the risk register.

6.2 Diocesan Board of Education

Peterborough Diocesan Board of Education ('the DBE') has charitable status and is an unincorporated body separate from the DBF. The DBF grants funds to the DBE on an annual basis. The DBE has separate officers and staff and administers its own day-to-day operations; however, the DBF is the employing body for the staff of both organisations.

6.3 Related Organisations

Within the ministry of the Church of England in the diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that form part of the Church. While the Bishop of Peterborough and his clergy have the cure of souls within the diocese, the responsibility for the funding of stipends for clergy (other than bishops and cathedral clergy), provide clergy housing (other than for the diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 11.2 are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod, which is intended to cover the cost of ministry.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Structure and Governance (continued)

6.3 Related Organisations

Whilst dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburse the costs of stipendiary clergy deployed in the diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the general Synod, its boards and committees, and work undertaken on behalf of the church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the diocese elects a number of lay and clergy members.

6.4 Other related organisations:

- The Church of England Pensions board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- The Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the diocese makes annual contributions.
- The Peterborough Diocesan Education Trust (PDET) a multi-academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie Court under the terms of a sharing agreement;
- The Peterborough Cathedral, who contribute to IT resources.

7 Financial review

Against the backdrop of the COVID-19 pandemic, 2020 was a very strange and challenging year both in terms of operating and also financially. The trustees continued to support the budget for 2020, approved by Synod, was set in 2019 but, as the year progressed, the pandemic forced us to change almost all of our working practices temporarily.

Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. Due to the effect of the COVID-19, parish share receipts for 2020 were lower than expected. Including the amounts received in respect of earlier years, share decreased in cash terms by £589k compared to 2019. The total share received when expressed as a percentage of the overall share requested was 81.6% (2019 : 87.4%).

We are immensely grateful to the efforts made in all our parishes to meet the requests for parish share and celebrate the hard work our parishes make to meet their obligation despite these incredibly difficult times. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the requests for parish share that have increased over the past 5 years. Many are meeting the increases from reserves, and an increasing number are not paying in full.

The 2020 financial results show a surplus before investment gains and revaluations of £23k. The 2020 budget had shown a deficit of £682k. However, the pandemic caused significant movements to the budget.

As mentioned above, parish share was significantly lower and ended a further £643k behind the budgeted figure of £863k, making the total shortfall £1.506m. Fee income, relating to weddings and funerals, was also £100k lower than anticipated. Counteracting this, due to unfilled clergy vacancies and training courses not being run resulted in a £630k positive variance to budget. Clearly, this had a significant negative impact on our mission work. We also received £126k of furlough income, and, as a result of home working, considerably less travelling, training and other general office cost savings, there were unbudgeted reductions in central costs of £304k.

Additionally, accounting standards require the inclusion of the reduction in the clergy pension liability, which does not form part of the DBF's regular day-to-day operating income and expenditure. In 2020 this was a further reduction of £388k, which has the effect of reducing expenditure by that amount - again, this is unbudgeted.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Financial review (continued)

We are committed to ensuring we use this experience to drive forward transformational change to make cost savings where possible. Achieving a balanced budget remains the strategic aim of the trustees without damaging the excellent work done over the period to achieve sustainable growth of the church.

During 2020 the Balance Sheet value increased by £10,984,142 to £151,752,031 (2019 - £140,767,889). This is due to an increase of approximately £3.2m in the value of the housing stock occupied by clergy. Additionally, glebe land values have increased by £6m - with proceeds from the sale of Kettering glebe land being held on deposit awaiting investment and £1m held at the end of the year to pay VAT due on the sale of the land. The other movements are due to a further £380k reduction to our overall pension liabilities and other various smaller changes of around £400k.

7.1 Investment Policy

The Diocesan Investment Policy was adopted by the trustees at its meeting in November 2018 and will be reviewed in 2021. This policy requires that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. The trustees decided that a Total Returns policy in respect of its permanent endowment is not appropriate at this time. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. In pursuance of this policy, disposals of glebe amounting to (net) £4.7m were made in the course of the year.

Although there are no significant legal restrictions on the range of assets in which the trustees may invest, the advice of the Church of England Ethical Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the trustees who will direct what action to take.

The Finance and Administration Committee and the Glebe and Trust Committee meets together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment policy agreed by the trustees.

7.2 Reserves Policy and Reserves

The DBF notes that in excess of 68% of its annual income (excluding education capital related income) is from parish share receipts (2019 - 73%) with most of the balance coming from historic resources.

In view of the need to provide bridging finance for educational projects and more particularly to fund clergy stipends whether or not receipts from the parishes are up to date, the charity's reserves policy is to operate within a minimum general fund reserve of 60 days of annual expenditure including schools' capital works - £1,697,224 (2019 - £1,545,788).

At 31 December 2020, the level of funds which are unrestricted, undesignated and not held as fixed assets totalled £2,396,803. This equates to approximately 85 days of annual expenditure, including schools' capital work (2019 - 96 days).

8 Risk management

The trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all the risks identified, supported by the appropriate policy. The risk register is subject to annual review by the Trustees and responsibility for delivery of the mitigation activities delegated to the Diocesan Secretary.

The COVID-19 pandemic and associated lock down has exposed us to a greater level of financial and pastoral risk as well as some opportunities. The closure of churches during lock down affected parish finances and thus parish share receipts and fees. This affected our ability to maintain an adequate level of income from this source in 2020 and potentially for future years. We anticipate the risk register discussed below will change to reflect the new operating environment in the coming months.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Risk management (continued)

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. The areas of risk and the associated mitigation activities are:

8.1.1 Spiritual Leadership

The diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

- The work of the Director of Ordinands and Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The role out of the 'Leading your church into growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

8.1.2 Finances

A failure to generate enough income from parish share, investments and other income sources affects the vision for growth.

- Routine monitoring of Income v Expenditure
- The Investment Steering Group and associated policy designed to maximise investment income.
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation.
- The opportunities presented through a different way of working in the pandemic will be used to drive down expenditure where possible.
- The Budget Review Group is convened at times of crisis to identify measures to counter the impact of medium term shortfalls in income/savings on expenditure

8.1.3 An unforeseen incident adversely affects the reputation of the diocese

This could be either in the safeguarding or data security (IT) environment.

