

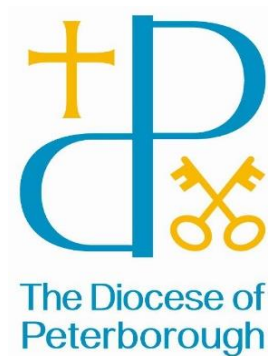
Company registration number 186179

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  
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# PETERBOROUGH DIOCESAN BOARD OF FINANCE

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# **PETERBOROUGH DIOCESAN BOARD OF FINANCE**

## **TRUSTEES' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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### **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***

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### **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*

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### 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*

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### 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***

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### **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*

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### **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**

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### **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***

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### **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**

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### **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*

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### 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*

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### **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***

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### 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**

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### 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

*A 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***

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### 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**

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### 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**

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### 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

Ven R J Ormston

Ven G J Steele

Mr A Roberts

Mr P Cantley

Mr P White

Revd C Nobbs

Revd Canon S Benoy

Bishop of Peterborough

Archdeacon of Northampton

Archdeacon of Oakham

Diocesan Secretary

Director of Education

Director of Children and Youth

Director of Mission and Development

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**

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### **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**

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### **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

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### 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.

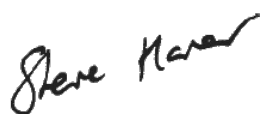
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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



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 £
<b>Income and endowments from</b>						
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
<b>Total income</b>		<b>7,874,269</b>	<b>760,096</b>	<b>1,161,548</b>	<b>9,795,913</b>	<b>9,946,316</b>
<b>Expenditure on</b>						
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
<b>Total expenditure</b>		<b>8,121,074</b>	<b>858,955</b>	<b>793,358</b>	<b>9,773,387</b>	<b>10,004,599</b>
<b>Net income/(expenditure) before investment gains</b>		<b>(246,805)</b>	<b>(98,859)</b>	<b>368,190</b>	<b>22,526</b>	<b>(58,283)</b>
Net gains on investments		26,296	34,994	7,681,686	7,742,976	2,754,511
<b>Net income/(expenditure)</b>		<b>(220,509)</b>	<b>(63,865)</b>	<b>8,049,876</b>	<b>7,765,502</b>	<b>2,696,228</b>
<b>Transfers between funds</b>	<b>22</b>	<b>(133,514)</b>	<b>733,489</b>	<b>(599,975)</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>						
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	<b>30</b>	-	-	(2,000)	(2,000)	1,444,000
<b>Net movement in funds</b>		<b>(354,023)</b>	<b>873,309</b>	<b>10,464,856</b>	<b>10,984,142</b>	<b>(4,872,890)</b>
Total funds brought forward		3,726,233	11,332,748	125,708,908	140,767,889	145,640,779
<b>Total funds carried forward</b>		<b>3,372,210</b>	<b>12,206,057</b>	<b>136,173,764</b>	<b>151,752,031</b>	<b>140,767,889</b>

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)
<b>Gross income for the year</b>	<b>(345,664)</b>	<b>(58,283)</b>
Net movement on investments	61,290	138,014
<b>Net income for the year</b>	<b>(284,374)</b>	<b>79,731</b>
<b>Other comprehensive income</b>		
Net assets transferred from / (to) endowments	-	-
<b>Net comprehensive income for the year</b>	<b>(284,374)</b>	<b>79,731</b>

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.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	16	73,122,874		70,640,598	
Investments	17	64,861,691		61,829,342	
			137,984,565		132,469,940
<b>Current assets</b>					
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	
<b>Creditors: amounts falling due within one year</b>	20	(2,295,180)		(959,108)	
<b>Net current assets</b>			14,049,601		8,985,084
<b>Total assets less current liabilities</b>			152,034,166		141,455,024
<b>Creditors: amounts falling due after more than one year</b>	21		(282,135)		(687,135)
<b>Net assets</b>			151,752,031		140,767,889
<b>Funds</b>					
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
<b>Total funds</b>	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 £
<b>Net cash flow from operating activities</b>		(98,745)		(2,085,296)
<b>Cash flows from investing activities</b>				
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)	
<b>Net cash flow from investing activities</b>		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
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>				
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
<b>Net cash flow from operating activities</b>		(98,745)		(2,085,296)
<b>Analysis of cash and cash equivalents</b>				
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

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### 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

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### 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

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### 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

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### **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

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### 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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
HMRC Furlough income	126,045	-
Administration income	25,670	51,055
	<hr/>	<hr/>
	151,715	51,055
	<hr/>	<hr/>

### 7 Investment income

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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
	<b>9,643,674</b>	<b>9,846,484</b>

