

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2022

Company limited by guarantee registered in England (no 00007826)

Registered charity (no 248968)



Bankers

National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG
Charity Bank, 182 High Street, Tonbridge, Kent, TN9 1BE.

Investment managers

CCLA Investment Management Limited, One Angel Lane, London, EC4R 3AB.

Solicitors

Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG
HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS

Auditors

haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

Chester Diocesan Board of Finance Annual Report and Financial Statements
2022

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington
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Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 00007826) and is a registered charity (no 248968).

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester

Chairman: Mr Ian N Scott-Dunn

Trustees/Directors:

Rt Revd Julie A Conalty	Bishop of Birkenhead
Rt Revd Samuel J C Corley	Bishop of Stockport
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Ian G Bishop	Archdeacon of Macclesfield
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Revd Simon Drew	Chair, House of Clergy, Diocesan Synod
Ms Julie H Withers	Chair, House of Laity, Diocesan Synod
Revd Joshua C Askwith	
Mr Peter S Ball-Foster	
Dr J Graham Campbell	
Dr Alan Downen	
Revd Canon Elaine Chegwin Hall	
Revd George T Crowder	
Revd Lesley S Currie (from 6 October 2022)	
Mr John J C Freeman	
Revd Simon R Gales	
Revd Andrew Quentin Greenhough	
Mrs Esme A Hammer	
John S Haslam	
Mr David A Hermit (from 28 November 2022)	
Revd Gary Kennough (from 18 May 2023)	
Mr David G Lowcock	
Dr Peter J Marshall	
Canon Dr John P Mason	
Revd Dr Robert S Munro (until 2 February 2023)	
Mrs Julie Okundaye (from 28 November 2022)	
Revd Richard L Pennystan	
Revd Michael L Ridley	
Revd Michael I A Smith	
Revd Christina P Upton	
Revd David A Vestergaard	
Dr Christine E Wetherell	

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Key Management Personnel

Mr George B Colville	Diocesan Secretary
Mrs Elizabeth A Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Simon Chesters	Director of Ministry
Ms Pauline Butterfield	Diocesan Safeguarding Adviser until 10 November 2022
Mr Sean Augustin	Diocesan Safeguarding Adviser from 8 February 2023
Mr James M Butterworth	Director of Communications until 31 July 2023
Revd Peter M Froggatt	Director of Outreach
Mr Nigel Strange	Head of Finance
Mrs Harriet M Roberts	Director of Development (Vision and Strategy) from 6 June 2022

Chairman's Statement

I am pleased to present the Chairman's Statement for Chester Diocesan Board of Finance. The organisation continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the Diocese to continue to operate effectively, by collecting contributions from the parishes, paying and housing the clergy, and through providing a number of support services.

In addition to its ongoing core functions, other events and processes involved the DBF and will influence its future.

Spring 2022 saw the final lifting of all remaining COVID restrictions, freeing parishes to start to return to more normal ways of operating. Other uncertainties continue, notably the issues around the cost of living, which affects clergy, parishes and parishioners alike.

The Church of England published its National Safeguarding Report Past Cases Review 2, (PCR2) and as part of this the Diocese published an extensive Summary Report detailing the findings of its own review of diocesan files that was undertaken as part of the national PCR2 process. In response, the bishops of the Diocese said, "This report touches upon much that is evil, sinful or inadequate. We rightly feel a deep sense of shame, but above all, we are determined to lead the change that is needed and that has already begun. Safeguarding really is at the heart of what it means to be church and at the heart of our mission."

Looking to the future, "Casting the net wide", a process of developing a shared vision for the Diocese, has been consulting with individuals and parishes as widely as possible. Facilitated by Harriet Roberts, the process has included surveys, one to one interviews and approximately 30 Vision Café events in the autumn of 2022, with a further 50 or so planned for the spring of 2023.

Responses provided by parishes to Living in Love and Faith, a process of discernment and decision-making on questions of identity, sexuality, relationships and marriage, were collected in the national report "Listening with Love and Faith".

The Diocesan Routemap to Net Zero 2030 was introduced to the November Diocesan Synod and discussed ways forward following the challenge set by General Synod.

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In Church House at Daresbury, the Human Resources Committee agreed to a continuation of hybrid working following experience gained during the pandemic.

I thank George Colville, Diocesan Secretary, and the staff of the DBF, who provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome all the new members to the team at Daresbury and Foxhill. Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

The DBF's day-to-day financial performance showed a deficit. However, in challenging circumstances, parish share collection has been maintained, with some parishes taking steps to clear arrears that arose during the period of the pandemic. We continue to be very grateful to parishes who are the bedrock of the Diocese's mission.

Investments declined in value, effectively reversing the gains of the previous year. Most of these investments are endowment funds whose primary function is to generate income for stipends, so maintenance of dividends continues to be of higher importance than end of year valuations.

Economic circumstances for parishes and their parishioners remain challenging. We were glad to be able to make grants to parishes to assist with the high cost of energy bills, with funding provided by Archbishop's Council. Plans for the future will be continuously kept under review.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Ian N Scott-Dunn
Chairman

Trustees Report

Who we are, what we do and why we do it

Who we are

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively.

What we do

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering Diocese-wide services and projects.

Why we do it

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with it.

How our activities deliver public benefit

With further details provided below, our main activities aim to deliver public benefit in the following ways:

- **Clergy** - providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial** - Church Councils – assisting PCCs to provide churches, sacred spaces and worship services
- **Outreach** - assisting parishes as they live out God's love for the world, as expressed in the Anglican Communion's Five Marks of Mission.
- **Education** - contributing to the spiritual and moral education of children and young people
- **Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence

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- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands

The majority of the DBF's activity takes place in the Diocese of Chester, which comprises Cheshire, the Wirral, and parts of Greater Manchester.

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code (see page 27) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Strategic Report

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. With approximately 213 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 43 of whom are curates, this responsibility is by far its largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some slight regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service, but generally have less time to offer and in most cases are not asked to take charge of a parish.

Almost all clergy in the Diocese are paid under the terms of Common Tenure, with only a few retaining their freehold. All new posts are now appointed under Common Tenure.

In recent years the DBF has expanded the number of training curates, to respond to the needs of maintaining clergy levels into the future.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese and we continue to be able to appoint good clergy to benefices to fill vacancies as they arise.

Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in 5-yearly inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving

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the overall standard of housing within the constraints of available funding.