Safeguarding;

- The DBF invests in highly skilled and well-trained safeguarding professionals in advisor roles.
- We align our policies to the National Church guidance.
- All parishes are required to implement and endorse the diocesan safeguarding policy.
- The DBF provides compulsory safeguarding training for all staff.

Information Technology;

- The DBF has invested in a professional IT Managed Service Company to deliver the IT function across the DBF offices.
- The IT delivery model puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings.
- Infrastructure developments planned during 2021/2022 provide additional opportunities for savings through migrating to cloud services.
- The IT service delivery model is underpinned by a clear governance framework and staff user forums .

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Risk management (continued)

8.1.4 Changing demographic profile.

An aging participating population without any rebalancing is detrimental to the future of the church in the diocese.

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the church.
- A Diocesan Board of Education objective for 2021 aims to work in collaboration with the Directors of Ordinands, Children and Youth and Mission to take forward ‘Growing Faith’ initiatives to benefit children, young people and families.
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

9 Structure and Governance of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents 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 some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

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

9.1 Three National Church Institutions

The Archbishops’ Council, the Church Commissioners and the Church of England Pensions Board are the three National Church Institutions.

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

The Church Commissioners manage historic assets of the Church of England, spending most of their income on pensions for the clergy. The church commissioners meet the costs of episcopal administration through the Diocesan and suffragan bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. Subsequently given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in ministry; and to administer pension schemes for lay employees of Church organisations.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Structure and Governance of the Church of England (continued)

9.1 Three National Church Institutions (continued)

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

9.2 The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The diocese assumed roughly its present dimensions in 1927 with a total area of 1,150 square miles.

The diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 917,000 (mid term estimate 2017).

The diocese comprises two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

Peterborough Cathedral is the Mother Church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the diocese. It is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the bishops and archdeacons. Its role is to:

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

Each deanery has a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

9.2 The Diocese of Peterborough (continued)

The Bishop's Council, under the constitution of Diocesan Synod, has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy, this includes taking forwards for approval by Synod, recommendations made by the Bishops Management Group.
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it.

A Parochial Church Council (PCC) is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC comprises of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. We do not aggregate these assets in the financial statements, as the DBF does not control them, and are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2020 was £13,698,235 (2019 - £12,982,158), are available on request. Where we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors, Hunt & Coombs.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Statement of Trustees' Responsibilities

10.1 Trustees' Responsibilities

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

Company law requires the trustees (as company directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

The trustees are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10.2 Statement of disclosure to auditors

As far as the trustees are aware, there is no relevant audit information of which the DBF's auditors are unaware. The trustees have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

Haysmacintyre LLP have signified their willingness to act for the coming year. A resolution to appoint them as auditors will be proposed at the forthcoming annual general meeting.

The Trustees Annual Report, which includes the Strategic Report, was approved by the Board on 24 June 2021

Signed on its behalf by:

Paul V Buckingham

Dr Paul Buckingham
Chair

G J Steele

The Ven Gordon Steele
Archdeacon of Oakham
Vice Chair

Andrew Roberts

Andrew Roberts
Secretary and Treasurer

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Administrative Details

11.1 Officers and Agents

President	Rt Revd D S Allister (Bishop of Peterborough)
Chair	Dr P Buckingham
Vice-Chair	Ven G.J Steele (Archdeacon of Oakham)
Secretary and Treasurer	Mr A J Roberts
Assistant Secretary	Mrs S J Ratcliffe
Director of Education	Mr P Cantley
Diocesan Surveyors	Carter Jonas LLP 12 Waterside Way Bedford Road Northampton NN4 7XD
Bankers	Barclays Bank plc 1 Church Street Peterborough PE1 1QP
Investment Fund Managers	M & G Investments M & G Securities Ltd PO Box 9039 Chelmsford CM99 2XF CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG
Solicitors to the Board of Education	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

11.1 Officers and Agents (continued)

Diocesan Registrar	Ms A Spriggs Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG
Diocesan Chancellor	Mr D M Pittaway QC c/o Diocesan Registrar
Deputy Diocesan Chancellor	Mr M Griffiths QC c/o Diocesan Registrar
Registered Office	The Diocesan Office The Palace Peterborough PE1 1YB
Registered Numbers	Company Registration No. 186179 Charity No. 250569 VAT Registration No.737 9263 95
Finance and Administration Committee	Chair: Dr P Buckingham Secretary: Diocesan Secretary c/o The Diocesan Office
Glebe and Trust Committee	Chair: Mr G J Hoare to 23 January 2020 Mr William Craven from 23 January 2020 Secretary: Property Officer c/o The Diocesan Office
Investment Steering Group	Chair: Mr P McKay Secretary: Assistant Diocesan Secretary c/o The Diocesan Office
Houses Committee	Chair: Mr R Purser Secretary: Property Officer c/o The Diocesan Office
Audit Committee	Chair: Mrs H Daniels Secretary: Assistant Diocesan Secretary c/o The Diocesan Office
Board of Education	Chair: Rt Revd J E Holbrook to 31 August 2020 Ven R Ormston (Archdeacon of Northampton) from 1 September 2020 Secretary: Director of Education c/o The Diocesan Office Director: Peter Cantley c/o The Diocesan Office

PETERBOROUGH DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

11.2 List of trustees/directors

President	Rt Revd Donald Allister	
Chair	Dr P Buckingham (FA, GT, H)	
Ex- Officio	Rt Revd J E Holbrook Ven R J Ormston (FA, GT, H) Ven G J Steele (Vice Chair) (FA, GT, H) Very Revd C Dalliston	
Co- opted	Ms H Daniels (A) Mr G J Hoare (GT) Mr W Craven (GT) Mr R Purser (H) Mr P McKay	until 31 December 2020 from 25 February 2021

Elected by the House of Clergy of the Diocesan Synod (2019 – 2021)

