

# Chester Diocesan Board of Finance

Annual Report and Financial Statements 2021

Company limited by guarantee registered in England (no 7826)

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, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

**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  
2021

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 Keith Sinclair	Bishop of Birkenhead until 8 <sup>th</sup> March 2021
Rt Revd Julie A Conalty	Bishop of Birkenhead from 28 <sup>th</sup> September 2021
Rt Revd Samuel J C Corley	Bishop of Stockport from 28 <sup>th</sup> September 2021
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Ian G Bishop	Archdeacon of Macclesfield
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Canon Dr John P Mason	Chairman, House of Laity
Revd Dr Robert S Munro	Chairman, House of Clergy
Revd David T Brewster until 2 December 2021	
Revd Christine J Broad until 2 December 2021	
Revd Canon Elaine Chegwin Hall	
Revd Simon Drew	
Revd Canon David R Felix until 31 July 2021	
Revd Andrew Quentin Greenhough	
Revd Dr Mark Hart until 2 December 2021	
Revd Dr David J Page until 2 December 2021	
Revd Christopher J P Hobbs until 2 December 2021	
Revd Michael L Ridley	
Revd Michael I A Smith	
Revd Christina P Upton	
Revd Joshua C Askwith from 2 December 2021	
Revd George T Crowder from 2 December 2021	
Revd Simon R Gales from 2 December 2021	
Revd Richard L Pennystan from 2 December 2021	
Revd David A Vestergaard from 2 December 2021	
Canon Elizabeth Renshaw MBE until 2 December 2021	
Dr J Graham Campbell	
Dr Alan Downen	
Mr John J C Freeman	
Miss Fiona Goode until 2 December 2021	
Mrs Esme A Hammer	
Mr David G Lowcock	
Mr John R Scrivener until 2 December 2021	
Ms Julie H Withers	
Dr Peter J Marshall from 2 December 2021	
Mr Peter S Ball-Foster from 2 December 2021	
Dr Christine E Wetherell from 2 December 2021	
John S Haslam from 2 December 2021	

## Key Management Personnel

Mr George Colville	Diocesan Secretary
Mrs Liz Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Simon Chesters	Director of Ministry from 13 <sup>th</sup> September 2021
Revd Canon Dr Christopher Burkett	Director of Ministry until 31 <sup>st</sup> July 2021
Ms Pauline Butterfield	Diocesan Safeguarding Adviser
Mr James Butterworth	Director of Communications
Revd Peter Froggatt	Director of Outreach from 18 <sup>th</sup> January 2021
Mr Nigel Strange	Head of Finance

## **Chairman's Statement**

I am pleased to present the Chairman's Statement for Chester Diocesan Board of Finance for its 150<sup>th</sup> year. 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, through collecting contributions from the parishes, paying and housing the clergy, and through providing a number of additional services.

2021 saw the continuation of a period of change on many fronts. Along with society generally, the diocese started to emerge from the sequence of lockdowns and restrictions that characterised the pandemic. Other uncertainties are now arising, not least, issues around the cost of living, which affects clergy, parishes and parishioners alike.

Bishop Keith Sinclair retired as Bishop of Birkenhead in March 2021, a post he had occupied since 2007. Before retirement, he was also acting Bishop of Chester, until the appointment of Bishop Mark Tanner. The parishes and staff of the diocese are grateful for his huge contribution over that time.

Following the announcement that Mark Tanner would become the new Bishop of Chester and the commencement of his public ministry in 2020, he was enthroned at Chester Cathedral in June 2021. This paved the way for the appointment of two new suffragan bishops.

Julie Conalty became Bishop of Birkenhead, having previously been Archdeacon of Tonbridge and the Bishop of Rochester's Lead for Safeguarding.

Sam Corley became the Bishop of Stockport, having previously been Rector of the parish of Leeds City.

Together, they complete the team of three new bishops for the Diocese and we look forward to working with them in God's work.

Over the period of lockdown restrictions, we were inevitably forced online and into the homes of members of staff. A partial return to normal office working has resumed, and possible hybrid working is being considered.

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 numbers in the accounts look quite different this year. This is due mainly to a change in accounting policy, whereby the value of benefice property, that is, vicarages that house parish clergy, is now shown on the balance sheet of the DBF. This brings Chester into line with the accounting policy adopted in other dioceses.

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The DBF's day to day financial performance showed a smaller deficit than anticipated for the year, for reasons including continuing healthier than anticipated parish share collection, for which we are very grateful to parishes who have been able to support our mission in this way.

The economic effect of the coronavirus pandemic and more recently, the cost of living crisis, on the DBF, parishes and the UK economy more widely, means that plans for the future will be continuously kept under review.

Investments showed continued gains, though these have moderated since the year end. 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. In addition, the increase in cash holdings over the year is the result of the sale of a small number of former vicarages without a corresponding purchase of new vicarages.

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
- **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.

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**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 227 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 46 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 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 including at Wallasey St Hilary. Some of the improvement work has been

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funded by a grant received from Benefact Trust (formerly Allchurches Trust), the owner of Ecclesiastical Insurance.

Former vicarages at Holmes Chapel, Wallasey St Nicholas, Wistaston (Crewe) and Congleton St Peter were sold during the year.

The existing vicarage at Prestbury was demolished, in preparation for the construction of replacement vicarage together with another property to be sold by 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.

Keith Sinclair, Bishop of Birkenhead, retired in March 2021 a post he had occupied since 2007. Latterly, he was acting Bishop of Chester until the appointment of Mark Tanner.

Following the announcement that Mark Tanner would become the new Bishop of Chester and the commencement of his public ministry in 2020, he was enthroned at Chester Cathedral in June 2021. The diocese welcomed two new suffragan bishops who were installed at the Cathedral in September. Julie Conalty became Bishop of Birkenhead, and Sam Corley, became Bishop of Stockport.

### **Archdeacons**

Archdeacons have the role of pastoral care of the clergy and oversight of church buildings and vicarages. There are two in Chester Diocese: The Ven Dr Michael Gilbertson, Archdeacon of Chester, and the Ven Ian Bishop, Archdeacon of Macclesfield. With the arrival of new bishops and the upheaval of the last few years, they have been pivotal to the functioning of the diocese.

## **Assisting Parochial Church Councils**

The DBF has continued to provide support to parishes in care and development of their church buildings. Much of this support has been online during the pandemic; as restrictions have been lifted, this support has returned to being more face to face.

Support has continued to be given to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee.

## **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

Outdoor Connections, led by Caring for God's Acre, helped 25 parishes to make the most of their churchyards, socially and ecologically.