Improvement projects including the replacement of a number of kitchens, bathrooms and boilers continued. A number of window replacements were also completed. Some of the improvement work has been funded by a grant received from Benefact Trust, the owner of Ecclesiastical Insurance.

The former vicarages at Wybunbury and Daresbury were sold during the year. A replacement for the vicarage at Daresbury is due to be bought on a new development nearby. The vicarage at Burton was also replaced with a new build.

A new vicarage was built on part of the existing site at Prestbury, with the other part of the site being transferred to the developer.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

Now that the new team of Bishops is complete, they have taken the lead on "Casting the Net Wide", a process of consulting and discerning the future direction of the Diocese. The consultation phase started in 2022, with online surveys, one-to-one interviews, and about 30 Vision Café events, with a further 50 planned for spring 2023.

Archdeacons

There are two Archdeacons in the Diocese - The Ven Dr Michael Gilbertson, Archdeacon of Chester, and the Ven Ian Bishop, Archdeacon of Macclesfield. Archdeacons have the role of pastoral care of the clergy and their families, and oversight of church buildings and vicarages, together with supporting the bishops.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee (DAC).

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As a result of changes to the Faculty Jurisdiction Rules, parishes are now required to demonstrate they have given due regard to Net Zero in their proposals particularly for replacement heating.

Prof Bob Munn retired as chair of the DAC, a role he had occupied since 2008.

Outreach

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the Diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The DBF has been guided by the Anglican Communion's "Five Marks of Mission" in its approach: -

1. To proclaim the Good News of the Kingdom
2. To teach, baptise and nurture new believers
3. To respond to human need by loving service
4. To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation
5. To strive to safeguard the integrity of creation, and sustain and renew the life of the earth

The DBF continued work in a wide range of areas, including: -

Ran the Talking Jesus course to assist with building confidence in evangelism.

Agreed an environmental policy at Diocesan Synod, and assisted churches with exploring green changes to their buildings.

Continued the programme of visiting individual clergy, listening to their stories, and offering advice, where appropriate.

Appointed Sheena Wilson, new Buildings for Mission Adviser who has assisted with procuring grant funding for churches.

Supported the Living in Love and Faith process in parishes.

Provided training including on mental health and wellbeing training to families and youth leaders, and assisted with paid youth leader recruitment.,

Assisted with the roll out of digital giving in parishes.

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Expanded counselling services using newly trained volunteer counsellors.

Education

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work. Together with the DBE the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report. The DBF also provides Chester Diocesan Academies Trust with office accommodation and IT services.

Ministry Development

The DBF administers vocational discernment, selection, initial training, and in-service training for lay and ordained licensed ministries.

In 2022, 12 deacons and 12 priests were ordained. In addition, 9 Readers and 7 Pastoral Workers were licensed.

Ordinands train with Emmanuel Theological College, alongside residential training at other colleges around the country.

Numbers in training for licenced lay ministry – readers and pastoral workers – remain healthy, as does participation in the Foundations for Ministry course.

2022 saw a pilot project of training people to offer structured pastoral supervision for those new to incumbency as well as to clergy more widely.

A wide range of events have taken place, including training days for licensed lay workers, another Women's Voces conference, 24 hours with a theologian, the Lay Conference, a course on leading public worship, together with individually guided retreats.

Support for lay and ordained ministers continues.

Grants

The DBF makes certain grants to support clergy and parishes in their work. A focus in recent years has been a concentration on projects which promote mission and development.

The Diocese of Chester is also a part of the wider Church of England. In this

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capacity the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Retreats and Christian conferences

Foxhill is a centre of prayer and works to further the mission of the Diocese while being a blessing to the wider church and world.

Following the lifting of pandemic restrictions, the retreat and conference centre is once again taking day and residential bookings from parishes and individuals.

The management of Foxhill House and Woodlands is in a state of handover. Jonathan Green's time as director is drawing to a conclusion and he is in the process of passing the management to Revd Lucy Brewster, with her husband, David as chaplain.

As well as parish weekends and events, a number of guided events have taken place. These have included Encounter Days, led by diocesan and other clergy, and guided individual retreats.

Sadly, the woodlands behind Foxhill remain closed for the time being, following storm damage.

Safeguarding

Safeguarding advice and expertise continued to be vital element of support offered to parishes, and central to the functioning of the Diocese.

The Church of England published its National Safeguarding Report Past Cases Review 2 (PCR2), and as part of this the Diocese published an extensive Summary Report detailing the findings of its own review of diocesan files that was undertaken as part of the national PCR2 process.

In the foreword to the summary report, the bishops said,

"Conducting a Past Cases Review during a global pandemic was never going to be straightforward and we are hugely grateful to our Independent Reviewers for working in such challenging circumstances and for being so diligent. Our thanks also go out to all our parishes who provided information, our Diocesan and

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Cathedral staff who facilitated access to files for the reviewers, the members of the Reference Group who steered the review process and to those victims and survivors who contributed to the review. The full PCR2 report provides extensive evidence of safeguarding failings in the Diocese of Chester and of a very poor safeguarding culture over several decades. It is a robust report, and although it focusses on past cases and recognises the positive changes being made in the Diocese, it also sets out some very helpful recommendations for further improvements as we move forward.

We are appalled and angry regarding some of the past safeguarding practice in Chester Diocese. We also recognise that despite our shared commitment to changing the culture and practice in our Diocese, we may still make mistakes or fall short of the expected standards. None of this is good enough and we are committed to learning from survivors and victims, from past cases and from independent reviews. We are intent upon establishing a healthier culture and a safer church and most of all, upon being more Christ-like in how we respond to victims and survivors and to those who are vulnerable. This report touches upon much that is evil, sinful or inadequate. We rightly feel a deep sense of shame, but above all, we are determined to lead the change that is needed and that has already begun. Safeguarding really is at the heart of what it means to be church and at the heart of our mission.”

Following the resignation of the previous Diocesan Safeguarding Adviser, Sean Augustin was appointed to take over following the year end. A further expansion of the Safeguarding Team will follow.

Financial Review

Net expenditure after investment losses amounted to £1,788k (2021 net income after investment gains £2,173k). Investments declined in value, losing £1,455k (2021 gain £1,633k), largely reversing the gains of the prior year. However, the dividend income on which the DBF relies to supplement parish share income, rose.

Contributions received from parishes rose to £11.3m (2021 £10.8m). The parish share collection rate was approximately 90%, with a further 2% relating to recovery of arrears built up during the pandemic years, which had previously been provided for.

