

Gloucester Diocesan Board of Finance
**Annual Report
& Accounts**
2021



Board of Trustees

The Rt Revd Rachel Treweek (President)
Canon Karen Czapiewski (Chair)
The Ven Phil Andrew
The Revd Craig Bishop (resigned 1st November 2021)
The Revd Andrew Blyth (from 1st November 2021)
Prof Patricia Broadfoot
Mr George Collins (from 1st November 2021)
The Revd Henry Curran (from 1st November 2021)
The Ven Hilary Dawson
The Revd James Faragher (from 1st February 2022)
Mr Steve Grindrod (resigned 1st November 2021)
Mr Chris Hill
Mr Martin Kingston
Very Revd Stephen Lake (resigned 4th April 2022)
Mr Robert McNeill-Wilson (from 1st November 2021)
Mr Richard Neale (resigned 1st November 2021)
Mrs Carol O'Donnell (from 1st November 2021)
The Revd Dr Sunkanmi Osunsanmi
The Revd Michael Parsons (resigned 1st November 2021)
The Revd Jo Pestell (from 1st November 2021)
Mr Les Reilly (resigned 1st November 2021)
The Revd Canon Helen Sammon (resigned 31st January 2021)
The Revd Ed Sauven (from 1st November 2021)
The Revd Canon Katrina Scott
The Rt Revd Robert Springett
Mr Michael Storey (resigned 1st November 2021)
The Revd Canon John Swanton (from 1st November 2021)
Mr Alastair Taylor (from 1st November 2021)
Mrs Emma Taylor (from 1st November 2021)
Mr Kevan Taylor
Mr Andy Wilson (from 1st November 2021)

Principal Officers

Benjamin Preece Smith – *Diocesan Secretary*
Vacant – *Chief Financial Officer*
Lucy Taylor – *Director of Communications*
Rachel Howie – *Director of Education (resigned 31 August 2021)*
Andrew Braddock – *Director of Mission and Ministry*
Judith Knight – *Director of People and Safeguarding*

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

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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

2021:	2020:	change:
126	126	+0%

Stipendiary vacancies at 31st December 2021 were 11 (2020:11)

parish share contributions

2021:	2020:	change:
£6.3m	£6.5m	-3.1%

“ongoing” deficit:¹

2021:	2020:	change:
£1.32m	£1.32m	+0.0%

balance sheet value (net assets)²

2021:	2020:	change:
£99m	£89m	+11.2%

¹ See ‘Ongoing Activities’ section on pages 6 and 7.

² Including £10m of unrealised gains per the SoFA, of which £4.8m has been realised post year end (note 16a).

Trustees' report

for the year ended 31 December 2021

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 November 2021. The DBF, which meets three times each year, is the principal policy making body. It takes advice from its Board of Trustees, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also takes executive action in certain matters and deals with day-to-day issues. Members of the Bishop's Council serve as both directors under the Companies Act and trustees under the Charities Act. Membership is as follows:

Ex-officio members:

- The Bishop of Gloucester – Rt Revd Rachel Treweek
- The Chair of the DBF – Canon Karen Czapiewski
- The Bishop of Tewkesbury - Rt Revd Robert Springett
- The Dean of Gloucester - Very Revd Stephen Lake (until 4th April 2022)
- The Archdeacon of Gloucester – Ven Hilary Dawson
- The Archdeacon of Cheltenham – Ven Phil Andrew
- The Vice-President of the House of Clergy of the Diocesan Synod – Canon Katrina Scott
- The Vice-President of the House of Laity of the Diocesan Synod – Mrs Carol O'Donnell

Members elected by the DBF – House of Clergy

- Two clergy members of the DBF from the Archdeaconry of Gloucester – the Revd Jo Pestell and the Revd James Faragher
- Two clergy members of the DBF from the Archdeaconry of Cheltenham – the Revd Andrew Blyth and the Revd Canon John Swanton
- One Proctor in Convocation from among the members of General Synod - Revd Henry Curran

Members elected by the DBF – House of Laity

- Three lay members of the DBF from the Archdeaconry of Gloucester – Mr Chris Hill, Prof Patricia Broadfoot and Mr Andy Wilson
- Three lay members of the DBF from the Archdeaconry of Cheltenham – Mr George Collins, Mr Martin Kingston and Mr Alistair Taylor
- One lay member from among the members of General Synod – Mr Robert MacNeill-Wilson

Trustees' report

for the year ended 31 December 2021

Structure, Governance and Management cont.

Co-opted members and nominations

- Up to two members may be co-opted by the Bishop's Council – Mrs Emma Taylor and Mr Kevan Taylor
- Up to two members may be nominated by the Bishop - The Revd Dr Sunkanmi Osunsanmi and the Revd Ed Sauven.

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 which includes key documents, minutes and strategic discussions. This is supplemented by an invitation to meet with the Secretary to discuss any matters arising or explore further induction.

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: 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).

Trustees' report

for the year ended 31 December 2021

Structure, Governance and Management: Public Benefit

The GDBF is a public benefit entity, and the Trustees 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.

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 Report

Vision: LIFE Together

The LIFE Vision developed during 2021 into "LIFE together" which brings more focus to relationships and gathering 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 Deanery Strategic Planning, "Sportily" and Church Army Centres of Mission.

Trustees' report

for the year ended 31 December 2021

Strategic Review cont.

Deanery Strategic Planning

The process of identifying a deliverable strategic plan for each deanery has been significantly interrupted by Covid. Initial plans which had originally been expected in 2021 were received in May 2022. These are currently being digested for resource implications and refinement.

Sportily

Sportily is a subsidiary of the Board aimed at working with young people to explore life, community and faith with a strong focus on sport as a place of engagement and connexion. It works on a theory of community based on the “seven sacred spaces” model observed in ancient monastic communities.

Sportily was launched in 2021 with a multi-year commitment of financial support from the diocese to work across the diocese with local churches and communities as well as regional charitable, commercial and civic partners. It is currently working in nine hubs spread across the diocese as well as running diocesan wide events.

