

Gloucester Diocesan Board of Finance  
**Annual Report  
& Accounts**  
2020



## Board of directors

The Rt Revd Rachel Treweek (President)  
Mr Colin Rank (Chair until 1 Jun 2020)  
Canon Karen Czapiewski (Chair from 1 Jun 2020)  
The Ven Phil Andrew  
The Revd Craig Bishop (resigned 6<sup>th</sup> November 2021)  
The Revd Andrew Blyth (from 6<sup>th</sup> November 2021)  
Prof Patricia Broadfoot  
Mr George Collins (from 6<sup>th</sup> November 2021)  
The Revd Henry Curran (from 6<sup>th</sup> November 2021)  
The Ven Hilary Dawson  
Revd James Faragher (from 3<sup>rd</sup> March 2022)  
Mr Steve Grindrod (resigned 6<sup>th</sup> November 2021)  
Mr Chris Hill  
Mr Martin Kingston  
Very Revd Stephen Lake  
Mr Robert McNeill-Wilson (from 6<sup>th</sup> November 2021)  
Mr Richard Neale (resigned 6<sup>th</sup> November 2021)  
The Revd Dr Sunkanmi Osunsanmi (from 24 Aug 2020)  
The Revd Michael Parsons (resigned 6<sup>th</sup> November 2021)  
The Revd Jo Pestell (from 6<sup>th</sup> November 2021)  
Mr Les Reilly (resigned 6<sup>th</sup> November 2021)  
The Revd Canon Helen Sammon (resigned 31<sup>st</sup> January 2021)  
The Revd Ed Sauven (from 6<sup>th</sup> November 2021)  
The Revd Canon Katrina Scott  
The Rt Revd Robert Springett  
Mr Michael Storey (resigned 6<sup>th</sup> November 2021)  
The Revd John Swanton (from 6<sup>th</sup> November 2021)  
Mr Alastair Taylor (from 6<sup>th</sup> November 2021)  
Mrs Emma Taylor (from 6<sup>th</sup> November 2021)  
Mr Kevan Taylor  
Mr Andy Wilson (from 6<sup>th</sup> November 2021)

## principal officers

Benjamin Preece Smith – *Secretary*  
Julie Ridgway – *Head of Finance*  
..

## solicitor

Jos Moule; Diocesan Registrar  
Veale Wasborough Vizards LLP  
Orchard Court, Orchard Lane  
Bristol BS1 5WS

## bankers

Barclays Bank plc  
288 Britannia Warehouse  
The Docks Gloucester GL1 2Y

## registered office

Church House  
College Green Gloucester GL1 2LY

# Contents

Board of Directors and Principal Officers.....	1
Summary results.....	2
Directors' report.....	3-9
Report of the auditors.....	10-13
Consolidated statement of financial activities.....	14
Summary income & expenditure account.....	15
Consolidated balance sheet.....	16
Parent balance sheet.....	17
Consolidated cash flow statement.....	18
Accounting policies.....	19-22
Notes to the financial statements.....	23-53

## auditors

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

## investment managers

CCLA Investment Management Ltd  
80 Cheapside  
London EC2V 6DZ

Company limited by guarantee  
Registered number 162165  
Registered charity number 251234

## How have we done – some highlights

---

number of stipendiary clergy funded by the DBF

2020:	2019:	change:
126	123	+2.4%

Stipendiary vacancies at 31st December 2020 were 11 (2018:14)

---

parish share contributions

2020:	2019:	change:
£6.5m	£6.6m	-1.5%

“ongoing” deficit:

2020:	2019:	change:
£1.32m	£1.1m	-20%

See page 6 for reconciliation to SOFA

---

balance sheet value (net assets)

2020:	2019:	change:
£89m	£82m	+8.5%

# Directors' report

*for the year ended 31 December 2020*

## Structure, Governance and Management

The Gloucester Diocesan Board of Finance (DBF) is a company limited by guarantee and a registered charity. Its governing instrument is the Articles of Association. These were revised and updated in 2019 and formally adopted by members on 9 March 2019. Printed copies of the revised Articles of Association are available from the Secretary on request. The DBF's membership comprises:

- The Bishop of Gloucester as president, ex-officio.
- Each and every member for the time being of the Diocesan Synod.
- Members co-opted to ensure that lay members constitute a majority of the DBF.

Elections and co-options take place every three years. The current triennium started in September 2018. The DBF, which meets three times each year, is the principal policy making body. It takes advice from its Board of Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also take executive action in certain matters and deals with day-to-day issues. The membership of the Bishop's Council is as follows:

### *Ex-officio members:*

- The Bishop of Gloucester
- The Chair of the DBF
- The Bishop of Tewkesbury
- The Dean of Gloucester
- The Archdeacon of Gloucester
- The Archdeacon of Cheltenham
- The Vice-President of the House of Clergy of the Diocesan Synod
- The Vice-President of the House of Laity of the Diocesan Synod

### *Members elected by the DBF – House of Clergy*

- Two clergy members of the DBF from the Archdeaconry of Gloucester
- Two clergy members of the DBF from the Archdeaconry of Cheltenham
- One Proctor in Convocation from among the members of General Synod

### *Members elected by the DBF – House of Laity*

- Three lay members of the DBF from the Archdeaconry of Gloucester
- Three lay members of the DBF from the Archdeaconry of Cheltenham
- One lay member from among the members of General Synod

### *Co-opted members and nominations*

- Up to two members may be co-opted by the Bishop's Council
- Up to two members may be nominated by the Bishop

# Directors' report

*for the year ended 31 December 2020*

## Structure, Governance and Management (continued)

Trustees are recruited, as indicated above, through a mixture of ex-officio positions, elections and nominations. The Diocesan Secretary oversees membership elections.

An induction pack for trustees is available for new trustees include key documents, minutes, strategic discussions. This is supplemented by an invitation to meet with the Secretary to discuss any matters further or explore further induction through.

The DBF was assisted in its work during the year by the following of committees:

- Audit Committee (Chair: Tim Greenhalgh) acts as the risk management group and reports to the DBF on matters relating to the auditors, the annual accounts and internal controls.
- Glebe Committee (Chair: Tony MacFarlane) acts in all matters relating to the management of glebe property management and the disposal of assets not required for charitable or investment purposes.
- Resources Committee (Chair: Colin Rank until 1<sup>st</sup> June 2020, then Canon Karen Czapiewski) acts on matters delegated by the trustees relating to finance, assets, property, staffing and health and safety.

The DBF is the financial custodian for the Diocese of Gloucester, which is an administrative and pastoral area within the Church of England. The DBF therefore has important relationships with the national institutions of the Church of England, specifically:

- Archbishops' Council, to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.
- Church Commissioners, from which the DBF receives grants and which acts for tax and national insurance purposes as the pseudo-employer of diocesan clergy. The DBF pays for clergy stipends through the Church Commissioners.
- Church of England Pensions Board, which provide pensions for clergy and DBF's lay staff.

Locally, the DBF works with Parochial Church Councils (PCCs) which are legally independent bodies that pay contributions, based on an apportionment system, to the DBF to fund its activities. The DBF is a tenant of the Dean and Chapter of Gloucester Cathedral, from whom it rents office accommodation. The DBF manages various charities on behalf of their respective trustees, for which management charges are paid, namely the Voluntary Schools Fund (VSF) and the Charity of Ann Edwards (AEC).

## Public benefit

The GDBF is a public benefit entity and the directors are aware of the Charity Commission's guidance on public benefit and the supplementary guidance for charities whose aims include advancing religion and have regard to that guidance in their administration of the charity.

# Directors' report

*for the year ended 31 December 2020*

## Strategic Aims

The objects of the DBF, as set out in its Articles of Association, are:

- To promote and assist the work, objects, and purposes of the Church of England for the advancement of the Christian religion in (but not limited to) the Diocese of Gloucester.
- To advance such other objects or purposes which are exclusively charitable according to the law of England and Wales in any part of the world and in such manner as the Trustees may in their absolute discretion consider may be expedient for the better promotion and assistance of the work of the Church of England.

In pursuing these objects, the DBF acts as the financial executive of and employer for the Gloucester Diocesan Synod. As such it undertakes three principal activities:

- It funds costs associated with the vast majority of Church of England clergy in the diocese,
- It is responsible for the custody and management of the synod's funds.
- It provides services to other organizations within the diocese, primarily PCCs and schools.

In pursuing its objectives and undertaking these activities the DBF is informed by the diocesan vision, LIFE Together. For more information see: <https://www.gloucester.anglican.org/about-us/our-vision/>

## Strategic Review

During 2020 the ministry of the diocese, and thereby the focus of the DBF, centred on supporting the communities we minister to through the challenge of Covid. Bishop Rachel made a decision to focus the ministry of the DBF on supporting outward facing ministry, notably through partnering with the Long Table, and an alliance of social enterprise cafes in “Feeding the 5,000” which delivered 30,000 meals to people in need at the height of the pandemic, including freezers in hospitals and places of need. Parishes were supported with an emergency fund by which parishes could apply for grants to replace lost income from closed venues and other effects of the pandemic. This missional leadership proved effective.