There were a few further sales of former parsonage houses during the year, together with some corresponding purchases. As a result, cash rose slightly during the period. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though on occasions, surpluses on the sale and replacement of parsonages are also being used to support day to day activities.

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The DBF received a grant from Benefact Trust, which has been applied to costs of the 2022 Clergy Conference, continued support to parishes in respect of using church buildings for mission, and the provision of improved clergy housing.

The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, amounting to £10.6m (2021 £10.4m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

Following earlier changes to accounting policy, and the inclusion of benefice property on the balance sheet, all property has been subject to at least a desktop review of valuation on at least a five-year rolling basis, and more frequently where appropriate.

Holdings in the CBF Church of England Investment Fund showed a decline of 11.7% in capital value. The dividend yield rose slightly to 2.99%. The return on invested cash rose from 0.2% at the start of the year to 3.2% at the end.

The majority of the DBF's investment assets are held by endowment funds and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

The balance on the plan to fund the deficit on the Church of England Funded Pensions Scheme for stipendiary clergy was cleared in the year.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

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The basis of this approach includes budgets and forecasts for the following year together with keeping other potential sources of funds under review.

2023 and beyond

The purpose of Chester DBF is “to maintain and promote the spiritual teaching of the Church of England”, not least by continuing to facilitate the healthy functioning of the parishes of the Diocese.

Challenges for the next few years include: -

- The discernment and implementation phases of the diocesan vision process “Casting the Net Wide”
- continuing to cooperate with the Church of England National Safeguarding Team, particularly following the publication of Past Cases Review 2 nationally and the Diocesan Summary
- absorbing the cost of additional curates to maintain the supply of future clergy.
- operating in the context of the cost-of-living crisis and also the continuing economic, social and spiritual consequences of the coronavirus pandemic.

While the DBF faces challenges, it continues to be helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks.

The Board considers that its principal risks at present are: -

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained.

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- The impact of ongoing societal, economic and political upheaval. The direct effects of the COVID-19 pandemic continue to recede, but the indirect effects remain. The cost of living and other economic issues are sources of continuing uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. The key priority is to ensure, as far as possible, that the DBF's services to parishes continue as effectively as possible.

- Loss of relevance and failure to adapt to changes in society: - Falling electoral rolls, ageing congregations in parishes. In addition, changes in society as a result of Brexit, the coronavirus pandemic, and the cost-of-living crisis. Mitigated by national church task groups and Renewal and Reform agenda, and in Chester Diocese, the DBF Outreach team and others are working with parishes locally.

There continues to be some risk relating to the DBF's ability to continue to fund increasing stipends, housing, salary and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. As a result, arrears of parish share are reviewed regularly. The Finance and Scrutiny Committee meets five times a year and oversees and discusses these reviews at each meeting. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs, these being the chief items of expenditure. At the current time, and in the current societal and economic circumstances, parish share collection rates continue to be healthy.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.

Structure, governance, and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance in it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A Diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several Dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman) plus any other clergy licensed to the Benefice, the churchwardens, and several elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCCs are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2011 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of

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England; to bring together the views of the parishes of the deanery; to effect decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

Diocesan Synod

The Diocesan Synod is the statutory governing body of a Diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its Diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the Diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met twice in 2022, in March and November. The usual business was completed at both meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2021, approval of the 2022 budget, and receipt of General Synod reports. The March Synod considered stipend levels in the context of cost of living pressures and received a further update on "Living in Love and Faith", a process of discernment and decision-making on questions of identity, sexuality, relationships, and marriage. In addition, it received reports from the Committee for Outreach, the Committee for Ministry, the Diocesan Board of Education, Foxhill House and Woodlands, and Chester Cathedral. The November Synod received a report on the Vision and Strategy feedback process, and approved candidates for the membership of the Diocesan Board of Education. It received a report following the completion of the safeguarding Past Cases Review 2 (PCR2). Environmental issues including the Church of England Net Zero 2030 route map were discussed. The meeting closed with a presidential address from Bishop Mark Tanner, who spoke about discerning vision together and being collaborative in mission.

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National Church institutions

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod, they were responsible for making decisions on doctrine, services, and relations with other churches. Elections to General Synod took place during the year.

Archbishops' Council is the Church of England's policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops' Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses (this currently does not include Chester Diocese).

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

Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from Chester Cathedral Office, 9 Abbey Square, Chester, CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame

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approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is approximately 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 265 parishes, about 100 of which can be described as rural. Compared with many Dioceses, there are few teams, and few multi-parish benefices. There are approximately 213 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 400 licensed. The role of self-supporting ministers is substantial, with over 80 in post at present.

The Archdeaconry of Macclesfield approximately covers the part of the Diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester approximately covers the rest of the Diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton.

The financial affairs of the Diocese are conducted through two registered charities:- Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790).

Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in

Chester Diocesan Board of Finance
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activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs) in the Diocese of Chester. None of these is a connected charity in the sense defined by charity law.

Bishop's Council

Bishop's Council has the following functions:

- to plan the business of Diocesan Synod, to prepare the agenda for its sessions, and to circulate to members information about matters for discussion;
- to initiate proposals for action by Diocesan Synod;
- to advise Diocesan Synod on matters of policy;
- to advise the President on any matters which he may refer to Bishop's Council;

Chester Diocesan Board of Finance
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- subject to the directions of Diocesan Synod, to transact the business of the Synod when it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as Diocesan Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Finance and Scrutiny Committee deals with all financial transactions of the DBF except for the:

- approval of the annual report and accounts;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure.
- Major capital expenditure
- Staff remuneration

The Human Resources Committee oversees matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of everyone concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the

Chester Diocesan Board of Finance
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Trustees Report

Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in December 2021. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each Diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day-to-day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

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The Chester archidiaconal committee agreed proposals for the exercise of the patron's right of presentation to the benefice of St Andrew, West Kirby. The archidiaconal committees agreed proposals for the suspension (or resuspension) of the patron's right of presentation to the benefices of St Berteline and St Christopher Norton, Barnton Christ Church, Holy Trinity Northwich, St Luke Northwich, Birkenhead Christ Church, Liscard the Resurrection and Antrobus.

The archidiaconal committees agreed proposals that the suspension of the patron's right of presentation to the benefices of Newton with Flowery Field, Baddiley and Wrenbury with Burleydam, and Offerton St Alban should be allowed to lapse.

The archidiaconal committees also discussed various matters including approaches to pastoral reorganisation, the Wirral Waters development, the diocesan vision process, and a report from the Director of Outreach, together with proposals for pastoral reorganisations.