Church Army Centres of Mission

This is a local expression of a national lay evangelism programme led by Church Army. The two initial locations in the diocese identified as Centres for Mission were Matson and Coleford.

The Centre in Matson has partnered with the Grace Network and others to develop a social enterprise hub and mission centre in the community. This has proved successful in connecting with and developing discipleship in a community that has lost much of its connexion with the Church. Work is being planned to make this work more resilient and independent over the next few years.

The Centre at Coleford struggled to thrive due to the pandemic and the location of a second centre is currently being reviewed.

Achievements and performance in the year

Ongoing Activities

The results for 2021 are really a continuation of 2020, and 2019.

- Clergy numbers remain constant at 126.
- Parish Share has dipped slightly from £6.5m to £6.3m.
- Equivalent ongoing deficit (general fund deficit less Good and Faithful Servant trading) remains flat at £1.32m. The General Fund has gone further into deficit (now at £4.4m)
- Good, active asset management has non-the-less seen the Balance Sheet go up at above inflation levels (2021: £10.3m, 2020: £7.0m).

This consistency reflects the resilience of the Church of England's ministry and mission and over this period of pandemic is an encouragement that despite understandable fears there is a permanence to her ministry that can suffer the worst of times without material financial impact.

Trustees' report

for the year ended 31 December 2021

Ongoing Activities cont.

This consistency, however, must not lead to complacency. Whilst appropriate management of funds can and should restore the general fund to surplus the ongoing deficits reflect a generational strain on our current pattern of funded ministry. Parish Share has not significantly increased over the past five years, whilst our cost of ministry has. The following table illustrates this worsening dilemma:

Fig 1: Parish Share Collected cf. Parish Ministry Costs

	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Parish Share	6.3	6.5	6.6	6.5	6.3
Resourcing Parish Ministry (Direct) ³	(7.4)	(7.6)	(7.6)	(7.8)	(8.1)
Deficit	(1.1)	(1.1)	(1.0)	(1.3)	(1.8)

It is the active management of the Board's legacy assets, notably glebe and the Diocesan Stipends Fund, that mean we can, for now continue with a consistent level of ministry. The weakness in Parish Share is related to two long competing trends in the Church:

- decline in congregation numbers of around 1% p.a. offset by
- increased personal giving of close to 3%.

From the turn of the century until c2018 the nett effect of these two trends led to Parish Share increasing but at a trend of around 1% below cost inflation. There is concern that the dip since 2019 maybe a tipping point after which congregational decline now outpaces increased personal donations meaning Parish Share may not increase even nominally. With inflationary pressures higher in 2021 than for decades that is a significant challenge for the sustainability of ministry.

Furthermore, whilst we have not seen the significant reduction in stipendiary clergy in this diocese that some other dioceses have faced Gloucester is not impervious to national trends. The availability of stipendiary clergy for the next decade is a real concern. Developing high quality leadership is fundamental to the growth of the Church and is potentially the single most important focus for the next few years.

Plans for future periods

The Strategic Report (above) sets out the main approach of the diocese to addressing its core challenges for the next few years. The Board is committed to using the UTR built up over many years to cover the deficits necessary to maintain an appropriate deployment of parish ministry. Whilst change may be necessary to ensure the right pattern of ministry in future the Board seeks to ensure the matter of ministerial deployment is addressed as missional question that is financial informed but not financially driven.

³ See Note 9

Trustees' report

for the year ended 31 December 2021

Plans for future periods cont.

In 2022, agreed to support the expansion of the social-enterprise community-based Church model developed by Grace Network in Brimscombe and see if this can be seeded in new communities around the diocese. The Board will also continue to share its resources nationally through its support of the Archbishops' Commission on Housing, Church and Community.

In the immediate term the Board will focus on its management of assets to ensure the new strategic work can be funded and buy the time for parish ministry to engage with the Deanery Strategic Plan process in meaningful ways that ensure authentic, long-term proposals are agreed for each part of the diocese.

A review will also be undertaken to ensure the Board's funds and reserves are better structured to deliver its strategic missional aims. This work will be completed for the 2022 accounts.

Carbon Net Zero

The Board takes seriously the Synodical motion at both General and Diocesan Synod to reach "Nett-Zero" carbon by 2030. This is not a new issue for the Board but a part of our ongoing stewardship since the turn of the century.

We have had in place since the early 2000s schemes to ensure all parsonages are either double or secondary glazed and to ensure lofts and walls are adequately insulated. The Board installed PV panels on all vicarages that were able to accept them for planning purposes in 2012. The Board also has a policy of converting all empty parsonages to a green energy supplier when in vacancy to ensure all clergy inherit a green energy supply. The main challenge on parsonage stock is heating. This will take time for the market to produce suitable replacement non-carbon-based heating. In the meantime, there is a focus on ensuring the heating system is future-proofed.

The Board is also focused on how it can assist the Church School network in reducing its carbon-footprint. Church Schools are considerably the biggest contributor to the Church's carbon footprint. In this regard the Board is working with professional advisers on a strategy for the next ten years to enable all Church Schools to decarbonise through a mixture of flexible loans and grants.

Principal risks and uncertainties

The Trustees are responsible for the identification, mitigation and 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 delegated to the Diocesan Secretary.

The risk register identifies eight 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.

Trustees' report

for the year ended 31 December 2021

Principal risks and uncertainties cont.

- Safeguarding: Managed via a properly resourced independent 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

- The capacity of Parish Share to continue as to fund the current pattern of ministry on the diocese, particularly in the light of the current energy crisis. Alternative models of ministry with different income profiles are being explored and ongoing management of glebe developments supplement Parish Share significantly.
- 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.

Going Concern

The trustees have reviewed the Board's financial position, particularly in light of the ongoing Covid-19 pandemic. While it is expected that the DBF may experience a reduction in the level of income received, particularly in respect of Parish Share received from parishes, review of the Board's cash flows and forecasts, particularly with regard property transactions, show that it is expected that the DBF will have sufficient cash levels to operate successfully for the foreseeable future.

