

**CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

**FINANCIAL STATEMENTS**

for the

**YEAR ENDED 31 DECEMBER 2020**



**CARLISLE  
DIOCESE**

**Company Registration No 39625**

**Registered Charity No 251977**



## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020**



The Directors, who are also Trustees for the purposes of charity law, present their combined Directors' report, Trustees' report and Strategic report, together with the audited financial statements, for the year ended 31<sup>st</sup> December 2020. The report is separated into the following sections:

1. Legal objects
2. Strategic aims
3. Activities
4. Objectives set for the year
5. Strategic report containing:
  - 5.1. Activities in the year
  - 5.2. Achievements and performance
  - 5.3. Financial review
  - 5.4. Plans for future periods
  - 5.5. Principal risks and uncertainties
6. Structure, governance and management
7. Funds held as custodian trustee for others
8. Reference and administrative details of the Carlisle Diocesan Board of Finance (Carlisle DBF)
9. Auditors

#### **1. LEGAL OBJECTS**

##### **1.1. Objective**

The principal objective of the Carlisle Diocesan Board of Finance (Carlisle DBF) is to promote and assist the work, objectives and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Carlisle and elsewhere by acting as the financial executive of the Diocese.

Carlisle DBF acts in conjunction with the Church Commissioners, Archbishops' Council, Bishop's Council, Diocesan and Deanery Synods and Parochial Church Councils to support the work of the Church of England particularly in the Diocese of Carlisle. The major part of Carlisle DBF's activity is to organise and provide funds for the training, housing and stipends of clergy and other ministers within the Diocese of Carlisle and to support the activities of the other Boards, Councils and Committees of the Diocesan Synod.

##### **1.2. Statutory Functions**

- Carlisle DBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.
- It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.
- Carlisle DBF is custodian trustee in relation to PCC property (see section 7).

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

- The Trustees are aware of the Charity Commission's guidance on public benefit in "The Advancement of Religion for the Public Benefit" and have had regard to it in their administration of Carlisle DBF. The Trustees believe that, by promoting the work of the Church of England in the Diocese of Carlisle, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:
  - providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
  - promoting Christian values, and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

## **2. STRATEGIC AIMS**

Carlisle DBF's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese. Since 2015 Carlisle DBF has sought to allocate its resources in the most effective way to support the strategy "God for All" which is shared by Carlisle Diocese and the Cumbrian Methodist, United Reformed and Salvation Army churches. Since 2019 the strategy has been 'refreshed' for the coming years through a process of listening and consulting, providing new strategic focus in the coming years.

In terms of resourcing, the strategy requires the DBF to invest in lay and ordained ministry development, including pioneer ministers; enable the establishment of a new organisational structure of some 35 Mission Communities across the Diocese; support the creation of "Fresh Expressions of Church" such as Network Youth Churches; and oversee subsidiaries in support of the Mission of the Church, including a Retreat House and Conference Centre at Rydal Hall and local community Resource and Recycling retail centres through "Restore (Cumbria)", as far as may be financially viable.

## **3. ACTIVITIES**

The key activities may be summarised as:

- Mission and ministry in the local church (includes all clergy training, housing, stipends and pension costs and all other expenditure supporting locally-based ministry);
- Education funding (includes support services and capital expenditure support for schools); and
- Provision of a Diocesan Retreat House and Conference Centre;
- Contributions to the Archbishops' Council (mainly by grant) to support the National Church.

## **4. OBJECTIVES FOR THE YEAR**

As part of Carlisle DBF's overall strategy, and subject to Annual Review, the Trustees have set the following specific objectives for the current and following years:

- Taking account of Covid 19 related factors, to maximise the return from Diocesan asset holdings to support costs of Diocesan Mission and Ministry while retaining the policy of balanced budgets for 2021 and onwards.
- To minimise increases in income needed from parishes in order to allow funds to be spent on mission activity locally;

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

- To resource Diocesan needs, as determined by Synod and informed by local and National Church institutions.
- To invest in local ministry including greater emphasis on learning and development for lay, as well as ordained, ministers.

## **5. STRATEGIC REPORT**

### **5.1. Activities in the year**

#### **5.1.1. Specific Activities**

The activities of the Diocese in 2020 were fundamentally affected by the Covid 19 pandemic, with its associated and major restrictions upon normal operational effectiveness. This did not, however, prevent a thorough review of the progress of the 2015-2020 ecumenical "God For All" strategy, and its successor "Vision Refresh", adopted by Diocesan Synod in March 2021.

Specific activities in support of this strategy included:

- Full reimbursement to the Church Commissioners for the direct employment costs of stipendiary clergy, together with the DBF's share of the training costs for Ordinands and curates. The DBF also funded the provision of housing for all stipendiary and house for duty clergy;
- Funding the continued growth in outreach and evangelism throughout the Diocese as a key element of God for All (see above), including further support for the creation and growth of Fresh Expressions of Church, innovative digital outreach and other initiatives.
- Learning and ministry development work to support clergy and laity, previously provided by Cumbria Christian Learning (CCL), but now to be provided by a combination of Diocesan staff, our own newly established Northern Mission Centre, and to be succeeded in September 2021 by the creation of "Emmanuel College" for ordination training, serving Dioceses in North West England.
- A focus upon embedding Stewardship principles to increase awareness within Mission Communities of the mutual inter-dependence of them and their individual Parishes with the Diocese's ability to provide necessary and appropriate Ministerial Resource and Support Services, the larger part of which continues to be funded through an efficiently structured system of "Parish Offer".
- Continued monitoring by the Investment Sub-Committee, reporting to the Finance Committee, of the mix and performance of the Diocese's investment portfolio and its professional advisors, to ensure an appropriately prudent balance of risk and reward generation associated with each class of asset.

#### **5.1.2. Grant-making (Beneficiary-selection) Policy**

Grants are made to the National Church to cover a proportion of its central costs (see Note 11 to the financial statements). Grants are paid to parishes and to retired clergy and to other charitable projects which appear to the Trustees to support the furtherance of Carlisle DBF's objects (see Note 14 to the financial statements).

#### **5.1.3. Programme Related Investments**

Loans are made to parishes in the Diocese at a preferential rate of interest, to enable them to undertake projects which further the objects of Carlisle DBF including improving and maintaining their buildings (see note 25 to the financial statements).

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### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

#### **5.1.4. Volunteers**

The Trustees recognise and are grateful for the enormous contribution that volunteers throughout the Diocese give of their time for the work of the Diocese in many different ways. Retired clergy also give freely of their time. Churchwardens, Parochial Church Council Treasurers, Secretaries and Safeguarding Officers continue to enable the local church to provide mission and ministry to local communities across Cumbria. The success of the ongoing God for All project continues to be conditional upon a substantial growth in self-supporting (volunteer) lay and ordained ministry in the future, with stipendiary clergy roles being increasingly to discern, equip and support those ministers.

#### **5.2. Achievements against objectivities**

##### **5.2.1. Achievements in 2020**

The budget for 2020, approved by Diocesan Synod in October 2019, assumed that income from parish offers would decrease marginally from 2019 receipts, and after planned cost adjustments, a deficit of £160k could be expected, whilst still achieving the overall aim of net balanced budgets for the years 2015 to 2020.

In the event, and due to prompt remedial action by the DBF, endorsed by Bishop's Council, a major reduction in Parish Offer of some 7% was more than offset by

- The deferment of non-essential properties maintenance and some training and project activities
- Some support and services postholders sadly being made redundant as part of a reorganisation - they leave with much appreciation of their hard work and dedication
- Delayed clergy appointments
- Reduced net administrative costs due to enforced home working and use of video-conferencing
- The benefit, where sensibly applied, of HM Government Furlough schemes

As a result, a surplus of income over expenditure in the general fund of some £144,000 has been achieved.

Given the severity and impact of the pandemic across the Church and communities in Cumbria, this is considered to be a very satisfactory financial achievement. The hard work, patience, imagination and commitment of so many people is greatly appreciated by the Trustees.

Rydal Hall was unable to operate for most of the year and the forecast break-even changed into a significant deficit, despite employment support Furlough scheme receipts and significant cost reductions. This deficit and additional working capital due to continuing Covid related restrictions in 2021, will be met by a Grant of £300,000 from DBF funds to be paid in Quarter One 2021 and designated within these accounts.

Due to the continuation into 2021 of Covid related restrictions, further necessary cost savings have been projected across all Diocesan activity but in spite of these, the Diocesan budget shows a modest deficit for 2021, particularly as a result of Parish Offer receipts being forecast to remain depressed until 2022 at the earliest. The Trustees are rigorously pursuing a programme of rationalisation of its property portfolio, to maximise returns from re-invested capital in support of the costs of the Diocese's Mission and Ministry.

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

The Trustees fully recognise the challenges faced by parishes to maintain their parish offer giving, and are very aware of, and thankful for, the sacrificial giving throughout the Diocese that makes that possible.

#### **5.2.2. Operational Performance**

The operational performance of Carlisle DBF in 2020 helped to achieve most of the strategic aims set out above. Expenditure on local clergy (primarily stipends, pension and housing), chaplains and Network Youth Church leaders accounted for 75% of the total group expenditure from general funds. Total expenditure on resourcing ministry and mission amounted to £6,809,000. Together with expenditure on education and the Diocesan retreat house at Rydal, the expenditure on charitable activities accounted for 98% of total expenditure.

2020 saw further progress in the plan to establish new patterns of ministry in Ecumenical Mission Communities. The associated reduction in the number of stipendiary clergy (with an increase in self-supporting ministry) is helping to align the cost of local ministry with the Diocese's income. However, the 2020 end year position was close to the planned long term clergy numbers, so there is limited scope for further cost saving to offset any further falls in income. Maintenance and improvement of clergy property was contained within a severely reduced Budget and was limited to those works considered to be urgent or essential.

The DBF applied successfully in 2019 to the Church Commissioners for 'Strategic Development' Funding, in support of the five year 'Reaching Deeper' project, to enable investment in new pioneering mission work across the Diocese. Although some of the recruitment had to be postponed until 2021, the project was able to commence during 2020 including the appointment and work of the 'New Monastics' and 'Outdoor' pioneers.

Continued investment was made to implement the God for All strategy through the work of the Reach Team insofar as they could operate under government Covid-related restrictions. Expenditure on the Reach Team's work to support local churches and church members to become more outward looking, including support for and establishing new fresh expressions of church such as Messy Church and Mountain Pilgrims, further growing Network Youth Churches, continuing to invest in pioneering ministries, promoting covid-safe Christmas celebrations and supporting 'online church' was £393,000.

Spending on Learning and Development activities was £789,000. This included providing funding for Cumbria Christian Learning in support of ordination training, contributing £308,000 towards the national costs of ordination training, implementing the Diocesan Vocations Strategy, training stipendiary and non-stipendiary curates, lay ministry development, and a leadership development programme in Mission Communities. In 2020 further work was undertaken in partnership with the Church Mission Society to launch the Northern Mission Centre, to develop new approaches to training that will enable local clergy and their church congregations to be more effective in mission and outreach to their local communities.

£1,000 in donations and collections from parishes and £52,000 investment income were added to the Diocesan Growth Fund. Out of this, grants were paid to parishes and deaneries totalling £9,000. The balance on the Growth Fund, which is available to support the establishment of network youth church congregations and help parishes and deaneries initiate new work designed to achieve church growth, stood at £1,809,000 at 31<sup>st</sup> December 2020.

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

The Board for Education spent £267,000 to support education in Cumbria with its support for Church schools. The Good Shepherd Multi Academy Trust, which aims to support the provision of excellent education within a caring and Christian ethos in academies in Cumbria remains of strategic importance as the debate over the academisation of schools continues. It currently includes nine schools.