The LIFE vision had its “official” final year with a development through 2021 into “LIFE together” which builds on LIFE but with a more specific focus on gathering together as communities, especially worshipping communities. There are five commitments in LIFE Together:

- Being advocates for flourishing through initiatives which combat injustice, environmental destruction, exclusion and isolation
- Encouraging new and courageous ways of worshipping in different places which connect with more people
- Nurturing everyday discipleship
- Investing in people and programmes which excite young people to explore and grow in faith
- Developing diverse lay and ordained leaders.

Substantial resourcing has been made available to specific projects working to this vision, notably “Sportily”, Church Army Centres of Mission and Deanery Strategic Planning.

# Directors' report

*for the year ended 31 December 2020*

## Achievements and performance in the year

### **Ongoing Activities**

This year's results should be placed in context. In 2020 the world, and therefore the diocese, experienced a pandemic that led to the suspension or cessation of normal life. Church communities could not gather in their ancient places to kneel where prayer has been valid. Weddings and baptisms were suspended, funerals became a sad, functional service. By halfway through the year many predicted cataclysmic results for the Church's financial health.

The year ended with Parish Share down a little less than 2%. More clergy served in the diocese than in the previous year. The balance sheet went up by £7m. It was not the apocalypse but a remarkable consistent year financially for the DBF. Challenges lie ahead but the financial story of 2020 is of the commitment of the Church in this diocese to act together, each to its part, to maintain the presence of Christ in our communities. In this most challenging of years the Church here managed and overcame. The ongoing deficit is calculated as follows:-

General Fund deficit per SOFA:	(£1,526k)
Add back Good & Faithful Servant loss:	£38k
Add back Pension deficit payments:	£168k
Equivalent ongoing deficit:	<u>(£1,320k)</u>

### Plans for future periods

The main strategic issue for the DBF remains the removal of its structural deficit. This is reflective of the missional weakness of the current pattern of ministry which has seen significant decline in engagement with Church over recent decades. Bishop Rachel set out (as reported above) her desire to see a transformation in the pattern of Anglican ministry in the diocese and has identified three main strands to help enable that transformation: Sportily (previously OneLife), Church Army and Trinity Cheltenham. Alongside these initiatives the Deanery LIFE Mapping process (now referred to as Deanery Strategic Planning) has restarted and additional resource allocated to the development of these plans to enable deaneries to make clear proposals for missional growth and financial stability for their ministry by May 2022. This delay of 3 years comes at a significant cost to the DBF but assurances have been made to Synod that it will now proceed quickly and be effective soon.

Alongside these challenges the DBF continues to see growth in its balance sheet through a mixture of strong investment management by CCLA and its long-term strategic management of its property portfolio, especially glebe. This asset base gives the Board confidence to invest in missional strategies that will see the Church continue to serve the communities of our diocese for generations. Sales of glebe in the next few years are expected to lead to a substantial improvement in the GDBF's asset base. The Board's asset management approach has come to the attention of the wider Church through the work of the Archbishops' Commission on Housing, Church and Community. The Board has decided to offer its support to the wider Church in delivering better missional and financial results through asset management by supporting a part time Housing Executive team and making time available from the Bishop of Tewkesbury and the Diocesan Secretary.

# Directors' report

*for the year ended 31 December 2020*

## Principal risks and uncertainties

The Directors are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Audit Committee on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

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

### *Governance and Management:*

- Loss of key staff: Managed through professional HR resource and appropriate contracts.
- Safeguarding: Managed via a properly resourced Safeguarding Board overseeing the work of the HR and Safeguarding Department.
- Acting *Ultra-Vires*: Managed by the appropriate use of legal advice and all contracts with significant Church legislative implications being undertaken by the Diocesan Registry.

### *Operational Risks*

- Capacity and use of assets: Overseen by a formal Delegation of Authority document with delegations to the Resources and Glebe Committees and the Diocesan Secretary.
- Use of Church Buildings: The Advisory Committee on Faculties and Care of Churches (DAC) is resourced and staffed appropriately by the Board and operates to national legislation and guidelines.

### *Financial Risks*

- Pension obligations: the Board's pension obligations are overseen by the Resources Committee. Any change of policy is authorised directly by the Board.

### *External Risks*

- Unexpected changes to the demographic of congregations: The Board has contracted with *Experian* to receive detailed demographic information on the Diocese of Gloucester. This has been shared widely, including at two Diocesan Synod meetings. The Board also funds a Children and Families Officer to help resource local Church engagement with younger audiences.

## Covid 19

Covid 19 has had significant impact on the diocese, as with the rest of the country. The financial impact on the DBF is, however, modest. We believe therefore that the out-turn for 2020 was, and 2021 will be, consistent with our long-term financial performance. We therefore do not have any short-term financial concerns directly attributable to the pandemic.



# Directors' report

*for the year ended 31 December 2020*

## Investment policy

The DBF maintains a review of its investments through the Investment Group which also monitors performance against market benchmarks and considers the adequacy of its investment mix.

The DBF considers that investing in a range of medium-low risk funds using the investment management skills of a professional fund manager (CCLA) to achieve good performance, in line with the Church of England Ethical Investment Advisory Group's ethical investment policy .

## Reserves policy

The policy of the DBF is to hold between 4 and 8 months of parish share plus the deficit for the year on the general fund in free reserves (i.e. for 2020 between £3.7m and £5.9m). This level is considered prudent to manage for the cash flow deficit experienced each year resulting from parish share contributions being remitted irregularly during the year, (whereas the DBF's expenditure is fairly constant on a month-by-month basis), and also to allow for unexpected occurrences.

At 31 December 2020, free reserves within the general fund were £nil (2018: £nil) as the general fund is in deficit at the year end, which is significantly below the target level.

The nature of the Board's designated and restricted reserves means this negative position is not a risk to the Board's going concern. It does however require a restructure of the reserves to better reflect the use of funds within permissible legal use. This process was originally planned for inclusion within these accounts; however this has now been deferred to the 2021 accounts. After this restructure the Board's general fund reserves will be at or above the target level.

## Fundraising activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the DBF's income comes from other charitable entities. The DBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2020.

# Directors' report

*for the year ended 31 December 2020*

## Directors' responsibilities in respect of the financial statements

The Directors are required by company law to prepare financial statements, based on applicable accounting standards, which give a true and fair view of the state of affairs of the DBF as at the end of the financial year and of the result of the year and which comply with the Companies Act 2006.

The Directors ensure that, in preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The Directors have a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Directors are also responsible for ensuring that adequate systems of internal control are in operation, for maintaining adequate accounting records, for safeguarding the assets of the DBF and for preventing and detecting fraud and other irregularities. They are also responsible for showing that the assets are applied in accordance with charity law.

## Statements as to disclosure of information to auditors

The Directors have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report, incorporating the Strategic Review, was approved by the Board of Directors on 17<sup>th</sup> March 2022.

*+Rachel Gloucestr:*

**+Rachel Gloucestr:**

President, Gloucester DBF

Date: 17 March 2022



**Canon Karen Czapiewski**

Chair, Gloucester DBF

Date: 17 March 2022

# Independent Auditors' Report

To the Members of Gloucester Diocesan Board of Finance

## Opinion

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

In our opinion, the financial statements:

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

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group'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.

# Independent Auditors' Report (ctd)

To the Members of Gloucester Diocesan Board of Finance

## **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

## **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 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 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 Annual Report (which incorporates the strategic report and the directors' report).

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

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

# Independent Auditors' Report (ctd)

## To the Members of Gloucester Diocesan Board of Finance

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

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and parent 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.

# Independent Auditors' Report (ctd)

## To the Members of Gloucester Diocesan Board of Finance

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 postings of significant value 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.