Taking account of the satisfactory levels of aggregate reserves (see Reserves Policy note below) and cash, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully. Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and do not believe that there are any material uncertainties as to the going concern of the charity. Therefore, the trustees are content that the charity continues to adopt the going concern basis of accounting in preparing the annual accounts.

Trustees' report

for the year ended 31 December 2021

Investment policy

The Board 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 Board also ensures it invests in line with the Church of England Ethical Investment Advisory Group Policy. To achieve this, it uses the investment management skills of a professional fund manager; CCLA.

The performance of the Boards investments in recent years has been significantly ahead of benchmark and target's set by the Group and both the Group and the Board are very pleased with the exemplary performance of CCLA.

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 2021 between £3.6m and £5.7m). 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 2021, free reserves within the general fund were £nil (2020: £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 reserves (2021: £14.5m) and restricted reserves (2021: £4.3m), means this negative position is not a risk to the Board's going concern.

A strategic review of the use of reserves and funds of the board will be completed in 2022.

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 2021.

Trustees' responsibilities in respect of the financial statements

The Trustees are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the DBF and of the income and expenditure for the period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;

Trustees' report

for the year ended 31 December 2021

Trustees' responsibilities in respect of the financial statements cont.

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

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

Statements as to disclosure of information to auditors

Each of the Trustees confirms that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The Trustees also confirm that they have taken all the necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

The Trustees 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.

Trustees' report, incorporating the Strategic Report, was approved by the Board of Trustees on
23 September 2022.

Rachel Gloucester:

+Rachel Gloucester:
President, Gloucester DBF

Karen Czapiewski

Canon Karen Czapiewski
Chair, Gloucester DBF

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 2021 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 2021 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 Auditors' 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 cont.

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 Trustees' 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 Trustees' 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 Trustees' report).

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

- adequate accounting records have not been kept by the 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 cont.

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 10, the trustees (who are also the Trustees 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.

Auditors' 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 Auditors' 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.

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.

Independent Auditors' Report cont.

To the Members of Gloucester Diocesan Board of Finance

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;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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..... 26 September 2022

Consolidated statement of financial activities

for the year ended 31 December 2021

		General fund	Designated funds	Restricted funds	Endowment funds	Total 2021	Total 2020
Income & endowments from	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Donations							
parish share contributions	1	6,316	-	-	-	6,316	6,520
church commissioners	2	43	-	-	-	43	47
grants and other donations	3	195	427	1,321	-	1,943	1,194
Charitable activities: statutory fees and licence to occupy income		362	-	73	-	435	268
Other activities	4	166	6	-	-	172	197
Investments	5	834	5	115	-	954	912
Other	6	36	1,089	331	818	2,274	1,764
Total		7,952	1,527	1,840	818	12,137	10,902
Expenditure on							
Raising funds	7	93	-	-	-	93	69
Charitable activities	8	10,285	646	1,142	23	12,096	11,716
Total	9	10,378	646	1,142	23	12,189	11,785
Net (expenditure)/income before investment gains		(2,426)	881	698	795	(52)	(883)
Net gains on investments		-	-	373	9,767	10,140	7,993
Net (expenditure)/income		(2,426)	881	1,071	10,562	10,088	7,110
Total return transfer		900	-	-	(900)	-	-
Net income/(expenditure) after total return transfer		(1,526)	881	1,071	9,662	10,088	7,110
Transfers between funds	20 - 23	210	(151)	(19)	(40)	-	-
Other recognised gains/(losses)	25	264	-	-	(8)	256	(68)
Net movement in funds		(1,052)	730	1,052	9,614	10,344	7,042
Total funds brought forward		(3,360)	13,805	3,245	74,937	88,627	81,585
Total funds carried forward		(4,412)	14,535	4,297	84,551	98,971	88,627

Consolidated summary income & expenditure account

for the year ended 31 December 2021

	2021	2020
	£'000	£'000
Total income	11,319	10,665
Expenditure	(12,166)	(12,104)
<i>Operating (deficit) for the year</i>	(847)	(1,439)
Net gains on investments	373	122
Net (expenditure) for the year	(474)	(1,317)

Other comprehensive income:

Net assets transferred from endowments	940	440
Actuarial gains/(losses) on defined benefit pension schemes	264	(44)
Total comprehensive income/(expenditure)	730	(921)

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 2020 are shown in note 26.

The notes on pages 21 to 56 form part of these financial statements.

Consolidated balance sheet

as at 31 December 2021

Company number 162165

	Notes	2021 £'000	2020 £'000
Tangible assets	15a	47,172	48,581
Investments	16a	51,416	39,598
Fixed Assets		98,588	88,179
Stock and work in progress	17	20	9
Debtors: amounts falling due after one year	18a	531	500
Debtors: amounts falling due within one year	18a	496	1,118
Cash at bank and in hand		2,426	2,528
Current Assets		3,473	4,155
Creditors: amounts falling due within one year	19a	(2,018)	(1,395)
<i>Net Current Assets (Current assets less creditors <1 year)</i>		1,455	2,760
<i>Total Assets less current liabilities (Fixed Assets plus NCA)</i>		100,043	90,939
Creditors: amounts falling due after one year			
Pension scheme liabilities	19a, 25	(598)	(1,088)
Other creditors	19a	(474)	(1,224)
Net Assets		98,971	88,627
Endowment funds	20,23	84,551	74,937
Restricted funds	20,22	4,297	3,245
Designated funds (unrestricted)	20,21	14,535	13,805
General fund (unrestricted)	20	(4,412)	(3,360)
Total funds		98,971	88,627

Approved by the Board of Trustees on 23 September 2022 and signed on its behalf by

Karen Czapiewski

Canon Karen Czapiewski, Chair

The notes on pages 21 to 56 form part of these financial statements.