On 1 July 2020, the activities, staff and net assets of Carlisle DBF's network of "OpShops" were transferred into a separate subsidiary charitable company under the name "Restore (Cumbria)". With its own Board of Trustees and a business plan designed to achieve a more secure and sustainable long-term future, it continued to provide community support, recycling and re-use services, and Christian ministry in partnership with local churches in Carlisle and Penrith, although its normal operations were severely disrupted for most of the year due to Covid 19 related trading restrictions. In 2020 the income generated from the shops whilst directly part of the DBF was £36,000. The network as a whole made a deficit across the whole year (partly as a subsidiary) of £8,000 after costs incurred with Incorporation, but with the benefit of Government Covid relief financial support. This major Outreach initiative continues to benefit from the hard work of many volunteers.

2020 saw a further decrease of £11,000 of income from the Archbishops' Council's Lowest Income Communities Funding. An additional £173,000 was received in 2020 from the Archbishops' Council, being the final claim for the previous 3-year's 'SDF' grant and the first claim for the new, 'Reaching Deeper' project.

The statutory fees for occasional offices conducted by the Church decreased significantly, reflecting in part the effect of Covid related restrictions, but also the trend for more weddings and funerals to take a more secular approach. Rents received from letting parsonages during vacancies remained strong at £361,000 as a result of the Diocese's active approach to renting out properties wherever possible, whilst also pursuing a policy of disposal where future need to retain not justified and re-investment returns potentially better. Overall total charity income decreased by 6.3%.

Rydal Hall Ltd is the wholly-owned subsidiary company of Carlisle DBF operating the Diocesan Conference Centre and Retreat House in South Lakeland. After charges for £60k rent and £8k accounting and HR services, and also the benefit of £183,000 in Covid related HM Government support grants, the net deficit for the year was £230,000 against a budget of breakeven. Covid related restrictions continue in 2021, but the Board is confident that the results of improved marketing, management and the effects of foreign travel restrictions will see a speedy return to operating stability in the near future.

The DBF again supported the Churches Trust for Cumbria through a grant of £22,000, to enable their work to provide external support for the care, conservation and development of church buildings across Cumbria.

#### **5.2.3. Investment Performance**

Investments are held in both restricted and unrestricted funds. In 2020, despite the severe falls in world stock markets at the onset of Covid restrictions, the price of the CBF Investment Fund shares increased by 6.9% for the year, (2019 increase 18.7%), but the CBF Property Fund shares decreased by 5.0% (2019 decrease of 2.6%), reflected the continuing effects of Covid upon the sustainable levels of rent and demand for commercial and other non-residential property. Total unrealised gains on investments for the year were £1,088,000, (2019 £2,349,000). These gains are notional – they do not alter the number of shares held hence the future income streams for which these shares are held, are unaffected directly by both increases and falls. The two hydroelectric plants within Cumbria in which the DBF has invested continued to perform well in 2020, and they will both provide a strong, long-term income stream for many years to come.

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### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

The Bank of England's Base Rate reduced in March 2020 from 0.25% to 0.1%, and the CBF Deposit Fund rate also reduced in stages to 0.15% at 31 December 2020.

Dividends received from the CBF Property Fund and Investment Fund were 6.53p and 57.39p per share respectively in the year, and the declared yields were 4.59% and 2.84% based on the year-end valuations. The total income from dividends for the year rose to £325,000 (2019 £288,000), although further investment of receipts from property sale proceeds was deferred in favour of retaining liquidity until the effects of Covid 19 upon Parish Offer receipts and other factors became clearer in Quarter 4, 2020.

Efforts continued to obtain planning consent for residential development on low yielding agricultural land holdings on the edge of settlements. A number of such developments have come to market in the year. All sale proceeds from these during 2020 have been invested to generate a sustainable long-term revenue stream to fund the work of the Diocese in the future.

The total return on investment – net receipts and valuation gains on investments as a percentage of the investment valuations at year-end, was 5.9% (2019 9.4%). Average yield (net receipts as a percentage of the investment valuations at year-end) was 3.2% (2019 3.2%).

#### **5.2.4. External Factors Affecting Performance**

There are a number of external factors continuing to affect the performance of Carlisle DBF. The fall (in both cash and real terms) in the offers (pre Covid related factors) made to Carlisle DBF from parishes is evidence of lower incomes in the parishes, reflecting a decline in church membership and the burden of local costs such as church repairs and energy bills. The effects of Covid and the enforced operational closure of Churches has further seriously, although hopefully temporarily, reduced this essential main Diocesan income source, but cannot wholly mask the underlying and increasing downwards trend away from traditional ministry led congregational sources.

The difficulty in filling vacancies in clergy posts has continued during the year and the Northern Province of the Church of England is reportedly not seen to be attractive to potential applicants. Although this reduces financial pressure in the short term, it represents an operational concern as the leadership and pastoral work of clergy is key in recruiting and developing self-supporting lay and ordained ministry and helping the local church to continue to evolve. During 2020 the restrictions imposed as a result of Covid-19 allied to financial constraints have further delayed recruitment in some locations.

#### **5.3. Financial Review**

##### **5.3.1. Review of the Financial Position**

The Consolidated Statement of Financial Activities (SOFA) for the year shows net incoming resources of £905,000 (2019 £942,000) before net gains on investments and other recognised gains and losses.

After revaluation adjustments, the net increase in funds amounted to £1,970,000, (2019: £4,235,000). Total fund balances are now £81,200,000, of which £76,754,000 (94.5%) is restricted, mainly by ecclesiastical measures, and a further £2,166,000 has been designated for specific use by the Trustees.

Overall there was a net cash inflow for the year of £675,000 (2019: £1,231,000). Total net current assets increased by £615,000 to £1,800,000 with those relating to general funds increasing by £48,000.



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### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

#### **Going Concern**

The Trustees are satisfied that Carlisle DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

#### **5.3.2. Reserves Policy**

Due to the anticipated regularity and predictability of its Income and Costs, the Diocese policy has been to hold a level of free reserves equivalent to at least one month's expenditure. The Trustees keep the position under review at their bi-monthly meetings and are currently confident that, after taking continuing Covid related factors into account, cash flows can be managed to ensure that sufficient free reserves are held to enable Carlisle DBF's normal commitments to be met. Nevertheless, they have considered it prudent to raise the target level of free reserves to 2 months, until future income and cost trends become clearer.

#### **5.3.3. Investment Policies**

Carlisle DBF's power to invest its funds is governed by the Memorandum and Articles of Association. It exercises these powers having due regard to the provisions of the Trustee Act 2000 in so far as it applies to Carlisle DBF as a company.

Carlisle DBF's investment policies, which are reviewed annually, are based on two key principles:

Ethical investment – Carlisle DBF seeks to pursue an investment policy consistent with the values of the Christian religion. Thus, it adheres to the policy as developed by the Church Commissioners and CCLA Investment Management Ltd for their Central Board of Finance Church of England Funds.

Long-term responsibilities - Investment policy for long-term funds seeks to strike the right balance between providing an income to help the Diocese to carry out its purposes effectively in the short term and maintain and enhance the value of the invested funds so as to enable the Diocese effectively to continue to carry out its purposes in the long term. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

#### **Investments**

Glebe property investments are held by Carlisle DBF in agricultural land, commercial and residential land and buildings. They are managed by the DBF's agents, Penrith Farmers' & Kidd's, Walton Goodland Ltd and Savills and account for 47% of the total glebe investments.

A further 49% of the glebe assets are invested through CCLA Investment Management Ltd in the CBF Church of England Funds or held on deposit. They are split between holdings in equities and property via common investment funds to spread risk, and deposits. The remaining 4% consists of shares in a hydroelectric scheme in South Cumbria.

The other DBF funds are also mainly invested in CBF Church of England deposit accounts, investment and property funds, with shares also being held in a hydro-electric scheme within the grounds of the Diocesan Residential Conference Centre and Retreat at Rydal Hall, South Lakes.

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#### **Other Funds**

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance. The performance of all the DBF's investments is monitored regularly by the Trustees at their bi-monthly board meetings, and by the Investment Sub-Committee.

#### **5.3.4. Remuneration Policy**

The Board operates a set salary scale and employees are placed on this with regard to benchmarking against comparable roles in this and other dioceses and the external employment market. Cost of living increases are determined as part of the process of setting the budget which is approved by the Finance Committee and the Members. Remuneration of higher-paid employees is determined in consultation between the Chair of the Finance Committee, the Diocesan Secretary and the HR Manager.

#### **5.4 Plans for Future Periods**

The DBF's ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and national Church institutions and in particular to invest to meet the objectives set out in the God for All Strategy up to the end of 2020 and as refreshed during 2020. The DBF was successfully achieving this until the outbreak of the Covid 19 pandemic in early 2020, which has required substantial rethinking of our financial responses and strategies.

Work to refresh the Diocesan Vision and Strategy for the period beyond 2020 has continued in the light of the financial resources now envisaged as being available, and this is being integrated into resource and budget planning for the period 2021-2025.

#### **5.5 Principal Risks and Uncertainties**

The Trustees confirm that the major risks, to which Carlisle DBF and its subsidiary companies are exposed are continually reviewed and that systems and procedures have been established to manage those risks. The principal risks and uncertainties which face Carlisle DBF relate to:

- the reliability and timing of the income it receives from local churches which is voluntary in nature, Parish Offer accounting for 60% of total charity general fund income;
- investment performance, particularly in respect of commercial property; and
- expenditure on clergy payroll if clergy numbers are above assumptions.
- the as-yet unclear longer-term financial effects of Covid-19 upon core income streams

The principal risks are reviewed regularly by the Trustees and, where necessary, further information and data are gathered to enable a more detailed examination of the risks to be made and decisions taken on the basis of the probability and likely impact of the risks occurring.

A major review of the parish offer process, exacerbated by Covid-19, and in the emerging light of the Diocesan vision and strategy from 2021, is currently in progress. We continue to encourage good stewardship in the local church and the work of the Stewardship Enabler is seen as a key way in which the diocese can support parishes and mission communities in raising income locally which, in turn, will empower them to identify the optimum affordable deployment of available trained ministry resource both lay and ordained.

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### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

Carlisle DBF provides its Trustees, officers and employees with Indemnity Insurance against any liabilities that might arise during the provision of services operated under the authority of the Diocesan Bishop and Synod.

## **6. Structure, Governance and Management**

### **6.1 Organisational Structure**

The Diocese of Carlisle was founded in 1133. It covers an area of 2,480 square miles and includes all of Cumbria, except for small areas in the east of the county which are included in the neighbouring Diocese of Newcastle. The overall population of the Diocese is around 500,000.

The Diocese is one of the 42 English dioceses of the Church of England which is organised as two provinces. The Diocese of Carlisle is part of the Northern Province led by the Archbishop of York. The Southern Province is led by the Archbishop of Canterbury.

The Diocese of Carlisle is led by the Diocesan Bishop the Rt Revd James Newcome. It is arranged into three Archdeaconries; Carlisle covering the northern and eastern part with 4 deaneries, West Cumberland in the western part with 3 deaneries and Westmorland and Furness in the southern part with 4 deaneries. In total there are 263 parishes grouped into 104 benefices with 87 full-time equivalent stipendiary parochial clergy and 3 serving in house for duties posts. Together with 28 non-stipendiary ministers, 114 readers, 72 commissioned lay ministers and many other retired clergy and lay members they provide ministry in 356 churches in the Diocese.

The Diocese is in Covenanted Partnership with three other denominations – Methodist, United Reformed Church and Salvation Army. With those denominations the Diocese is establishing ecumenical Mission Communities, groups of churches that collaborate over mission and share resources, increasingly including ministry and buildings. In the course of 2020, a handful of church buildings were put forward for closure at the request of their local Parochial Church Councils.