Support continues to be provided to individual clergy, clergy chapters, and parishes. We have developed 'Cultivating Church' – an introduction to becoming more intentional in mission and church life generally. Churches have been encouraged and assisted to use programmes including "Leading your Church into Growth" and "Jesus Shaped People" as ways of becoming more intentional in evangelism and in discipleship.

Support has been provided to parishes about Christian giving, Gift Aid, digital giving, legacies and setting up Friends' Schemes.

Work of the Disability Forum continued. A series of webinars helped churches respond to the needs of people with disabilities. Disability audits resumed as parishes reopened and people looked with fresh eyes at their facilities.

Work of the Diocesan Counselling Service continued, returning to more in-person counselling as restrictions were lifted. The increased pressures of the pandemic mean that services are in high demand.

The Mental Health Forum focussed on recovery from the pandemic and ran a day conference in October, with keynote speakers the Revd Dr Carla Grosch-Miller and the Revd Lesley Currie.

Support has been given to those who minister with children and young people in parishes, including in conjunction with the Living in Love and Faith process. Training included ministering with children and young people with autism, making the most of school assemblies, and mental health first aid and recruiting leaders.

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### **Using Buildings for Mission**

The DBF continued to assist parishes with developing and improving their church buildings, halls and grounds, funded by grants from Historic England, and more recently, Benefact Trust (formerly Allchurches Trust), the owners of Ecclesiastical Insurance. Areas of support included developing a Godly vision for the church building, project development and fundraising.

At the end of the year, Emily Allen left her role as Buildings Adviser. She had worked in the diocese for seven years and her expertise, thoroughness and commitment to mission in local churches were greatly and widely appreciated. Through 2021 she helped churches access grants from a variety of funders, over £230,000 in total; she provided advice on project management; and formed and sustained the Cafes in Churches and the Houses of Prayer Groups. In this, and much more, she made sure that churches saw their buildings through a missional lens. We hold this principle in mind as we look for someone to continue the excellent work that she has done.

## **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 July 2021 11 deacons and 21 priests were ordained. In October 9 Readers, one Pastoral Worker and two lay pioneer ministers were licensed. Numbers in training and exploring calling remain encouraging.

Emmanuel Theological College started, superseding the previous regional training partners, All Saints Centre for Mission and Ministry, and St Mellitus Northwest. A significant number of ordinands train with Emmanuel, 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.

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Support for lay and ordained ministers continues. Continuing Ministerial Development and Ministerial Development Review, online for much of the pandemic, are returning to more face-to-face working. Working across departments continues, on such projects as Everyday Faith.

## **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 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 the centre of prayer, discipleship and mission for the Diocese of Chester.

As 2021 started, the conference centre remained closed. During the closure, some of the staff were furloughed.

It was agreed that more discussion was needed about the process of reopening. Also, there were wider and longer-term questions concerning the way that Foxhill fits into the mission of the Diocese. As part of this, there were a number of staff changes, with a small number accepting voluntary redundancy.

A working group prepared looked at both issues. It agreed that the conference centre should continue to be a place of prayer and should aim to support the church communities and ministers of the diocese in growing Christian disciples. Particular attention should be given to working with children and young people and those who have not easily accessed Foxhill in the past.

## **Safeguarding**

Safeguarding advice and expertise continued to be a vital element of support offered to parishes.

The independent report "A Betrayal of Trust", into the Church's handling of the allegations concerning the late Hubert Victor Whitsey, former Bishop of Chester was republished following the resolution of a legal issue. The review was carried out by His Hon David Pearl and independent safeguarding consultant Kate Wood.

Following a review in 2018 of the first Church of England Past Cases Review, a second

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review has been taking place in all the Dioceses. In Chester, most of the work, undertaken by two independent reviewers, both former senior police officers, was completed during the year. Since the year end, review work completed in Chester Diocese has been submitted to the national church, and the resulting report is expected to be published during 2022.

Following a review of safeguarding provision in the Diocese, it was concluded that the safeguarding staff needed to be expanded, to cope with the growing workload. An additional Assistant Diocesan Safeguarding Adviser has since been appointed.

## **Coronavirus (COVID-19)**

Restrictions remained in place for much of 2021. Parish churches were allowed to reopen to a limited extent, with restrictions on numbers and what activities could take place. The DBF assisted in ensuring that parishes had access to guidance from both the government and the national church. There was also a limited return to working at Church House, Daresbury. A full lifting of restrictions was not in place until after the end of the year.

## **Financial Review**

### **Changes to accounting policies**

Following a change of auditor and subsequent review of accounting policies, several policies have been changed, and the comparative figures quoted below are restated to take account of those changes.

The accounting policies changed are as follows: -

### **Accounting treatment of Parsonages**

Following a change of auditor and a review of accounting policies, the directors have included benefice property, that is parsonages for the housing of parish clergy, in fixed assets at fair value, where previously they were not. 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 the 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 other 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,



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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 within the same expendable endowment fund.

### **Depreciation**

Depreciation is no longer 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.

### **Diocesan office at Daresbury Park**

For consistency, the Diocesan office at Daresbury Park is now held in the balance sheet at valuation, as with all other property. It was previously held at cost less accumulated depreciation.

### **Results for the year**

Net income after investment gains amounted to £1,497k (2020 net expenditure after investment gains £280k restated). Investments continued to gain in value, £1,633k (2020 £482k), though these have since fallen back a little in 2022. Benefice properties continued to rise in value, accounting for the majority of the gain on fixed assets, £12,108k (2020 £7,771k restated).

Contributions received from parishes stabilised as the Diocese emerged from the pandemic, £10.8m (2020 £10.8m), though this remains below pre-pandemic levels. The parish share collection rate remained at approximately 90%.

There were several sales of former parsonage houses during the year, which accounts for the majority of the rise in cash over 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.

The result for the year was also supported by a sustainability funding from the church commissioners of £500k. In addition to this, the DBF received a grant from Benefact Trust (formerly Allchurches Trust), which has been applied to preparations for the 2022 Clergy Conference, continued support to parishes in respect of using church buildings for mission, and the provision of improved clergy housing.

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The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, amounting to £10.4m (2020 £10.2m).

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 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. The exercise has indicated significant gains in values during the year.

The return on holdings in the CBF Church of England Investment Fund was a 14.4% gain in capital value together with a 2.9% income return. The return on invested cash rose marginally from 0.15% at the start of the year to 0.2% at the end, though it has risen further since.

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.

A plan is in place to fund the deficit on the Church of England Funded Pensions Scheme for stipendiary clergy. The balance outstanding on this plan is due to clear during 2022.