Parent company balance sheet

as at 31 December 2021

Company number 162165

	Notes	2021 £'000	2020 £'000
Tangible assets	15b	45,848	47,272
Investments	16b	51,221	39,509
Fixed Assets		97,069	86,781
Debtors: amounts falling due after one year	18b	531	500
Debtors: amounts falling due within one year	18b	494	1,106
Cash at bank and in hand		810	1,282
Current Assets		1,835	2,888
Creditors: amounts falling due within one year	19b	(2,284)	(1,376)
<i>Net Current (Liabilities)Assets (Current assets less creditors <1 year)</i>		(449)	1,512
<i>Total Assets less current liabilities (Fixed Assets plus NCA)</i>		96,620	88,293
Creditors: amounts falling due after one year			
Pension scheme liabilities	19b, 25	(598)	(1,088)
Other creditors	19b	(474)	(1,224)
Net Assets		95,548	85,981
Endowment funds	20,23	83,610	74,100
Restricted funds	20,22	2,619	1,513
Designated funds (unrestricted)	20,21	13,724	13,805
General fund (unrestricted)	20	(4,405)	(3,437)
Reserves		95,548	85,981

Approved by the Board of Trustees on 23 September 2022 and signed on its behalf by

Karen Czapiewski

Canon Karen Czapiewski, Chair

The notes on pages 21 to 56 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Net cash used in operating activities		(2,498)	(3,529)
Cash flows from investing activities			
Dividends and interest received	5	954	912
Proceeds from sale of tangible fixed assets		4,375	2,834
Purchase of tangible fixed assets for use by GDBF	15a	(1,155)	(829)
Purchase of fixed asset investments	16a	(1,712)	(5)
Sale and reclassification of fixed asset investments	16a	34	373
Net cash provided by investing activities		2,496	3,285
Cash flows from financing activities			
Loan repaid to GDBF		30	-
Loans repaid by GDBF		(130)	-
Net cash provided by financing activities		(100)	-
Change in cash and cash equivalents during year		(102)	(244)
Cash & cash equivalents at 1 January		2,528	2,772
Cash & cash equivalents at 31 December		2,426	2,528
<i>Reconciliation net movement in funds to net cash flow from operating activities:</i>			
Net expenditure for the year		(52)	(883)
Adjustments for:			
Depreciation and amortisation charges		95	93
Dividends, interest & rent from investments		(954)	(912)
Profit on sale of functional assets		(1,906)	(1,616)
(Increase) in stock and work in progress		(11)	(3)
Decrease/(Increase) in debtors		561	(348)
Increase in creditors		144	639
FRS102 – pension adjustment (deficit contribution and interest charge)		(375)	(499)
Net cash used in operating activities		(2,498)	(3,529)
Analysis of cash and cash equivalents			
Cash in bank & in hand		2,426	2,528
Total cash and cash equivalents		2,426	2,528

Accounting policies

for the year ended 31 December 2021

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, Sportily Limited and the Ann 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 £471k (2020: deficit of £862k).

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

The principle accounting policies and estimation techniques are as follows.

Income

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

Parish Share contributions by parishes are included in the financial statements when there is certainty of receipt. 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.
- 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.

Accounting policies

for the year ended 31 December 2021

Expenditure cont.

- 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 Trustees 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 Trustees 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.

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	25 years		

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.

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 Trustees 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.

Accounting policies

for the year ended 31 December 2021

Intangible fixed assets

Goodwill represents the excess of the cost of acquisition of an entity over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Good will is considered to have a finite useful life and is amortised on a systematic basis over its expected life. Negative goodwill created on the acquisition of Sportily Limited has been fully amortised in the year.

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 Trustees' 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 2021

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 1st 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 trustees' valuation after taking appropriate professional advice.

Depreciation of clergy houses - The Trustees consider that residual value of freehold properties is equivalent to the carrying value and 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 2021

Note 1 Parish Share

	Deanery Confirmed Allocations for 2021 £'000	Received in 2021 re 2021 £'000	Received in 2021 re prior years £'000	2021 £'000	2020 £'000
Gloucester City	546	523	-	523	549
Severn Vale	550	585	-	585	619
Forest South	398	377	-	377	417
Wotton	579	594	-	594	657
Stroud	627	627	-	627	635
Cheltenham	1,340	1,329	-	1,329	1,346
North Cotswold Deanery	860	852	-	852	856
Cirencester	904	888	-	888	887
Tewkesbury & Winchcombe	549	535	-	535	551
Other	-	6	-	6	3
Parish Share contributions	6,353	6,316	-	6,316	6,520

Note 2

Income from the Church Commissioners

	2021 £'000	2020 £'000
Grant re Bishop's share of registrar's retainer	43	47
Church Commissioner grants received	43	47

Notes to the financial statements

for the year ended 31 December 2021

Note 3

Grants and other donations

					Total	Total
					2021	2020
					£'000	£'000
Ecclesiastical Insurance Group grant					100	104
Voluntary Schools Fund grants					377	343
Other grants					71	114
Bishop Monk's Horfield restricted grant					910	-
Other restricted grants/donations					305	509
Sportily grants					106	-
Feed 5k donations					-	49
Other donations					74	75
Grants and donations					1,943	1,194

Note 4

Other activities

	<i>Unrestricted</i>	<i>Designated</i>	<i>Restricted</i>	<i>Endowment</i>	Total	Total
	£'000	£'000	£'000	£'000	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Rental of vacant housing	145	-	-	-	145	181
Property development: G&FS*	-	-	-	-	-	-
Educational services: JF Ltd*	12	-	-	-	12	7
Other income	9	6	-	-	15	9
Total	166	6	-	-	172	197

In 2020, £192k of other activities income was unrestricted, and £5k 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 2021

Note 5		
Investments	2021	2020
	£'000	£'000
Income from fixed asset investments	918	870
Other interest receivable and similar income	5	7
Rent receivable	31	35
Investments	954	912

Note 6		
Other	2021	2020
	£'000	£'000
Gain on disposal of tangible fixed assets*	1,906	1,616
Amortisation of negative goodwill on acquisition of Sportily Limited#	320	-
Miscellaneous income	48	72
Monies received from Church Commissioners for sale of church building from previous years	-	76
Other	2,274	1,764

* The gain on disposal of tangible fixed assets in 2021 comprised the sale of nine surplus clergy houses for the DBF. The gain on disposal of tangible fixed assets in 2020 comprised the gain on the sale of six surplus clergy houses for the DBF.