Adam Halsey (Senior Statutory Auditor)

10 Queen Street Place

For and on behalf of Haysmacintyre LLP, Statutory Auditor  
London EC4R 1AG

Date: 22 March 2022

# Consolidated statement of financial activities

for the year ended 31 December 2020

	Notes	General fund £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2020 £'000	Total 2019 £'000
<b>Income &amp; endowments from</b>							
<b>Donations</b>							
parish share contributions	1	6,520	-	-	-	6,520	6,627
church commissioners	2	47	-	-	-	47	43
grants and other donations	3	233	390	571	-	1,194	1,075
Charitable activities – statutory fees and licence to occupy income		216		52	-	268	417
Other activities	4	192	5		-	197	2,059
Investments	5	793	5	114	-	912	899
Other	6	71	541	915	237	1,764	1,717
<b>Total</b>		<b>8,072</b>	<b>941</b>	<b>1,652</b>	<b>237</b>	<b>10,902</b>	<b>12,837</b>
<b>Expenditure on</b>							
Raising funds	7	69	-	-	-	69	1,332
Charitable activities	8	9,929	1,454	652	(319)	11,716	10,989
<b>Total</b>	9	<b>9,998</b>	<b>1,454</b>	<b>652</b>	<b>(319)</b>	<b>11,785</b>	<b>12,321</b>
<b>Net (expenditure)/income before investment gains</b>		<b>(1,926)</b>	<b>(513)</b>	<b>1,000</b>	<b>556</b>	<b>(883)</b>	<b>516</b>
Net gains on investments		-	-	122	7,871	7,993	4,111
<b>Net (expenditure)/income</b>		<b>(1,926)</b>	<b>(513)</b>	<b>1,122</b>	<b>8,427</b>	<b>7,110</b>	<b>4,627</b>
Total return transfer		400	-	-	(400)	-	-
<b>Net (expenditure)/income after total return transfer</b>		<b>(1,526)</b>	<b>(513)</b>	<b>1,122</b>	<b>8,027</b>	<b>7,110</b>	<b>4,627</b>
Transfers between funds	20 - 23	951	63	(974)	(40)	-	-
<b>Other recognised (losses)/gains</b>	25	<b>(44)</b>			<b>(24)</b>	<b>(68)</b>	<b>1,207</b>
<b>Net movement in funds</b>		<b>(619)</b>	<b>(450)</b>	<b>148</b>	<b>7,963</b>	<b>7,042</b>	<b>5,834</b>
Total funds brought forward		(2,741)	14,255	3,097	66,974	81,585	75,751
Total funds carried forward		(3,360)	13,805	3,245	74,937	88,627	81,585

# Consolidated summary income & expenditure account

for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Total income	10,665	12,483
Expenditure	(12,104)	(12,581)
<i>Operating (deficit) for the year</i>	<i>(1,439)</i>	<i>(98)</i>
Net gains on investments	122	282
<b>Net (expenditure)/income for the year</b>	<b>(1,317)</b>	<b>184</b>

## Other comprehensive income:

Net assets transferred from endowments	440	340
Actuarial (losses)/gains on defined benefit pension schemes	(44)	(53)
<b>Total comprehensive (expenditure)/income</b>	<b>(921)</b>	<b>471</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.

Full comparatives for the year to 31 December 2019 are shown in note 26.

The notes on pages 23 to 53 form part of these financial statements.



# Consolidated balance sheet

as at 31 December 2020

Company number 162165

	Notes	2020 £'000	2019 £'000
Tangible assets	15a	48,581	49,045
Investments	16a	39,598	32,341
<b>Fixed Assets</b>		<b>88,179</b>	<b>81,386</b>
Stock and work in progress	17	9	6
Debtors: amounts falling due after one year	18a	500	462
Debtors: amounts falling due within one year	18a	1,118	808
Cash at bank and in hand		2,528	2,772
<b>Current Assets</b>		<b>4,155</b>	<b>4,048</b>
<b>Creditors: amounts falling due within one year</b>	19a	<b>(1,395)</b>	<b>(1,001)</b>
<i>Net Current Assets (Current assets less creditors &lt;1 year)</i>		<b>2,760</b>	<b>3,047</b>
<i>Total Assets less current liabilities (Fixed Assets plus NCA)</i>		<b>90,939</b>	<b>84,433</b>
<b>Creditors: amounts falling due after one year</b>			
Pension scheme liabilities	19a, 25	(1,088)	(1,539)
Other creditors	19a	(1,224)	(1,309)
<b>Net Assets</b>		<b>88,627</b>	<b>81,585</b>
Endowment funds	20,23	74,937	66,974
Restricted funds	20,22	3,245	3,097
Designated funds (unrestricted)	20,21	13,805	14,255
General fund (unrestricted)	20	(3,360)	(2,741)
<b>Total funds</b>		<b>88,627</b>	<b>81,585</b>

Approved by the Board of Directors on 17<sup>th</sup> March 2022 and signed on its behalf by

*Karen Czapiewski*

Canon Karen Czapiewski, Chair

The notes on pages 23 to 53 form part of these financial statements.

# Parent company balance sheet

as at 31 December 2020

Company number 162165

	Notes	2020 £'000	2019 £'000
Tangible assets	15b	47,272	47,736
Investments	16b	39,509	32,298
<b>Fixed Assets</b>		<b>86,781</b>	<b>80,034</b>
Debtors: amounts falling due after one year	18b	500	462
Debtors: amounts falling due within one year	18b	1,106	866
Cash at bank and in hand		1,282	1,437
<b>Current Assets</b>		<b>2,888</b>	<b>2,765</b>
<b>Creditors: amounts falling due within one year</b>	19b	<b>(1,376)</b>	<b>(983)</b>
<i>Net Current Assets (Current assets less creditors &lt;1 year)</i>		<b>1,512</b>	<b>1,782</b>
<i>Total Assets less current liabilities (Fixed Assets plus NCA)</i>		<b>88,293</b>	<b>81,816</b>
<b>Creditors: amounts falling due after one year</b>			
Pension scheme liabilities	19b, 25	(1,088)	(1,539)
Other creditors	19b	(1,224)	(1,309)
<b>Net Assets</b>		<b>85,981</b>	<b>78,968</b>
Endowment funds	20,23	74,100	66,184
Restricted funds	20,22	1,513	1,384
Designated funds (unrestricted)	20,21	13,805	14,255
General fund (unrestricted)	20	(3,437)	(2,855)
<b>Reserves</b>		<b>85,981</b>	<b>78,968</b>

The deficit of the parent charity for the year was £862k (2019: surplus of £425k)

Approved by the Board of Directors on 17<sup>th</sup> March 2022 and signed on its behalf by

*Karen Czapiewski*

Canon Karen Czapiewski, Chair

The notes on pages 23 to 53 form part of these financial statements.

# Consolidated cash flow statement

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Net cash (used in) / provided by operating activities</b>		<b>(3,529)</b>	<b>(1,126)</b>
<b>Cash flows from investing activities</b>			
Dividends and interest received	5	912	899
Proceeds from sale of tangible fixed assets		2,834	2,942
Purchase of tangible fixed assets for use by GDBF	15a	(829)	(2,156)
Purchase of fixed asset investments	16a	(5)	(500)
Sale and reclassification of fixed asset investments	16a	373	233
<b>Net cash provided by investing activities</b>		<b>3,285</b>	<b>1,418</b>
<b>Cash flows from financing activities</b>			
New loan received by GDBF		-	-
Loans repaid to GDBF		-	-
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents during year</b>		<b>(244)</b>	<b>292</b>
<b>Cash &amp; cash equivalents at 1 January</b>		<b>2,772</b>	<b>2,480</b>
<b>Cash &amp; cash equivalents at 31 December</b>		<b>2,528</b>	<b>2,772</b>
<i>Reconciliation net movement in funds to net cash flow from operating activities:</i>			
<b>Net (expenditure)/income for the year</b>		<b>(883)</b>	<b>516</b>
<b>Adjustments for:</b>			
Depreciation and amortisation charges		93	83
Dividends, interest & rent from investments		(912)	(899)
Profit on sale of functional assets		(1,616)	(1,662)
(Increase)/decrease in stock and work in progress		(3)	1,193
(Increase)/decrease in debtors		(348)	212
Increase/(decrease) in creditors		639	(142)
FRS102 – pension adjustment (deficit contribution and interest charge)		(499)	(427)
<b>Net cash used in operating activities</b>		<b>(3,529)</b>	<b>(1,126)</b>
<b>Analysis of cash and cash equivalents</b>			
Cash in bank & in hand		2,528	2,772
<b>Total cash and cash equivalents</b>		<b>2,528</b>	<b>2,772</b>

# Accounting policies

*for the year ended 31 December 2020*

The principal accounting policies adopted are as follows:

## **Basis of Accounting**

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (2nd edition, effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries on a line by line basis. The subsidiaries are Jumping Fish Limited, The Good and Faithful Servant Limited and the Anne Edwards Charity. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The deficit of the parent charity for the year was £862k (2019: surplus of £425k).

Gloucester DBF meets the FRS102 definition of a Public Benefit Entity.

The principle accounting policies and estimation techniques are as follows:

## **Income**

Parish Share contributions by parishes are included in the financial statements when there is certainty of receipt. Other donations are recognised when received. Legacies are recognised when there is reasonable certainty as to both entitlement and amount. Grants are generally included in the financial statements when received, to ensure that there is reasonable certainty as to both entitlement and amount. However, in cases where the grant relates to a specific project, it is recognised when the project expenditure takes place. Interest and dividends are included in the financial statements when received. Rental income is recognised in the period to which the rent relates.

Investment income arising upon the Diocesan Stipends Fund is credited to the unapplied total return in the year in which the distribution is due.

## **Expenditure**

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

- i) Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the GDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

# Accounting policies

for the year ended 31 December 2020

## Expenditure (ctd)

- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) Pension contributions. The GDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as expenditure represent the GDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which GDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.
- vi) Employee benefits. Short term employee benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accruals basis and in line with FRS 102.

## Going concern

The Directors consider there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, levels of reserves and future plans give the Directors confidence the charity remains a going concern for a period in excess of 12 months from the date of approval of these accounts. This review has included an assessment of cash flow forecasts and the ongoing impact of the Covid-19 pandemic.