## **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.

In more normal times, the basis of this approach would include budgets and forecasts for the following year. This year, as economies and organisations adapt to the effect of the coronavirus pandemic, this has been supplemented by reviewing other potential sources of funds.

## **2022 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: -

- changes in senior staff – the team of three new bishops is now complete, and they are now setting direction for the future
- continuing to cooperate with the Church of England National Safeguarding Team
- absorbing the cost of additional curates to maintain the supply of future clergy.
- operating in the context of the emerging cost of living crisis and also the economic, social and spiritual consequences of the coronavirus pandemic.

While the DBF faces challenges, it is 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 the impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained, Diocese of Chester Safeguarding Commission overseeing work.
- The impact of the ongoing societal upheaval. As the COVID-19 pandemic recedes in the UK, the cost of living and other economic issues is replacing it as a source 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.

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- 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 now 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.

Additionally, there remains 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. Arrears of parish share are reviewed monthly, and in some senses these reviews fulfil a similar role to monthly management accounts in more commercial enterprises. 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, parish share collection rates continue to be healthy, so this is not an immediate concern.

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. PCC's are independent charities, though all but the largest are currently exempted 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 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.

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**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 three times during 2021, remotely in March and June, and at Chester Cathedral in 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 2020 and the approval of the 2021 budget. In June, Diocesan Synod received an update on “Living in love and Faith”, a process of discernment and decision-making on questions of identity, sexuality, relationships and marriage. In November, the new suffragan bishops Julie Conalty and Sam Corley were introduced. Elections to Diocesan Synod also took place during the year.

**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.

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**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 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 around 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 236 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 400 licensed. The role of self-supporting ministers is increasing, with over 80 in post at present.

Roughly speaking, the Archdeaconry of Macclesfield covers that part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester 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. Both work from Church House, Daresbury.

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.

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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 activity during the year.

As a registered charity, the DBF is not liable for 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) within 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;



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- to advise the President on any matters which he may refer to Bishop's Council;
- 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 and the Staffing Review Committee oversee 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 all 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 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

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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).

The archidiaconal committees agreed proposals for the suspension (or resuspension) of the patron's right of presentation to the benefices of Dunham Massey St Margaret and St Mark, Over Tabley, St Paul Macclesfield, Crewe All Saints and St Paul with St Peter, Barthomley, Barnton Christ Church, Bickley, Leasowe St Chad, Backford and Capenhurst, St Thomas Liscard, Moulton St Stephen, Great Saughall, St Paul with St Luke Tranmere, Christ church Latchford

The archidiaconal committees agreed proposals that the suspension of the patron's right of presentation to the benefices of Stalybridge St Paul, Partington

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and Carrington, Bredbury St Barnabas, and Gee Cross Holy Trinity should be allowed to lapse.

The Chester Archidiaconal Mission and Pastoral Committee discussed "Everyday Faith". A draft Pastoral Scheme for the benefices of St Paul with St Luke, Tranmere; Christ Church Higher Bebington; St Peter Rock Ferry; and St. Catherine Tranmere was published by the Church Commissioners. The committee agreed that the office of Priest-in-Charge of Christ Church Latchford; and St. James Latchford, should be an interim post.

The Macclesfield Archidiaconal Mission and Pastoral Committee had discussions on a number of possible pastoral reorganisations.

Both Archidiaconal Mission and Pastoral Committees discussed "Everyday Faith" a series of reflections, prayers and stories to help people find and follow God in everyday life

#### **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.

Christ Church, Crewe. The unlisted portion of the original church closed in 2014. Discussions are ongoing with Cheshire East with regards to possible uses and as part of a proposed wider redevelopment of the surrounding area. The building remains closed.

Discussions continued on the future of Christ Church Crewe, St John Altrincham, St Luke Dukinfield, St Johns Godley, and St Pauls Boughton. The former church site at St Luke, Winnington was sold with planning permission during the year.

The Dioceses of Manchester and Chester, Historic England and the Church Commissioners continue to work together on the "Find a use Manchester" project which aims to find future uses for redundant historic churches in the two dioceses.

#### **Custodian Trusteeship**

The Board is Custodian Trustee for trust assets with a market value of approximately £6.4m at 31 December 2021 (£5.9m at 31 December 2020). Most of these trusts are held on behalf of Parishes whose charitable 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

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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.

The Board also has a deposit with Charity Bank in support of the work it does in making available loans to churches and other charities in the Diocese.

### **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. The major factors considered are the foreseeable decline in the number of stipendiary clergy available to the Diocese, the increased cost of the stipend, national insurance and pension contributions associated with employing even that reducing number. In order to cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves.

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Free unrestricted reserves (excluding fixed assets) represent approximately 3 months expenditure (£3.6m). 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 £8.7m (2020 £7.3m restated) 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 £126m (2020 £114m restated) are shown in note 19 together with an explanation of the purpose of those funds. The gain in the year is due to a rise in benefice and glebe property values of £8.7m together with a gain of £360k in the capital value of investments. 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 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

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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, with results of job evaluation reviewed by the Staffing Review Committee, a subcommittee of Bishops Council. Where key management personnel are clergy, they are paid a stipend and housed within guidelines set nationally by 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.

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.

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## **Auditors**

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

- So far as we 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
- As the directors of the Charity we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BDO LLP resigned as auditors towards the end of 2020. Following a selection exercise, haysmacintyre were proposed and appointed at the Annual General Meeting.

## **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:

- 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

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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 8 September 2022 and signed by order of the Board.

*M. R Gilbertson*

[M. R Gilbertson \(Sep 8, 2022 17:57 GMT+1\)](#)

**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 2021 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 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the trustees with respect to going

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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 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).

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

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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 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

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



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

Date: 8 September 2022

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Year ended 31 December 2021  
Independent Auditor's Report**