Archdeaconry of Northampton

Revd K Hutchins (also Wellingborough) (A, FA)
Revd Canon B Hollins

Archdeaconry of Oakham

Revd J E Baxter (GT)
Revd M W Lucas
Revd G H Rogers until 31 January 2021
Revd D Walsh (also Kettering Deanery)

Elected by the Houses of Laity of the Deanery Synods (2018 – 2020)

Archdeaconry of Northampton

Mrs I Burbidge (Brackley)
Mr N Robertson (Brixworth)
Mr R Baker (Daventry) (A)
Mr N Critchlow (Greater Northampton) (FA)
Dr H Creek (Towcester)
Revd Katrina Hutchins (Wellingborough) (FA)

Archdeaconry of Oakham

Mr J Hindle (Corby)
Mr A K Owst (Higham) until 6 March 2021
Revd David Walsh (Kettering)
Mr A C Hawkins (Oundle)
Mr R Gregory-Smith (Peterborough)
Mr J Orme (Rutland) (A)

The abbreviations used above indicate sub-committees on which members serve, as follows:

A = Audit

GT = Glebe and Trust

FA = Finance and Administration

H = Houses

11.3 Key Management Team

Rt Revd D S Allister	Bishop of Peterborough
Ven R J Ormston	Archdeacon of Northampton
Ven G J Steele	Archdeacon of Oakham
Mr A Roberts	Diocesan Secretary
Mr P Cantley	Director of Education
Mr P White	Director of Children and Youth
Revd C Nobbs	Director of Mission and Development
Revd Canon S Benoy	Director of Vocation and Formation

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE *FOR THE YEAR ENDED 31 DECEMBER 2020*

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2020

Auditor's responsibilities for the audit of the financial statements (continued)

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

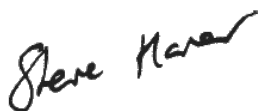
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures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

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

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.



Steve Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory
Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 24 September 2021

PETERBOROUGH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £	Total 2019 £
Income and endowments from						
Donations:						
Parish Share	3	6,682,212	-	-	6,682,212	7,271,110
Other donations	4	593,877	397,802	-	991,679	549,084
Charitable activities	5	421,303	-	-	421,303	475,959
Other income	6	151,715	-	-	151,715	51,055
Investment income	7	25,162	362,294	1,161,548	1,549,004	1,599,108
Total income		7,874,269	760,096	1,161,548	9,795,913	9,946,316
Expenditure on						
Raising Funds	8	129,713	-	-	129,713	158,115
Charitable activities	9	7,991,361	858,955	793,358	9,643,674	9,846,484
Total expenditure		8,121,074	858,955	793,358	9,773,387	10,004,599
Net income/(expenditure) before investment gains		(246,805)	(98,859)	368,190	22,526	(58,283)
Net gains on investments		26,296	34,994	7,681,686	7,742,976	2,754,511
Net income/(expenditure)		(220,509)	(63,865)	8,049,876	7,765,502	2,696,228
Transfers between funds	22	(133,514)	733,489	(599,975)	-	-
Other recognised gains/(losses)						
Gains/(losses) on revaluations and disposals of fixed assets		-	203,685	3,016,955	3,220,640	(9,013,118)
Actuarial gains on pension schemes	30	-	-	(2,000)	(2,000)	1,444,000
Net movement in funds		(354,023)	873,309	10,464,856	10,984,142	(4,872,890)
Total funds brought forward		3,726,233	11,332,748	125,708,908	140,767,889	145,640,779
Total funds carried forward		3,372,210	12,206,057	136,173,764	151,752,031	140,767,889

For detailed fund by fund comparisons, a copy of the 2019 Statement of Financial Activities is included in note 33

The notes on pages 24 to 52 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Total 2020 £	Total 2019 £
Total income	8,634,365	9,946,316
Total expenditure	(8,980,029)	(10,004,599)
Gross income for the year	(345,664)	(58,283)
Net movement on investments	61,290	138,014
Net income for the year	(284,374)	79,731
Other comprehensive income		
Net assets transferred from / (to) endowments	-	-
Net comprehensive income for the year	(284,374)	79,731

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law.

All income and expenditure is derived from continuing activities.

The notes on pages 24 to 52 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	16	73,122,874		70,640,598	
Investments	17	64,861,691		61,829,342	
			137,984,565		132,469,940
Current assets					
Debtors	18	803,502		1,300,495	
Cash on deposit, at bank and in hand	19	15,541,279		8,643,697	
		16,344,781		9,944,192	
Creditors: amounts falling due within one year	20	(2,295,180)		(959,108)	
Net current assets			14,049,601		8,985,084
Total assets less current liabilities			152,034,166		141,455,024
Creditors: amounts falling due after more than one year	21		(282,135)		(687,135)
Net assets			151,752,031		140,767,889
Funds					
Endowment funds (exc. pension liability)	23		136,652,764		126,566,908
Clergy Pension Liability	30		(479,000)		(858,000)
Restricted funds	24		12,206,057		11,332,748
Unrestricted income funds:					
General funds	25		2,446,561		2,843,220
Designated funds	26		925,649		883,013
Total funds	27		151,752,031		140,767,889

Approved by the Board and authorised for issue on 24 June 2021 and signed on its behalf by

Paul V Buckingham

G J Steele

Dr P Buckingham
Chairman

Ven. G J Steele
Vice-chairman

Company number: 186179

The notes on pages 24 to 52 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2020 £	2019 £	2019 £
Net cash flow from operating activities		(98,745)		(2,085,296)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,549,004		1,599,108	
Proceeds from sale of tangible fixed assets	1,232,185		1,673,035	
Proceeds from sale of investments	4,710,627		1,655,590	
Purchase of tangible fixed assets	(495,489)		-	
Purchase of investments	-		(3,750,000)	
Net cash flow from investing activities		6,996,327		1,177,733
Change in cash and cash equivalents in the year		6,897,582		(907,563)
Cash and cash equivalents brought forward		8,643,697		9,551,260
Cash and cash equivalents carried forward		15,541,279		8,643,697
Reconciliation of net movement in funds to net cash flow from operating activities				
Net movement in funds for the year		22,526		(58,283)
Adjustments for:				
Depreciation		1,668		6,888
Profit on sale of fixed assets		-		(27,361)
Dividends, interest and rent from investments		(1,549,004)		(1,599,108)
Decrease in debtors		496,993		5,989
Increase / (decrease) in creditors		1,323,072		(55,421)
Pension scheme liability movement		(392,000)		(1,802,000)
Adjustment for actuarial gain on pension scheme		(2,000)		1,444,000
Net cash flow from operating activities		(98,745)		(2,085,296)
Analysis of cash and cash equivalents				
Cash at bank and in hand		3,377,566		2,187,434
Cash on deposit with Central Board of Finance of the Church of England and the Church Commissioners		12,163,713		6,456,263
		15,541,279		8,643,697