## Depreciation

Depreciation on equipment is calculated on a straight line basis at annual rates estimated to write off the assets over their respective expected useful lives, as follows:

Leasehold property improvements	5%	Assets under construction	0%
Office equipment	20%	Office furniture	12½%
Telephone equipment	20%	Computer equipment	25%
Solar PV panels	4%		

No depreciation is provided on clergy houses. As the remaining useful life of these assets exceeds 50 years and a programme of planned maintenance ensures that the residual value does not fall below the carrying value, any depreciation would be immaterial. An annual impairment review is carried out in accordance with FRS102.

# Accounting policies

*for the year ended 31 December 2020*

## ***Tangible fixed assets***

Clergy houses owned by the Board as corporate property are included in the financial statements at historical cost.

Clergy houses owned by benefices are included in the financial statements at a carrying value established by the directors and based on a professional valuation in December 2000. Houses acquired since that date are included at cost, and any major improvements are capitalised to the extent that the carrying value does not exceed the estimated net realisable value. Although the Board does not own these houses, it has the responsibility for maintaining them and receives any sale proceeds on disposal if the house becomes surplus under a pastoral scheme. Under FRS102 the Board considers that it has access to the benefits of these houses and also the associated risks and therefore needs to recognise them as assets in the financial statements. Solar PV panels installed on clergy houses are included within the asset value of the house and depreciated on a straight line basis over 25 years.

## ***Fixed asset investments***

Listed investments are stated at open market value at the balance sheet date with the gain or loss arising on the investment funds representing the Diocesan Stipends Fund, taken directly to the unapplied total return and others to the Statement of Financial Activities. For units held in managed funds of the Central Board of Finance this is the published bid price. Investment properties, which comprise the glebe portfolio, are stated at directors' valuation. The valuation is arrived at after taking appropriate professional advice and is reviewed each year. Certain short-term cash deposits, which are held for long term investment purposes, are included in fixed asset investments.

## ***Financial Instruments***

The charitable company 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 carried at either amortised cost or fair value as noted below.

## ***Stock and work in progress***

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

## ***Debtors***

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. At the end of each reporting period debtors are assessed for evidence of impairment. If an asset is impaired an impairment loss is recognised in the Statement of Financial Activities.

## ***Cash***

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short term maturity.

## ***Creditors***

Basic financial liabilities, including trade and other payables and bank loans, are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at transaction price.

# Accounting policies

for the year ended 31 December 2020

## **Fund accounting**

The resources of the Board are classified according to restrictions imposed on their use by donors or by legislation, and in accordance with the SORP, as follows:

- Endowment funds represent money that must be permanently held as capital, and may not be spent as income. Expendable endowment may, however, be spent as income under certain circumstances.
- Restricted funds may only be used for the purposes for which the money was originally gifted or bequeathed to the Board, or as expressed in the trusts under which the funds are held.
- Unrestricted funds are monies available for use at the discretion of the Board. The General Fund is for the day to day running of the Board, and is primarily funded by the parish share. However, certain funds have been earmarked for particular purposes, and these are termed designated funds. Such funds are kept separate for administrative purposes but do not constitute legally separate funds.

During 2019, Bishops Council approved a total return approach to investment for the investments held as one of the GDBF's permanent endowments – the Diocesan Stipends Fund (DSF). This change in policy took effect from 1<sup>st</sup> January 2019 and since then GDBF has operated a total return approach to the management of the investment portfolio attributable to the DSF. Using this approach, GDBF is required to analyse the fund between the amount held for investment (non-distributable funds) and the unapplied total return. GDBF is permitted to allocate from the unapplied total return element, such sums as the Board see appropriate, provided that the Board exercise their statutory duty to be even handed as between present and future beneficiaries and that they maintain the unapplied total return at such a level as to ensure it remains positive, after having due regard to the volatility of the investment markets. GDBF's objective is also to maintain the value of non-distributable funds in real terms.

## **Operating leases**

Rental payments under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

## **Judgements and estimates**

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

### *Significant judgements:*

Valuation of investment properties - Investment properties are stated at directors' valuation after taking appropriate professional advice.

Depreciation of clergy houses - The Trustees consider that residual value of freehold properties is sufficiently high that depreciation would not be material.

### *Sources of estimation uncertainty:*

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

# Notes to the financial statements

for the year ended 31 December 2020

## Note 1 Parish Share

	Allocated in 2020 (memo) £'000	Received in 2020 re 2020 £'000	Received in 2020 re prior years £'000	2020 £'000	2019 £'000
Gloucester City	590	549	-	549	561
Severn Vale	644	619	-	619	620
Forest South	435	417	-	417	441
Wotton	704	657	-	657	694
Stroud	675	635	-	635	665
Cheltenham	1,335	1,332	14	1,346	1,326
North Cotswold Deanery	855	856	-	856	823
Cirencester	935	887	-	887	906
Tewkesbury & Winchcombe	574	551	-	551	588
Other	-	3	-	3	3
<b>Parish Share contributions</b>	<b>6,747</b>	<b>6,506</b>	<b>14</b>	<b>6,520</b>	<b>6,627</b>

## Note 2 Income from the Church Commissioners

	2020 £'000	2019 £'000
Grant re Bishop's share of registrar's retainer	47	43
<b>Church Commissioner grants received</b>	<b>47</b>	<b>43</b>



# Notes to the financial statements

for the year ended 31 December 2020

## Note 3

### Grants and other donations

	2020 £'000	2019 £'000
Ecclesiastical Insurance Group grant	104	107
Voluntary Schools Fund grants	343	308
Other grants	114	157
Other restricted grants/donations	509	455
Feed 5k donations	49	-
Other donations	75	48
<b>Grants and donations</b>	<b>1,194</b>	<b>1,075</b>

## Note 4

### Other activities

	Unrestricted £'000	Designated £'000	Restricted £'000	Endowment £'000	Total 2020 £'000	Total 2019 £'000
Rental of vacant housing	181	-	-	-	181	318
Property development: G&FS*	-	-	-	-	-	1,700
Educational services: JF Ltd*	7	-	-	-	7	15
Other income	4	5			9	26
<b>Total</b>	<b>192</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>2,059</b>

In 2019, £2,039k of other activities income was unrestricted, and £20k was designated.

\*The principal activity of Good & Faithful Servant (G&FS) is the development of property, whilst Jumping Fish's (JF Ltd) is the publication of educational materials and professional services, for advertisement of the Christian religion.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 5

### Investments

	2020 £'000	2019 £'000
Income from fixed asset investments	870	853
Other interest receivable and similar income	7	8
Rent receivable	35	38
<b>Investments</b>	<b>912</b>	<b>899</b>

## Note 6

### Other

	2020 £'000	2019 £'000
Gain on disposal of tangible fixed assets*	1,616	1,662
Annual allowance – national insurance	-	3
Miscellaneous income	72	52
Monies received from Church Commissioners for sale of church building from previous years	76	-
<b>Other</b>	<b>1,764</b>	<b>1,717</b>

\* The gain on disposal of tangible fixed assets in 2020 comprised the sale of six surplus clergy houses for the DBF. The gain on disposal of tangible fixed assets in 2019 comprised the gain on the sale of six surplus clergy houses for the DBF.

## Note 7

### Raising funds

	2020 £'000	2019 £'000
Tenancy costs associated with the letting of vacant properties	31	56
Property development – G & FS Limited	31	1,267
Educational services – Jumping Fish Limited	7	9
<b>Raising funds</b>	<b>69</b>	<b>1,332</b>

# Notes to the financial statements

for the year ended 31 December 2020

	<i>Unrestricted</i>	<i>Designated</i>	<i>Restricted</i>	<i>Endowment</i>	<b>2020</b>	<b>2019</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Note 8</b>						
<b>Charitable activities</b>						
Contributions to Archbishops' Council:						
National Church responsibilities	255	-	-	-	255	269
Training for Ministry	305	-	-	-	305	305
Training of Ordinands – support grants	146	-	-	-	146	126
Pooling of Ordinand support costs	36	-	-	-	36	11
Mission agencies pension contributions	11	-	-	-	11	3
Retired clergy housing costs (CHARM)	110	-	-	-	110	104
	<b>863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>863</b>	<b>818</b>
<b>Resourcing Ministry &amp; Mission:</b>						
Parish Ministry						
Stipends and National insurance	3,235	-	-	-	3,235	3,166
Clergy pension contributions	1,044	-	-	-	1,044	1,031
FRS102 adjustment – clergy pension	(151)	-	-	(348)	(499)	(289)
Housing costs including removal and resettlement grants	1,775	-	-	-	1,775	1,699
	<b>5,903</b>	<b>-</b>	<b>-</b>	<b>(348)</b>	<b>5,555</b>	<b>5,607</b>
Support for parish ministry	3,163	-	582	29	3,774	3,456
	<b>9,066</b>	<b>-</b>	<b>582</b>	<b>(319)</b>	<b>9,329</b>	<b>9,063</b>
<b>Expenditure on Education</b>						
Support for church schools	-	459	-	-	459	482
<b>Other expenditure</b>						
Grants awarded (note 11)	-	995	10	-	1,005	571
Charitable activities of Ann Edwards charity	-	-	60	-	60	55
	<b>9,929</b>	<b>1,454</b>	<b>652</b>	<b>(319)</b>	<b>11,716</b>	<b>10,989</b>