**Chester Diocesan Board of Finance**  
**Statement of Financial Activities for the year ended 31 December 2021**

<b>Income and Expenditure</b>	<b>Note</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>	<b>Total 2021 £'000</b>	<b>Restated Total 2020 £'000</b>
<b>Income and endowments from</b>						
Parochial contributions		10,797	-	-	10,797	10,775
Grants and other donations	3	672	1,567	-	2,239	1,102
Investment income	4	38	306	-	344	369
Rental income		254	105	-	359	378
<b>Income from charitable activities</b>						
Statutory clergy fees		-	710	-	710	612
Diocesan Retreat and Conference Centre		75	-	-	75	34
Other income from operating activities		39	21	-	60	131
Parsonage and redundant church sales/transfers		-	10	-	10	3
<b>Total</b>		<u>11,875</u>	<u>2,719</u>	<u>-</u>	<u>14,594</u>	<u>13,404</u>
<b>Expenditure on raising funds</b>						
Cost of generating voluntary income		18	-	-	18	18
Investment and Rental costs		25	83	-	108	76
<b>Charitable Activities</b>						
National church responsibility		407	-	-	407	437
Funding of parochial clergy and archdeacons		9,111	1,346	-	10,457	10,181
Parsonage purchases, improvements and transfers		-	500	-	500	339
Support to clergy and parishes		1,823	509	-	2,332	2,746
Diocesan Retreat and Conference Centre		300	-	-	300	325
Change in CEFPS deficit recovery plan	24	(68)	-	-	(68)	44
<b>Total</b>	6	<u>11,616</u>	<u>2,438</u>	<u>-</u>	<u>14,054</u>	<u>14,166</u>
Net income/(expenditure) before investment gains/(losses)		<u>259</u>	<u>281</u>	<u>-</u>	<u>540</u>	<u>(762)</u>
Net gains on investments	14	84	508	1,041	1,633	482
<b>Net income/(expenditure)</b>		<u>343</u>	<u>789</u>	<u>1,041</u>	<u>2,173</u>	<u>(280)</u>
<b>Transfers between funds</b>	22	75	1,066	(1,141)	-	-
<b>Other recognised gains/(losses)</b>						
Gains/(losses) on revaluation of fixed assets	13	51	226	11,831	12,108	7,771
<b>Net movement in funds</b>		<u>469</u>	<u>2,081</u>	<u>11,731</u>	<u>14,281</u>	<u>7,491</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		<u>10,458</u>	<u>7,282</u>	<u>114,082</u>	<u>131,822</u>	<u>124,331</u>
Total funds carried forward		<u>10,927</u>	<u>9,363</u>	<u>125,813</u>	<u>146,103</u>	<u>131,822</u>

The notes on pages 38 to 55 form part of these financial statements. All activities are continuing.

**Chester Diocesan Board of Finance**  
**Balance sheet as at 31 December 2021**

	Note	2021 £'000	Restated 2020 £'000
<b>Fixed assets</b>			
Tangible assets	13	126,334	117,088
Investments	14	13,101	11,444
		<u>139,435</u>	<u>128,532</u>
<b>Current assets</b>			
Debtors	15	1,153	638
Cash at bank on deposit and in hand	16	6,552	4,178
		<u>7,705</u>	<u>4,816</u>
Creditors: amounts falling due within one year	17	(954)	(1,047)
<b>Net current assets</b>		<u>6,751</u>	<u>3,769</u>
<b>Total assets less current liabilities</b>		<b>146,186</b>	<b>132,301</b>
Creditors: amounts falling due after more than one year	18	(83)	(479)
<b>Total net assets</b>		<u>146,103</u>	<u>131,822</u>
Endowment funds	19	125,813	114,082
Restricted income funds	20	9,363	7,282
Unrestricted funds		10,927	10,458
<b>Total charity funds</b>		<u>146,103</u>	<u>131,822</u>

The notes on pages 38 to 55 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 8th September 2022 and signed on its behalf by

*Ian N Scott-Dunn*  
[Ian N Scott-Dunn \(Sep 8, 2022 16:40 GMT+1\)](#)

I N Scott-Dunn  
Chairman

*M. R Gilbertson*  
[M. R Gilbertson \(Sep 8, 2022 17:57 GMT+1\)](#)

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 2021**

<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>	<b>Note</b>	<b>2021</b>	<b>Restated 2020</b>
		<b>£'000</b>	<b>£'000</b>
Net income for the reporting period (as per the statement of financial activities)		2,173	(280)
Depreciation	14	-	6
Losses/(Gains) on investments	15	(1,633)	(482)
Dividends, interest and royalties from investments		(344)	(369)
Decrease/(Increase) in debtors		(515)	42
(Decrease) in creditors		(488)	(445)
<b>Net cash (used in)/provided by operating activities</b>		<b>(807)</b>	<b>(1,528)</b>

**Statement of Cash Flows**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net cash (used in) operating activities</b>	<b>(807)</b>	<b>(1,528)</b>

**Cashflows from investing activities**

Dividends, interest and royalties from investments	344	369
Payments to acquire fixed assets	-	(1,055)
Payments to acquire investments	(24)	(29)
Receipts from disposal of tangible fixed assets	2,861	-
Receipts from disposal of investments	-	560
	<u>3,181</u>	<u>(155)</u>
<b>Increase/(Decrease) in cash in the year</b>	<b><u>2,374</u></b>	<b><u>(1,683)</u></b>

**Reconciliation of net cash flow to movement in cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Increase/(Decrease) in cash in the year	<u>2,374</u>	<u>(1,683)</u>
Cash and cash equivalents at the beginning of the reporting period	<u>4,178</u>	<u>5,861</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u>6,552</u></b>	<b><u>4,178</u></b>



## **1. Accounting policies and format of accounts**

### **Changes to accounting policies**

Following a change of auditors and a review of accounting policies, the directors have changed the policies relating to Fixed Assets as described below. Prior year figures are restated to reflect this.

### **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 (FRS102) 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 is entitled 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 the 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 the Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

### **Allocation of support costs**

Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number of 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.

## **Chester Diocesan Board of Finance**

### **Notes to the accounts for the year ended 31 December 2021**

#### **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 Committee for Social Responsibility 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 unrestricted or restricted. In addition, and following a change in accounting policy, benefice property, that is, vicarages housing parish clergy, are now 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. An income generated by Glebe property is restricted for the payment of stipends.

#### **Parsonages**

Following a change of auditor and a review of accounting policies, the directors have included benefice property, that is parsonages for the housing of parish clergy, 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 within the same expendable endowment fund.

#### **Depreciation**

Again following a change of auditor and a review of accounting policies, depreciation is no longer provided on buildings as any provision would not be material due to their 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 their carrying value is not more than the recoverable amount.

#### **Diocesan office at Daresbury Park**

The diocesan office at Daresbury was previously held at cost less depreciation, and was the only building accounted for in this way. Further to accounting policy change to bring benefice property on to the balance sheet, and the change in policy on depreciation, the office is now also included at fair value.

#### **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**

Computers less than £5,000, and fixtures and office equipment less than £2,500, are not capitalised and 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.

## Chester Diocesan Board of Finance

### Notes to the accounts for the year ended 31 December 2021

#### 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 has entered in to a deficit contribution plan concerning the Church of England Funded Pension Scheme. Future additional contributions have been discounted and have resulted in a liability being reflected in the balance sheet. The interest cost of the debt is reflected in the Statement of Financial Activities with the payments (less interest) being offset against the liability.