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

Discussions regarding Christ Church, Crewe continue with Cheshire East Council about possible uses and as part of the Crew Town Centre Regeneration Programme.

Discussions continued on the future of St Johns Godley, and St Pauls Boughton. The sale of St John Altrincham is progressing. Planning permission prior to sale was due to be submitted after the year end for St Luke Dukinfield. All Saints Balterley was closed and due to be sold in 2023.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.1m at 31 December 2022 (£6.4m at 31 December 2021). Most of these trusts are held on behalf of Parishes whose charitable

Chester Diocesan Board of Finance
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purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

Unrestricted funds

For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. To

Chester Diocesan Board of Finance
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cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves.

Free unrestricted reserves (excluding fixed assets) represent approximately 3 months expenditure (£3.4m). Taking account of the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is adequate to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes, particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds

The DBF's restricted funds totalling £9.0m (2021 £9.3m) are shown in note 20, together with an explanation of the purpose of those funds. The restatement of the prior year balance is as a result of the effect of changes in accounting policies on the Pastoral Account. The Board uses the pastoral account mainly to reinvest funds it receives from the sale of surplus parsonage houses for the improvement of other parsonage houses. Where not required for this purpose, it can be used to meet the DBF's wider objects.

Endowment funds

Following a change in accounting policy, benefice property is now included on the balance sheet as an expendable endowment fund. The DBF's endowment funds totalling £125m (2021 £126m) are shown in note 19 together with an explanation of the purpose of those funds. The majority of the loss in the year is due to a fall in investment valuations over the year. The major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Related party

Chester Diocesan Board of Education acts as the education authority for the

Chester Diocesan Board of Finance
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Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity. Staff working for Chester Diocesan Board of Education are employed on joint contracts of employment and are processed through the DBF's payroll, with costs recharged.

Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to several key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop's Council – the board of trustees - is clear about the DBF's purpose – "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester" and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the Diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day-to-day decision making within that direction to senior employees. The board retains responsibility for, and oversight of those decisions.

Board effectiveness – because of the requirement of adequate representation of the various parts of the Diocese, the board of trustees is somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

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Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Openness and accountability – the trustees and senior staff seek to foster open relationships, particularly with the parishes and clergy of the Diocese.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as they are aware, there is no information needed by the charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- The directors of the charity have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements the Trustees are required to:

Chester Diocesan Board of Finance
Year ended 31 December 2022
Trustees Report

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report, incorporating the strategic report, was approved by the Board on 7 September 2023 and signed by order of the Board.

M.R. Gilbertson

Ven Dr M R Gilbertson
Archdeacon of Chester

Independent Auditors Report to the Members of the Chester Diocesan Board of Finance

Opinion

We have audited the financial statements of the Chester Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Chester Diocesan Board of Finance
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Independent Auditor's Report

statements are authorised for issue.

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health

Chester Diocesan Board of Finance
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Independent Auditor's Report

and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

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

Chester Diocesan Board of Finance
Year ended 31 December 2022
Independent 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.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of
Haysmacintyre LLP,
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

18 September 2023

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2022

Income and Expenditure

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from						
Parochial contributions		11,290	-	-	11,290	10,797
Grants and other donations	3	175	1,336	-	1,511	2,239
Investment income	4	79	345	-	424	344
Rental income		237	126	-	363	359
Income from charitable activities						
Statutory clergy fees		-	679	-	679	710
Retreat and Conference Centre		198	-	-	198	75
Other income from operating activities		50	53	-	103	70
Total		<u>12,029</u>	<u>2,539</u>	<u>-</u>	<u>14,568</u>	<u>14,594</u>
Expenditure on raising funds						
Generating voluntary income		20	-	-	20	18
Investment and Rental costs		26	53	-	79	108
Charitable Activities						
National church responsibility		363	-	-	363	407
Parochial clergy and archdeacons		9,273	1,368	-	10,641	10,457
Parsonage improvements		-	524	-	524	500
Support to clergy and parishes		2,013	956	-	2,969	2,332
Retreat and Conference Centre		428	-	-	428	300
CEFPS deficit recovery plan	24	(123)	-	-	(123)	(68)
Total	6	<u>12,000</u>	<u>2,901</u>	<u>-</u>	<u>14,901</u>	<u>14,054</u>
Net income/(expenditure) before investment gains/(losses)		<u>29</u>	<u>(362)</u>	<u>-</u>	<u>(333)</u>	<u>540</u>
Net (losses)/gains on investments	14	(85)	(483)	(887)	(1,455)	1,633
Net (expenditure)/income		<u>(56)</u>	<u>(845)</u>	<u>(887)</u>	<u>(1,788)</u>	<u>2,173</u>
Transfers between funds	22	77	408	(485)	-	-
Other recognised gains/(losses)						
Gains on revaluation of fixed assets	13	204	74	6,665	6,943	12,108
Net movement in funds		<u>225</u>	<u>(363)</u>	<u>5,293</u>	<u>5,155</u>	<u>14,281</u>
Reconciliation of funds:						
Total funds brought forward		10,927	9,363	125,813	146,103	131,822
Total funds carried forward		<u>11,152</u>	<u>9,000</u>	<u>131,106</u>	<u>151,258</u>	<u>146,103</u>

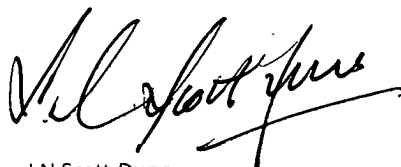
The notes on pages 38 to 58 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	13	132,611	126,334
Investments	14	11,671	13,101
		<u>144,282</u>	<u>139,435</u>
Current assets			
Debtors	15	1,525	1,153
Cash at bank on deposit and in hand	16	7,321	6,552
		<u>8,846</u>	<u>7,705</u>
Creditors: amounts falling due within one year	17	(1,787)	(954)
Net current assets		<u>7,059</u>	<u>6,751</u>
Total assets less current liabilities		151,341	146,186
Creditors: amounts falling due after more than one year	18	(83)	(83)
Total net assets		<u>151,258</u>	<u>146,103</u>
Endowment funds	19	131,106	125,813
Restricted income funds	20	9,000	9,363
Unrestricted funds		11,152	10,927
Total charity funds		<u>151,258</u>	<u>146,103</u>

The notes on pages 38 to 58 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 7 September 2023 and signed on its behalf by