# Notes to the financial statements

for the year ended 31 December 2020

<b>Note 8 (continued)</b>	<i>Unrestricted</i>	<i>Designated</i>	<i>Restricted</i>	<i>Endowment</i>	<i>Total</i>
<b>Comparative analysis for 2019</b>	<i>2019</i>	<i>2019</i>	<i>2019</i>	<i>2019</i>	<i>2019</i>
<b>Charitable activities</b>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Contributions to Archbishops' Council:</i>					
National Church responsibilities	269	-	-	-	269
Training for Ministry	305	-	-	-	305
Training of Ordinands – support grants	126	-	-	-	126
Pooling of Ordinand support costs	11	-	-	-	11
Mission agencies pension contributions	3	-	-	-	3
Retired clergy housing costs (CHARM)	104	-	-	-	104
	<b>818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>818</b>
<i>Resourcing Ministry &amp; Mission:</i>					
Parish Ministry					
Stipends and National insurance	3,166	-	-	-	3,166
Clergy pension contributions	1,031	-	-	-	1,031
FRS102 adjustment – clergy pension	-	-	-	(289)	(289)
Housing costs including removal and resettlement grants	1,699	-	-	-	1,699
	<b>5,896</b>	<b>-</b>	<b>-</b>	<b>(289)</b>	<b>5,607</b>
Support for parish ministry	3,003	-	424	29	3,456
	<b>8,899</b>	<b>-</b>	<b>424</b>	<b>(260)</b>	<b>9,063</b>
<b>Expenditure on Education</b>					
Support for church schools	-	482	-	-	482
<b>Other expenditure</b>					
Grants awarded (note 11)	-	558	13	-	571
Charitable activities of Ann Edwards charity	-	-	55	-	55
	<b>9,717</b>	<b>1,040</b>	<b>492</b>	<b>(260)</b>	<b>10,989</b>

# Notes to the financial statements

for the year ended 31 December 2020

## Note 9

### Analysis of expenditure including the allocation of support costs

	Activities undertaken directly	Grant funding of activities	Support costs	Total costs
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Raising funds	69	-	-	69
Charitable activities:				
Contributions to Archbishop's Council	-	863	-	863
Resourcing parish ministry	7,785	-	1,544	9,329
Education	325	-	134	459
Other expenditure	60	1,005	-	1,065
<b>Total</b>	<b>8,239</b>	<b>1,868</b>	<b>1,678</b>	<b>11,785</b>

	Activities undertaken directly	Grant funding of activities	Support costs	Total costs
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
<i>Raising funds</i>	<i>1,332</i>	<i>-</i>	<i>-</i>	<i>1,332</i>
<i>Charitable activities:</i>				
<i>Contributions to Archbishop's Council</i>	<i>-</i>	<i>818</i>	<i>-</i>	<i>818</i>
<i>Resourcing parish ministry</i>	<i>7,611</i>	<i>-</i>	<i>1,452</i>	<i>9,063</i>
<i>Education</i>	<i>325</i>	<i>-</i>	<i>157</i>	<i>482</i>
<i>Other expenditure</i>	<i>55</i>	<i>571</i>	<i>-</i>	<i>626</i>
<b>Total</b>	<b>9,323</b>	<b>1,389</b>	<b>1,609</b>	<b>12,321</b>

Notes 10 to 14 provide further details on expenditure for 2020.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 10

### Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020	Total funds 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Central administration	1,583	-	25	29	1,637	1,569
Governance:						
External audit	27	-	-	-	27	24
Chancellor and professional fees	13	-	-	-	13	11
Synodical costs	1	-	-	-	1	5
<b>Total</b>	<b>1,624</b>	<b>-</b>	<b>25</b>	<b>29</b>	<b>1,678</b>	<b>1,609</b>

In 2019, £1,514k of central administration costs were unrestricted, £26k were restricted and £29k were endowed. All remaining expenditure of £40k was unrestricted.

## Note 11

### Summary of grants made:

	2020 number	2019 number	2020 £'000	2019 £'000
Church repairs	1	1	10	13
Development Grants	42	38	712	558
Sportily	1	-	283	-
<b>Grants made in the year</b>	<b>44</b>	<b>39</b>	<b>1,005</b>	<b>571</b>

# Notes to the financial statements

for the year ended 31 December 2020

## Note 12

Net movement in funds is stated after charging:

	2020	2019
	£'000	£'000
Depreciation	93	83
Auditors' remuneration - audit	27	24
Interest on Church Commissioners' loans:		
Loan for Solar Panel installations	9	11
Value Linked Loans on parsonage houses	31	31
Operating leases: Land and buildings (note 24)	33	33

## Note 13

Interest on long term loans

	2020	2019
	£'000	£'000
Interest on loans wholly or partly repayable beyond 5 years	31	31

All interest relates to value linked loans, being equity share loans made to the DBF by the Church Commissioners in respect of Parsonage Housing.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 14 Staff costs

	2020	2019
	£'000	£'000
<i>Costs of employees and officer holders</i>		
salaries and stipends	1,906	1,733
redundancy and termination payments	29	-
social security costs	187	167
other pension costs	604	568
<b>Employees, including clergy in DBF employment:</b>	<b>2,726</b>	<b>2,468</b>

stipends	2,970	2,903
social security costs	265	263
pension costs	1,069	1,031
<b>Parochial clergy funded by the DBF:</b>	<b>4,304</b>	<b>4,197</b>

	2020	2019
	Number	Number
<i>Number of employees including clergy in DBF employment</i>		
Full time equivalent	46	46
<b>Parochial clergy funded by the DBF</b>	<b>126</b>	<b>123</b>

*The number of employees whose emoluments exceeded £60,000 were as follows:-*

Employees earning between £60,001 and £70,000	2	2
Employees earning between £70,001 and £80,000	1	1

The employer's pension contributions for staff earning over £60,000 were £51,087 (2019: £45,790).

## Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Canon Benjamin Preece Smith
Director of Education	Canon Rachel Howie
Director of Mission and Ministry	Canon Dr Andrew Braddock
Head of Communications	Canon Lucy Taylor
Director of Resources	Canon Judith Knight
Head of Finance	Julie Ridgway

Remuneration and pensions for these six employees amounted to £431k. (2019 :£420k)



# Notes to the financial statements

for the year ended 31 December 2020

## Note 14

### Staff costs continued

#### Directors'/Trustees' emoluments

No Director/Trustee received any remuneration for services as a Director/Trustee. The Directors/Trustees received travelling and out of pocket expenses, totalling £7k (2019 - £9k) in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Directors/Trustees.

Certain directors of the Board who are also clergy received benefits during the year from the Board as part of its normal charitable activity of providing a stipend and housing for clergy in the diocese.

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

	Stipend	Housing
The Archdeacon of Cheltenham	Yes	Yes
The Archdeacon of Gloucester	Yes	Yes

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

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £37,670 - £46,180 (2019 range £36,930 - £45,270). The annual rate of stipend, funded by the GDBF, paid to Archdeacons in 2020 was £36,830 (2019 £36,110).

# Notes to the financial statements

for the year ended 31 December 2020

<b>Note 15a Group</b>	<i>Assets under construction</i>	<i>Leasehold property improvements</i>	<i>Freehold Property</i>	<i>Office Equipment</i>	<b>Total</b>
<i>Cost or valuation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2020	21	235	48,945	383	49,584
Additions	4	-	807	18	829
Disposals	-	-	(1,200)	-	(1,200)
<b>At 31 December 2020</b>	<b>25</b>	<b>235</b>	<b>48,552</b>	<b>401</b>	<b>49,213</b>
<i>Depreciation:</i>					
At 1 January 2020	-	70	235	234	539
Charge for year	-	12	29	52	93
Disposals	-	-	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>82</b>	<b>264</b>	<b>286</b>	<b>632</b>
<i>Net book value:</i>					
At 1 January 2020	21	165	48,710	149	49,045
<b>At 31 December 2020</b>	<b>25</b>	<b>153</b>	<b>48,288</b>	<b>115</b>	<b>48,581</b>

The Board has vested in it two redundant churches. One is leased to the Methodist Church on a long lease at a peppercorn rent. The other is held pending disposal. No value is attributed to these properties.

The freehold property disposals made in 2020 relate to the sales of 6 (2019: 6) surplus clergy Houses.