The notes on pages 24 to 52 form part of these accounts

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 General information

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to conduct the financial affairs of the Diocese of Peterborough. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

2 Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (Second Edition, effective 1 January 2019), of the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies.

The financial statements present an aggregation of the accounts of the PDBF and those of the Peterborough Diocesan Board of Education (the PDBE).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The COVID-19 pandemic has had a negative effect on income, however the trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

2.2 Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is included where received up to the end of the month following the end of the financial year.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil 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.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting Policies (continued)

2.3 Expenditure

Expenditure is included in the SOFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SOFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 30). Contributions payable by the PDBF to defined contribution scheme are included in SOFA when payable. Contributions payable to the defined benefit schemes are included in the SOFA when payable in respect of current service. Contributions payable in respect of scheme deficits relating to past service are charged to the Clergy Pension Liability in the Balance Sheet.

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £525,259 (2019: £479,948) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SOFA.

2.4 Tangible Fixed Assets

Tangible fixed assets have been included on the following bases:

Clergy and Other Domestic Houses:

At either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation. Properties are revalued from the second full year after their purchase. In addition, from 2019 onwards, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income. The profit/loss on disposal is also treated as if they were investment properties.

Board Property:

At cost or internally estimated market value.

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting Policies (continued)

2.5 Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

2.6 Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Unlisted Investments are stated at market value at the balance sheet date as provided by the Central Board of Finance of the Church of England and M&G Investments.

Agricultural Land was valued at 31 December 2020 as part of an estate held for investment purposes by an external valuer Carter Jonas LLP, Chartered Surveyors & Property Consultants, 12 Waterside Way, Bedford Road, Northampton.

Commercial Property at Bouverie Court was valued during 2020 by chartered surveyors Carter Jonas (address as above) on an open market basis.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS102 which requires that they are recognised as Investment Properties. This presentation has been used for the purposes of achieving a true and fair view as this reflects the intended long term use of the properties concerned.

2.7 Custodian Trustee

Investments held by the charity as Custodian Trustee are not included in these financial statements but are set out separately in note 31. These will be reviewed with the local PCCs during 2021.

2.8 Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting Policies (continued)

2.9 Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Pension contributions

The charity's staff are members of the Church of England Pension Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the charity's contributions in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the charity participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

2.13 Fund Accounting

In accordance with the SORP - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), the charity's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the charity. These funds may be set aside by the charity for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the charity or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund.

Expendable Endowment Funds - these are funds that may be used as income at the discretion of the charity. Use of the funds are subject to legally binding conditions imposed by the donor upon the charity or by terms of an appeal.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting Policies (continued)

2.13 Fund Accounting (continued)

Investment income and movement in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget, as approved by Diocesan Synod. These only appear on the SOFA if the transfer is between the fund types identified above.

2.14 Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Clergy and Other Domestic Houses:

At either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation. Properties are revalued from the second full year after their purchase. In addition, from 2019 onwards, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

The valuation methodology used will be reviewed annually.

Pension scheme liability

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 30 and set by reference to the duration of the deficit recovery payments.

Depreciation

Depreciation is calculated on a straight line basis, based on the trustees best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3 Parish share

	Total 2020 £	Total 2019 £
Current year requests	8,188,788	8,323,996
Shortfall in contributions	(1,595,526)	(1,086,692)
	<hr/> 6,593,262	<hr/> 7,237,304
Receipts for prior year	88,950	33,806
	<hr/> 6,682,212	<hr/> 7,271,110

4 Other donations

	Total 2020 £	Total 2019 £
All Churches Trust	118,000	116,500
Forsters Charity	3,360	3,320
Institutional collections	-	8,147
Mission fund donations	500	500
Donations	13,635	10,479
Church Commissioners	1,367	1,908
Strategic Development Fund	139,996	93,826
Low Income Communities grant	332,500	-
Strategic Ministry Fund	17,547	-
RME Block grants	257,806	194,941
Other donations	106,968	119,463
	<hr/> 991,679	<hr/> 549,084

5 Charitable activities

	Total 2020 £	Total 2019 £
Statutory fees for parochial services	299,912	328,761
Education	121,391	147,198
	<hr/> 421,303	<hr/> 475,959

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6	Other income	Total 2020 £	Total 2019 £
	HMRC Furlough income	126,045	-
	Administration income	25,670	51,055
		<hr/>	<hr/>
		151,715	51,055
		<hr/>	<hr/>
7	Investment income	Total 2020 £	Total 2019 £
	Dividends receivable	722,202	725,901
	Interest receivable	32,722	60,371
	Rents receivable:		
	Properties	259,542	318,005
	Glebe	534,538	494,831
		<hr/>	<hr/>
		1,549,004	1,599,108
		<hr/>	<hr/>
8	Glebe management costs	Total 2020 £	Total 2019 £
	Professional charges	80,548	107,137
	Other support costs	49,165	50,978
		<hr/>	<hr/>
		129,713	158,115
		<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9 Charitable activities

	Total 2020 £	Total 2019 £
National Church	349,575	349,573
Clergy stipends and staff costs (note 10)	5,246,231	5,355,954
Clergy housing	1,636,914	1,558,409
Clergy training	867,463	930,576
Grants and donations (note 11)	91,137	106,847
Education (note 12)	355,910	402,366
Diocesan support for Parish Mission (note 13)	1,096,444	1,142,759
	<hr/>	<hr/>
	9,643,674	9,846,484
	<hr/>	<hr/>