I N Scott-Dunn
Chairman



Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2022

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Note	2022 £'000	2021 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(1,788)	2,173
Losses/(Gains) on investments	14	1,455	(1,633)
Dividends, interest and royalties from investments		(424)	(344)
Decrease/(Increase) in debtors		(372)	(515)
Increase/(Decrease) in creditors		833	(488)
Net cash (used in) operating activities		(296)	(807)

Statement of Cash Flows

	2022 £'000	2021 £'000
Net cash (used in) operating activities	(296)	(807)

Cashflows from investing activities

Dividends, interest and royalties from investments	424	344
Payments to acquire fixed assets	(1,633)	-
Payments to acquire investments	(25)	(24)
Receipts from disposal of tangible fixed assets	2,299	2,861
	<u>1,065</u>	<u>3,181</u>

Increase in cash in the year	<u>769</u>	<u>2,374</u>
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Reconciliation of net cash flow to movement in cash and cash equivalents

	2022 £'000	2021 £'000
Increase in cash in the year	769	2,374
Cash and cash equivalents at the beginning of the reporting period	<u>6,552</u>	<u>4,178</u>
Cash and cash equivalents at the end of the reporting period	<u>7,321</u>	<u>6,552</u>

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception that tangible fixed assets are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All income is included in the Statement of Financial Activities (SoFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment from parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2011 census. Parish share is accounted for in the period to which it relates. Provisions are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF. Also other ad-hoc items of income that do not fall into the other income categories.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were signed. Having performed the assessment, the Trustees conclude that Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Chester DBF is heavily supported by Parish Share contributions, and collection rates have held up well during and after the pandemic. In extreme conditions, the DBF has reasonable reserves, could apply the Capital Reserve Stipends Fund to payment of stipends, and a number of properties could potentially be mortgaged.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Allocation of support costs

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. For example, a donation to the Outreach Department would be added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 20.

Endowment Funds

Some of these funds are investments held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant restricted fund. In addition, benefice property, that is, vicarages used to house parish clergy, are also included at fair value in endowment funds. The Board's endowment funds are shown in note 19.

Fixed Assets

Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Fixed assets are valued on a rolling five year basis.

Glebe property

Diocesan Glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. It comprises a small number of houses the majority of which are occupied by clergy, together with a range of agricultural and other holdings. These are mainly historical in nature, for example a field adjacent to a vicarage. Any income generated by Glebe property is restricted for the payment of stipends.

Parsonages

Parsonages for the housing of parish clergy are included in fixed assets at fair value. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent's official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust, so they form part of the DBF's restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included in the same expendable endowment fund.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Depreciation

Depreciation is not provided on buildings as any provision would not be material due to the long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Investment property

Property is held by the DBF for long term charitable use, or to protect another charitable asset. As a result, the DBF does not hold any investment property.

Fixtures and Fittings

The cost of replacing fixtures, fittings, computers and other office equipment is generally immaterial. As a result, such items are not capitalised and are written off in the year of purchase.

Investments

Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SOFA as net gains/(losses) on investments.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

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

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes

The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

The Board entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions were discounted and resulted in a liability being reflected in the balance sheet. The interest cost of the debt was reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability. No further deficit contribution payments are required beyond 31 December 2023, so the liability at the balance sheet date is nil.

Further detail is provided in notes 24 and 25.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property – freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) – provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.
- Other - there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in these areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2022	2021
	£'000	£'000
Statutory audit	33	29
Additional costs relating to 2021 audit	7	-
	40	29

3. Grants and other donations

	2022	2021
	£'000	£'000
Church Commissioners' sustainability funding	-	500
Donations to Foxhill Conference Centre	2	3
Grant from Benefact Trust	172	169
Ministry Hardship grant	87	-
Archbishops Council Energy support grants	299	-
Archbishops Council Capacity Funding for Vision process	49	-
Grant to Clergy Sustentation Fund	-	5
Archbishops Council Grant towards the cost of Past Cases Review 2	30	-
Church Commissioners recharge (Suffragan Bishops personal assistants)	-	65
Donations to Outreach department	26	1
Church Commissioners Resourcing Ministerial Education block grant	295	301
Diocesan Stipends Fund (housing allowances and Emmanuel theological College)	184	172
Chester Diocesan Board of Education recharge	367	347
Harrison legacy	-	676
	1,511	2,239

4. Investment Income

	2022	2021
	£'000	£'000
Investment and fixed interest funds	365	336
CBF deposits and bank interest	52	2
Other income including interest on loans to parishes	7	6
	424	344

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2022 100% £'000
Church House	1	15	55	2	73
Central services	3	27	102	4	136
Central staff	12	120	448	18	598
Legal, financial	2	24	104	4	134
Governance	1	14	53	2	70
	19	200	762	30	1,011

Prior year comparative

	Generating voluntary income 2% £'000	Parochial clergy and Archdeacons 20% £'000	Support to clergy and parishes 75% £'000	Retreat and Conference Centre 3.0% £'000	Total 2021 100% £'000
Church house	1	12	45	2	60
Central services	3	27	99	4	133
Central staff	11	108	407	16	542
Legal, financial	2	20	87	3	112
Governance	1	17	67	3	88
	18	184	705	28	935

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

6. Expenditure	Note	Total 2022 £'000	Total 2021 £'000
Generating voluntary income			
Central Services & support costs		20	18
Investment and rental costs			
Rental costs		73	102
Value linked loan interest paid		6	6
		79	108
Charitable Activities			
National church responsibility		363	407
Parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		8,016	8,090
Maintenance of clergy housing		1,429	1,173
National ministry training and ordinands grants		996	1,010
Central Services & support costs		200	184
		10,641	10,457
Parsonage improvements		524	500
Support to clergy and parishes			
Ministry		347	385
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		244	276
Education		367	342
Outreach		310	388
Safeguarding		301	108
Vision & strategy		49	-
Discretionary and one off items (EIG)		4	13
Clergy/Lay conferences		99	13
Grants to parishes, clergy and others	7	462	102
Change in value of Harrison Legacy receivable		24	-
Central Services & support costs		762	705
		2,969	2,332
Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		398	272
Central Services & support costs		30	28
		428	300
Change in Church of England Funded Pension Scheme (CEFPS) agreed deficit recovery plan	26	(123)	(68)
		14,901	14,054