#The negative goodwill on the acquisition of Sportily has been fully amortised in the year of acquisition (see note 16).

Note 7		
Raising funds	2021	2020
	£'000	£'000
Tenancy costs associated with the letting of vacant properties	46	31
Property development – G & FS Limited	35	31
Educational services – Jumping Fish Limited	12	7
Raising funds	93	69

Notes to the financial statements

for the year ended 31 December 2021

	Unrestricted	Designated	Restricted	Endowment	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Note 8						
Charitable activities						
Contributions to Archbishops' Council:						
National Church responsibilities	240	-	-	-	240	255
Training for Ministry	309	-	-	-	309	305
Training of Ordinands – support grants	159	-	-	-	159	146
Pooling of Ordinand support costs	35	-	-	-	35	36
Mission agencies pension contributions	14	-	-	-	14	11
Retired clergy housing costs (CHARM)	112	-	-	-	112	110
	869	-	-	-	869	863
Resourcing Ministry & Mission:						
Parish Ministry						
Stipends and National insurance	3,392	-	-	-	3,392	3,235
Clergy pension contributions	1,294	-	-	-	1,294	1,044
FRS102 adjustment – clergy pension	(162)	-	-	(213)	(375)	(499)
Housing costs including removal and resettlement grants	1,937	-	-	-	1,937	1,775
	6,461	-	-	(213)	6,248	5,555
Support costs	2,955	-	473	28	3,456	3,774
	9,416	-	473	(185)	9,704	9,329
Expenditure on Education						
Support for church schools	-	490	-	-	490	459
Other expenditure						
Grants awarded (note 11)	-	156	85	208	449	1,005
Charitable activities of Ann Edwards charity	-	-	66	-	66	60
Charitable activities of Sportily	-	-	518	-	518	-
	10,285	646	1,142	23	12,096	11,716

Notes to the financial statements

for the year ended 31 December 2021

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

Notes to the financial statements

for the year ended 31 December 2021

Note 9

Analysis of expenditure including the allocation of support costs

	Activities undertaken directly	Grant funding of activities	Support costs	Total costs
	2021	2021	2021	2021
	£'000	£'000	£'000	£'000
Raising funds	93	-	-	93
Charitable activities:				
Contributions to Archbishop's Council	-	869	-	869
Resourcing parish ministry	8,138	-	1,566	9,704
Education	329	-	161	490
Other expenditure	490	449	94	1,033
Total	9,050	1,318	1,821	12,189

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

Notes 10 to 14 provide further details on expenditure for 2021.

Notes to the financial statements

for the year ended 31 December 2021

Note 10

Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Central administration	1,663	-	82	28	1,773	1,637
Governance:						
External audit	20	-	12	-	32	27
Chancellor and professional fees	12	-	-	-	12	13
Synodical costs	4	-	-	-	4	1
Total	1,699	-	94	28	1,821	1,678

In 2020, £1,583k of central administration costs was unrestricted, £25k was restricted and £29k was endowed. All remaining expenditure of £41k was unrestricted.

Note 11

Summary of grants made:

	2021 number	2020 number	2021 £'000	2020 £'000
Church repairs	1	1	19	10
COVID19 Grants	48	-	208	-
Development Grants	19	42	137	712
Oasis	1	-	85	-
Sportily	-	1	-	283
Grants made in the year	69	44	449	1,005

Notes to the financial statements

for the year ended 31 December 2021

Note 12

Net movement in funds is stated after charging:

	2021	2020
	£'000	£'000
Depreciation	95	93
Auditors' remuneration - audit	32	27
Interest on Church Commissioners' loans:		
Loan for Solar Panel installations	3	9
Value Linked Loans on parsonage houses	27	31
Operating leases: Land and buildings (note 24)	33	33

Note 13

Interest on long term loans

	2021	2020
	£'000	£'000
Interest on loans wholly or partly repayable beyond 5 years	27	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 2021

Note 14 Staff costs

	2021	2020
	£'000	£'000
<i>Costs of employees and officer holders</i>		
salaries and stipends	1,961	1,906
redundancy and termination payments	-	29
social security costs	192	187
other pension costs	718	604
Employees, including clergy in DBF employment:	2,871	2,726

Stipends	3,038	2,970
social security costs	268	265
pension costs	980	1,069
Parochial clergy funded by the DBF:	4,286	4,304

	2021	2020
	Number	Number
<i>Number of employees including clergy in DBF employment</i>		
Full time equivalent	48	46
Parochial clergy funded by the DBF	126	126

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 contribution for staff earning over £60,000 was £50,660 (2020: £51,087).

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2021 they were:

Diocesan Secretary and Company Secretary	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 People, Pastoral and Safeguarding	Canon Judith Knight
Head of Finance	Julie Ridgway

Remuneration and pensions for these six employees amounted to £420k. (2020: £431k)

Notes to the financial statements

for the year ended 31 December 2021

Note 14

Staff costs cont.

Trustees'/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 £4k (2020 - £7k) in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Directors/Trustees.

Certain trustees 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 Bishops are funded by the Church Commissioners and are in the range £37,930 - £46,180 (2020 range £37,930 - £46,180). The annual rate of stipend, funded by the GDBF, paid to Archdeacons in 2021 was £36,832 (2020 £36,830).