10 Clergy stipends and staff costs

	Total 2020 £	Total 2019 £
Stipends, NI and pension	4,097,366	4,138,175
Pension contributions	1,258,563	1,272,586
Clergy pension deficit reduction payments	(388,000)	(397,000)
Removal, resettlement and other grants	178,224	171,246
Other expenses and other grants	100,078	170,947
	<hr/>	<hr/>
	5,246,231	5,355,954
	<hr/>	<hr/>

11 Grants and donations

	Total 2020 £	Total 2019 £
Bishop's Discretionary Funds	6,000	6,000
Widows and Dependants	16,280	12,820
Shared Churches Peterborough	26,402	20,284
Shared Churches Northampton	60	60
Northamptonshire Ecumenical Council	6,300	6,520
Community of the Holy Name	-	2,750
Record offices	400	400
Quinquennial grants	7,176	13,104
Mission Fund grants	500	19,300
Other grants	28,019	25,609
	<hr/>	<hr/>
	91,137	106,847
	<hr/>	<hr/>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12 Education (Church schools)

	Total 2020 £	Total 2019 £
Capital works	19,810	28,476
Administration	329,518	339,756
Other - including travel	6,582	34,134
	355,910	402,366

The following church schools are supported by the Diocese:

	Number	Number
Voluntary aided	14	15
Academy Schools	29	29
Academy Schools in Peterborough Diocesan Educational Trust (PDET) Muiltl Academy Trust	32	31
Voluntary controlled	28	28
	103	103

The Diocesan Accounts Group (DAG) recommends that Education income and expenditure relating to building projects entered into by the Governing bodies of voluntary aided schools is not included in SOFA other than as short term loans repaid by ESFA Grants and Governors contributions. The effect of this recommendation is that £549,394 (2019 : £842,942) of receipts and payments does not appear in the SOFA as it is effectively "netted off".

13 Diocesan support for Parish Mission

	Total 2020 £	Total 2019 £
Bishop's Advisors and Support to Parishes	109,027	137,944
DAC, Legal, Stewardship Support to parishes and asset management	445,030	428,721
Bishop's Officers and Mission work in the Parishes	210,622	227,575
Adult, Lay and Clergy Training and Conferences	173,904	180,447
Social Responsibility (including overseas links)	-	3,712
SSMs, Readers, Pastoral Assistants, Parish Evangelists	3,907	6,342
Strategic Development Fund - "Generation to Generation" project	133,657	97,080
Other costs	20,297	59,483
	1,096,444	1,141,304

Included above are Governance costs of £65,878 (2019: £21,698)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14 Surplus/(Deficit) for the financial year

	2020 £	2019 £
The net surplus/(deficit) for the financial year is stated after charging:		
Auditors remuneration:		
in respect of audit services - current year	21,120	18,120
in respect of corporation tax computations - current year	1,680	1,600
in respect of audit services - over-provision of prior year	(1,920)	-
in respect of corporation tax computations - under-provision of prior year	80	-
	20,960	19,720
Depreciation on tangible fixed assets	1,668	6,888
Operating lease charges in the year	31,000	31,000
Interest charges on Church Commissioner Value Linked Loans	10,159	9,941

15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

Staff costs

	Total 2020 £	Total 2019 £
Employee costs during the year were as follows:		
Wages and salaries	1,284,001	1,228,288
National insurance contributions	120,514	120,907
Pension costs	204,676	217,642
	1,609,191	1,566,837

Clergy stipends

The PDBF paid an average of 137 (2019 - 141) stipendary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the diocese and the costs were as follows:

	Total 2020 £	Total 2019 £
Stipends	3,448,066	3,526,716
National insurance contributions	284,093	285,875
Pension costs - current year contributions	1,251,563	875,586
	4,983,722	4,688,177

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The average number of employees during the year was as follows:

	2020 full-time	2020 part-time	2019 full-time	2019 part-time
Archdeacons	2	-	2	-
Stipendary Parochial Ministers	121	14	128	11
Diocesan Boards and Councils	19	8	20	10
Parochial Youth Staff (SDF)	4	1	4	1
Administration	9	4	10	4
	<hr/>	<hr/>	<hr/>	<hr/>
	155	27	164	26
	<hr/>	<hr/>	<hr/>	<hr/>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2020	2019
£70,001 - £80,000	1	1
£60,001 - £70,000	1	1

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Andrew Roberts
Diocesan Director of Education	Peter Cantley

Remuneration, pensions and expenses for these two employees amounted to £163,546 (2019 : £161,755).

Trustees remuneration and expenses

During the year, no trustee received any remuneration for services as a trustee or received any travel expenses relating to services as a trustee (2019 : none).

During the year the charity made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16 Tangible fixed assets

	Freehold land and buildings £	Short Leasehold improvements £	Office equipment £	Total 2020 £
Cost or valuation:				
At 1 January 2020	70,638,432	56,602	384,740	71,079,774
Additions	446,229	-	49,260	495,489
Disposal proceeds	(1,232,185)	-	-	(1,232,185)
Eliminated on disposals	(157,916)	-	-	(157,916)
Revaluation	3,378,556	-	-	3,378,556
At 31 December 2020	73,073,116	56,602	434,000	73,563,718
Depreciation:				
At 1 January 2020	-	56,602	382,574	439,176
Charge for the year	-	-	1,668	1,668
Eliminated on disposals	-	-	-	-
At 31 December 2020	-	56,602	384,242	440,844
Net book value				
At 31 December 2020	73,073,116	-	49,758	73,122,874
At 31 December 2019	70,638,432	-	2,166	70,640,598

The historical cost of the land and buildings is £10,561,344 (2019 - £10,825,521).