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

7. Grants to parishes, clergy and others	2022	2021
	£'000	£'000
Grants to parishes		
Post lockdown reopening grants	-	-
Bp Birkenhead legacy	14	23
Pastoral account grants to parishes	55	39
Marton - E J Massey trust	4	4
Birkenhead Priory - clerical or lay assistance	5	5
Thornton Hough - Fryer Legacy income	4	4
Twemlow trust - Balterley	2	-
Energy grants	265	-
	349	75
Grants to Individuals and others		
	No. of grants	
Foxhill grants	34	13
Clergy Sustentation grants	3	1
Retired Clergy, widows and dependents fund grants	16	30
Ministry Hardship grants	38	69
	113	27
Total grants	462	102

8. Staff and Office holder costs and numbers

Staff costs	2022	2021
	£'000	£'000
Wages & salaries	1,769	1,617
Social security costs	174	152
Pension costs	287	249
	2,230	2,018

Average staff numbers based on full time equivalents

	2022	2021
	Number	Number
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5.1	5.0
Support to clergy and parishes	18.5	17.6
Diocesan Retreat and Conference Centre	8.6	5.1
Diocesan administration and central support	9.6	8.6
	42	36.8

The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-

	2022	2021
£70,001 - £80,000	1	1

This employee accrued benefits in the Church of England Defined Benefits Pension Scheme (note 23).

In addition to the above, the charity had the equivalent of 7.1 (2021 6.6) full time employees under joint contracts with Chester Diocesan Board of Education. Their employment costs are borne by the charity and recharged to Chester Diocesan Board of Education (note 12).

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 196 (2021 204) office holders during the year.

	2022	2021
	£'000	£'000
Clergy Stipends	5,450	5,516
Clergy National Insurance	465	457
Clergy Pension Contributions	1,808	2,059
Other clergy payments	310	245
	8,033	8,277

9. Termination payments

Termination payments totalling £98,222 (2021 nil) were made or accrued in the year.

10. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing for some or all of the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester	Revd Andrew Q Greenhough
Ven Ian G Bishop, Archdeacon of Macclesfield	Revd Christopher J P Hobbs
Revd Joshua C Askwith	Revd Dr Robert S Munro
Revd Canon Elaine Chegwin Hall	Revd Richard L Pennystan
Revd George T Crowder	Revd Michael L Ridley
Revd Leslie S Currie	Revd Michael I A Smith
Revd Simon Drew, Chair, House of Clergy	Revd Christina P Upton
Revd Simon R Gales	Revd David A Vestergaard

The Rt Revd Julie A Conalty, Bishop of Birkenhead, was in receipt of a stipend and housing allowance, the stipend funded by the Church Commissioners and the housing allowance funded by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport, was in receipt of a stipend and provided with housing, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners and housing funded by Chester Cathedral

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,955 - £46,525 (2021 £37,670 - £46,180). The stipend, funded by the DBF, paid to Archdeacons was £37,106 (2021 £36,830). The stipend paid to the Dean of Chester was paid £37,765 (2021 £37,670). Other clergy who were Trustees were paid stipends in the range £27,090 - £28,975 (2021 £26,558 - £28,406).

Trustee expenses

A total of £13,365 (2021 £7,672) was reimbursed to 12 (2021 5) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £423,204 (2021 £399,784), together with pension contributions of £90,427 (2021 £74,515). Of these, the highest paid was George Colville, who received £79,663 (2021 £78,101) excluding employers national insurance, together with pension contributions of £27,322 (2021 £19,603). The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

	2022	2021
	£'000	£'000
Contribution re joint employment contracts and other recharges to Chester Diocesan Board of Education	367	347

13. Tangible Fixed Assets

	Freehold Land and Buildings			Total	Total
	Board	Glebe	Parsonages	2022	2021
Cost or Valuation	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	9,255	5,563	111,516	126,334	117,088
Additions	-	-	1,633	1,633	-
Disposals	-	-	(2,299)	(2,299)	(2,861)
Revaluations	278	292	6,373	6,943	12,107
Balance at 31 December	9,533	5,855	117,223	132,611	126,334

The Board's property comprises the office at Daresbury park, the conference centre at Foxhill together with associated buildings, a small number of closed churches, together with a small number of residential properties, some of which are used to house diocesan appointees. Glebe property comprises a small number of residential properties together with a range of mainly agricultural holdings. Any income arising from Glebe property is restricted to the funding of stipends.

All land and buildings are held at valuation. A full desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. At 31 December 2022 and for following years this, property will be revalued on at least a rolling five year basis. For each class of property, the average percentage change in value of revalued properties will be applied to the remaining properties of that class not individually valued that year.

The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

14. Investments	2022	2021
	£'000	£'000
Market Value at 1 January	13,101	11,444
Acquisitions at cost	25	24
Net (losses)/gains on revaluation	(1,455)	1,633
Market Value at 31 December	11,671	13,101

Investments at 31 December comprise

	No of	2022	No of	2021
	shares	Market	shares	Market
		Value		Value
		£'000		£'000
CBF Church of England Investment Fund	534,462	11,034	534,462	12,499
CBF Church of England Fixed Interest Fund	30,414	42	30,414	48
CBF Church of England Property Fund	389,805	501	373,670	544
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		11,587		13,101

15. Debtors

Amounts falling due within one year	2022	2021
	£'000	£'000
Loan to Liverpool DBF	13	6
Other debtors	359	101
Prepayments and accrued income	989	886
Other loans	10	10
	1,371	1,003
Amounts falling due after more than one year		
Loans to parishes	11	-
Loan to Liverpool DBF	60	67
Value linked loans to parishes (note 18)	83	83
	154	150
Total debtors	1,525	1,153

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provided training for the DBF. This activity is now carried out by Emmanuel Theological College.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

16. Cash at bank, on deposit and in hand

	2022	2021
	£'000	£'000
Balances held by Church Commissioners	(5)	(4)
Cash in hand, at bank and on bank deposit	3,834	3,510
Charity Bank Deposit	3	2
CBF Church of England Deposit Fund	3,489	3,044
	7,321	6,552

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

17. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	338	120
Accruals	503	505
Other creditors	946	4
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	-	325
	<u>1,787</u>	<u>954</u>

Creditors are valued at the undiscounted amount payable.

18. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Value linked loans for parishes (note 15)	83	83
	<u>83</u>	<u>83</u>

Creditors are valued at the undiscounted amount payable.