### 10 Clergy stipends and staff costs

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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
	<b>5,246,231</b>	<b>5,355,954</b>

### 11 Grants and donations

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Bishop's Discretionary Funds	6,000	6,000
Widows and Dependents	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
	<b>91,137</b>	<b>106,847</b>

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Education (Church schools)

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Capital works	19,810	28,476
Administration	329,518	339,756
Other - including travel	6,582	34,134
	<b>355,910</b>	<b>402,366</b>
The following church schools are supported by the Diocese:		
	<b>Number</b>	<b>Number</b>
Voluntary aided	14	15
Academy Schools	29	29
Academy Schools in Peterborough Diocesan Educational Trust (PDET) Multi Academy Trust	32	31
Voluntary controlled	28	28
	<b>103</b>	<b>103</b>

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

	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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
	<b>1,096,444</b>	<b>1,141,304</b>

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	-
	<hr/> 20,960	<hr/> 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
	<hr/> 1,609,191	<hr/> 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
	<hr/> 4,983,722	<hr/> 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/> 155	<hr/> 27	<hr/> 164	<hr/> 26

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 £
<b>Cost or valuation:</b>				
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
<b>Depreciation:</b>				
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
<b>Net book value</b>				
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 £
<b>Valuation</b>			
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
	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
	<u>21,248,735</u>	<u>43,612,957</u>	<u>64,861,692</u>	<u>61,829,342</u>

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
	<u>12,244,427</u>	<u>13,991,854</u>	<u>12,243,829</u>	<u>13,991,854</u>

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 £
<b><i>Due within one year</i></b>		
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
	<hr/> 719,180	<hr/> 1,188,780
<b><i>Due after more than one year</i></b>		
Parochial loans	<hr/> 84,322	<hr/> 111,715
<b>Total debtors</b>	<hr/> 803,502	<hr/> 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
	<hr/> 15,541,279	<hr/> 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
	<hr/> 2,295,180	<hr/> 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
	<u>282,135</u>	<u>687,135</u>

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
	<u>(133,514)</u>	<u>-</u>	<u>733,489</u>	<u>(599,975)</u>

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	-
	<u>(253,756)</u>	<u>-</u>	<u>1,564,208</u>	<u>(1,310,452)</u>



# 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*

	Balance at 1.1.20 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
<b>Current year</b>					
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>

	Balance at 1.1.19 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.19 £
<b>Prior year</b>					
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 £
<b>Current year</b>					
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>
<b>Prior year</b>					
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 £
<b>Current year</b>					
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 £
<b>Prior year</b>					
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

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### 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 £
<b>Current year</b>					
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>

	Balance at 1.1.19 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.19 £
<b>Prior year</b>					
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 £
<b>Current year</b>					
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>
<b>Prior year</b>					
	Balance at 1.1.19 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.19 £
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>
<b>Revaluation reserve</b>					
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>
<b>Reconciliation of movements in revaluations</b>					
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

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### 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
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:

	December 2020	December 2019	December 2018
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

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### 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.

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
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

\* 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:

	<b>December 2020</b>	<b>December 2019</b>	<b>December 2018</b>
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 £
<b>Income and endowments from</b>					
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
<b>Total incoming resources</b>		<b>8,083,370</b>	<b>663,539</b>	<b>1,199,407</b>	<b>9,946,316</b>
<b>Expenditure on</b>					
Raising Funds	8	158,115	-	-	158,115
Charitable activities	9	7,609,617	1,039,274	1,197,593	9,846,484
<b>Total outgoing resources</b>		<b>7,767,732</b>	<b>1,039,274</b>	<b>1,197,593</b>	<b>10,004,599</b>
<b>Net income/(expenditure) before investment gains</b>		<b>315,638</b>	<b>(375,735)</b>	<b>1,814</b>	<b>(58,283)</b>
Net gains on Investments		60,256	77,758	2,616,497	2,754,511
<b>Net income/(expenditure)</b>		<b>375,894</b>	<b>(297,977)</b>	<b>2,618,311</b>	<b>2,696,228</b>
<b>Transfers between funds</b>	22	(284,046)	1,594,498	(1,310,452)	-
<b>Other recognised gains/(losses)</b>					
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
<b>Net movement in funds</b>		<b>91,848</b>	<b>1,501,311</b>	<b>(6,466,049)</b>	<b>(4,872,890)</b>
Total funds brought forward		3,634,385	9,831,437	132,174,957	145,640,779
<b>Total funds carried forward</b>		<b>3,726,233</b>	<b>11,332,748</b>	<b>125,708,908</b>	<b>140,767,889</b>