17 Fixed asset investments

	Investments £	Investment properties £	Total 2020 £
Valuation			
At 1 January 2020	21,492,586	40,336,756	61,829,342
Additions	-	-	-
Disposal proceeds	-	(4,710,627)	(4,710,627)
Eliminated on disposals	-	1,710,627	1,710,627
Revaluation	(243,852)	6,276,201	6,032,349
At 31 December 2020	21,248,735	43,612,957	64,861,691

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17 Fixed asset investments (continued)

	Investments £	Investment properties £	Total 2020 £	Total 2019 £
Fixed asset investments comprise:				
Central Board of Finance of the Church of England:				
Investment Fund	15,336,417	-	15,336,417	14,349,642
Fixed interest Fund	42,812	-	42,812	41,354
M&G Charifund	5,869,506	-	5,869,506	7,101,590
Glebe land and buildings	-	42,012,957	42,012,957	38,936,756
Commercial properties	-	1,600,000	1,600,000	1,400,000
	21,248,735	43,612,957	64,861,692	61,829,342

The glebe land valuation was conducted by Carter Jonas as at 31 December 2020.

Glebe land and buildings includes £760,000 of s554 investment assets

A piece of land valued at £1,440,000 was sold for £1,800,000 after the year end.

Historical cost:

	Investments 2020 £	Investment properties 2020 £	Investments 2019 £	Investment properties 2019 £
Central Board of Finance of the Church of England:				
Investment Fund	5,955,457	-	5,954,859	-
Fixed interest Fund	40,003	-	40,003	-
M&G Charifund	6,248,967	-	6,248,967	-
Glebe land and buildings - includes £700,301 of s554 investment assets	-	12,241,267	-	12,241,267
Commercial properties	-	1,750,587	-	1,750,587
	12,244,427	13,991,854	12,243,829	13,991,854

The historical cost of glebe land and buildings shown above is only for purchases made by the DBF. The historical cost of glebe land and buildings taken over by the DBF from parishes is not known.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18	Debtors	2020	2019
		£	£
	<i>Due within one year</i>		
	Parish share received after year end	98,899	140,402
	Parochial loans	67,286	108,653
	Trade debtors	87,611	159,161
	Other debtors	465,384	780,564
		719,180	1,188,780
	<i>Due after more than one year</i>		
	Parochial loans	84,322	111,715
	Total debtors	803,502	1,300,495
19	Cash and cash equivalents	2020	2019
		£	£
	Cash at bank and in hand - Current and deposit accounts	3,377,566	2,187,434
	Funds with the Central Board of Finance of the Church of England Deposit fund and the Church Commissioners	12,163,713	6,456,263
		15,541,279	8,643,697
20	Creditors: amounts falling due within one year	2020	2019
		£	£
	Trade creditors	86,888	12,953
	Taxation and social security	1,065,152	20,047
	Other creditors	475,895	169,449
	Accruals and deferred income	263,245	365,659
	Clergy pension scheme liabilities	388,000	375,000
	Lay workers' defined benefit pension scheme liabilities	16,000	16,000
		2,295,180	959,108

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Clergy pension scheme liabilities	91,000	483,000
Lay workers' defined benefit pension scheme liabilities	51,000	64,000
Church Commissioners value linked loans	140,135	140,135
	282,135	687,135

Value Linked Loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.

22 Transfers

The main transfers between funds during 2020 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	982,837	(982,837)
Sale proceeds of houses	249,348	-	(249,348)	-
Education s554	(1,862)	-	-	1,862
Clergy pension liability repayment	(381,000)	-	-	381,000
	(133,514)	-	733,489	(599,975)

The main transfers between funds during 2019 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	1,603,314	(1,603,314)
Sale proceeds of houses	42,360	-	(42,360)	-
Education s554	53,138	-	-	(53,138)
Clergy pension liability repayment	(346,000)	-	-	346,000
SDF transfer	(3,254)	-	3,254	-
	(253,756)	-	1,564,208	(1,310,452)

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23 Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

Permanent Endowments

<i>Current year</i>	Balance at 1.1.20 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Houses Committee	1,235,297	-	-	84,944	1,320,241
Stipends Capital	333,305	-	-	22,920	356,225
Diocesan Stipends Capital Fund	57,706,101	1,161,548	(771,548)	7,606,325	65,702,426
Clergy Pension Liability	(858,000)	-	379,000	-	(479,000)
Church Major Works	113,863	-	-	7,830	121,693
	<u>58,530,566</u>	<u>1,161,548</u>	<u>(392,548)</u>	<u>7,722,019</u>	<u>67,021,585</u>

<i>Prior year</i>	Balance at 1.1.19 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.19 £
Houses Committee	1,040,643	-	-	194,654	1,235,297
Stipends Capital	280,784	-	-	52,521	333,305
Diocesan Stipends Capital Fund	55,536,859	1,169,117	(1,169,117)	2,169,242	57,706,101
Clergy Pension Liability	(2,648,000)	-	1,790,000	-	(858,000)
Church Major Works	95,921	-	-	17,942	113,863
	<u>54,306,207</u>	<u>1,169,117</u>	<u>620,883</u>	<u>2,434,359</u>	<u>58,530,566</u>

Houses Committee

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

Stipends Capital

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

Diocesan Stipends Capital Fund

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23 Endowment funds (continued)

Permanent Endowments (continued)

Clergy Pension Liability

Before 2019, the clergy pension liability was presented as a component of unrestricted funds. Following a review, it is considered appropriate to show this as part of endowment funds on the basis as the endowment assets underpin the liability.

Church Major Works Fund (formerly Church Major Repair Fund)

This fund may be loaned to parishes in need of funds for works to churches.