Further detail is provided in notes 24 and 25.

#### 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.
- Pension scheme deficit reduction payments - As explained at note 25, there is a deficit reduction plan in place in respect of Church of England Funded Pension Scheme for stipendiary clergy. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas including the selection of an appropriate discount rate.

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 the areas is considered to be significantly lower.

#### 2. Auditors remuneration

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

	2021	2020
	£'000	£'000
Statutory audit	29	32
	<u>29</u>	<u>32</u>

**Chester Diocesan Board of Finance**

**Notes to the accounts for the year ended 31 December 2021**

<b>3. Grants and other donations</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Church Commissioners' sustainability funding to mitigate the financial impact of the pandemic	500	-
Donations to Foxhill House and Woodlands Conference Centre	3	2
Grant from Benefact Trust (formerly Allchurches Trust)	169	165
Grant to Clergy Sustentation Fund	5	5
Donations to Social Responsibility	-	5
Church Commissioners recharge (Suffragan Bishops personal assistants)	65	61
Transforming Lives Together recharge	-	32
Donations to Outreach department	1	-
Church Commissioners Resourcing Ministerial Education block grant	301	393
Diocesan Stipends Fund recharges (housing allowances and St Mellitus training institution)	172	101
Chester Diocesan Board of Education recharge	347	338
Harrison legacy	676	-
	<b>2,239</b>	<b>1,102</b>

<b>4. Investment Income</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Investment and fixed interest funds	336	344
CBF deposits and bank interest	2	19
Other income including interest on loans to parishes	6	6
	<b>344</b>	<b>369</b>

**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 2021 £'000
<b>Church house costs</b>	1	12	45	2	<b>60</b>
<b>Central services</b>	3	27	99	4	<b>133</b>
<b>Central staff costs</b>	11	108	407	16	<b>542</b>
<b>Legal, financial costs</b>	2	20	87	3	<b>112</b>
<b>Governance costs</b>	1	17	67	3	<b>88</b>
	<b>18</b>	<b>184</b>	<b>705</b>	<b>28</b>	<b>935</b>

**Prior year comparative (restated)**

	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 2020 £'000
<b>Church house costs</b>	1	13	49	2	<b>65</b>
<b>Central services</b>	2	18	67	3	<b>90</b>
<b>Central staff costs</b>	12	118	441	17	<b>588</b>
<b>Legal, audit</b>	2	14	66	2	<b>84</b>
<b>Governance costs</b>	1	12	48	2	<b>63</b>
	<b>18</b>	<b>175</b>	<b>671</b>	<b>26</b>	<b>890</b>

Chester Diocesan Board of Finance  
Notes to the accounts for the year ended 31 December 2021

6. Expenditure	Note	Total 2021 £'000	Restated Total 2020 £'000
<b>Cost of generating voluntary income</b>		<b>18</b>	<b>18</b>
Central Services & support costs		18	18
<b>Investment and rental costs</b>			
Rental costs		102	70
Value linked loan interest paid		6	6
		<u>108</u>	<u>76</u>
<b>Charitable Activities</b>			
<b>National church responsibility</b>		<b>407</b>	<b>437</b>
<b>Funding of parochial clergy and archdeacons</b>			
Parochial Clergy and Archdeacons stipends		8,090	7,706
Maintenance of clergy housing		1,173	1,259
National ministry training and ordinands grants		1,010	1,041
Central Services & support costs		184	175
		<u>10,457</u>	<u>10,181</u>
<b>Parsonage improvements</b>		<b>500</b>	<b>339</b>
<b>Support to clergy and parishes</b>			
Ministry		385	433
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		276	244
Education		342	329
Social Responsibility		-	272
Mission		-	132
Outreach		388	-
Safeguarding		108	-
Discretionary and one off items (EIG)		13	3
Clergy/Lay conferences		13	(4)
Grants to parishes, clergy and others	7	102	634
Transforming Lives Together		-	32
Staff defined benefit pension scheme deficit contribution		-	-
Central Services & support costs		705	671
	<b>2,332</b>	<u>2,332</u>	<u>2,746</u>
<b>Diocesan Retreat and Conference Centre</b>			
Diocesan Retreat and Conference Centre		272	299
Central Services & support costs		28	26
		<u>300</u>	<u>325</u>
<b>Change in Church of England Funded Pension Scheme (CEFPS) agreed deficit recovery plan</b>	26	<b>(68)</b>	<b>44</b>
		<u>14,054</u>	<u>14,166</u>
<b>7. Grants to parishes, clergy and others</b>		<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Grants to parishes</b>			
Post lockdown reopening grants		-	520
Bp Birkenhead legacy		23	-
Pastoral account grants to parishes		39	-
Marton - E J Massey trust		4	4
Birkenhead Priory - clerical or lay assistance		5	65
Thornton Hough - Fryer Legacy income		4	4
		<u>75</u>	<u>593</u>
<b>Grants to Individuals</b>	No. of grants		
Foxhill grants	48	1	-
Clergy Sustentation grants	8	4	2
Retired Clergy, widows and dependents fund grants	18	22	39
		<u>27</u>	<u>41</u>
<b>Total grants</b>		<b>102</b>	<b>634</b>

**8. Staff and Office holder costs and numbers**

<b>Staff costs:</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages & salaries	1,617	1,707
Social security costs	152	158
Pension costs	249	265
	<b>2,018</b>	<b>2,130</b>

<b>Average staff numbers based on full time equivalents</b>	<b>2021</b>	<b>Restated 2020</b>
	<b>Number</b>	<b>Number</b>
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5.0	5.0
Support to clergy and parishes	17.6	19.7
Diocesan Retreat and Conference Centre	5.1	6.3
Diocesan administration and central support	8.6	9.1
	<b>36.8</b>	<b>40.6</b>

The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-	<b>2021</b>	<b>2020</b>
£70,001 - £80,000	1	1

This employee accrued benefits in the Church of England Defined Benefits Pension Scheme (note 11).

In addition to the above, the charity had the equivalent of 6.6 (2020 7.2) 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).

**9. 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 204 (2020 199) office holders during the year.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Clergy Stipends	5,516	5,408
Clergy National Insurance	457	443
Clergy Pension Contributions	2,059	2,001
Other clergy payments	245	248
	<b>8,277</b>	<b>8,100</b>

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

The Rt Revd Keith Sinclair, Bishop of Birkenhead until 8 March 2021, 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 Rt Revd Julie A Conalty, Bishop of Birkenhead from 28 September 2021, was in receipt of a stipend and housing allowance, the stipend funded by the Church Commissioners and the housing provided by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport from 28 September 2021, 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, with housing funded by Chester Cathedral.