# Notes to the financial statements

for the year ended 31 December 2020

<b>Note 15b Parent</b>					
Tangible Fixed Assets	Assets under construction	Leasehold property improvements	Freehold Property	Office Equipment	Total
Cost or valuation:	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	21	235	47,630	383	48,269
Additions	4	-	807	18	829
Disposals	-	-	(1,200)		(1,200)
<b>At 31 December 2020</b>	<b>25</b>	<b>235</b>	<b>47,237</b>	<b>401</b>	<b>47,898</b>
<i>Depreciation:</i>					
At 1 January 2020	-	70	229	234	533
Charge for year	-	12	29	52	93
Disposals	-	-	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>82</b>	<b>258</b>	<b>286</b>	<b>626</b>
<i>Net book value:</i>					
At 1 January 2020	21	165	47,401	149	47,736
<b>At 31 December 2020</b>	<b>25</b>	<b>153</b>	<b>46,979</b>	<b>115</b>	<b>47,272</b>

# Notes to the financial statements

for the year ended 31 December 2020

Note 16a Group Fixed Asset Investments	Properties	Assets under construction	Investments	Total 2020	2019
	£'000	£'000	£'000	£'000	£'000
Market value at 1 Jan 2020	5,948	239	26,154	32,341	27,937
Additions	-	5	-	5	526
Disposals	(280)	(93)	-	(373)	(233)
Unrealised investment gains	5,498	-	2,127	7,625	4,111
<b>Market Value at 31 Dec 2020</b>	<b>11,166</b>	<b>151</b>	<b>28,281</b>	<b>39,598</b>	<b>32,341</b>
<i>Historic cost at 31 Dec 2020</i>	-	-	16,868	16,868	15,688
<i>Gains on investment assets</i>					
Unrealised gains (as above)	-	-	2,127	2,127	4,111
Realised gain on Glebe disposal	368	-	-	368	-
Glebe revaluation	5,498	-	-	5,498	-
<b>Total investment gains</b>	<b>5,866</b>	<b>-</b>	<b>2,127</b>	<b>7,993</b>	<b>4,111</b>

Messrs Bruton Knowles undertook a valuation of one of the Glebe sites as at 31<sup>st</sup> December 2020, which resulted in a revaluation of £5,498k as noted above.

# Notes to the financial statements

for the year ended 31 December 2020

<b>Note 16b Parent</b> Fixed Asset Investments	<i>Properties</i>	<i>Assets under construction</i>	<i>Investments</i>	<b>Total 2020</b>	<b>2019</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Market value at 1 Jan 2020	5,948	239	26,111	32,298	27,970
Additions	-	5	-	5	526
Disposals	(280)	(93)	-	(373)	(233)
Unrealised investment gains	5,498	-	2,081	7,579	4,035
<b>Market Value at 31 Dec 2020</b>	<b>11,166</b>	<b>151</b>	<b>28,192</b>	<b>39,509</b>	<b>32,298</b>
<i>Historic cost at 31 Dec 2020</i>	-	-	17,518	17,518	16,044
<i>Gains on investment assets</i>					
Unrealised gains (as above)	-	-	2,081	2,081	4,035
Realised gains - Glebe	368	-	-	368	-
Glebe revaluation	5,498	-	-	5,498	-
<b>Total investment gains</b>	<b>5,866</b>	<b>-</b>	<b>2,081</b>	<b>7,947</b>	<b>4,035</b>

Messrs Bruton Knowles undertook a valuation of one of the Glebe sites as at 31st December 2020, which resulted in a revaluation of £5,498k as noted above.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 16b Fixed Asset Investments continued

Investments comprise:

		Note 16a Group		Note 16b Parent	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
(i)	Listed investments (equities)				
	UK Investments	2,798	3,080	2,798	3,080
	Non-UK investments	18,701	14,765	18,701	14,765
<b>Listed Investments total</b>		<b>21,499</b>	<b>17,845</b>	<b>21,499</b>	<b>17,845</b>
(ii)	Unlisted investments				
	Property & other	5,847	6,858	5,108	6,165
	Cash	935	1,451	935	1,451
(iii)	Good and Faithful Servant Ltd	-	-	650	650
<b>Investments total</b>		<b>28,281</b>	<b>26,154</b>	<b>28,192</b>	<b>26,111</b>

The Diocese has three wholly owned subsidiaries:

Subsidiary name	Company number	Charity number	Share Capital
The Good & Faithful Servant Limited (GFS)	06258385	n/a	£1
Jumping Fish Limited (JF)	06672775	n/a	£1
The Charity of Ann Edwards (AEC)	n/a	263956	Limited by guarantee GDBF sole Trustee

The transactions and balances for these wholly owned subsidiaries were as follows:-

	Income £		Expenditure £		Assets £		Liabilities £		Net assets £	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
GFS	-	1,700k	38k	1,622k	738k	830k	(6k)	(61k)	731k	769k
JF	7k	15k	7k	15k	16k	20k	(16k)	(20k)	-	-
AEC	87k	78k	70k	64k	2,570	2,507k	(4k)	(6k)	2,566k	2,501k

# Notes to the financial statements

for the year ended 31 December 2020

## Note 16c Application of the total return to the Diocesan Stipends Fund

The investment power of total return permits Gloucester DBF to invest the permanently endowed Diocesan Stipends Fund (DSF) to maximise total return and apply an appropriate portion of the unapplied total return each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains part of the permanent endowment. During 2020, the portion of unapplied total return allocated to income amounted to £1,108k. (2019: £978k)

An Unapplied Total Return Fund (UTR) of £10,800k was created on 1<sup>st</sup> January 2019, all of which related to the DSF permanent endowment.

The Unapplied Total Return Fund comprises that part of the total return on the DSF which has not yet been allocated by the Board to either the General Fund or the Permanent Endowment Fund. It can be carried forward if not needed or allocated to be spent as income or reinvested in the DSF Permanent Endowment Fund in a particular year.

For the year ended 31<sup>st</sup> December 2020, the Board took the decision to transfer £1,108k (2019: £978k) from the Unapplied Total Return Fund to the General Fund.

	Trust for investment £'000	Unapplied Total Return £'000	Total endowment £'000
<b>As at 1<sup>st</sup> January 2020:</b>			
Base value of the permanent endowment	9,065	-	9,065
Unapplied total return	-	14,029	14,029
<b>Total</b>	<b>9,065</b>	<b>14,029</b>	<b>23,094</b>
<b>Movements in the year:</b>			
Additions in year	-	-	-
Investment returns – income received	-	708	708
Unrealised gains for year	-	1,950	1,950
Unapplied total return allocated to income in the year	-	(1,108)	(1,108)
Add indexation to base level of the endowment	109	(109)	-
<b>Net movements in the year</b>	<b>109</b>	<b>1,441</b>	<b>1,550</b>
<b>As at 31<sup>st</sup> December 2020:</b>			
Base value of the permanent endowment	9,174	-	9,174
Unapplied total return	-	15,470	15,470
<b>Valuation at 31<sup>st</sup> December 2020</b>	<b>9,174</b>	<b>15,470</b>	<b>24,644</b>

# Notes to the financial statements

for the year ended 31 December 2020

## Note 17

### Stock and work in progress

This comprises work in progress amounting to £9k (2019: £6k) in relation to property developments being undertaken by the Good & Faithful Servant Ltd.

## Note 18a

### Consolidated group debtors

	Due within one year		Due after one year	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Prepayments and sundry debtors	939	530	-	-
Staff car loans	36	11	9	24
Loans to parishes, Cathedral and other DBF	108	227	491	438
Parish Giving Scheme	35	40	-	-
<b>Debtors</b>	<b>1,118</b>	<b>808</b>	<b>500</b>	<b>462</b>

Debtors include £48k (2019: £58k) due from related charities. These charities are administered by staff of the Board, but the trustees are separate from the trustees of the Board.

## Note 18b

### Parent company debtors

	Due within one year		Due after one year	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Prepayments and sundry debtors	836	464	-	-
Staff car loans	36	11	9	24
Loans to parishes, Cathedral and other DBF	108	227	491	438
Good & Faithful Servant Ltd	3	57	-	-
Jumping Fish Ltd	14	18	-	-
Parish Giving Scheme	35	40	-	-
Oasis Centre	74	49	-	-
<b>Debtors</b>	<b>1,106</b>	<b>866</b>	<b>500</b>	<b>462</b>



# Notes to the financial statements

for the year ended 31 December 2020

## Note 19a

### Consolidated group creditors

	Due within one year		Due after one year	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Accruals and sundry creditors	695	394	-	-
Taxation and social security	48	45	-	-
Loans	45	60	-	-
CBF Loan (Solar Panels)	-	-	875	875
Value Linked Loans (Church Commissioners)	85	-	349	434
Pension scheme liabilities (note 25)				
- Lay defined benefit scheme	168	168	1,024	1,131
- Clergy Pension Scheme	354	334	64	408
<b>Creditors</b>	<b>1,395</b>	<b>1,001</b>	<b>2,312</b>	<b>2,848</b>

Value linked loans from the Church Commissioners are repayable on sale of the property to which they relate. Any capital profit or loss arising on sale of the property accrues to the Church Commissioners and the Board in proportion to the equity invested.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 19b

### Parent company creditors

	Due within one year		Due after one year	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Accruals and sundry creditors	676	376	-	-
Taxation and social security	48	45	-	-
Loans	45	60	-	-
CBF Loan (Solar Panels)	-	-	875	875
Value Linked Loans (Church Commissioners)	85	-	349	434
Pension scheme liabilities (note 25)				
- Lay defined benefit scheme	168	168	1,024	1,131
- Clergy Pension Scheme	354	334	64	408
<b>Creditors</b>	<b>1,376</b>	<b>983</b>	<b>2,312</b>	<b>2,848</b>

Included in 'Accruals and sundry creditors' is a total of £29k (2019 - £29k) due to related charities which are administered by staff of the Board and whose trustees are separate from the trustees of the Board.