Expendable Endowments

	Balance at 1.1.20 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Current year					
Education Act 1996 (s554)	1,881,557	-	(17,948)	58,069	1,921,678
Clergy Houses	65,296,785	-	(982,837)	2,916,553	67,230,501
	<u>67,178,342</u>	<u>-</u>	<u>(1,000,785)</u>	<u>2,974,622</u>	<u>69,152,179</u>
Prior year					
	Balance at 1.1.19 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.19 £
Education Act 1996 (s554)	1,750,743	30,290	(81,614)	182,138	1,881,557
Clergy Houses	76,118,007	-	(1,603,314)	(9,217,908)	65,296,785
	<u>77,868,750</u>	<u>30,290</u>	<u>(1,684,928)</u>	<u>(9,035,770)</u>	<u>67,178,342</u>

Clergy Houses

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the PDBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Pastoral Account (Clergy House). Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

Education Act 1996 (Section 554)

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24 Restricted funds

	Balance at 1.1.20 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Current year					
Houses Committee	5,341,648	276,597	(249,348)	203,685	5,572,582
Widows & Dependants	464,203	13,239	(16,280)	27,410	488,572
Ordination Candidates	119,907	3,302	(2,997)	7,584	127,796
Education Act 1996	182,215	48,256	-	-	230,471
Church Major Works	52,677	319	-	-	52,996
Resourcing Ministerial Education (RME)	(58,379)	257,806	(260,862)	-	(61,435)
Gen 2 Gen - SDF funding	-	139,996	(133,657)	-	6,339
Family Care Fund	200	-	-	-	200
Pastoral Account	5,230,277	20,581	537,678	-	5,788,536
	<u>11,332,748</u>	<u>760,096</u>	<u>(125,466)</u>	<u>238,679</u>	<u>12,206,057</u>

	Balance at 1.1.19 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.19 £
Prior year					
Houses Committee	5,179,218	294,361	(336,721)	204,790	5,341,648
Widows & Dependants	402,891	13,755	(12,820)	60,377	464,203
Ordination Candidates	102,526	11,353	(11,353)	17,381	119,907
Education Act 1996	131,929	50,286	-	-	182,215
Church Major Works	52,138	539	-	-	52,677
Resourcing Ministerial Education (RME)	(29,109)	194,941	(224,211)	-	(58,379)
Gen 2 Gen - SDF funding	-	93,826	(93,826)	-	-
Family Care Fund	200	-	-	-	200
Pastoral Account	3,991,644	34,768	1,203,865	-	5,230,277
	<u>9,831,437</u>	<u>693,829</u>	<u>524,934</u>	<u>282,548</u>	<u>11,332,748</u>

Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24 Restricted funds (continued)

Schools Fund/Education/Education Act 1996

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided Schools.

Church Major Works Fund (formerly Church Major Repair Fund)

This represents unspent income from the endowment fund.

Resourcing Ministerial Education (RME)

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from September 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

Gen 2 Gen

This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)

Family Care Fund

This represents funds received from Family Care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

Pastoral Accounts

This represents the capital and investment income from the pastoral account which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25 Unrestricted funds

	Balance at 1.1.20 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Current year					
General fund	2,923,220	7,857,429	(8,270,088)	-	2,510,561
Church Worker Fund pension deficit	(80,000)	-	16,000	-	(64,000)
	<u>2,843,220</u>	<u>7,857,429</u>	<u>(8,254,088)</u>	<u>-</u>	<u>2,446,561</u>
Prior year					
General fund	2,901,549	8,035,859	(8,014,188)	-	2,923,220
Church Worker Fund pension deficit	(92,000)	-	12,000	-	(80,000)
	<u>2,809,549</u>	<u>8,035,859</u>	<u>(8,002,188)</u>	<u>-</u>	<u>2,843,220</u>

The General fund is a free reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

26 Designated funds

	Balance at 1.1.20 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Current year					
Church Major Works	726,292	15,356	-	26,296	767,944
Mission Fund	156,721	1,484	(500)	-	157,705
	<u>883,013</u>	<u>16,840</u>	<u>(500)</u>	<u>26,296</u>	<u>925,649</u>
Prior year					
Church Major Works	650,965	15,071	-	60,256	726,292
Mission Fund	173,871	2,150	(19,300)	-	156,721
	<u>824,836</u>	<u>17,221</u>	<u>(19,300)</u>	<u>60,256</u>	<u>883,013</u>

Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans and, exceptionally, as grants.

Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27 Analysis of net assets between funds

Fund balances at 31 December 2020 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	49,758	-	5,295,984	67,777,132	73,122,874
Investments	-	408,685	564,063	63,888,943	64,861,691
Current assets	4,495,118	516,964	6,346,010	4,986,689	16,344,781
Current liabilities	(1,907,180)	-	-	(388,000)	(2,295,180)
Long term liabilities	(191,135)	-	-	(91,000)	(282,135)
	<u>2,446,561</u>	<u>925,649</u>	<u>12,206,057</u>	<u>136,173,764</u>	<u>151,752,031</u>

Revaluation reserve

Tangible fixed assets	-	-	3,251,177	59,260,595	62,511,772
Investments	-	238,366	435,921	37,951,125	38,625,412
	<u>-</u>	<u>238,366</u>	<u>3,687,098</u>	<u>97,211,720</u>	<u>101,137,184</u>

Reconciliation of movements in revaluations

At 1 January 2020	-	212,070	3,459,448	91,734,460	95,405,978
Revaluations in year	-	26,296	227,650	8,477,260	8,731,206
Revaluations eliminated on disposal	-	-	-	(3,000,000)	(3,000,000)
At 31 December 2020	<u>-</u>	<u>238,366</u>	<u>3,687,098</u>	<u>97,211,720</u>	<u>101,137,184</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27 Analysis of net assets between funds

Fund balances at 31 December 2019 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	2,166	-	5,341,647	65,296,785	70,640,598
Investments	-	382,389	529,069	60,917,885	61,829,343
Current assets	3,629,297	500,624	5,462,032	352,238	9,944,191
Current liabilities	(584,108)	-	-	(375,000)	(959,108)
Long term liabilities	(204,135)	-	-	(483,000)	(687,135)
	<u>2,843,220</u>	<u>883,013</u>	<u>11,332,748</u>	<u>125,708,908</u>	<u>140,767,889</u>
Revaluation reserve					
Tangible fixed assets	-	-	3,058,515	56,754,397	59,812,912
Investments	-	212,070	400,933	34,980,063	35,593,066
	<u>-</u>	<u>212,070</u>	<u>3,459,448</u>	<u>91,734,460</u>	<u>95,405,978</u>
Reconciliation of movements in revaluations					
At 1 January 2019	-	151,814	3,073,826	101,710,199	104,935,839
Revaluations in year	-	60,256	282,548	(6,601,411)	(6,258,607)
Revaluations eliminated on disposal	-	-	103,074	(3,374,328)	(3,271,254)
At 31 December 2019	<u>-</u>	<u>212,070</u>	<u>3,459,448</u>	<u>91,734,460</u>	<u>95,405,978</u>

28 Capital commitments and contingent liabilities

	2020 £	2019 £
Expenditure on house repairs approved but not contracted for	16,645	24,335
Ordinands support grants approved	154,873	161,305
Contingent liability in respect of guarantee given	150,000	150,000

The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to St Matthew's PCC, Northampton.