**Chester Diocesan Board of Finance**

**Notes to the accounts for the year ended 31 December 2021**

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,670 - £46,180 (2020 £37,485 - £45,953). The stipend, funded by the DBF, paid to Archdeacons was £36,830 (2020 £36,648). The stipend paid to the Dean of Chester was £37,670 (2020 £37,485). Other clergy who were Trustees were paid stipends in the range £26,558 - £28,406 (2020 £26,428 - £28,267).

**Trustee expenses**

A total of £7,672 (2020 £9,147) was reimbursed to 5 (2020 13) 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 £399,784 (2020 £382,395 restated), together with pension contributions of £74,515 (2020 £72,759 restated). Of these, the highest paid was George Colville, who received £78,101 (2020 £77,718) excluding employers national insurance, together with pension contributions of £19,603 (2020 £19,507). 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.

	<b>2021</b>	<b>Restated</b>
	<b>£'000</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Contribution re joint employment contracts and other recharges to Chester Diocesan Board of Education	<u>347</u>	<u>339</u>

**13. Tangible Fixed Assets**

	<b>Freehold</b>			<b>Total</b>	<b>Total</b>
	<b>Board</b>	<b>Land and Buildings</b>		<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>Glebe</b>	<b>Parsonages</b>	<b>£'000</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>					
Balance at 1 January	10,481	5,329	101,278	<b>117,088</b>	<b>108,377</b>
Additions	-	-	-	-	<b>1,055</b>
Disposals	(1,503)	(216)	(1,142)	<b>(2,861)</b>	
Revaluations	277	450	11,380	<b>12,107</b>	<b>7,771</b>
Balance at 31 December	<u><b>9,255</b></u>	<u><b>5,563</b></u>	<u><b>111,516</b></u>	<u><b>126,334</b></u>	<u><b>117,203</b></u>
<b>Accumulated depreciation</b>					
Balance at 1 January 2021	-	-	-	-	<b>109</b>
Depreciation charge for the year	-	-	-	-	<b>6</b>
Revaluations	-	-	-	-	-
Balance at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>115</b></u>
<b>Net Book Value at 1 January</b>	<b>10,481</b>	<b>5,329</b>	<b>101,278</b>	<b>117,088</b>	<b>108,268</b>
<b>Net Book Value at 31 December</b>	<u><b>9,255</b></u>	<u><b>5,563</b></u>	<u><b>111,516</b></u>	<u><b>126,334</b></u>	<u><b>117,088</b></u>

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. Further to a change in accounting policy, benefice property (vicarages housing parish clergy) is now shown on the balance sheet, with the prior year restated to reflect this.

All land and buildings are held at valuation. A desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. Retrospective valuations of benefice property for the purpose of restatement of the prior year figures were obtained by reference to the Nationwide House Price Index for the northwest. 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.

Included in the prior year is a small balance of fixtures and fittings at the Daresbury office held at cost less depreciation; this was fully depreciated at the end of 2020.

<b>14. Investments</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Market Value at 1 January 2021</b>	11,444	11,493
Acquisitions at cost	24	29
Disposals at market value	-	(560)
Net gains on revaluation at 31 December 2021	1,633	482
<b>Market Value at 31 December 2021</b>	<b>13,101</b>	<b>11,444</b>

**Investments at 31 December 2021 comprise**

	<b>No of</b>	<b>2021</b>	<b>No of</b>	<b>2020</b>
	<b>shares</b>	<b>Market</b>	<b>shares</b>	<b>Market</b>
		<b>Value</b>		<b>Value</b>
		<b>£'000</b>		<b>£'000</b>
CBF Church of England Investment Fund	-	12,499	564,362	10,928
CBF Church of England Fixed Interest Fund	30,414	48	30,414	51
CBF Church of England Property Fund	373,670	544	357,111	455
Churches' Mutual Credit Union Deferred £1	10,000	10	10,000	10
		<b>13,101</b>		<b>11,444</b>

**15. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Loan to Liverpool DBF	6	6
Other debtors	101	228
Prepayments and accrued income	210	214
Other loans	10	12
	<b>327</b>	<b>460</b>
<b>Amounts falling due after more than one year</b>		
Loans to parishes	-	21
Loan to Liverpool DBF	67	74
Value linked loans to parishes (note 18)	83	83
	<b>150</b>	<b>178</b>
<b>Total debtors</b>	<b>477</b>	<b>638</b>

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 provides training for the DBF.

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**

	<b>2021</b>	<b>Restated</b>
	<b>£'000</b>	<b>2020</b>
		<b>£'000</b>
Balances held by Church Commissioners	(4)	(2)
Cash in hand, at bank and on bank deposit	3,510	1,000
Charity Bank Deposit	2	335
CBF Church of England Deposit Fund	3,044	2,845
	<b>6,552</b>	<b>4,178</b>

**17. Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	120	130
Accruals	505	454
Other creditors	4	99
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	325	364
	<b>954</b>	<b>1,047</b>

Creditors are valued at the undiscounted amount payable.

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Value linked loans for parishes (note 15)	83	83
Church of England Funded Pension Scheme agreed deficit recovery plan (note 26)	-	396
	<b>83</b>	<b>479</b>

Creditors are valued at the undiscounted amount payable.



**Chester Diocesan Board of Finance**

**Notes to the accounts for the year ended 31 December 2021**

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 charged interest at 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.

**19. Endowment Funds**

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

	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
Parsonages	101,512	-	10,238	111,750
	<u>114,082</u>	<u>-</u>	<u>11,731</u>	<u>125,813</u>

**Prior year comparatives:-**

	Restated 1 January 2020 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	Restated 31 December 2020 £'000
Diocesan Conference Centre	130	-	5	135
Steel & William Fletcher Rogers Fund	78	-	5	83
Retired Clergy, Widows and Dependants Fund	2,635	-	138	2,773
Clergy Sustentation Fund	167	-	9	176
Birkenhead Curacy Fund	159	-	8	167
E J Massey	129	-	6	135
Glebe Land & Buildings	4,884	-	444	5,328
Diocesan Stipends Fund Capital Account	3,586	-	187	3,773
Parsonages	93,221	-	8,291	101,512
	<u>104,989</u>	<u>-</u>	<u>9,093</u>	<u>114,082</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

**Expendable endowment**

Glebe Land & Buildings	Representing the value of glebe property. Glebe rental income 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

## 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 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)	-
	<b>7,282</b>	<b>2,719</b>	<b>(638)</b>	<b>9,363</b>