Notes to the financial statements

for the year ended 31 December 2021

Note 15a Group	<i>Assets under construction</i>	<i>Leasehold property improvements</i>	<i>Freehold Property</i>	<i>Office Equipment</i>	Total
<i>Cost or valuation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2021	25	235	48,552	401	49,213
Additions	-	-	1,120	35	1,155
Disposals	-	-	(2,468)	(1)	(2,469)
At 31 December 2021	25	235	47,204	435	47,899
<i>Depreciation:</i>					
At 1 January 2021	-	82	264	286	632
Charge for year	-	13	28	54	95
Disposals	-	-	-	-	-
At 31 December 2021	-	95	292	340	727
<i>Net book value:</i>					
At 1 January 2021	25	153	48,288	115	48,581
At 31 December 2021	25	140	46,912	95	47,172

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 2021 relate to the sales of 9 (2020: 6) surplus clergy houses.

Notes to the financial statements

for the year ended 31 December 2021

Note 15b Parent	<i>Assets under construction</i>	<i>Leasehold property improvements</i>	<i>Freehold Property</i>	<i>Office Equipment</i>	Total
Tangible Fixed Assets					
<i>Cost or valuation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2021	25	235	47,237	401	47,898
Additions	-	-	1,120	17	1,137
Disposals	-	-	(2,468)	-	(2,468)
At 31 December 2021	25	235	45,889	418	46,567
<i>Depreciation:</i>					
At 1 January 2021	-	82	258	286	626
Charge for year	-	13	28	52	93
Disposals	-	-	-	-	-
At 31 December 2021	-	95	286	338	719
<i>Net book value:</i>					
At 1 January 2021	25	153	46,979	115	47,272
At 31 December 2021	25	140	45,603	80	45,848

Note 15c Intangible Fixed Assets	<i>Group</i>		<i>Parent</i>	
	<i>Negative Goodwill</i>	<i>Total</i>	<i>Negative Goodwill</i>	<i>Total</i>
<i>Cost or valuation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Additions -see note 16	320	320	-	-
At 31 December 2021	320	320	-	-
<i>Amortisation:</i>				
Credit in the year	(320)	(320)	-	-
At 31 December 2021	(320)	(320)	-	-
<i>Net book value:</i>				
At 31 December 2021	-	-	-	-

Notes to the financial statements

for the year ended 31 December 2021

Note 15c

Intangible Fixed Assets continued

On 28 January 2021 Gloucester Diocesan Board of Finance acquired Sportily Limited by becoming sole member of the charitable company limited by guarantee. No consideration was paid. The negative goodwill calculation in respect of the acquisition is detailed in note 16.

Note 16a Group Fixed Asset Investments	Properties	Assets under construction	Investments	Total 2021	2020
	£'000	£'000	£'000	£'000	£'000
Market value at 1 Jan 2021	11,166	151	28,281	39,598	32,341
Additions	-	2	1,710	1,712	5
Disposals	-	-	(34)	(34)	(373)
Unrealised investment gains	5,915	-	4,225	10,140	7,625
Market Value at 31 Dec 2021	17,083	153	34,182	51,416	39,598
<i>Historic cost at 31 Dec 2021</i>				18,894	17,214
<i>Gains on investment assets</i>					
Unrealised gains (as above)	-	-	4,225	4,225	2,127
Realised gain on Glebe disposal	-	-	-	-	368
Glebe revaluation	5,915	-	-	5,915	5,498
Total investment gains	5,915	-	4,225	10,140	7,993

The Board has revalued three Glebe sites by £5.9m on advice from RICS members of the Committee. Messrs. Of this some £4.8m related to a single site which was realised in September 2022 for £5.3m.

Bruton Knowles undertook a valuation of one of the Glebe sites as at 31st December 2020, which resulted in a revaluation of £5.5m.

Notes to the financial statements

for the year ended 31 December 2021

Note 16b Parent					
Fixed Asset Investments	<i>Properties</i>	<i>Assets under construction</i>	<i>Investments</i>	Total 2021	2020
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Market value at 1 Jan 2021	11,166	151	28,192	39,509	32,298
Additions	-	2	1,710	1,712	5
Disposals	-	-	(34)	(34)	(373)
Unrealised investment gains	5,915	-	4,119	10,034	7,579
Market Value at 31 Dec 2021	17,083	153	33,987	51,221	39,509
<i>Historic cost at 31 Dec 2021</i>				<i>19,198</i>	<i>17,518</i>

Gains on investment assets

Unrealised gains (as above)	-	-	4,119	4,119	2,081
Realised gains - Glebe	-	-	-	-	368
Glebe revaluation	5,915	-	-	5,915	5,498
Total investment gains	5,915	-	4,119	10,034	7,947

The Board has revalued three Glebe sites by £5,915k on advice from RICS qualified member of the committee. 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.

Investments comprise:

	<i>Note 16a</i>		<i>Note 16b</i>	
	<i>Group</i>		<i>Parent</i>	
	2021	2020	2021	2020
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(i) Listed investments (equities)				
UK Investments	3,473	2,798	3,473	2,798
Non-UK investments	21,690	18,701	21,690	18,701
Listed Investments total	25,163	21,499	25,163	21,499
(ii) Unlisted investments				
Property & other	6,252	5,847	5,407	5,108
Cash	2,767	935	2,767	935
(iii) Good and Faithful Servant Ltd	-	-	650	650
Investments total	34,182	28,281	33,987	28,192

Notes to the financial statements

for the year ended 31 December 2021

Note 16

Fixed Asset Investments cont.