29 Operating leases

	2020 £	2019 £
Total commitments under non-cancellable operating leases are as follows:		
Operating leases in respect of buildings where the lease expires:		
within one year	31,000	31,000
within two to five years	38,750	69,750
At 31 December 2020	<u>69,750</u>	<u>100,750</u>

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

30 Pension costs

Church Workers Pension Fund

PDBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for some 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 Benefit 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.

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 the DBS were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year - 2020 : £60,044, 2019: £60,007 - plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in SoFA, giving a total charge of £63,044 for 2020 and £64,007 for 2019.

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 having been 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-pool 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.

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension fund to pay a contribution rate of 47.7% of pensionable salary and expenses of £3,900 per year. In addition, deficit payments of £15,863 per year have been agreed for 7 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

30 Pension costs (continued)

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2020 £	2019 £
Balance sheet liability at 1 January	80,000	92,000
Deficit contribution paid	(16,000)	(16,000)
Interest cost (recognised in SoFA)	1,000	2,000
Remaining change to the balance sheet liability* (recognised in SoFA)	2,000	2,000
	<hr/>	<hr/>
Balance sheet liability at 31 December	67,000	80,000

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

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

	<i>December 2020</i>	<i>December 2019</i>	<i>December 2018</i>
Discount rate	0.4%	1.3%	2.1%

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 liabilities.

Pension Builder Scheme

For eligible salaried employees who commenced employment after 1 January 2000, the charity participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS of the Church Workers Pension Fund is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined contribution schemes.

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

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

30 Pension costs (continued)

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable.

A valuation of the scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

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

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

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

Clergy Pension Fund

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020 : £870,563, 2019 : £875,586), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £879,563 for 2020 (2019 : credit of £517,414).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

30 Pension costs (continued)

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

<i>%age of pensionable stipends</i>	<i>January 2018 to December 2020</i>	<i>January 2021 to December 2022</i>
Deficit repair contribution	11.90%	7.10%

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

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

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

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

	2020	2019
	£	£
Balance sheet liability as at 1 January	858,000	2,648,000
Deficit Contributions paid	(388,000)	(397,000)
Interest cost (recognised in the SOFA)	7,000	51,000
Remaining change to the balance sheet liability* (recognised in SoFA)	2,000	(1,444,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	479,000	858,000
	<hr/>	<hr/>

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

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

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

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

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

31 Trust funds

The charity acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the charity as custodian trustee but which does not form part of the charity's assets, amounted to £13,698,235 at 31 December 2020 (2019: £12,982,158) made up as follows:

	2020 Cost £	2019 Cost £	2020 Valuation £	2019 Valuation £
Land & Buildings	96,823	96,823	221,076	221,076
Miscellaneous Unlisted Investments	590,115	593,783	1,401,532	1,405,806
Central Board of Finance:				
Investment Fund shares	1,976,013	1,950,224	9,993,466	9,332,190
Fixed Interest Securities Fund shares	483,704	482,829	561,474	541,492
Equity Fund	49,490	49,490	73,394	75,417
Property Fund	49,490	49,490	41,682	43,863
Deposits	1,405,611	1,362,314	1,405,611	1,362,314
	<u>4,651,246</u>	<u>4,584,953</u>	<u>13,698,235</u>	<u>12,982,158</u>

32 Related party transactions

The Diocese maintains a register of Trustees interests. Trustees have declared participation in training funded by the Diocese and transactions arising from their stipendiary ministry and housing. It shows no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the DBF and are part of its normal activities.

The spouse of a trustee of the DBF was appointed as a trustee of Launde Abbey Trust on 16 September 2020. From that date, PDBF bought services totalling £1,931 from Launde Abbey Trust.

Parochial Church Councils

Parochial Church Councils (PCCs) support PDBF financially with payments of parish share. Many committee members and trustees are also members of PCCs within the Diocese. Much of PDBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans.

PETERBOROUGH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

33 Prior year Statement of Financial Activities (SoFA)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Income and endowments from					
Donations:					
Parish Share	3	7,271,110	-	-	7,271,110
Other donations	4	252,170	296,914	-	549,084
Charitable activities	5	475,959	-	-	475,959
Other income	6	51,055	-	-	51,055
Investment income	7	33,076	366,625	1,199,407	1,599,108
Total incoming resources		8,083,370	663,539	1,199,407	9,946,316
Expenditure on					
Raising Funds	8	158,115	-	-	158,115
Charitable activities	9	7,609,617	1,039,274	1,197,593	9,846,484
Total outgoing resources		7,767,732	1,039,274	1,197,593	10,004,599
Net income/(expenditure) before investment gains		315,638	(375,735)	1,814	(58,283)
Net gains on Investments		60,256	77,758	2,616,497	2,754,511
Net income/(expenditure)		375,894	(297,977)	2,618,311	2,696,228
Transfers between funds	22	(284,046)	1,594,498	(1,310,452)	-
Other recognised gains/(losses)					
Gains/(losses) on revaluations and disposals of fixed assets		-	204,790	(9,217,908)	(9,013,118)
Actuarial gains on pension schemes		-	-	1,444,000	1,444,000
Net movement in funds		91,848	1,501,311	(6,466,049)	(4,872,890)
Total funds brought forward		3,634,385	9,831,437	132,174,957	145,640,779
Total funds carried forward		3,726,233	11,332,748	125,708,908	140,767,889