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value linked loan interest is charged at interest rates of 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

19. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2022 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2022 £'000
Diocesan Conference Centre	155	-	(18)	137
Steel & William Fletcher Rogers Fund	95	-	(11)	84
Retired Clergy, Widows and Dependants Fund	3,171	-	(372)	2,799
Clergy Sustentation Fund	201	-	(24)	177
Birkenhead Curacy Fund	191	-	(22)	169
E J Massey	155	-	(18)	137
Twemlow trust	-	-	84	84
Glebe Land & Buildings	5,562	-	293	5,855
Diocesan Stipends Fund Capital Account	4,533	-	(506)	4,027
Benefice property	111,750	-	5,887	117,637
	<u>125,813</u>	<u>-</u>	<u>5,293</u>	<u>131,106</u>

Prior year comparatives:-

	1 January 2021 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2021 £'000
Diocesan Conference Centre	135	-	20	155
Steel & William Fletcher Rogers Fund	83	-	12	95
Retired Clergy, Widows and Dependants Fund	2,773	-	398	3,171
Clergy Sustentation Fund	176	-	25	201
Birkenhead Curacy Fund	167	-	24	191
E J Massey	135	-	20	155
Glebe Land & Buildings	5,328	-	234	5,562
Diocesan Stipends Fund Capital Account	3,773	-	760	4,533
Benefice property	101,512	-	10,238	111,750
	<u>114,082</u>	<u>-</u>	<u>11,731</u>	<u>125,813</u>

Permanent Endowment

Diocesan Conference Centre	Held to produce income for the Foxhill Conference Centre
Steel & William Fletcher Rogers Fund	Making of grants for women and girls in need on the Wirral
Retired Clergy, Widows and Dependants Fund	Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions
Clergy Sustentation Fund	Making of grants to members of the clergy in need of assistance.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
E J Massey	For the maintenance and upkeep of church and churchyard at Marton
Twemlow trust	The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

Expendable endowment

Glebe Land & Buildings	Glebe property, the rental income from which is used for funding stipends
Diocesan Stipends Fund Capital Account	The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.
Benefice property	Benefice houses - vicarages/parsonages, together with any parsonage building funds held for specific benefices.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

20. Restricted Funds

The income funds of the Board of Finance include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:-

	1 January 2022	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2022
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	4,030	-	(472)	3,558
Clergy Sustentation	30	13	(1)	42
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	336	3	-	339
Retired Clergy Widows and Dependants	573	96	(11)	658
Steel & William Fletcher Rogers Fund	36	3	-	39
Twemlow trust	-	2	(2)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,308	67	(108)	3,267
Birkenhead Curacy Fund	7	5	(12)	-
Foxhill Retreat Fund	182	5	(25)	162
RME block grant	142	295	(249)	188
Ministry hardship	-	87	(69)	18
Parish energy grants	-	299	(265)	34
Harrison legacy	676	-	(24)	652
Restricted Committee income*	-	1,664	(1,664)	-
	9,363	2,539	(2,902)	9,000

Prior year comparatives:-

	1 January 2021	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2021
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,522	-	508	4,030
Clergy Sustentation	27	7	(4)	30
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	336	-	-	336
Retired Clergy Widows and Dependants	491	86	(4)	573
Steel & William Fletcher Rogers Fund	34	2	-	36
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	2,550	25	733	3,308
Birkenhead Curacy Fund	7	5	(5)	7
Foxhill Retreat Fund	181	-	1	182
RME block grant	91	301	(250)	142
Harrison legacy	-	676	-	676
Restricted Committee income*	-	1,617	(1,617)	-
	7,282	2,719	(638)	9,363

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2022

Details of the Restricted funds are as follows:

Capital Reserve Stipends	Fund for payment of stipends
Clergy Sustentation	The charity is endowed (see note 20) The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependants	The charity is endowed (see note 20) Making of grants for relief in need of retired clergy, widows, and spouses of the clergy. In certain circumstances meeting clergy pension contributions.
Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20) Making of grants for women and girls in need on the Wirral.
Twemlow trust	The charity is endowed (see note 20). The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.
Parish Mission and Ministry	Funding from Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Diocesan Stipends Income Fund	Applied towards the payment of stipends
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Foxhill Retreat Fund	The fund arose from a donation from the former Chester Retreat House and is to be used to fund Retreats.
Diocesan Pastoral Account	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.
RME Block grant	Archbishops Council grant funding for the training of ordinands.
Harrison legacy	The DBF is due to receive a legacy for the support of children, young people and families in the Diocese of Chester

21. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2022 Total Net Assets £'000	2021 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,436	10	2,705	(83)	7,068	7,128
Designated						
CEFPS deficit recovery plan	-	-	-	-	-	(325)
Office refurbishment	-	501	-	-	501	544
EIG Reserve	-	-	145	-	145	149
Lay Training	-	-	18	-	18	18
Fryer Trust	-	130	-	-	130	147
Bishop of Birkenhead Fund	-	-	-	-	-	14
Diocesan Conference Centre	3,290	-	-	-	3,290	3,252
Total Unrestricted Funds	7,726	641	2,868	(83)	11,152	10,927
Restricted Funds						
Capital Reserve Stipends	-	3,558	-	-	3,558	4,030
Clergy Sustentation	-	-	42	-	42	30
RME block grant	-	-	188	-	188	142
UPA Projects	-	-	14	-	14	14
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	339	-	339	336
Retired Clergy Widows and Dependants	264	-	394	-	658	573
Pastoral Account	1,543	-	1,724	-	3,267	3,308
Parish Mission and Ministry	-	-	27	-	27	27
Birkenhead Curacy Fund	-	-	-	-	-	7
Foxhill Retreat Fund	-	77	85	-	162	182
Steel & William Fletcher Rogers	-	-	39	-	39	36
Ministry Hardship Fund	-	-	18	-	18	-
Parish Energy grants	-	-	34	-	34	-
Harrison Legacy	-	-	652	-	652	676
Total Restricted Funds	1,807	3,635	3,558	-	9,000	9,363
Endowment Funds						
Diocesan Conference Centre	-	137	-	-	137	155
Steel & William Fletcher Rogers	-	83	-	-	83	95
E J Massey	-	137	-	-	137	155
Twemlow trust	-	84	-	-	84	-
Retired Clergy Widows and Dependants	-	2,800	-	-	2,800	3,171
Clergy Sustentation Fund	-	177	-	-	177	201
Glebe Land & Buildings	5,855	-	-	-	5,855	5,562
Birkenhead Curacy Fund	-	169	-	-	169	191
Diocesan Stipends Fund Capital	-	3,808	219	-	4,027	4,533
Benefice property	117,223	-	414	-	117,637	111,750
Total Endowment Funds	123,078	7,395	633	-	131,106	125,813
Total Funds	132,611	11,671	7,059	(83)	151,258	146,103