### **6.2 Diocesan Governance**

#### **Diocesan Synod**

The Diocese is governed by Standing Orders approved in 1969 and as subsequently amended. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of Bishops and Archdeacons (*ex officio members*), clergy members *elected* by the Houses of Clergy in Deanery Synods, lay persons *elected* by the Houses of Laity in Deanery Synods, up to five persons who may be *co-opted* by each of the Houses of Clergy or Laity and a maximum of ten members *nominated* by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Its role is to:

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

#### **Deanery Synods**

Each deanery in the Diocese has its own Deanery Synod which has two houses, laity and clergy. Its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;

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

#### **Bishop's Council and Standing Committee**

Bishop's Council consists of 9 ex officio members, including the Diocesan and Suffragan Bishop and the three Archdeacons, three clergy elected by the House of Clergy from among their number and six lay persons elected by the members of the House of Laity. A maximum of two members may also be nominated by the Diocesan Bishop.

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

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion (delegated to the Steering Committee);
- To initiate proposals for action by the Synod and to advise it on matters of policy;
- To advise the President of Synod on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees; and
- To carry out such functions as the Synod may delegate to it.

#### **6.3 Carlisle Diocesan Board of Finance**

The company, Carlisle Diocesan Board of Finance Ltd (Carlisle DBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 22<sup>nd</sup> September 1893 as a charitable company limited by membership guarantees (No. 39625) and its governing documents are the Memorandum and Articles of Association. Carlisle DBF has been registered with the Charity Commission since 1<sup>st</sup> May 1967 (No. 251977). The Memorandum and Articles of Association have been altered by Special Resolutions the latest of which were passed on 1<sup>st</sup> May 2018 and 12<sup>th</sup> July 2006.

From 11th November 2006 every member of Diocesan Synod is a member of Carlisle DBF for company law purposes, unless they are excluded by reason of being appointed to any salaried office of the Company or any office of the Company paid by fees. Each member has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

#### **Trustees**

From 1st January 2007 the Bishop of Carlisle and the three Archdeacons have served as ex-officio Directors of the Company. A further five Directors are elected by the members of Carlisle DBF and the Directors have power to co-opt up to another four Directors.

Mr Jim Johnson and Mrs Susan Wigley served as Chair and Vice Chair throughout the year.

All the Directors are also the Trustees and, when newly appointed, are given induction training. All Trustees are offered ongoing training, as appropriate.

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

#### **Trustees' Responsibilities**

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

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable group, for that year. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the corporate and trust assets of the charitable company and group ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also 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.

#### **6.4 Decision-making Structure**

Diocesan Synod has delegated the following functions to Carlisle DBF:

- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;
- Advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred or delegated to it by Diocesan Synod.

#### **Finance Committee**

The Trustees met as the Finance Committee of Carlisle DBF 7 times during the year. At these meetings they received regular reports from the officers of the DBF and considered any matters for which they are responsible.

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

The number of meetings (and proportion of those eligible for attendance) that each Trustee attended in 2020 was:

The Rt Revd James Newcome	5 (71%)
The Ven Richard Pratt	6 (86%)
The Ven Vernon Ross	7 (100%)
The Ven Lee Townend	6 (86%)
Mr Derek Bradley	6 (86%)
Miss Janet Busk	7 (100%)
Mr Rob Cook	7 (100%)
Mr David Dalgoutte	7 (100%)
Mr John Edwards	7 (100%)
Mr Jim Johnson	7 (100%)
Mrs Susan Wigley	7 (100%)

The Trustees have delegated responsibility for the day-to-day management of the company to the Diocesan Secretary who is supported by a small team of staff.

#### **Committee Structure**

There are a number of statutory Diocesan Synod committees that, although not sub-committees of Carlisle DBF, can influence its operations:

**Carlisle Diocesan Board of Education** has responsibility for 104 Church schools across the Diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

**The Parsonages Board** is responsible for determining policy concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by Carlisle DBF. In the Diocese the Carlisle DBF is designated as the Diocesan Parsonages Board. A number of its functions are delegated to Archdeaconry Sub-Committees under the terms of a scheme passed by Diocesan Synod on 12<sup>th</sup> October 2013.

**The Diocesan Pastoral Committee** is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry. It also has responsibility for finding appropriate alternative uses for churches which have closed.

**The Diocesan Advisory Committee** advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

**Carlisle Diocesan Board of Patronage** is constituted under the provisions of the Patronage (Benefices) Measure 1986 and is sole patron or joint patron of a number of benefices.

#### **6.5 Related Parties**

##### **General Synod**

Carlisle DBF has to comply with Measures passed by the General Synod of the Church of England. General Synod is the legislative and deliberative body at national level, making decisions on matters

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

#### **Archbishops' Council**

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

Carlisle DBF is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church according to a formula agreed by General Synod.

#### **Church Commissioners**

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the Diocesan and Suffragan Bishops are met by the Church Commissioners. The Church Commissioners also make grants to the Archbishops' Council for ministry in poorer dioceses and parishes.

Although Carlisle DBF is responsible for the funding of its clergy stipend costs, the national clergy payroll is administered by the Church Commissioners. Carlisle DBF reimburses the Church Commissioners monthly for the costs of stipendiary clergy deployed in the Diocese.

#### **Church of England Pensions Board**

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions' authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widows and widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

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

Carlisle DBF contributes monthly to the Pensions Board for both the clergy and the lay pension schemes.

#### **The Cathedral**

The Cathedral Church of the Holy and Undivided Trinity is the mother church of the Diocese of Carlisle and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its Trustees' report and financial statements may be obtained from the Cathedral Office, 7 The Abbey, Carlisle, CA3 8TZ.

## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

#### **Parishes and Parochial Church Councils (PCCs)**

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Each PCC is an independent charity and most are currently exempt from registration with the Charity Commission. However, under the terms of the Charities Act 2011 those PCCs whose gross income for the year is above £100,000 are required to register. PCCs are able to influence the decision-making within Carlisle DBF and at Diocesan Synod level through representations and input of their Deanery Synods.

The main income of Carlisle DBF is the contribution, by way of the parish offer, from the 228 parishes of the Diocese. From 2009 the parish offer system has been based on voluntary offers made by parishes towards the costs of ministry incurred throughout the whole of the Diocese of Carlisle.

Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

#### **6.6 Subsidiary Undertakings**

##### **Rydal Hall Limited**

Carlisle DBF is responsible for the operation of the Diocesan Conference Centre and Retreat House, Rydal Hall. This is achieved through Rydal Hall Limited, a wholly owned subsidiary charity of Carlisle DBF. The activities of the subsidiary are included in the consolidated financial statements.

##### **Restore (Cumbria)**

The staff, net assets and activities of the OpShops charity shop and resource network transferred into a newly established charity subsidiary, Restore (Cumbria), effective from 1 July 2020. The DBF is the sole member of the charity.

#### **6.7 Rydal Hydro Limited**

Carlisle DBF owns 50% of the issued share capital of Rydal Hydro Limited, with Ellergreen Hydro Limited and Gilkes Hydro Limited the other 50%. The joint venture company has constructed a hydroelectricity generating plant within the grounds of Rydal Hall Limited providing a renewable source of electricity for Rydal Hall and the surrounding area as well as providing a significant return on the DBF's investment.

#### **6.8 Other Connected Companies**

Carlisle DBF has joined with the four other dioceses from the North West of England and with York Diocese to have equal shares in DBE Services Limited, a company formed to provide various services to schools. These include inspections, teaching and curriculum support, administrative services, building, equipment and construction support and insurance. DBE Services Limited has several employees with other staff employed by the participating dioceses who invoice the company for their time. The profits of DBE Services Limited are distributed to the shareholders by means of gift aid donations.

In the course of 2020, the six North West Dioceses worked towards establishing a new Theological Training Institute for the region. The new college, to be called Emmanuel College will take its first intake of students in September 2021. The Diocesan Board of Finance is expected to be one of the Corporate Members of the College.



## **CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

### **DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**

#### **7. Funds Held as Custodian Trustee for Others**

Carlisle DBF is required by Measure to be custodian trustee in relation to PCC property. Carlisle DBF also holds funds on behalf of Church of England schools in the Diocese. All assets held as custodian trustee are kept independently from the Company's own assets and their details are recorded in a separate trust ledger. The assets are mainly invested through CCLA Investment Management Limited in their range of CBF Church of England Funds or on deposit with major UK clearing banks.

At 31 December 2020 the total value of these funds was £11,937,000.

#### **8. Reference and Administrative Details of the Carlisle Diocesan Board of Finance**

In accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in 2015 (SORP 2015), the Directors (for the purposes of company law) and the Trustees (for the purposes of charity law) during the year and as at the date of signing follow:

**President**

Rt Revd James Newcome

**Chairman**

Mr Jim Johnson

##### **Ex-officio Directors**

The Right Reverend James Newcome, Bishop of Carlisle

The Venerable Dr Richard Pratt, Archdeacon of West Cumberland

The Venerable Lee Townend, Archdeacon of Carlisle

The Venerable Vernon Ross, Archdeacon of Westmorland and Furness

##### **Elected by the Members**

Mr Derek Bradley

Mr Rob Cook

Mr John Edwards

Mr Jim Johnson

Mrs Susan Wigley

##### **Co-opted by the Directors**

Miss Janet Busk

Mr David Dalgoutte

**Secretary**

Mr Derek Hurton

**Head of Finance**

Mr Ric Jaques

**Director of Education**

Mrs Vanessa O'Dea

**Registered Office**

Diocesan Church House,  
19-24 Friargate,  
Penrith, CA11 7XR

**Telephone**

01768 807777

**Facsimile**

01768 868918

**Website**

[www.carlisediocese.org.uk](http://www.carlisediocese.org.uk)

**e-mail**

[enquiries@carlisediocese.org.uk](mailto:enquiries@carlisediocese.org.uk)

**Company registration number**

39625 (England & Wales)

**Charity registration number**

251977

**CARLISLE DIOCESAN BOARD OF FINANCE LIMITED**

**DIRECTORS' & TRUSTEES' ANNUAL REPORT (2020) continued**


<b>Auditors</b>	Dodd & Co Limited, FIFTEEN Rosehill, Carlisle, CA1 2RW
<b>Bankers</b>	HSBC plc, City Office, 29 English Street, Carlisle, CA3 8JT
<b>Legal Adviser</b>	Ms Laura Peace Sintons, The Cube, Barrack Road, Newcastle Upon Tyne, NE4 6DB
<b>Investment Advisers</b>	CCLA Investment Management Ltd, Senator House 85 Queen Victoria Street London EC4V 4ET
<b>Glebe Property Agents</b>	Penrith Farmers' & Kidd's plc, Skirsgill, Penrith, CA11 0DN  Savills, 64 Warwick Road, Carlisle CA1 1DR  Walton Goodland Ltd, 10 Lowther Street, Carlisle, CA3 8DA

**9. Auditors**

The Trustees as a Board confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. In addition, the Trustees have taken all reasonable steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

A resolution to reappoint Dodd & Co Limited as auditors to the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.

The Directors' and Trustees' annual report, together with the strategic report which is incorporated into the Directors' and Trustees' annual report, have been approved by the Directors/Trustees and signed on their behalf by:

  
.....  
Mr J A E Johnson  
Director and Trustee  
15<sup>th</sup> June 2021

# **Independent auditor's report to the members of Carlisle Diocesan Board of Finance Limited**

## **Opinion**

We have audited the financial statements of Carlisle Diocesan Board of Finance Limited] ('the charitable company') for the year ended 31 December 2020 which comprise Consolidated Statement of Financial Activities, Charity Statement of Financial Activities, Consolidated Summary Income and Expenditure Account, Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

## **Other information**

The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report and the strategic 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 directors' report and the strategic report included within the trustees' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

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

### **Responsibilities of trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and charitable company's performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the charitable company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
  - the matters discussed among the audit engagement team and involving relevant internal specialists, including pensions regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud to be in relation to revenue recognition and management override which, in common with all audits under ISAs (UK), we are required to perform specific procedures to respond to this risk.