The Diocese has four wholly owned subsidiaries:

Subsidiary name	Company number	Charity number	Share Capital
The Good & Faithful Servant Limited (GFS)	06258385	n/a	£650,100
Jumping Fish Limited (JF)	06672775	n/a	£1
Sportily Limited	0550991	1111077	Limited by guarantee GDBF sole member
The Charity of Ann Edwards (AEC)	n/a	263956	GDBF sole trustee of Charity

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

	Income £		Expenditure £		Assets £		Liabilities £		Net assets £	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
GFS	1k	-	40k	38k	695k	738k	(3k)	(7k)	692k	731k
JF	12k	7k	12k	7k	19k	16k	(19k)	(16k)	-	-
AEC	87k	87k	84k	70k	2,681k	2,570k	(7k)	(4k)	2,674k	2,566k
Sportily	965k	-	554k	-	746k	-	(37k)	-	709k	-

On 28 January 2021 Gloucester Diocesan Board of Finance acquired Sportily Limited by becoming sole member of the charitable company limited by guarantee. No consideration was paid. The negative goodwill calculation in respect of the acquisition is shown in the table below:-

	Book Value £'000	Fair Value £'000
Debtors	5	5
Cash at bank	340	340
Creditors	(25)	(25)
Total assets acquired	320	320
Negative goodwill	(320)	(320)
Total Consideration	-	-

Notes to the financial statements

for the year ended 31 December 2021

Note 16c

Application of the power of 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 £1,647k. (2020: £1,108k)

An Unapplied Total Return Fund (UTR) of £10,800k was created on 1st 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 31st December 2021, the Board took the decision to transfer £1,647k (2020: £1,108k) from the Unapplied Total Return Fund to the General Fund.

	Trust for investment £'000	Unapplied Total Return £'000	Total endowment £'000
As at 1st January 2021:			
Base value of the permanent endowment	9,174	-	9,174
Unapplied total return	-	15,470	15,470
Total	9,174	15,470	24,644

Movements in the year:

Additions in year	800	-	800
Investment returns – income received	-	747	747
Unrealised gains for year	-	3,712	3,712
Unapplied total return allocated to income in the year	-	(1,647)	(1,647)
Add indexation to base level of the endowment	688	(688)	-
Net movements in the year	1,488	2,124	3,612
As at 31st December 2021:			
Base value of the permanent endowment	10,662	-	10,662
Unapplied total return	-	17,594	17,594
Valuation at 31st December 2021	10,662	17,594	28,256

Notes to the financial statements

for the year ended 31 December 2021

Note 17

Stock and Work In Progress

This comprises work in progress amounting to £9k (2020: £9k) in relation to property developments being undertaken by the Good & Faithful Servant Ltd and £11k (2020: £nil) of education materials held by Jumping Fish Limited.

Note 18a

Consolidated group debtors

	Due within one year		Due after one year	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Prepayments and sundry debtors	401	939	-	-
Staff car loans	8	36	14	9
Loans to parishes, Cathedral and other DBF	52	108	517	491
Parish Giving Scheme	35	35	-	-
Debtors	496	1,118	531	500

Debtors include £55k (2020: £48k) 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Prepayments and sundry debtors	382	836	-	-
Staff car loans	8	36	14	9
Loans to parishes, Cathedral and other DBF	52	108	517	491
The Charity of Ann Edwards	2	-	-	-
Good & Faithful Servant Ltd	-	3	-	-
Jumping Fish Ltd	15	14	-	-
Parish Giving Scheme	35	35	-	-
Oasis Centre	-	74	-	-
Debtors	494	1,106	531	500

Notes to the financial statements

for the year ended 31 December 2021

Note 19a

Consolidated group creditors

	Due within one year		Due after one year	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Accruals and sundry creditors	830	695	-	-
Taxation and social security	57	48	-	-
Loans	-	45	-	-
CBF Loan (Solar Panels)	750	-	125	875
Value Linked Loans (Church Commissioners)	-	85	349	349
Pension scheme liabilities (note 25)				
- Lay defined benefit scheme	168	168	598	1,024
- Clergy Pension Scheme	213	354	-	64
Creditors	2,018	1,395	1,072	2,312

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 2021

Note 19b

Parent company creditors

	Due within one year		Due after one year	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Accruals and sundry creditors	790	676	-	-
Taxation and social security	48	48	-	-
Loans	-	45	-	-
CBF Loan (Solar Panels)	750	-	125	875
Value Linked Loans (Church Commissioners)	-	85	349	349
Good & Faithful Servant Limited	195	-	-	-
Sportily Limited	120	-	-	-
Pension scheme liabilities (note 25)				
- Lay defined benefit scheme	168	168	598	1,024
- Clergy Pension Scheme	213	354	-	64
Creditors	2,284	1,376	1,072	2,312

Included in 'Accruals and sundry creditors' is a total of £33k (2020 - £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 2021

Note 20

Analysis of net assets by fund:

Summary

Funds at 31 Dec 2021 are represented by:

	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	224	13,720	1,254	31,974	47,172
Fixed asset investments	-	296	3,215	47,905	51,416
Current assets	1,708	105	1,659	1	3,473
Creditors	(1,057)	(781)	(44)	(1,208)	(3,090)
Inter-fund indebtedness	(5,287)	1,195	(1,787)	5,879	-
Total Funds at 31 Dec 2021	(4,412)	14,535	4,297	84,551	98,971

Funds include the following unrealised gains on investments:

Unrealised gains at 1 Jan 2021	-	296	928	21,160	22,384
Net gains on revaluation in year	-	-	373	9,767	10,140
Gains on disposals	-	-	(2)	-	(2)
Unrealised gains at 31 Dec 2021	-	296	1,299	30,927	32,522

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 2020 are represented by:

	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'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 2020	-	296	806	13,662	14,764
Net gains on revaluation in year	-	-	122	7,871	7,993
Gains on disposals	-	-	-	(373)	(373)
Unrealised gains at 31 Dec 2020	-	296	928	21,160	22,384

Notes to the financial statements

for the year ended 31 December 2021

Note 21

Designated funds

	Balance at 1 Jan 2021	Income	Expenditure	Net gains/(losses) on assets	Transfers*	Balance at 31 Dec 21
	£'000	£'000	£'000	£'000	£'000	£'000
Development Fund	17	1	(135)	-	(208)	(325)
Albright Bequest	469	3	-	-	-	472
Houses Capital	6,495	-	-	-	-	6,495
Curates Housing Reserve	6,654	1,090	(21)	-	-	7,723
Education	-	433	(490)	-	57	-
Viney Hill Development	170	-	-	-	-	170
Total Funds at 31 Dec 2021	13,805	1,527	(646)	-	(151)	14,535

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. The funds came with a request, but not a formal restriction, that they be used for diocesan projects rather than ongoing ministry costs. As a result, the trustees have nominated to designate these funds

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 at the end of the 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 2021

Note 21 cont.