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Prior year comparatives:-

	Tangible Fixed Assets	Investments	Net Current Assets	Long term Liabilities	2021 Total Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds					
General Funds	4,270	10	2,931	(83)	7,128
Designated					
CEFPS deficit recovery plan	-	-	(325)	-	(325)
Office refurbishment	-	544	-	-	544
EIG Reserve	-	-	149	-	149
Lay Training	-	-	18	-	18
Fryer Trust	-	147	-	-	147
Bishop of Birkenhead Fund	-	-	14	-	14
Diocesan Conference Centre	3,252	-	-	-	3,252
Total Unrestricted Funds	7,522	701	2,787	(83)	10,927
Restricted Funds					
Capital Reserve Stipends	-	4,030	-	-	4,030
Clergy Sustentation	-	-	30	-	30
RME block grant	-	-	142	-	142
UPA Projects	-	-	14	-	14
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	336	-	336
Retired Clergy Widows and Dependants	245	-	328	-	573
Pastoral Account	1,489	-	1,819	-	3,308
Parish Mission and Ministry	-	-	27	-	27
Birkenhead Curacy Fund	-	-	7	-	7
Foxhill Retreat Fund	-	88	94	-	182
Steel & William Fletcher Rogers	-	-	36	-	36
Harrison Legacy	-	-	676	-	676
Total Restricted Funds	1,734	4,118	3,511	-	9,363
Endowment Funds					
Diocesan Conference Centre	-	155	-	-	155
Steel & William Fletcher Rogers	-	95	-	-	95
E J Massey	-	155	-	-	155
Retired Clergy Widows and Dependants	-	3,171	-	-	3,171
Clergy Sustentation Fund	-	201	-	-	201
Glebe Land & Buildings	5,562	-	-	-	5,562
Birkenhead Curacy Fund	-	191	-	-	191
Diocesan Stipends Fund Capital	-	4,314	219	-	4,533
Benefice property	111,516	-	234	-	111,750
Total Endowment Funds	117,078	8,282	453	-	125,813
Total Funds	126,334	13,101	6,751	(83)	146,103

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22. Transfers between funds

Transfers were made to unrestricted funds as follows:-

	2022	2021
	£'000	£'000
To/(from) Restricted funds		
In respect of housing allowances (1)	(70)	(70)
In respect of vicarage construction costs (2)	(300)	-
Pastoral scheme releasing parsonage building fund (3)	234	
In respect of vicarage purchases/sales (4)	550	1,141
Other transfers	(6)	(5)
	<u>408</u>	<u>1,066</u>
To/(from) Endowment funds		
In respect of vicarage construction costs (2)	300	-
Pastoral scheme releasing parsonage building fund (3)	(234)	
In respect of vicarage purchases/sales (4)	(551)	(1,141)
	<u>(485)</u>	<u>(1,141)</u>
Total transfers to unrestricted funds	<u>77</u>	<u>75</u>

(1) A number of housing allowances are paid to clergy living in their own accommodation. These are funded from the pastoral account on the basis that there is no corresponding vicarage to buy and/or maintain.

(2) In 2022 this relates to a payment to a developer. The existing vicarage at Prestbury was demolished, the developer has constructed a new vicarage on part of the site, funded by payment of £300,000 together with transfer of part of the site to the developer.

(3) The parsonage building fund relating to the sale of the former vicarage at Liscard St Thomas was released to the Diocesan Pastoral Account by pastoral scheme.

(4) In 2022, this relates to two properties. The sale proceeds of the former vicarage at Wybunbury were transferred to the Diocesan Pastoral Account as the replacement had already been purchased. Secondly, the surplus on the replacement of the vicarage at Burton was transferred to the Diocesan Pastoral Account.

23. Staff Pensions Schemes

Chester DBF participates in the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has two sections, and Chester DBF participates in both:

1. the Defined Benefits Scheme
2. the Pension Builder scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance scheme known as Pension Builder 2014.

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £107,262, 2021: £127,181), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £107,262 for 2022 (2021: £127,181).

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

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

The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 35.4% of pensionable salary per year.

The movement in the provision is set out below:

	2022 £'000	2021 £'000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	<u>-</u>	<u>-</u>

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	0.00%	0.00%

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £164,875, 2021: £136,894).

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

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

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

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

24. Church of England Funded Pensions Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1,606,271, 2021: £1,697,890), plus the figures in relation to the Scheme's deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,483,271 for 2022 (2021: £1,631,890).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI 2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 202 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 22 is nil. The movement in the balance sheet liability over 2021 and 2022 is set out in the table below.

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	2022	2021
	£'000	£'000
Balance sheet liability at 1 January	325	760
Deficit contribution paid	(202)	(368)
Interest cost (recognised in SoFA)	-	1
Remaining change to the balance sheet liability* (recognised in SoFA)	(123)	(68)
Balance sheet liability at 31 December	<u>-</u>	<u>325</u>

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

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

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

25. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2021
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	10,797	-	-	10,797
Grants and other donations	672	1,567	-	2,239
Investment income	38	306	-	344
Rental income	254	105	-	359
Income from charitable activities				
Statutory clergy fees	-	710	-	710
Diocesan Retreat and Conference Centre	75	-	-	75
Other income from operating activities	39	21	-	60
Parsonage and redundant church sales/transfers	-	10	-	10
Total Income	11,875	2,719	-	14,594
Expenditure on raising funds				
Cost of generating voluntary income	18	-	-	18
Investment and Rental costs	25	83	-	108
Charitable Activities				
National church responsibility	407	-	-	407
Funding of parochial clergy and archdeacons	9,111	1,346	-	10,457
Parsonage purchases and major improvements	-	500	-	500
Support to clergy and parishes	1,823	509	-	2,332
Diocesan Retreat and Conference Centre	300	-	-	300
Change in CEFPS deficit recovery plan	(68)	-	-	(68)
Total Expenditure	11,616	2,438	-	14,054
Net income/(expenditure) before investment gains/(losses)	259	281	-	540
Net gains/(losses) on investments	84	508	1,041	1,633
Net income	343	789	1,041	2,173
Transfers between funds	75	1,066	(1,141)	-
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	51	226	11,831	12,108
Net movement in funds	469	2,081	11,731	14,281
Reconciliation of funds:				
Total funds brought forward	10,458	7,282	114,082	131,822
Total funds carried forward	10,927	9,363	125,813	146,103