We also obtained an understanding of the legal and regulatory framework that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Charities Act, pensions legislation and tax legislation.

As a result of performing the above, in response to the risks identified, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

### Use of our report

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



Faye Armstrong (Senior Statutory Auditor)

For and on behalf of Dodd & Co Limited, Statutory Auditor

FIFTEEN Rosehill  
Montgomery Way  
Rosehill Estate  
CARLISLE  
CA1 2RW

[Date] 23/2/21

# CARLISLE DIOCESAN BOARD OF FINANCE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted funds		Restricted	Endowment	Total funds	
	Note	General	Designated	Funds	Funds	2020	2019
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		4,406	-	-	-	4,406	4,711
Archbishop's Council		757	-	117	-	874	1,022
Other donations		179	19	19	-	217	202
Charitable activities	3						
Fees & chaplaincy income		437	2	13	-	452	520
Rydal Hall	15	-	466	-	-	466	1,015
Sales of goods & services	3	2	140	-	-	142	212
Other activities	4	361	-	-	-	361	301
Investments	5	944	52	389	4	1,389	1,315
Other sources	6	160	227	283	41	711	534
<b>Total</b>		<b>7,246</b>	<b>906</b>	<b>821</b>	<b>45</b>	<b>9,018</b>	<b>9,832</b>
<b>Expenditure on</b>							
Raising funds	7	134	-	13	-	147	139
Charitable activities							
Resourcing ministry & mission	8	6,273	308	228	-	6,809	7,420
Education	9	246	-	33	-	279	319
Rydal Hall	15	31	813	-	-	844	1,012
Other purposes	10	-	-	34	-	34	-
<b>Total</b>	12	<b>6,684</b>	<b>1,121</b>	<b>308</b>	<b>-</b>	<b>8,113</b>	<b>8,890</b>
<b>Net income/(expenditure) before investment gains</b>		<b>562</b>	<b>(215)</b>	<b>513</b>	<b>45</b>	<b>905</b>	<b>942</b>
<b>Net gains/(losses) on investments</b>		<b>21</b>	<b>119</b>	<b>212</b>	<b>736</b>	<b>1,088</b>	<b>2,349</b>
<b>Net income/(expenditure)</b>		<b>583</b>	<b>(96)</b>	<b>725</b>	<b>781</b>	<b>1,993</b>	<b>3,291</b>
<b>Transfers between funds</b>	23	<b>(416)</b>	<b>477</b>	<b>105</b>	<b>(166)</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		(23)	-	-	-	(23)	944
<b>Net movement in funds</b>		<b>144</b>	<b>381</b>	<b>830</b>	<b>615</b>	<b>1,970</b>	<b>4,235</b>
<b>Total funds brought forward</b>		<b>2,136</b>	<b>1,785</b>	<b>20,178</b>	<b>55,131</b>	<b>79,230</b>	<b>74,995</b>
<b>Total funds carried forward</b>		<b>2,280</b>	<b>2,166</b>	<b>21,008</b>	<b>55,746</b>	<b>81,200</b>	<b>79,230</b>

All activities derive from continuing activities. The notes on pages 28 to 60 form part of the financial statements.

# CARLISLE DIOCESAN BOARD OF FINANCE

## CHARITY STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted funds		Restricted	Endowment	Total funds	
	Note	General	Designated	Funds	Funds	2020	2019
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		4,406	-	-	-	4,406	4,711
Archbishop's Council		757	-	117	-	874	1,022
Other donations		179	2	19	-	200	194
Charitable activities	3						
Fees & chaplaincy income		437	-	13	-	450	510
Rydal Hall	15	68	-	-	-	68	68
Sales of goods & services	3	2	36	-	-	38	212
Other activities	4	361	-	-	-	361	301
Investments	5	944	52	389	4	1,389	1,314
Other	6	160	40	283	41	524	534
<b>Total</b>		<b>7,314</b>	<b>130</b>	<b>821</b>	<b>45</b>	<b>8,310</b>	<b>8,866</b>
<b>Expenditure on</b>							
Raising funds	7	134	-	13	-	147	139
Charitable activities							
Resourcing ministry & mission	8	6,362	168	228	-	6,758	7,427
Education	9	246	-	33	-	279	319
Rydal Hall	15	31	-	-	-	31	31
Other	10	-	-	34	-	34	-
<b>Total</b>		<b>6,773</b>	<b>168</b>	<b>308</b>	<b>-</b>	<b>7,249</b>	<b>7,916</b>
<b>Net income/(expenditure) before investment gains</b>		<b>541</b>	<b>(38)</b>	<b>513</b>	<b>45</b>	<b>1,061</b>	<b>950</b>
<b>Net gains/(losses) on investments</b>		<b>21</b>	<b>119</b>	<b>212</b>	<b>736</b>	<b>1,088</b>	<b>2,341</b>
<b>Net income/(expenditure)</b>		<b>562</b>	<b>81</b>	<b>725</b>	<b>781</b>	<b>2,149</b>	<b>3,291</b>
<b>Transfers between funds</b>	23	<b>(395)</b>	<b>456</b>	<b>105</b>	<b>(166)</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		(23)	-	-	-	(23)	944
<b>Net movement in funds</b>		<b>144</b>	<b>537</b>	<b>830</b>	<b>615</b>	<b>2,126</b>	<b>4,235</b>
<b>Total funds brought forward</b>		<b>2,136</b>	<b>1,800</b>	<b>20,178</b>	<b>55,131</b>	<b>79,245</b>	<b>75,010</b>
<b>Total funds carried forward</b>		<b>2,280</b>	<b>2,337</b>	<b>21,008</b>	<b>55,746</b>	<b>81,371</b>	<b>79,245</b>

All activities derive from continuing activities. The notes on pages 28 to 60 form part of the financial statements.



**CARLISLE DIOCESAN BOARD OF FINANCE**

**CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT**  
For the year ended 31 December 2020

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Total income per reconciliation below	9,369	9,989
Resources expended per reconciliation below	(8,363)	(10,072)
Operating surplus for the year	1,006	(83)
Interest receivable	20	19
Net gains/(losses) on investments	352	1,036
<b>Net income for the year</b>	<b>1,378</b>	<b>972</b>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	-	-
Actuarial gains/(losses) on defined benefit pension schemes	(23)	944
<b>Total comprehensive income for the year</b>	<b>1,355</b>	<b>1,916</b>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

<b>Reconciliation of Summary Income and Expenditure to SOFA</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Total incoming resources per SOFA	9,018	9,832
Less: interest receivable	(20)	(19)
total endowment additions	(45)	(271)
Add: endowment capital transferred to income funds	416	447
<b>Total income per above</b>	<b>9,369</b>	<b>9,989</b>
Resources expended per SOFA	8,113	8,890
Less: expenditure charged to endowment capital	-	-
Add: income funds reclassified as endowment capital	250	1,182
<b>Total expenditure per above</b>	<b>8,363</b>	<b>10,072</b>

**CARLISLE DIOCESAN BOARD OF FINANCE**

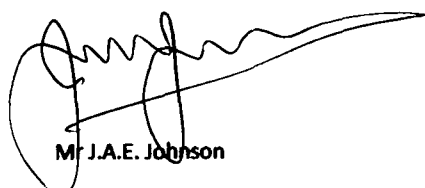
**CONSOLIDATED BALANCE SHEET**

At 31 December 2020

Company Number – 39625

		2020	2019
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets	24	42,276	43,376
Investments	25	37,488	35,389
		<u>79,764</u>	<u>78,765</u>
<b>CURRENT ASSETS</b>			
Stock		5	9
Debtors	26	3,050	1,977
Cash on deposit	27	2,845	2,688
Cash at bank and in hand		1,051	533
		<u>6,951</u>	<u>5,207</u>
<b>CREDITORS: amounts falling due within one year</b>	28	<u>(5,151)</u>	<u>(4,022)</u>
<b>NET CURRENT ASSETS</b>		<u>1,800</u>	<u>1,185</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>81,564</u>	<u>79,950</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	29	(64)	(320)
Other creditors	29	(300)	(400)
		<u>(364)</u>	<u>(720)</u>
<b>NET ASSETS</b>		<u><u>81,200</u></u>	<u><u>79,230</u></u>
<b>FUNDS</b>			
<b>Endowment funds</b>			
(Including investment revaluation reserve of £32,851,000 (2019: £32,116,000))		55,746	55,131
<b>Restricted income funds</b>			
(Including investment revaluation reserve of £6,741,000 (2019: £6,516,000))		21,008	20,178
<b>Unrestricted income funds:</b>			
General funds (Including revaluation reserve of £596,000 (2019: £574,000))		2,280	2,136
Designated funds (Including revaluation reserve of £744,000 (2019: £626,000))		2,166	1,785
<b>TOTAL FUNDS</b>	30 & 31	<u><u>81,200</u></u>	<u><u>79,230</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Trustees and authorised for issue on and signed on behalf of the Board by:



Mr J.A.E. Johnson

15 June 2021

# CARLISLE DIOCESAN BOARD OF FINANCE

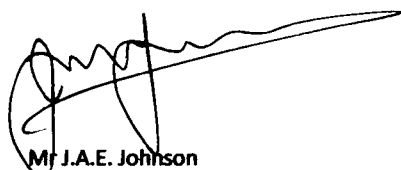
## CHARITY BALANCE SHEET

At 31 December 2020

Company Number – 39625

	Note	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	24	42,178	43,304
Investments	25	37,488	35,389
		<u>79,666</u>	<u>78,693</u>
<b>CURRENT ASSETS</b>			
Debtors	26	2,997	1,940
Subsidiary companies		485	232
Cash on deposit	27	2,806	2,550
Cash at bank and in hand		756	415
		<u>7,044</u>	<u>5,137</u>
<b>CREDITORS: amounts falling due within one year</b>	28	<u>(4,975)</u>	<u>(3,865)</u>
<b>NET CURRENT ASSETS</b>		<u>2,069</u>	<u>1,272</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>81,735</u>	<u>79,965</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	29	(64)	(320)
Other creditors	29	<u>(300)</u>	<u>(400)</u>
		<u>(364)</u>	<u>(720)</u>
<b>NET ASSETS</b>		<u><u>81,371</u></u>	<u><u>79,245</u></u>
<b>FUNDS</b>			
<b>Endowment funds</b>			
(Including investment revaluation reserve of £32,851,000 (2019: £32,116,000))		55,746	55,131
<b>Restricted income funds</b>			
(Including investment revaluation reserve of £6,741,000 (2019: £6,516,000))		21,008	20,178
<b>Unrestricted income funds:</b>			
General funds (Including revaluation reserve of £596,000 (2019: £574,000))		2,280	2,136
Designated funds (Including revaluation reserve of £744,000 (2019: £626,000))		<u>2,337</u>	<u>1,800</u>
<b>TOTAL FUNDS</b>	30 & 31	<u><u>81,371</u></u>	<u><u>79,245</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Trustees and authorised for issue on and signed on behalf of the Board by:

  
Mr J.A.E. Johnson

15 June 2021

**CARLISLE DIOCESAN BOARD OF FINANCE**
**CONSOLIDATED CASH FLOW STATEMENT**
**For the year ended 31 December 2020**

	2020	2019
	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(936)</b>	<b>(445)</b>
<b>Cash flows from investing activities</b>		
Dividends, interest and rent from investments	1,389	1,315
Interest paid	(11)	(14)
Proceeds from the sale of:		
Tangible fixed assets	1,378	1,299
Investments	516	1,375
Purchase of:		
Tangible fixed assets	(46)	(32)
Fixed asset investments	(1,515)	(2,210)
Movement on deposit fund investments	-	13
<b>Net cash provided by/(used in) investing activities</b>	<b>1,711</b>	<b>1,746</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(100)	(100)
New loans received	-	-
Adjustments to loans payable	-	30
<b>Net cash provided by/(used in) financing activities</b>	<b>(100)</b>	<b>(70)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>675</b>	<b>1,231</b>
<b>Cash and cash equivalents at 1 January</b>	<b>3,221</b>	<b>1,990</b>
<b>Cash and cash equivalents at 31 December</b>	<b>3,896</b>	<b>3,221</b>
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>		
<b>Net movement in funds for the year ended 31 December</b>	<b>905</b>	<b>942</b>
<b>Adjustments for:</b>		
Depreciation charges	37	32
Dividends, interest and rent from investments	(1,389)	(1,315)
Interest paid	11	14
Repayment of loans advanced	20	26
Advancement of loans	(13)	(4)
Loss/(profit) on sale of functional assets	(290)	(534)
Share of (profit)/loss in joint venture	-	35
Actuarial gains/(losses) on defined benefit pensions	(23)	944
Decrease/(increase) in stock	4	(3)
Decrease/(increase) in debtors	(1,073)	(96)
Increase/(decrease) in creditors	875	(486)
<b>Net cash provided by/(used in) operating activities</b>	<b>(936)</b>	<b>(445)</b>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	1,051	533
Notice deposits (less than 3 months)	2,845	2,688
	<b>3,896</b>	<b>3,221</b>

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

**a) Consolidation**

Consolidated financial statements have been prepared on a line by line basis in accordance with FRS102. The consolidated financial statements incorporate the accounts of:

The Carlisle Diocesan Board of Finance Limited (Carlisle DBF); and  
The wholly owned subsidiary company, Rydal Hall Limited; and  
The wholly owned subsidiary company, Cumbria Christian Learning

**b) Income**

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

- i) **Parish Offer and parochial fees** are recognised as income of the year in which it is received or within one month after the financial year end.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Donations** other than grants are recognised when receivable.
- vi) **Gains on disposal of fixed assets for the DBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

**1. ACCOUNTING POLICIES (continued)**

vii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

viii) **Government Grants.** Grants for the purpose of giving immediate financial support with no future related costs to be incurred are recognised in the profit and loss account when the grant proceeds become receivable. Other grants relating to revenue are recognised in the profit and loss account on a systematic basis over the periods in which the related costs are recognised for which the grant is intended to compensate.

**c) 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** include investment management costs of glebe and any other investment properties and interest costs on defined benefit pension scheme liabilities.

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 DBF, 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. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions.** The DBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 32). The pension costs charged as resources expended represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

**1. ACCOUNTING POLICIES (continued)**

**d) Tangible fixed assets and depreciation**

*Freehold properties*

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The DBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

*Investment properties*

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

*Parsonage houses*

The DBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The DBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their deemed cost at a fair valuation at 1 January 2014.

**e) Other tangible fixed assets**

All capital expenditure over £1,000 is capitalised and depreciated. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

DBF furniture, fittings, equipment and computers	10% to 20% per annum on a straight line basis;
Rydal Hall furniture, fittings, equipment and plant	10-25% per annum on a straight line basis.

**1. ACCOUNTING POLICIES (continued)**

**f) Other accounting policies**

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The DBF has entered into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or the period to the first break clause.

**g) Fund balances**

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the DBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the DBF. There are two types of unrestricted funds:
  - **General funds** which the DBF intends to use for the general purposes of the DBF; and
  - **Designated funds** set aside out of unrestricted funds by the DBF for a purpose specified by the Trustees.
- **Restricted funds** are funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the DBF (Parsonage Houses Fund and Retired Clergy and Dependents Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the DBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.



**1. ACCOUNTING POLICIES (continued)**

**h) Going Concern**

The charity has considered whether the use of the going concern basis for accounting is appropriate. To do this, they have considered whether there are any material uncertainties as to the Charity's ability to continue as a going concern.

Following the outbreak and development of the COVID-19 outbreak and the UK vaccination roll-out, the trustees have continued to prepare detailed cash flow projections and budgets to take into account the uncertainties surrounding the ongoing impact of the pandemic and its effect on their ability to operate. As a result of these reviews, the trustees remain confident that there are financial resources available to see the charity through until operations settle into their new levels, and are satisfied that there are no material uncertainties about the charity's ability to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**2. DONATIONS****Parish Contributions**

The majority of donations are collected from the parishes of the diocese through the parish offer system.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Current year						
Offer	4,708	-	-	-	4,708	4,773
Shortfall in contributions	(310)	-	-	-	(310)	(80)
	<u>4,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,398</u>	<u>4,693</u>
Receipts for previous years	8	-	-	-	8	18
Total Income	<u>4,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,406</u>	<u>4,711</u>

Total receipts (including for previous years) represent 93.6% of the parish offer (2019 – 98.7%).

**Archbishop's Council**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
LINC allocation	584	-	-	-	584	595
Strategic Development Grant	173	-	-	-	173	257
Restructure Grant	-	-	-	-	-	-
Other grants	-	-	117	-	117	170
	<u>757</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>874</u>	<u>1,022</u>

**Other donations**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
All Churches Trust	95	-	-	-	95	97
Other grants	-	-	19	-	19	22
Donations	84	2	-	-	86	75
Legacies	-	-	-	-	-	-
Sundry appeals	-	-	-	-	-	-
Company Total	<u>179</u>	<u>2</u>	<u>19</u>	<u>-</u>	<u>200</u>	<u>194</u>
Rydal Hall	-	1	-	-	1	8
Restore (Cumbria)	-	16	-	-	16	-
Group Total	<u>179</u>	<u>19</u>	<u>19</u>	<u>-</u>	<u>217</u>	<u>202</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**3. CHARITABLE ACTIVITIES****Fees and chaplaincy income**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Statutory fees	323	-	-	-	323	390
Chaplaincy	11	-	-	-	11	98
Support for Ministry	99	-	-	-	99	-
Course and other fees	4	-	13	-	17	22
<b>Company Total</b>	<b>437</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>450</b>	<b>510</b>
Course and other fees	-	2	-	-	2	10
<b>Group Total</b>	<b>437</b>	<b>2</b>	<b>13</b>	<b>-</b>	<b>452</b>	<b>520</b>

**Other sales**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Printing and advertising	2	-	-	-	2	4
Diocesan Opshops	-	36	-	-	36	208
Education services	-	-	-	-	-	-
<b>Company Total</b>	<b>2</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>212</b>
Restore	-	104	-	-	104	-
<b>Group Total</b>	<b>2</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>212</b>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Parsonage rents	361	-	-	-	361	301
	361	-	-	-	361	301

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Dividends receivable	662	52	348	-	1,062	991
Interest receivable	5	-	7	4	16	16
Share of Joint Venture Income	-	-	-	-	-	(35)
Rents receivable	277	-	34	-	311	342
<b>Company total</b>	<b>944</b>	<b>52</b>	<b>389</b>	<b>4</b>	<b>1,389</b>	<b>1,314</b>
Subsidiary's interest	-	-	-	-	-	1
<b>Consolidated total</b>	<b>944</b>	<b>52</b>	<b>389</b>	<b>4</b>	<b>1,389</b>	<b>1,315</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of properties	-	-	227	41	268	534
Government Grants (covid-19)	160	40	-	-	200	-
Sales of redundant churches	-	-	56	-	56	-
<b>Company Total</b>	<b>160</b>	<b>40</b>	<b>283</b>	<b>41</b>	<b>524</b>	<b>534</b>
Rydal Hall	-	4	-	-	4	-
Restore (Cumbria)	-	183	-	-	183	-
<b>Group Total</b>	<b>160</b>	<b>227</b>	<b>283</b>	<b>41</b>	<b>711</b>	<b>534</b>

Of the £200,000 (Group £387,000) Government grants relating to the coronavirus pandemic, £160,000 (Group £340,000) were under the Coronavirus Job Retention Scheme. The balance was in relation to having to close Rydal Hall and the Restore shops.

**7. RAISING FUNDS**

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management	86	-	13	-	99	89
Generating voluntary income	48	-	-	-	48	50
	<b>134</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>147</b>	<b>139</b>

**8. RESOURCING MISSION AND MINISTRY****Ministry in the communities – stipend costs**

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Stipends	2,336	-	-	-	2,336	2,264
National insurance/Ap. Levy	196	-	-	-	196	189
Pension costs	560	-	-	-	560	571
Removal, resettlement & other grants	67	-	-	-	67	137
Other costs	276	-	-	-	276	325
	<b>3,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,435</b>	<b>3,486</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**8. RESOURCING MISSION AND MINISTRY (continued)****Ministry in the communities – housing costs**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	Funds £'000	Funds £'000	2020 £'000	2019 £'000
Repairs & improvements	220	-	-	-	220	692
Council tax	217	-	-	-	217	247
Water charges	55	-	-	-	55	57
Insurance	29	-	-	-	29	29
Rent payable	1	-	-	-	1	1
Other costs	160	-	-	-	160	166
	<u>682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682</u>	<u>1,192</u>
<b>Total ministry in the communities</b>	<u>4,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,117</u>	<u>4,678</u>
<b>Support for ministry</b>						
<b>Lay ministry &amp; chaplaincies</b>						
Network Youth Ministers and Interns	223	-	-	-	223	188
Chaplains	29	-	-	-	29	26
	<u>252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252</u>	<u>214</u>
<b>Training &amp; ministry development</b>						
<b>Ordained ministry:-</b>						
Ordinands	354	-	114	-	468	364
Grants to CCL	25	-	-	-	25	82
Curates	3	-	-	-	3	-
Ministry development	263	-	-	-	263	282
Lay training	9	-	-	-	9	-
Northern Mission Centre	21	-	-	-	21	-
	<u>675</u>	<u>-</u>	<u>114</u>	<u>-</u>	<u>789</u>	<u>728</u>
<b>Opshops network</b>	<u>28</u>	<u>158</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>271</u>
<b>God For All strategy</b>						
Support for local churches	1	10	-	-	11	72
Reach Team	250	-	-	-	250	295
Pioneering ministries	142	-	-	-	142	16
	<u>393</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>403</u>	<u>383</u>
<b>Care for church buildings</b>	<u>50</u>	<u>-</u>	<u>73</u>	<u>-</u>	<u>123</u>	<u>147</u>

**CARLISLE DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**8. RESOURCING MISSION AND MINISTRY (continued)**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
<b>Ministry support</b>						
National Church	285	-	-	-	285	289
Diocesan Church	543	-	-	-	543	648
Partnerships	19	-	-	-	19	21
Retired clergy	-	-	41	-	41	48
	<u>847</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>888</u>	<u>1,006</u>
<b>Total support for ministry</b>	<u>2,245</u>	<u>168</u>	<u>228</u>	<u>-</u>	<u>2,641</u>	<u>2,749</u>
<b>Total Company resourcing mission &amp; ministry</b>	<u>6,362</u>	<u>168</u>	<u>228</u>	<u>-</u>	<u>6,758</u>	<u>7,427</u>
<b>Training &amp; ministry development –</b>						
Ministry development	(89)	140	-	-	51	(7)
<b>Total Group resourcing mission &amp; ministry</b>	<u>6,273</u>	<u>308</u>	<u>228</u>	<u>-</u>	<u>6,809</u>	<u>7,420</u>

**9. EDUCATION**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Support for church schools	234	-	33	-	267	289
Multi Academy Trust support	12	-	-	-	12	30
Grants to church schools	-	-	-	-	-	-
	<u>246</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>279</u>	<u>319</u>