Comparative 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
Total Funds at 31 Dec 2020	14,255	941	(1,454)	-	63	13,805

Note 22

Restricted funds

	Balance at 1 Jan 2021 £'000	Income £'000	Expenditure £'000	Net gains/(losses) on assets £'000	Transfers £'000	Balance at 31 Dec 21 £'000
Housing for elderly clergy	136	2	-	8	-	146
Ordination training	258	-	(1)	-	(25)	232
Diocesan pastoral fund	933	47	(60)	233	-	1,153
Stratton Davis fund	299	7	(10)	31	-	327
Bishop's Discretionary Mission fund	30	-	-	-	-	30
Ann Edwards Charity	1,729	87	(66)	-	-	1,750
Sportily Limited	-	446	(518)	-	-	(72)
Ministerial Education Training	20	243	(202)	9	-	70
Life projects	88	-	(100)	-	103	91
Other	(248)	98	(185)	-	(52)	(387)
Bishop Monk's Horfield Trust fund	-	910	-	92	(45)	957
Total Funds at 31 Dec 2021	3,245	1,840	(1,142)	373	(19)	4,297

Notes to the financial statements

for the year ended 31 December 2020

Note 22 Restricted funds cont.

Restricted funds may only be used for the purposes for which the money was originally gifted or bequeathed to the Board. 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 as a result of 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, with transfers being made each year.

The Sportily funds may only be used for the objects of the charity which include promoting and assisting the work, objects and purposes of the Church of England for the advancement of Christian faith, in particular (but not exclusively) by the development of specialist ministries based principally on sports and wellbeing particularly with children, young people and their families in (but not limited to) the Diocese of Gloucester.

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 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.

The Bishop Monk Horfield Trust fund was gifted to the GDBF by a previously independent trust of that name which had managed the ancient legacy of Bishop Monk of Gloucester and Bristol. The funds received by GDBF are restricted to the funding of curates in training.

The Other Restricted funds include a negative fund balance of £304k 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).

Notes to the financial statements

for the year ended 31 December 2021

Note 22 Restricted funds cont.

Comparative Restricted funds

	Balance at 1 Jan 2020	Income	Expenditure	Net gains/(losses) on assets	Transfers	Balance at 31 Dec 20
	£'000	£'000	£'000	£'000	£'000	£'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)	-
Total Funds at 31 Dec 2020	3,097	1,652	(652)	122	(974)	3,245

Notes to the financial statements

for the year ended 31 December 2021

Note 23

Endowment funds

	Balance at 1 Jan 21	Income	Expenditure	Net gains/(losses) on assets	Transfers*	Balance at 31 Dec 21
	£'000	£'000	£'000	£'000	£'000	£'000
Pensions & assistance	366	-	-	33	-	399
Benefice property	30,267	819	-	-	-	31,086
Diocesan stipends fund	27,992	-	(29)	3,713	(940)	30,736
Ann Edwards Charity	835	-	-	106	-	941
Glebe property	15,477	(1)	(2)	5,915	-	21,389
Total funds at 31 Dec 2021	74,937	818	(31)	9,767	(940)	84,551

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 was to take effect from 1st January 2019. An Unapplied Total Return (UTR) of £10,800k was created on 1st January 2019, all of which related to the DSF.

The Unapplied Total Return 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 Trust for Investment. It can be carried forward if not needed or allocated to be spent as income or reinvested in the DSF Trust for Investment in a particular year.

The value of the Trust for Investment of the DSF is 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 2021, the Board took the decision to transfer £1,647k (2020: £1,108k) from the Unapplied Total Return 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 2021

Note 23 Endowment funds cont.

Comparative Endowment funds	Balance at 1 Jan 2020	Income	Expenditure	Net gains/ (losses) 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
Total Funds at 31 Dec 2020	66,974	237	319	7,847	(440)	74,937

Note 24

Financial Commitments: Operating Leases

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

	2021	2020
	£'000	£'000
Office Equipment where the lease expires:		
Within one year of the balance sheet date	10	10
In the second to fifth years inclusive of the balance sheet date	20	29

Notes to the financial statements

for the year ended 31 December 2021

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

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

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

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

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

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 34.3% of pensionable salary and expenses of £12,800 per year. In addition, deficit payments of £167,784 per year have been agreed for 5.50 years from 1 April 2021 in

Notes to the financial statements

for the year ended 31 December 2021

Note 25

Pensions cont.

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:

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	1,192	1,299
Deficit contribution paid	(168)	(168)
Interest cost (recognised in SoFA)	6	17
Remaining change to the balance sheet liability* (recognised in SoFA)	(264)	44
Balance sheet liability at 31 December	766	1,192

* 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 2021	December 2020	December 2019
Discount rate	1.4%	0.5%	1.4%

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.

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.

The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year plus the figures highlighted in the table below as being recognised in the SoFA.

Notes to the financial statements

for the year ended 31 December 2021

Note 25

Pensions cont.

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 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	418	742
Deficit contribution paid	(214)	(354)
Interest cost (recognised in SoFA)	1	6
Remaining change to the balance sheet liability* (recognised in SoFA)	8	24
Balance sheet liability at 31 December	213	418

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

Notes to the financial statements

for the year ended 31 December 2021

Note 25

Pensions cont.

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 2021	December 2020	December 2019
Discount rate	0.0% pa	0.2% pa	1.1%
Price inflation	N/A	3.1% pa	2.8%
Increase to total pensionable payroll	1.1% pa	1.6% pa	1.3%

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.

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

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

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

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

Notes to the financial statements

for the year ended 31 December 2021

Note 25

Pensions cont.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time. There is no requirement for deficit payments at the current time.

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

The legal structure of the scheme is such that if another employer fails, 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 2021

Note 26

Prior year comparative SOFA

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