Value linked loans from the Church Commissioners are repayable on sale of the property to which they relate. Any capital profit or loss arising on sale of the property accrues to the Church Commissioners and the Board in proportion to the equity invested.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 20

### Analysis of net assets by fund:

#### Summary

Funds at 31 Dec 2020 are represented by:

	General funds	Designated Funds	Restricted Funds	Endowment Funds	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	272	14,581	1,238	32,490	48,581
Fixed asset investments	-	297	1,964	37,337	39,598
Current assets	2,564	202	1,013	376	4,155
Creditors	(1,682)	(732)	-	(1,293)	(3,707)
Inter-fund indebtedness	(4,514)	(543)	(970)	6,027	-

#### Total Funds at 31 Dec 2020

(3,360) 13,805 3,245 74,937 88,627

Funds include the following unrealised gains on investments:

Unrealised gains at 1 Jan	1,450	154	1,119	16,298	19,021
Net gains on revaluation in year	-	-	122	7,871	7,993

#### Unrealised gains at 31 Dec 2020

1,450 154 1,241 24,169 27,014

The inter-fund indebtedness arises as a result of transactions relating to certain funds being effected through the general fund.

Comparative analysis of net assets by fund:

#### Summary

Funds at 31 Dec 2019 are represented by:

	General Funds	Designated Funds	Restricted Funds	Endowment Funds	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	303	14,792	1,234	32,716	49,045
Fixed asset investments	-	296	1,843	30,202	32,341
Current assets	2,707	389	950	2	4,048
Creditors	(2,613)	(494)	-	(742)	(3,849)
Inter-fund indebtedness	(3,138)	(728)	(930)	4,796	-

#### Total Funds at 31 Dec 2019

(2,741) 14,255 3,097 66,974 81,585

Funds include the following unrealised gains on investments:

Unrealised gains at 1 Jan 2019	1,450	154	837	12,469	14,910
Net gains on revaluation in year	-	-	282	3,829	4,111

#### Unrealised gains at 31 Dec 2019

1,450 154 1,119 16,298 19,021

# Notes to the financial statements

for the year ended 31 December 2020

## Note 21

### Designated funds

	Balance at 1 Jan 2020 £'000	Income £'000	Expenditure £'000	Net gains/(losses) on assets £'000	Transfers £'000	Balance at 31 Dec 20 £'000
Development Fund	17	-	-	-	-	17
Albright Bequest	1,459	5	(995)	-	-	469
Houses Capital	6,495	-	-	-	-	6,495
Curates Housing Reserve	6,114	540	-	-	-	6,654
Education	-	396	(459)	-	63	-
Viney Hill Development	170	-	-	-	-	170
<b>Total Funds at 31 Dec 2020</b>	<b>14,255</b>	<b>941</b>	<b>(1,454)</b>	<b>-</b>	<b>63</b>	<b>13,805</b>

Unrestricted funds are monies available for use at the discretion of the Board. The General Fund is for the day to day running of the Board and is funded primarily by the parish share. Certain funds have been earmarked for particular purposes and these are termed designated funds, they do not constitute legally separate funds.

The Development Fund has been designated to make a fund available to finance mission initiatives approved by Bishop's Council.

The Albright Bequest represents monies bequeathed by Miss Albright. From this bequest two loans were made to Glenfall House Trust (GHT) secured on the freehold of Glenfall House which previously was owned by the GHT. When these loans were created, the directors were of the opinion that the terms of these loans were such that the ultimate benefits and liabilities of ownership of Glenfall House remained with the Board with a right to use the house granted to the GHT. Glenfall House was always then recognised as an asset of the Board in accordance with FRS5 and had been included on the balance sheet at £1.2m based on a valuation carried out in 2000 by a qualified chartered surveyor. During 2016, the sale of Glenfall House to a third party was progressed with the surplus on sale being included as income to the Albright Bequest in 2016.

The Houses Capital Fund represents the cost, less outstanding loans, of houses owned by the Board to provide accommodation for assistant curates and team vicars. During 2019, the Board decided to make a transfer from the Houses Capital Fund to a new Curates Housing Reserve as part of the work undertaken on agreeing a new policy for the provision of housing for curates. The efficient operation of this new policy required the creation of a suitable reserve to enable the Resources Committee to buy and sell curates housing in a timely and controlled manner without frequent referral to Bishop's Council. The management of this reserve has been delegated to the Diocesan Resources Committee.

The Education Fund brings together the Education work undertaken by GDBF with income specific to that activity, primarily from the Voluntary Schools Fund and St Matthias Trust. The deficit for year was covered by a transfer from the general fund and is the portion of this work funded by the general fund.

The Viney Hill Development relates to a property owned by GDBF but used by Viney Hill Adventure Centre for charitable purposes consistent with those of the GDBF.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 21 (continued)

### Comparative Designated funds

	Balance at 1 Jan 2019 £'000	Income £'000	Expenditure £'000	Net gains/(losses) on assets £'000	Transfers £'000	Balance at 31 Dec 19 £'000
Development Fund	17	-	-	-	-	17
Albright Bequest	2,008	9	(558)	-	-	1,459
Houses Capital	11,308	-	-	-	(4,813)	6,495
Curates Housing Reserve	-	1,301	-	-	4,813	6,114
Education	-	385	(482)	-	97	-
Viney Hill Development	170	-	-	-	-	170
<b>Total Funds at 31 Dec 2019</b>	<b>13,503</b>	<b>1,695</b>	<b>(1,040)</b>	<b>-</b>	<b>97</b>	<b>14,255</b>

## Note 22

### Restricted funds

	Balance at 1 Jan 2020 £'000	Income £'000	Expenditure £'000	Net gains/(losses) on assets £'000	Transfers £'000	Balance at 31 Dec 20 £'000
Housing for elderly clergy	130	2	-	4	-	136
Ordination training	279	-	-	4	(25)	258
Diocesan pastoral fund	756	123	(51)	105	-	933
Stratton Davis fund	293	7	(10)	9	-	299
Bishop's Discretionary Mission fund	30	-	-	-	-	30
Ann Edwards Charity	1,712	87	(70)	-	-	1,729
Ministerial Education Training	47	196	(223)	-	-	20
Life projects	132	185	(143)	-	(86)	88
Other	(282)	98	(106)	-	42	(248)
Watermoor Trust	-	839	-	-	(839)	-
Feed 5K	-	49	(49)	-	-	-
HMRC furlough grants	-	66	-	-	(66)	-
<b>Total Funds at 31 Dec 2020</b>	<b>3,097</b>	<b>1,652</b>	<b>(652)</b>	<b>122</b>	<b>(974)</b>	<b>3,245</b>

# Notes to the financial statements

for the year ended 31 December 2020

## Note 22 Restricted funds (continued)

The Housing for Elderly Clergy fund derives from various bequests and is used to give assistance to retired clergy of the diocese in difficulty with their housing requirements. The Ordination Training Fund derives from various bequests, principally from the late Mrs. M Harries. The income is used to fund ordination training.

The Diocesan Pastoral fund is derived principally from the proceeds of sale of surplus parsonage houses due to pastoral reorganisations under the Pastoral Measure 1983. Under the Measure, the fund must be used firstly in connection with expenses relating to pastoral schemes and redundant churches. To the extent that it is considered that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the Board.

The Stratton Davis fund arises from a bequest received in 2001 from the estate of the late Mr. David Stratton Davis. The terms of the settlement are that the fund may be used for the repair or restoration of churches and their fixtures and fittings in the diocese. The Board has decided initially to use the income to make an annual grant to the Gloucestershire Historic Churches Trust.

The Bishop's Discretionary Mission fund derives from a donation received in 2013 and restricted to mission works of the Church of England at the Bishop of Gloucester's discretion.

The Charity of Ann Edwards restricted funds comprise the Extraordinary Repair Fund (ERF) and the Cyclical Maintenance Fund (CMF). These funds were established in the governing instrument and are for future repairs and maintenance.

The Ministerial Education Training fund relates to Resourcing Ministerial Education introduced in 2017.

The Life Projects fund relates to those special projects funded by the Life Development Fund.

The Other Restricted funds include a negative fund balance of £375k for Glebe revenue. This relates to glebe rental income less professional fees, repairs and maintenance against Glebe assets (the asset is held in the Glebe Property endowment fund – see note 23).