**10. OTHER RESOURCES EXPENDED**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Deficit on fixed assets	-	-	34	-	34	-
<b>Company total</b>	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>34</u>	<u>-</u>
Share of loss of joint venture	-	-	-	-	-	-
<b>Consolidated total</b>	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>34</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**11. ANALYSIS OF CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000			2020 £'000	2019 £'000
National Church	159	-	-	-	159	168
Grants & provisions	18	-	-	-	18	18
Mission Agency pensions	8	-	-	-	8	2
Retired clergy housing	76	-	-	-	76	72
	<u>261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261</u>	<u>260</u>

**12. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs	
				2020 £'000	2019 £'000
Raising funds	71	-	76	147	139
Charitable activities:					
Resourcing Mission & Ministry	5,924	515	370	6,809	7,420
Education	212	-	67	279	319
Rydal Hall	822	-	22	844	1,012
Other	34	-	-	34	-
	<u>7,063</u>	<u>515</u>	<u>535</u>	<u>8,113</u>	<u>8,890</u>

**13. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000			2020 £'000	2019 £'000
Finance and administration	275	-	-	-	275	291
Interest cost on defined benefit pension schemes	11	-	-	-	11	26
Management costs	97	-	-	-	97	92
Human resources	77	-	-	-	77	77
Auditor's remuneration	15	-	-	-	15	12
Governance	60	-	-	-	60	69
	<u>535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>535</u>	<u>567</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**14. ANALYSIS OF GRANTS MADE**

	<b>Grants to Institutions £'000</b>	<b>Grants to Individuals £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
<b>From unrestricted funds:</b>				
Contributions to Archbishops' Council	261	-	261	260
<b>From restricted funds:</b>				
<b>Resourcing ministry and mission:</b>				
Grants to parishes	26	-	26	35
Grants for ordinands	96	24	120	68
Grants to clergy	-	67	67	137
Grants to retired clergy	-	39	39	43
	<u>383</u>	<u>130</u>	<u>513</u>	<u>543</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**15. RYDAL HALL**

Rydal Hall Ltd is a wholly owned subsidiary company incorporated in England. On 21 December 2017 it became a registered charity. It is the sole owner of a trading company, Rydal Hall Trading Ltd. Its principal activity is the operation of the Carlisle Diocesan Retreat House and Conference Centre at Rydal Hall, Ambleside. Rydal Hall is owned by the Carlisle DBF and leased to the subsidiary. Any taxable profits made by the subsidiary are donated to the DBF. Audited accounts are filed annually with Companies House. A summary of the consolidated trading results of Rydal Hall Ltd and its subsidiary is shown below.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2020 £'000	2019 £'000
Turnover	-	468	-	-	468	1,015
Other operating income	-	-	-	-	-	9
Government Grants	-	183	-	-	183	-
	-	651	-	-	651	1,024
Interest receivable	-	-	-	-	-	1
<b>Total income</b>	-	651	-	-	651	1,025
Cost of sales	-	72	-	-	72	171
Administrative expenses	-	809	-	-	809	878
<b>Total expenditure</b>	-	881	-	-	881	1,049
<b>Profit on ordinary activities before tax</b>	-	(230)	-	-	(230)	(24)
Taxation	-	-	-	-	-	-
<b>Profit on ordinary activities after tax</b>	-	(230)	-	-	(230)	(24)
Retained profits b/f	-	(285)	-	-	(285)	(261)
<b>Retained profits c/f</b>	-	(515)	-	-	(515)	(285)
Other reserves	-	269	-	-	269	269
<b>Total funds carried forward</b>	-	(246)	-	-	(246)	(16)
Fixed assets	-	78	-	-	78	72
Net current assets	-	(324)	-	-	(324)	(88)
Liabilities	-	-	-	-	-	-
<b>Net assets</b>	-	(246)	-	-	(246)	(16)

Included in administrative costs above are payments to the DBF of £60,000 (2019: £60,000) rent and a management charge of £8,000 (2019: £8,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**16. RYDAL HYDRO LIMITED**

Carlisle DBF owns a 50% share of Rydal Hydro Limited as a joint venture after investing £700,000 in the issued share capital of the company. Rydal Hydro Limited was incorporated in England on 26<sup>th</sup> February 2014 in order to construct a hydroelectric plant on Rydal Beck in the grounds of Rydal Hall to generate renewable electricity. The DBF's share of the results and net assets of Rydal Hydro Limited at 31 December 2019 are shown below. 2020 results and net assets were not available at the date of signing these accounts.

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	231	-	-	-	231	190
Cost of sales	(7)	-	-	-	(7)	(7)
Gross profit	224	-	-	-	224	183
Administrative expenses	(76)	-	-	-	(76)	(66)
Operating profit	148	-	-	-	148	117
Interest payable	-	-	-	-	-	-
Profit/(Loss) on ordinary activities before tax	148	-	-	-	148	117
Taxation	(29)	-	-	-	(29)	(24)
Profit/(loss) for the year	119	-	-	-	119	93
Retained profits b/f	247	-	-	-	247	196
Dividends paid	(154)	-	-	-	(154)	(42)
Retained profits c/f	212	-	-	-	212	247
Called up share capital	7	-	-	-	7	7
Share premium account	693	-	-	-	693	693
Total funds carried forward	912	-	-	-	912	947
Fixed assets	923	-	-	-	923	943
Net current assets	58	-	-	-	58	68
Creditors falling due after more than one year	(69)	-	-	-	(69)	(64)
Net assets	912	-	-	-	912	947

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**17. CUMBRIA CHRISTIAN LEARNING LIMITED**

**(Previously called LANCASHIRE & CUMBRIA THEOLOGICAL PARTNERSHIP LIMITED)**

On 1 September 2016 the Carlisle DBF took full control of the Lancashire & Cumbria Theological Partnership (now called Cumbria Christian Learning Ltd), a company limited by guarantee and a registered charity.

In 2018 the decision was taken to bring the net assets, staff, and activities back into the Carlisle Diocesan Board of Finance. This transfer took place on 31 January 2019, with the exception of those activities around Initial Ministerial Education, which can only be transferred when the accreditation from Durham University has been novated – until which relevant staff have been seconded back to CCL who will continue to operate at this reduced level of activity.

	Unrestricted funds		Restricted	Endowment		
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income from:						
Charitable activities	-	91	-	-	91	138
Total Income	-	91	-	-	91	138
Resources expended:						
Costs of training	-	(86)	-	-	(86)	(137)
Net income for the year	-	5	-	-	5	1
Retained funds b/f	-	1	-	-	1	-
Retained funds c/f	-	6	-	-	6	1
Fixed assets	-	-	-	-	-	-
Net current assets	-	6	-	-	6	1
Creditors falling due after more than one year	-	-	-	-	-	-
Net assets	-	6	-	-	6	1

# CARLISLE DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 18. RESTORE (CUMBRIA)

(Previously called OPSHOPS (HELPING COMMUNITIES GROW) )

Restore (Cumbria) has historically been a dormant company. On 1 July 2020, the staff, net assets and activities of the Diocese's OPSHOPS network of charity shops and ministry were transferred to Restore, a subsidiary charity of the Carlisle Diocesan Board of Finance.

	Unrestricted funds		Restricted Funds	Endowment Funds	2020	2019
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income from:						
Turnover	-	111	-	-	111	-
Grants and Donations	-	85	-	-	85	-
Government Grants	-	4	-	-	4	-
<b>Total income</b>	-	200	-	-	200	-
Resources expended:						
Costs of Sales	-	2	-	-	2	-
Administrative Expenses	-	130	-	-	130	-
<b>Total resources expended</b>	-	132	-	-	132	-
<b>Net income for the year</b>	-	68	-	-	68	-
Retained funds b/f	-	-	-	-	-	-
<b>Retained funds c/f</b>	-	68	-	-	68	-
Fixed assets	-	20	-	-	20	-
Net current assets	-	48	-	-	48	-
Creditors falling due after more than one year	-	-	-	-	-	-
<b>Net assets</b>	-	68	-	-	68	-

Included in grants and donations above is a grant from Carlisle DBF of £75,000.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

**19. TAXATION**

Carlisle DBF is a registered charity and has no liability to corporation tax.

**20. STAFF COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs during the year were as follows:		
Wages and salaries	1,909	1,972
National Insurance contributions	159	159
Employer's contributions to defined benefit pension schemes	315	295
	<u>2,383</u>	<u>2,426</u>

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

	<b>Number</b>	<b>Number</b>
Resourcing ministry and mission	47	47
Education	4	4
Opshops	10	11
Cumbria Christian Learning	1	1
Rydal Hall	31	34
	<u>93</u>	<u>97</u>

The average number of persons employed by the group during the year based on full-time equivalents:

	<b>Number</b>	<b>Number</b>
Resourcing ministry and mission	38	37
Education	3	3
Opshops	6	6
Cumbria Christian Learning	1	-
Rydal Hall	25	27
	<u>73</u>	<u>73</u>

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

	<b>Number</b>	<b>Number</b>
£70,000 - £80,000	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

**21. COSTS OF STIPENDIARY CLERGY**

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

The stipends of the Diocesan Bishop and Suffragan Bishop, funded by the Church Commissioners, are in the range £50,000 - £55,000 (2019 range £50,000 - £55,000). The annual rate of stipend, funded by Carlisle DBF, paid to Archdeacons in 2020 was £36,642 (2019 - £35,925). The Diocesan standard stipend for 2020 was £26,818 (2019 - £26,127).

Carlisle DBF paid an average of 89 (2019 - 89) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese and the costs were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	2,432	2,341
National insurance contributions	195	188
Employer's contributions to defined benefit pension schemes:		
Current year	654	641
Deficit reduction	278	272
	<u>3,559</u>	<u>3,442</u>

**22. REMUNERATION OF TRUSTEES AND OTHER KEY MANAGEMENT PERSONNEL****Trustees' emoluments**

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £10,000 (2019 - £26,000) in respect of General Synod duties, duties as archdeacon and other duties as Trustees.

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

	<b>Stipend</b>	<b>Housing</b>
The Right Revd James Newcome	Yes	Yes
The Venerable Dr R Pratt	Yes	Yes
The Venerable V Ross	Yes	Yes
The Venerable L S Townend	Yes	Yes

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

Diocesan Secretary and Company Secretary  
Director of Education  
Head of Finance

Remuneration, pensions and expenses for these 3 employees (2019: 3) amounted to £234,000 (2019: £225,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**23. ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	Unrestricted funds		Restricted Funds	Endowment Funds
	General £'000	Designated £'000	£'000	£'000
From General Fund to Sustainability Fund	(150)	150	-	-
From Barchester Fund for Educational support	187	-	(187)	-
Transfer from Pastoral a/c for housing costs	124	-	(124)	-
Parsonage Houses Fund to Pastoral Account	-	-	416	(416)
Support of OpShops from General Fund	(6)	6	-	-
Support of Rydal Hall from General Fund	(300)	300	-	-
From General Fund to Stipends Capital Fund for reduction of clergy pensions deficit	(250)	-	-	250
<b>Net transfers between funds</b>	<b>(395)</b>	<b>456</b>	<b>105</b>	<b>(166)</b>
Income from Rydal Hall	68	(68)	-	-
Grant to Cumbria Christian Learning	(89)	89	-	-
<b>Group Net transfers between funds</b>	<b>(416)</b>	<b>477</b>	<b>105</b>	<b>(166)</b>