### Prior year comparatives:-

	1 January 2020	Income	(Expenditure), Gains, (Losses) & Transfers	Restated 31 December 2020
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,858	-	(336)	3,522
Clergy Sustentation	24	6	(3)	27
UPA Projects	14	-	-	14
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	335	1	-	336
Retired Clergy Widows and Dependants	821	86	(416)	491
Steel & William Fletcher Rogers Fund	31	3	-	34
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	4,000	21	(1,471)	2,550
Birkenhead Curacy Fund	79	5	(77)	7
Foxhill Retreat Fund	175	3	3	181
RME block grant	12	393	(314)	91
Restricted Committee income*	-	1,535	(1,535)	-
	<b>9,378</b>	<b>2,053</b>	<b>(4,149)</b>	<b>7,282</b>

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

Details of the Restricted funds outstanding 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, spouses of the clergy. In certain circumstances meeting clergy pension contributions
The 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 From Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Parish Mission and Ministry	Applied towards the payment of stipends
Diocesan Stipends Income Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
Birkenhead Curacy Fund	The fund arose from a donation from Chester Retreat House and is to be used to fund Retreats.
Foxhill Retreat Fund	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 Commissioners.
Diocesan Pastoral Account	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	Unspent national church grant funding for the training of ordinands
Harrison legacy	A legacy receivable in the year for support of children, young people and families within the Diocese of Chester

Chester Diocesan Board of Finance is also trustee to the Twemlow Trust. The trust is endowed and has a total capital value of £94,623. The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

21. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2021 Total Net Assets £'000	Restated 2020 Total Net Assets £'000
<b>Unrestricted Funds</b>						
General Funds	4,270	10	2,931	(83)	7,128	6,850
<b>Designated</b>						
CEFPS deficit recovery plan	-	-	(325)	-	(325)	(760)
Office refurbishment	-	544	-	-	544	455
EIG Reserve	-	-	149	-	149	163
Lay Training	-	-	18	-	18	18
Fryer Trust	-	147	-	-	147	129
Bishop of Birkenhead Fund	-	-	14	-	14	38
Diocesan Conference Centre	3,252	-	-	-	3,252	3,565
<b>Total Unrestricted Funds</b>	<b>7,522</b>	<b>701</b>	<b>2,787</b>	<b>(83)</b>	<b>10,927</b>	<b>10,458</b>
<b>Restricted Funds</b>						
Capital Reserve Stipends	-	4,030	-	-	4,030	3,522
Clergy Sustentation	-	-	30	-	30	27
RME block grant	-	-	142	-	142	91
UPA Projects	-	-	14	-	14	14
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	336	-	336	336
Retired Clergy Widows and Dependants	245	-	328	-	573	491
Pastoral Account	1,489	-	1,819	-	3,308	2,550
Parish Mission and Ministry	-	-	27	-	27	27
Birkenhead Curacy Fund	-	-	7	-	7	7
Foxhill Retreat Fund	-	88	94	-	182	181
Steel & William Fletcher Rogers	-	-	36	-	36	34
Harrison Legacy	-	-	676	-	676	-
<b>Total Restricted Funds</b>	<b>1,734</b>	<b>4,118</b>	<b>3,511</b>	<b>-</b>	<b>9,363</b>	<b>7,282</b>
<b>Endowment Funds</b>						
Diocesan Conference Centre	-	155	-	-	155	135
Steel & William Fletcher Rogers	-	95	-	-	95	83
E J Massey	-	155	-	-	155	135
Retired Clergy Widows and Dependants	-	3,171	-	-	3,171	2,773
Clergy Sustentation Fund	-	201	-	-	201	176
Glebe Land & Buildings	5,562	-	-	-	5,562	5,328
Birkenhead Curacy Fund	-	191	-	-	191	167
Diocesan Stipends Fund Capital	-	4,314	219	-	4,533	3,773
Benefice property	111,516	-	234	-	111,750	101,512
<b>Total Endowment Funds</b>	<b>117,078</b>	<b>8,282</b>	<b>453</b>	<b>-</b>	<b>125,813</b>	<b>114,082</b>
<b>Total Funds</b>	<b>126,334</b>	<b>13,101</b>	<b>6,751</b>	<b>(83)</b>	<b>146,103</b>	<b>131,822</b>

Chester Diocesan Board of Finance  
Notes to the accounts for the year ended 31 December 2021

Prior year comparatives:-

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	Restated 2020 Total Net Assets £'000
<b>Unrestricted Funds</b>					
General Funds	4,330	10	2,593	(83)	6,850
<b>Designated</b>					
CEFPS deficit recovery plan	-	-	(364)	(396)	(760)
Office refurbishment	-	455	-	-	455
EIG Reserve	-	-	163	-	163
Lay Training	-	-	18	-	18
Fryer Trust	-	129	-	-	129
Bishop of Birkenhead Fund	-	-	38	-	38
Diocesan Conference Centre	3,565	-	-	-	3,565
<b>Total Unrestricted Funds</b>	<b>7,895</b>	<b>594</b>	<b>2,448</b>	<b>(479)</b>	<b>10,458</b>
<b>Restricted Funds</b>					
Capital Reserve Stipends	-	3,522	-	-	3,522
Clergy Sustentation	-	-	27	-	27
RME block grant	-	-	91	-	91
UPA Projects	-	-	14	-	14
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	336	-	336
Retired Clergy Widows and Dependants	220	-	271	-	491
Pastoral Account	2,367	-	183	-	2,550
Parish Mission and Ministry	-	-	27	-	27
Birkenhead Curacy Fund	-	-	7	-	7
Foxhill Retreat Fund	-	86	95	-	181
Steel & William Fletcher Rogers	-	-	34	-	34
<b>Total Restricted Funds</b>	<b>2,587</b>	<b>3,608</b>	<b>1,087</b>	<b>-</b>	<b>7,282</b>
<b>Endowment Funds</b>					
Diocesan Conference Centre	-	135	-	-	135
Steel & William Fletcher Rogers	-	83	-	-	83
E J Massey	-	135	-	-	135
Retired Clergy Widows and Dependants	-	2,773	-	-	2,773
Clergy Sustentation Fund	-	176	-	-	176
Glebe Land & Buildings	5,328	-	-	-	5,328
Birkenhead Curacy Fund	-	167	-	-	167
Diocesan Stipends Fund Capital	-	3,773	-	-	3,773
Benefice property	101,278	-	234	-	101,512
<b>Total Endowment Funds</b>	<b>106,606</b>	<b>7,242</b>	<b>234</b>	<b>-</b>	<b>114,082</b>
<b>Total Funds</b>	<b>117,088</b>	<b>11,444</b>	<b>3,769</b>	<b>(479)</b>	<b>131,822</b>

22. Transfers between funds

Transfers were made to unrestricted funds as follows:-

	2021 £'000	Restated 2020 £'000
<b>To/from Restricted funds</b>		
In respect of housing allowances	(70)	(70)
In respect of Glebe	-	(24)
In respect of vicarage construction costs	-	(573)
In respect of vicarage purchases/sales	1,141	(484)
Other transfers	(5)	-
	<b>1,066</b>	<b>(1,151)</b>
<b>To/from Endowment funds</b>		
In respect of vicarage construction costs	-	573
In respect of vicarage purchases/sales	(1,141)	484
	<b>(1,141)</b>	<b>1,057</b>
<b>Total transfers to unrestricted funds</b>	<b>75</b>	<b>94</b>

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.