The Watermoor Trust fund relates to the sale of the property previously vested in a separate Trust whose sole Trustee is the GDBF. The Feed 5k fund relates to fundraising in response to the start of the global pandemic to ensure the most vulnerable across our Diocese could access quality meals. The expenditure relates to the awarding of grants to partner organisations, most notably Grace Network in Stroud – The Long Table.

### Comparative Restricted funds

	Balance at 1 Jan 2019 £'000	Income £'000	Expenditure £'000	Net gains/(losses) on assets £'000	Transfers £'000	Balance at 31 Dec 19 £'000
Housing for elderly clergy	119	3	-	8	-	130
Ordination training	269	-	-	10	-	279
Diocesan pastoral fund	523	44	(51)	240	-	756
Stratton Davis fund	272	7	(10)	24	-	293
Bishop's Discretionary Mission Fund	42	-	(12)	-	-	30
Ann Edwards Charity	1,698	77	(63)	-	-	1,712
Ministerial Education Training	35	204	(192)	-	-	47
Life projects	45	162	(75)	-	-	132
Other	(279)	129	(89)	-	(43)	(282)
<b>Total Funds at 31 Dec 2019</b>	<b>2,724</b>	<b>626</b>	<b>(492)</b>	<b>282</b>	<b>(43)</b>	<b>3,097</b>

# Notes to the financial statements

for the year ended 31 December 2020

## Note 23

### Endowment funds

	Balance at 1 Jan 20	Income	Expenditure	Net gains on assets	Transfers	Balance at 31 Dec 20
	£'000	£'000	£'000	£'000	£'000	£'000
Pensions & assistance	357	-	-	9	-	366
Benefice property	30,030	237	-	-	-	30,267
Diocesan stipends fund	26,188	-	319	1,925	(440)	27,992
Ann Edwards Charity	788	-	-	47	-	835
Glebe property	9,611	-	-	5,866	-	15,477
<b>Total funds at 31 Dec 2020</b>	<b>66,974</b>	<b>237</b>	<b>319</b>	<b>7,847</b>	<b>(440)</b>	<b>74,937</b>

Permanent endowment funds represent money that must be permanently held as capital, and may not be spent as income. Expendable endowment funds represent money that must be held as capital, but may be expended when certain conditions are satisfied.

The Pensions & Assistance fund is permanent endowment represented by a house used to provide accommodation for retired clergy and a cash balance arising from the sale of a second house.

The Benefice Property fund represents the value of benefice houses. These houses are owned by benefices, but are recognised as assets by the Board. The fund is classified as expendable endowment as under certain conditions the value of the houses may be realised and the proceeds used as income.

The Diocesan Stipends fund (DSF) represents ancient endowments and other gifts and legacies. The fund is governed principally by the Diocesan Stipends Funds Measure 1953 and the Endowment and Glebe Measure 1976, as amended. The fund is mainly invested in CBF managed funds. Income generated from the Fund must be used to fund stipends. The Fund is expendable under certain circumstances.

During 2019, Bishops Council approved a total return approach to investment for the CBF managed funds of the DSF. This change in policy took effect from 1st January 2019. An Unapplied Total Return Fund (UTR) of £10,800k was created on 1st January 2019, all of which related to the DSF.

The Unapplied Total Return fund comprises that part of the total return on the DSF which has not yet been allocated by the Board to either the General fund or the Permanent Endowment fund. It can be carried forward if not needed or allocated to be spent as income or reinvested in the DSF Permanent Endowment fund in a particular year.

The value of the remainder of the DSF will be preserved, by an amount equivalent to the application of RPI to the opening balance for the year being transferred from the Unapplied Total Return to the DSF fund. For the year ended 31st December 2020, the Board took the decision to transfer £1,108k (2019: £978k) from the Unapplied Total Return fund to the General fund. (see note 16c)

The Endowment Fund of the Charity of Ann Edwards represents the original endowment of the charity, comprising mainly the sale proceeds of Edwards College, the original Almshouse in South Cerney. This money may not be spent as income. Glebe property represents glebe land previously held by incumbents but transferred to the Board under the Endowment and Glebe Measure 1976. Income derived from rents must be used to fund stipends. Proceeds of sale of glebe land must be transferred to the DSF.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 23 continued

### Endowment funds

Comparative Endowment funds

	Balance at 1 Jan 2019	Income	Expenditure	Net gains/ (losses) on assets	Transfers*	Balance at 31 Dec 19
	£'000	£'000	£'000	£'000	£'000	£'000
Pensions & assistance	317	-	-	40	-	357
Benefice property	29,676	354	-	-	-	30,030
Diocesan stipends fund	21,292	-	260	4,976	(340)	26,188
Ann Edwards Charity	715	-	-	73	-	788
Glebe property	9,611	-	-	-	-	9,611
<b>Total Funds at 31 Dec 2019</b>	<b>61,611</b>	<b>354</b>	<b>260</b>	<b>5,089</b>	<b>(340)</b>	<b>66,974</b>

## Note 24

### Financial Commitments: Operating Leases

Total commitments under non-cancellable operating leases are as follows:-

Land and buildings where the lease expires:

	2020 £'000	2019 £'000
Within one year of the balance sheet date	33	33
In the second to fifth years inclusive of the balance sheet date	132	132



# Notes to the financial statements

*for the year ended 31 December 2020*

## Note 25

### Pensions

The GDBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy and the other is the Church Workers Pension Fund for lay staff.

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

#### Defined Benefits Scheme

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

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

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

It is not possible to attribute the scheme’s assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, 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.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 25

### Pensions (continued)

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-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

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 34.7% of pensionable salary and expenses of £12,800 per year. In addition deficit payments of £167,784 per year have been agreed for 10.00 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.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	1,299	1,384
Deficit contribution paid	(168)	(168)
Interest cost (recognised in SoFA)	17	30
Remaining change to the balance sheet liability* (recognised in SoFA)	44	53
Balance sheet liability at 31 December	1,192	1,299

\* 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	0.5%	1.4%	2.3%

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

# Notes to the financial statements

for the year ended 31 December 2020

## Note 25

### Pensions (continued)

#### Church of England Funded Pension Scheme (CEFPS)

Gloucester DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. 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 specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

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

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

As at 31 December 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.

# Notes to the financial statements

for the year ended 31 December 2020

## Note 25

### Pensions (continued)

As at 31 December 2019 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 2017 and over 2018 is set out in the table below.

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	742	2,291
Deficit contribution paid	(354)	(334)
Interest cost (recognised in SoFA)	6	45
Remaining change to the balance sheet liability* (recognised in SoFA)	24	(1,260)
Balance sheet liability at 31 December	418	742

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

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

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

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

# Notes to the financial statements

*for the year ended 31 December 2020*

## Note 25

### Pensions (continued)

#### Church of England Pension Builder Scheme (PBS)

For eligible salaried employees who commenced employment after 1st January 2013, the Gloucester Diocesan Board of Finance participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund.

#### Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

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

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

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

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

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

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

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

# Notes to the financial statements

for the year ended 31 December 2020

## Note 26

Prior year comparative SOFA

	General fund £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
<b>Income &amp; endowments from</b>					
Donations					
parish share contributions	6,627	-	-	-	6,627
church commissioners	43	-	-	-	43
grants and other donations	263	357	455	-	1,075
Charitable activities – statutory fees and licence to occupy income	366		51	-	417
Other activities	2,039	20	-	-	2,059
Investments	770	9	120	-	899
Other	54	1,309	-	354	1,717
<b>Total</b>	<b>10,162</b>	<b>1,695</b>	<b>626</b>	<b>354</b>	<b>12,837</b>
<b>Expenditure on</b>					
Raising funds	1,332	-	-	-	1,332
Charitable activities	9,717	1,040	492	(260)	10,989
<b>Total</b>	<b>11,049</b>	<b>1,040</b>	<b>492</b>	<b>(260)</b>	<b>12,321</b>
<b>Net income/(expenditure) before investment gains</b>	<b>(887)</b>	<b>655</b>	<b>134</b>	<b>614</b>	<b>516</b>
Net gains on investments	-	-	282	3,829	4,111
<b>Net income/(expenditure)</b>	<b>(887)</b>	<b>655</b>	<b>416</b>	<b>4,443</b>	<b>4,627</b>
Total return transfer	300	-	-	(300)	-
<b>Net income/(expenditure) after total return transfer</b>	<b>(587)</b>	<b>655</b>	<b>416</b>	<b>4,143</b>	<b>4,627</b>
Transfers between funds	(14)	97	(43)	(40)	-
<b>Other recognised gains/(losses)</b>	<b>(53)</b>	<b>-</b>	<b>-</b>	<b>1,260</b>	<b>1,207</b>
<b>Net movement in funds</b>	<b>(654)</b>	<b>752</b>	<b>373</b>	<b>5,363</b>	<b>5,834</b>
Total funds brought forward	(2,087)	13,503	2,724	61,611	75,751
Total funds carried forward	<b>(2,741)</b>	<b>14,255</b>	<b>3,097</b>	<b>66,974</b>	<b>81,585</b>