**24. TANGIBLE FIXED ASSETS**

Consolidated	Freehold Land and Buildings £'000	Parsonages Houses £'000	Freehold Improvements £'000	Furniture and Equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 <sup>st</sup> January 2020	9,731	33,516	112	206	43,565
Additions	-	-	19	27	46
Transfers	-	-	-	-	-
Disposals	(726)	-	-	(6)	(732)
Revaluations	-	(383)	-	-	(383)
<b>At 31<sup>st</sup> December 2020</b>	<b>9,005</b>	<b>33,133</b>	<b>131</b>	<b>227</b>	<b>42,496</b>
<b>Depreciation</b>					
At 1 <sup>st</sup> January 2020	-	-	69	120	189
Disposals	-	-	-	(6)	(6)
Depreciation for the year	-	-	7	30	37
<b>At 31<sup>st</sup> December 2020</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>144</b>	<b>220</b>
<b>Net Book Value:</b>					
<b>At 31<sup>st</sup> December 2020</b>	<b>9,005</b>	<b>33,133</b>	<b>55</b>	<b>83</b>	<b>42,276</b>
<b>At 31<sup>st</sup> December 2019</b>	<b>9,731</b>	<b>33,516</b>	<b>43</b>	<b>86</b>	<b>43,376</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**24. TANGIBLE FIXED ASSETS (continued)**

Company	Freehold Land and Buildings £'000	Parsonages Houses £'000	Freehold Improvements £'000	Furniture and Equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 <sup>st</sup> January 2020	9,732	33,516	-	133	43,381
Additions	-	-	-	1	1
Transfers	-	-	-	-	-
Disposals	(726)	-	-	(6)	(732)
Revaluations	-	(383)	-	-	(383)
<b>At 31<sup>st</sup> December 2020</b>	<b>9,006</b>	<b>33,133</b>	<b>-</b>	<b>128</b>	<b>42,267</b>
<b>Depreciation</b>					
At 1 <sup>st</sup> January 2020	-	-	-	77	77
Disposals	-	-	-	(6)	(6)
Depreciation for the year	-	-	-	18	18
<b>At 31<sup>st</sup> December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>89</b>
<b>Net Book Value:</b>					
<b>At 31<sup>st</sup> December 2020</b>	<b>9,006</b>	<b>33,133</b>	<b>-</b>	<b>39</b>	<b>42,178</b>
<b>At 31<sup>st</sup> December 2019</b>	<b>9,732</b>	<b>33,516</b>	<b>-</b>	<b>56</b>	<b>43,304</b>

All of the properties in the balance sheet are freehold and are vested in Carlisle DBF, except for benefice houses which are vested in the incumbent. Land and buildings at 31 December 2020 are valued at fair value as deemed cost as at 31st December 2013 or subsequent cost. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.



**CARLISLE DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

**25. INVESTMENTS**

**FIXED ASSET INVESTMENTS**

Consolidated and Company	Value at 1 <sup>st</sup> January 2020 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	Value at 31 <sup>st</sup> December 2020 £'000
<b>Unrestricted Funds</b>						
Investment in joint ventures	912	-	-	-	-	912
CBF Investment Fund	298	-	-	-	20	318
	<u>1,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>1,230</u>
<b>Designated Funds</b>						
CBF Investment Fund	1,720	-	-	-	119	1,839
	<u>1,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119</u>	<u>1,839</u>
<b>Restricted Funds</b>						
Investment properties	2,655	-	-	-	(410)	2,245
CBF Property Fund	3,020	-	-	-	(151)	2,869
CBF Investment Fund	5,119	1,515	-	-	384	7,018
	<u>10,794</u>	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>(177)</u>	<u>12,132</u>
<b>Endowment Funds</b>						
Investment properties	9,675	-	-	-	66	9,741
Hydroelectric Schemes	912	-	-	-	-	912
CBF Property Fund	1,635	-	-	-	(81)	1,554
CBF Investment Fund	9,357	-	-	-	645	10,002
CBF Deposit Fund	-	-	-	-	-	-
	<u>21,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>630</u>	<u>22,209</u>
<b>Total</b>	<u>35,303</u>	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>592</u>	<u>37,410</u>
<b>Total Historical Cost</b>	<u>15,105</u>	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,620</u>

**SOCIAL INVESTMENTS**

Consolidated and Company	Value at 1 <sup>st</sup> January 2020 £'000	New loans £'000	Repaid £'000	Transfers £'000	Adjustment on settlement £'000	Value at 31 <sup>st</sup> December 2020 £'000
<b>Unrestricted Funds</b>						
Loans to parishes	86	3	(20)	-	(1)	68
Loan to Emmanuel College	-	10	-	-	-	10
	<u>86</u>	<u>13</u>	<u>(20)</u>	<u>-</u>	<u>(1)</u>	<u>78</u>
<b>TOTAL INVESTMENTS</b>						
<b>Total Consolidated Investments</b>	<u>35,389</u>	<u>1,528</u>	<u>(20)</u>	<u>-</u>	<u>591</u>	<u>37,488</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**25. INVESTMENTS (continued)**

The social investments of Carlisle DBF consist of concessionary loans made to parishes and the newly established Emmanuel College, for charitable purposes.

All the investments relate to the Company. The Company also has an investment of £nil (2019 £nil)– original cost £250,100 (2019: £250,100) in Rydal Hall Limited.

**26. DEBTORS**

	Consolidated		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
<b>Unrestricted funds</b>				
Trade debtors	52	43	52	43
Inter fund balances	1,583	1,443	1,583	1,443
Other debtors	86	78	86	78
	<u>1,721</u>	<u>1,564</u>	<u>1,721</u>	<u>1,564</u>
<b>Designated funds</b>				
Trade debtors	29	7	-	-
Inter fund balances	528	152	528	152
Other debtors	24	30	-	-
	<u>581</u>	<u>189</u>	<u>528</u>	<u>152</u>
<b>Restricted funds</b>				
School debtors	622	112	622	112
Inter fund balances	93	79	93	79
	<u>715</u>	<u>191</u>	<u>715</u>	<u>191</u>
<b>Endowment Funds</b>				
Inter fund balances	33	33	33	33
	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>
<b>Total debtors due within one year</b>	<u>3,050</u>	<u>1,977</u>	<u>2,997</u>	<u>1,940</u>

**CARLISLE DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**27. DEPOSITS**

	Consolidated		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Unrestricted funds</b>				
CBF Deposit Funds	220	219	220	219
<b>Designated funds</b>				
CBF Deposit Funds	44	192	5	54
<b>Restricted funds</b>				
CBF Deposit Funds	1,704	1,451	1,704	1,451
Deposits with Church Commissioners	70	23	70	23
	<u>1,774</u>	<u>1,474</u>	<u>1,774</u>	<u>1,474</u>
<b>Endowment funds</b>				
CBF Deposit Funds	807	803	807	803
<b>Total deposits</b>	<u>2,845</u>	<u>2,688</u>	<u>2,806</u>	<u>2,550</u>

**28. CREDITORS: amounts falling due within one year**

	Consolidated		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Unrestricted funds</b>				
Sundry creditors and accruals	772	591	772	591
Inter fund balances	654	264	654	264
Loan repayment instalments:				
Central Board of Finance	100	100	100	100
Cumberland Building Society	200	200	200	200
	<u>1,726</u>	<u>1,155</u>	<u>1,726</u>	<u>1,155</u>
<b>Designated funds</b>				
Inter fund balances	35	126	35	126
Trade creditors	9	22	-	-
Sundry creditors and accruals	167	135	-	-
	<u>211</u>	<u>283</u>	<u>35</u>	<u>126</u>
<b>Restricted funds</b>				
Inter fund balances	1,309	964	1,309	964
Sundry creditors and accruals	1,388	995	1,388	995
	<u>2,697</u>	<u>1,959</u>	<u>2,697</u>	<u>1,959</u>
<b>Endowment funds</b>				
Inter fund balances	239	353	239	353
Clergy pension scheme	278	272	278	272
	<u>517</u>	<u>625</u>	<u>517</u>	<u>625</u>
<b>Total creditors falling due within one year</b>	<u>5,151</u>	<u>4,022</u>	<u>4,975</u>	<u>3,865</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**29. CREDITORS: amounts falling due after more than one year**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Unrestricted funds</b>				
Loan repayment instalments:				
Central Board of Finance	300	400	300	400
Cumberland Building Society	-	-	-	-
	<u>300</u>	<u>400</u>	<u>300</u>	<u>400</u>
<b>Designated funds</b>				
Accruals and deferred income – deferred grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Restricted funds</b>				
Loan repayment instalments:				
Church Commissioners value linked loans for houses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Endowment funds</b>				
Clergy pension scheme	64	320	64	320
	<u>64</u>	<u>320</u>	<u>64</u>	<u>320</u>
<b>Total creditors falling due after one year</b>	<u><u>364</u></u>	<u><u>720</u></u>	<u><u>364</u></u>	<u><u>720</u></u>

£1 million was borrowed from the Central Board of Finance Deposit Fund Diocesan Loan Scheme in 2014 in order to finance the investment in Rydal Hydro Limited. It is repayable in equal annual instalments of £100,000 over ten years with interest charged at 0.55% above the CBF Deposit Fund rate (currently 0.09%).

The loan from the Cumberland Building Society is held on behalf of parishes. The loan is a rolling facility with up to £500,000 available. Interest is charged at 1.99% below the Society's commercial variable base rate. The loan is secured on Rydal Hall and was due for renewal in December 2020. The facility was subsequently renewed in January 2021.

The maturity of the loans is analysed as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Between one and two years	100	100
Between two and five years	200	300
In five years or more	-	-
	<u>300</u>	<u>400</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**30. SUMMARY OF FUND MOVEMENTS****Unrestricted Funds**

	Balance at 1 <sup>st</sup> January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balance 31 <sup>st</sup> December 2020 £'000
<b>General funds</b>						
Realised reserve	1,560	7,246	(6,684)	(416)	(22)	1,684
Revaluation reserve	576	-	-	-	20	596
	<u>2,136</u>	<u>7,246</u>	<u>(6,684)</u>	<u>(416)</u>	<u>(2)</u>	<u>2,280</u>
<b>Designated Funds</b>						
Diocesan Growth Fund	1,646	53	(9)	-	119	1,809
Resources Centre	1	-	-	-	-	1
Rydal Hall	-	-	-	300	-	300
Sustainability Fund	-	-	-	150	-	150
OpShops	153	77	(159)	6	-	77
<b>Total Company Designated</b>	<u>1,800</u>	<u>130</u>	<u>(168)</u>	<u>456</u>	<u>119</u>	<u>2,337</u>
Cumbria Christian Learning	1	2	(85)	89	-	7
Restore (Cumbria)	-	123	(55)	-	-	68
Rydal Hall Limited	(16)	651	(813)	(68)	-	(246)
<b>Total Group Designated Funds</b>	<u>1,785</u>	<u>906</u>	<u>(1,121)</u>	<u>477</u>	<u>119</u>	<u>2,166</u>
<b>Total Group Unrestricted Funds</b>	<u>3,921</u>	<u>8,152</u>	<u>(7,805)</u>	<u>61</u>	<u>117</u>	<u>4,446</u>

The Diocesan Growth Fund was created from a legacy from the late Miss A F Hope. It has been supplemented from the Mission Development grants from the Church Commissioners and transfers from General Funds. The Fund is used to support the establishment of youth congregations and help parishes and deaneries initiate new work designed to achieve church growth.

The Rydal Hall Fund represents the balance of Carlisle DBF's investment in the subsidiary company, Rydal Hall Limited, plus an amount of £300,000 (2019 £nil) designated to support Rydal Hall following losses incurred during the Coronavirus pandemic.

The Restore (Cumbria) Fund (previously known as OpShops) represents the investment in the network of local shops through which this subsidiary charity, and local churches, provide community support and outreach for the local communities.

**CARLISLE DIOCESAN BOARD OF FINANCE****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

**Restricted Income Funds**

	Balance at 1 <sup>st</sup> January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balance 31 <sup>st</sup> December 2020 £'000
Barchester Fund	6,834	236	(46)	(187)	173	7,010
Stipends Income Fund	60	-	-	-	-	60
Pastoral Account	2,543	180	(57)	1,198	(6)	3,858
Diocesan Houses Fund	9,994	213	(34)	(906)	-	9,267
Parish Property Fund	379	12	(17)	-	26	400
Retired Clergy & Dependants Income Fund	(7)	51	(41)	-	-	3
Sundry Appeal Funds	3	1	-	-	-	4
Other Restricted Income Funds	372	128	(113)	-	19	406
<b>Total Group Restricted Income Funds</b>	<b>20,178</b>	<b>821</b>	<b>(308)</b>	<b>105</b>	<b>212</b>	<b>21,008</b>

The Barchester Fund comprises closed schools and school houses and their sale proceeds. These are held by the DBF and administered by the Diocesan Board of Education to support religious education and the work of Church schools in the Diocese. School Funds, of which Carlisle DBF is Custodian Trustee, are not included within the Barchester Fund as the DBF receives no benefit from these funds.

The Stipends Income Fund is governed by the Diocesan Stipends Measure 1953, as subsequently amended, and is used to augment the clergy stipends. Its income comes from glebe and other Stipends Capital Account investments, assigned fees and the Church Commissioners. The income is included in the DBF's General Funds in accordance with the stated accounting policy where it contributes towards the total cost of stipends which are paid from General Funds.

The Diocesan Pastoral Account receives the sale proceeds of Churches and Parsonages which have become redundant under pastoral reorganisation. Its uses are governed by Section 78 of the Pastoral Measure 1983, and include grants and loans for Parsonage and Church provision, restoration, improvement or repair and other purposes of the Diocese or any benefice or parish. The reserves are represented by investments with the Central Board of Finance and by loans to parishes. These assets are included under the appropriate headings in the DBF's Balance Sheet.

The Diocesan Houses Fund consists of those properties in the legal ownership of Carlisle DBF (as distinct from benefice houses) other than investment properties. The purchase of such properties is funded primarily from the Pastoral Account.

The Parish Property Fund (formerly Diocesan Loan Fund) is used to provide loans and grants to parishes for improvements and repairs to churches and other parish property.

# CARLISLE DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

<b>Endowment Funds</b>	<b>Balance at 1<sup>st</sup> January 2020 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Transfers £'000</b>	<b>Gains and losses £'000</b>	<b>Balance 31<sup>st</sup> December 2020 £'000</b>
<b>Permanent Endowment Funds</b>						
Stipends Capital Fund	19,375	9	-	250	668	20,302
Education	38	-	-	-	3	41
PWM World Mission	59	-	-	-	4	63
Readers Board	2	-	-	-	-	2
General	131	-	-	-	(6)	125
	<u>19,605</u>	<u>9</u>	<u>-</u>	<u>250</u>	<u>669</u>	<u>20,533</u>
<b>Expendable Endowment Funds</b>						
Parsonages Houses Fund	34,277	36	-	(416)	-	33,897
Retired Clergy & Dependants Fund	1,249	-	-	-	67	1,316
	<u>35,526</u>	<u>36</u>	<u>-</u>	<u>(416)</u>	<u>67</u>	<u>35,213</u>
<b>Total Group Endowment Funds</b>	<u>55,131</u>	<u>45</u>	<u>-</u>	<u>(166)</u>	<u>736</u>	<u>55,746</u>

The Permanent Endowment Funds are held where the DBF has no power to convert the capital into income. The capital is invested and the income used for the purposes as indicated.

The Diocesan Stipends Fund Capital Account is governed by Section 35 of the Endowments and Glebe Measure 1976. It consists of investments with the Central Board of Finance and glebe properties and is held to produce income for clergy stipends. These assets are included under the appropriate headings in the DBF's Balance Sheet.

The Parsonages Houses Fund represents those houses which are benefice property, vested in the incumbents. Carlisle DBF nevertheless has financial responsibility for parsonages and they have been included in the Balance Sheet valued at deemed cost based on valuations at 31 December 2013.

The Retired Clergy and Dependants Fund provides for the relief of poverty by assisting retired clergy, licensed lay workers or deserted spouses of clergy who reside or served in the Diocese and their dependants.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

**31. SUMMARY OF ASSETS BY FUND**

Company	Fixed Assets		Net Current	Liabilities	Net Assets	Net Assets
	Tangible	Investments	Assets	after 1 year	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted Funds</b>						
General Funds	40	1,308	1,232	(300)	2,280	2,136
<b>Designated Funds</b>						
Diocesan Growth Fund	-	1,839	(30)	-	1,809	1,646
Resources Centre	-	-	1	-	1	1
Rydal Hall	-	-	300	-	300	-
Sustainability Fund	-	-	150	-	150	-
OpShops	-	-	77	-	77	153
	-	1,839	498	-	2,337	1,800
<b>Restricted Funds</b>						
Barchester Fund	-	6,805	205	-	7,010	6,834
Stipends Income Fund	-	-	60	-	60	60
Pastoral Account	-	3,833	25	-	3,858	2,543
Diocesan Houses Fund	8,860	750	(343)	-	9,267	9,994
Parish Property Fund	-	440	(40)	-	400	379
Retired Clergy Income	-	23	(20)	-	3	(7)
Sundry Appeal Funds	-	-	4	-	4	3
Other Income Funds	-	280	126	-	406	372
	8,860	12,131	17	-	21,008	20,178
<b>Permanent Endowment Funds</b>						
Stipends Capital Fund	-	20,870	(504)	(64)	20,302	19,375
Education	-	41	-	-	41	38
PWM World Mission	-	63	-	-	63	59
Readers Board	-	2	-	-	2	2
General	-	125	-	-	125	131
	-	21,101	(504)	(64)	20,533	19,605
<b>Expendable Endowment Funds</b>						
Parsonages Houses Fund	33,133	-	764	-	33,897	34,277
Retired Clergy & Dependants Fund	145	1,109	62	-	1,316	1,249
	33,278	1,109	826	-	35,213	35,526
<b>Total Endowment Funds</b>	33,278	22,210	322	(64)	55,746	55,131
<b>Total Company Funds</b>	42,178	37,488	2,069	(364)	81,371	79,245
<b>Unrestricted Funds</b>						
Cumbria Christian Learning	-	-	6	-	6	1
Restore (Cumbria)	20	-	48	-	68	-
Rydal Hall Ltd	78	-	(323)	-	(245)	(16)
<b>Total Consolidated Funds</b>	42,276	37,488	1,800	(364)	81,200	79,230



## 32. PENSIONS

The DBF 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. The other is the **Church Workers Pension Fund**. 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.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

### **Church of England Funded Pension Scheme**

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

At the end of the year the DBF was paying contributions for 98 members of the scheme out of a total membership of approximately 8,500 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to the previous year's National Minimum Stipend. As this is a multi-employer scheme and it is not possible to attribute the scheme's assets and liabilities to specific employers, the scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year towards benefits earned in that year plus the impact of any deficit contributions (see below).

The most recent scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50 million, based on assets of £1,818 million and a funding target of £1,868 million, assessed using the following assumptions:

- An average discount rate of 3.2% p.a;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;

Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

Following the valuation of the scheme as at 31 December 2018, the contribution rate from 1 January 2019 is 39.9% of pensionable stipends (i.e. the previous year's NMS), of which 28.0% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 11.9% relates to recovery of the deficit over the three years to 31 December 2020. This means that payments by the DBF relating to the deficit based on active members and pensionable stipends as at 31 December 2020, would be £278,000 in 2020 and £278,000 in 2021. The discounted deficit payments of £0.342 million over the next 3 years in respect of the shortfall have been recognised as a liability in the balance sheet.

A reconciliation of the balance sheet liability is set out below:

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	592	1,774
Deficit contribution paid	(278)	(272)
Interest cost (recognised in the SOFA)	5	34
Re-measurement of the balance sheet liability	23	(944)
Balance sheet liability as at 31 December	<u>£342</u>	<u>£592</u>

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

	December 2020	December 2019	December 2018
Discount Rate	0.2% pa	1.1% pa	2.1% pa
Price Inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable salary	1.6% pa	1.3% pa	1.6% pa

#### **Church Workers Pension Fund – 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. At 31 December 2020, the DBF had 3 active members, 12 deferred and 34 pensioner members in the scheme.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. In such cases FRS102 requires the scheme pension costs to be accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year towards benefits earned in that year (£44,000 over 2020 compared to £50,000 over 2019) plus the impact of any deficit contributions (see below).

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

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

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2020**

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the DBF has entered into an agreement with the Church Workers Pension Fund to a contribution rate of 44.6% of pensionable salaries and expenses of £5,300 per year.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance sheet liability as at 1 January	-	-
Contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Re-measurement of the balance sheet liability	-	-
	<hr/>	<hr/>
Balance sheet liability as at 31 December	-	-
	<hr/>	<hr/>

**33. CAPITAL COMMITMENTS**

Expenditure contracted for but not provided on the financial statements was £nil (2019: £nil).

**34. RELATED PARTY TRANSACTIONS**

Details of transactions with the main related parties of Carlisle DBF are given in the appropriate notes to the financial statements.

**Archbishops' Council and the Church Commissioners**

As detailed in note 2 Carlisle DBF received grants from the Archbishops' Council totalling £874,000 (2019: £1,022,000). £35,000 (2019: £35,000) was received from the Church Commissioners for rent of the Bishop's House. Payments were made to the Archbishops' Council for contributions to the National Church and for training of Ordinands totalling £569,000 (2019: £520,000). Payments of £2,640,000 (2019: £2,563,000) were made to the Church Commissioners for clergy stipends and the Church of England Pensions Board was paid £932,000 (2019: £913,000) for clergy pensions. In all cases there was no balance outstanding at the year end. Further payments were made to the Pensions Board for lay pensions of £244,000 (2019: £224,000). The balance due to the Pensions Board at the year-end for December's contributions was £27,000 (2019: £22,000).

**Rydal Hall Ltd (see note 15)**

During the year Carlisle DBF invoiced Rydal Hall Ltd £60,000 (2019: £60,000) for rent and £8,000 (2019: £8,000) for management services.

At the year-end Rydal Hall Ltd owed £354,000 (2019: £177,000) for outstanding rent, management services and staff salaries.

**Rydal Hydro Ltd (see note 16)**

Rent of £23,000 (2019: £23,000) and dividends of £168,000 (2019: £151,000) were received from Rydal Hydro Ltd.

**Scandale Hydro Ltd (see note 24)**

Dividends of £150,000 (2019: £168,000) were received from Scandale Hydro Ltd.

**Cumbria Christian Learning Limited (see note 17)**

Carlisle DBF paid £67,000 (2019: £70,000) for training and vocational costs, and made a grant of £23,000 (2019: £8,000). At 31 December 2019 CCL owed Carlisle DBF £54,000 (2019: £55,000).

**Restore (Cumbria) – Previously known as OpShops (see note 18)**

On 1 July 2020, the activities and net asset of OpShops - formerly an activity carried out within the Carlisle DBF - were transferred for a consideration of £nil, into a previously dormant subsidiary charity - now called Restore (Cumbria).

During 2020 a grant of £75,000 was made from the Carlisle DBF to Restore to give them a suitable level of reserves and working capital. In addition, £77,000 remains designated in the Carlisle DBF accounts to support potential losses in the early years of Restore operating as a stand-alone charity.

During the second half of 2020, 9 Carlisle DBF staff were seconded to the charity, for which £66,000 was reimbursed to the DBF. At the year-end, Restore owed £77,000 to Carlisle DBF for outstanding staffing and expenses paid on their behalf.

**34. RELATED PARTY TRANSACTIONS (continued)**

**DBE Services Ltd**

Carlisle DBF received gift aid distributions from DBE Services totalling £12,000 (2019: £11,000).