When a surplus vicarage is sold, the net sale proceeds are transferred to the Diocesan Pastoral Account, resulting in the transfers above.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £127,181, 2020: £116,421), No deficit contributions were made in either year as highlighted in the table below.

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

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

The next actuarial valuation is due at 31 December 2022.

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

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
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 2021	December 2020	December 2019
Discount rate	0.0%	0.0%	0.0%

The legal structure of the scheme is such that if another employer fails, the employer could become liable 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 bonuses 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 experience 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. The scheme pensions costs charged to the SoFA in the year are the contributions payable (2021: £136,894, 2020: £145,172).

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 at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.82m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

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 schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,697,890, 2020: £1,414,385), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,631,890 for 2021, (2020: £1,470,385).

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

\* An average discount rate of 3.2% p.a.;

\* RPI inflation of 3.4% p.a. (and pension increases consistent with this);

\* Increase in pensionable stipends of 3.4% p.a.;

\* Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

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

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

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

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

**Chester Diocesan Board of Finance**  
**Notes to the accounts for the year ended 31 December 2021**

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and 2021 is set out in the table below:-

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Balance sheet liability at 1 January	760	1,306
Deficit contribution paid	(368)	(601)
Interest cost (recognised in SoFA)	1	11
Remaining change to the balance sheet liability* (recognised in SoFA)	(68)	44
Balance sheet liability at 31 December	<u>325</u>	<u>760</u>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% 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 Responsible Body's pension liabilities.

25. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Restated Total 2020
	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>				
Parochial contributions	10,775	-	-	10,775
Grants and other donations	168	934	-	1,102
Investment income	54	315	-	369
Rental income	274	104	-	378
<b>Income from charitable activities</b>				
Statutory clergy fees	-	612	-	612
Diocesan Retreat and Conference Centre	34	-	-	34
Other income from operating activities	56	75	-	131
Parsonage and redundant church sales/transfers	-	3	-	3
<b>Total Income</b>	<b>11,361</b>	<b>2,043</b>	<b>-</b>	<b>13,404</b>
<b>Expenditure on raising funds</b>				
Cost of generating voluntary income	18	-	-	18
Investment and Rental costs	16	60	-	76
<b>Charitable Activities</b>				
National church responsibility	437	-	-	437
Funding of parochial clergy and archdeacons	8,027	2,154	-	10,181
Parsonage purchases and major improvements	-	339	-	339
Support to clergy and parishes	2,137	609	-	2,746
Diocesan Retreat and Conference Centre	325	-	-	325
Change in CEFPS deficit recovery plan	44	-	-	44
<b>Total Expenditure</b>	<b>11,004</b>	<b>3,162</b>	<b>-</b>	<b>14,166</b>
Net income/(expenditure) before investment gains/(losses)	<b>357</b>	<b>(1,119)</b>	<b>-</b>	<b>(762)</b>
Net gains/(losses) on investments	(31)	156	357	482
<b>Net income</b>	<b>326</b>	<b>(963)</b>	<b>357</b>	<b>(280)</b>
<b>Transfers between funds</b>	<b>94</b>	<b>(1,151)</b>	<b>1,057</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>				
Gains/(losses) on revaluation of fixed assets	75	18	7,678	7,771
<b>Net movement in funds</b>	<b>495</b>	<b>(2,096)</b>	<b>9,092</b>	<b>7,491</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	9,963	9,378	104,990	124,331
<b>Total funds carried forward</b>	<b>10,458</b>	<b>7,282</b>	<b>114,082</b>	<b>131,822</b>



**26. Restatement of comparative figures**

Following a review of accounting policies and change of auditor, a number of accounting policies have changed as described in note 1. In addition, an error has come to light which has been corrected. As a result the comparative figures of the prior period have been restated. The following tables summarise the effects on the primary financial statements:-

**Statement of Financial Activities**

	As previously reported 2020	Adjustments	Restated 2020
<b>Income and endowments from</b>			
Parochial contributions	10,775	-	10,775
Grants and other donations	1,102	-	1,102
Investment income	369	-	369
Rental income	378	-	378
<b>Income from charitable activities</b>			
Statutory clergy fees	612	-	612
Diocesan Retreat and Conference Centre	34	-	34
Other income from operating activities	131	-	131
Parsonage and redundant church sales/transfers	1,028	(1,025)	3
<b>Total</b>	14,429		13,404
<b>Expenditure on raising funds</b>			
Cost of generating voluntary income	19	(1)	18
Investment and Rental costs	128	(52)	76
<b>Charitable Activities</b>			
National church responsibility	437	-	437
Funding of parochial clergy and archdeacons	10,197	(16)	10,181
Parsonage purchases, improvements and transfers	1,420	(1,081)	339
Support to clergy and parishes	2,825	(79)	2,746
Diocesan Retreat and Conference Centre	376	(51)	325
Change in Staff DBS deficit recovery plan		-	-
Change in CEFPS deficit recovery plan	44	-	44
<b>Total</b>	15,446		14,166
Net income/(expenditure) before investment gains/(losses)	(1,017)	255	(762)
Net (losses)/gains on investments	482	-	482
<b>Net income/(expenditure)</b>	(535)		(280)
<b>Transfers between funds</b>			
<b>Other recognised gains/(losses)</b>			
Gains/(losses) on revaluation of fixed assets	712	7,059	7,771
<b>Net movement in funds</b>	177		7,491
<b>Reconciliation of funds:</b>			
Total funds brought forward	30,516	93,815	124,331
Total funds carried forward	30,693		131,822

Balance sheet	As previously reported 2020	Adjustments	As restated
<b>Fixed assets</b>			
Tangible assets	16,193	100,895	117,088
Investments	<u>11,444</u>	-	<u>11,444</u>
	<b>27,637</b>		<b>128,532</b>
<b>Current assets</b>			
Debtors	638	-	638
Cash at bank on deposit and in hand	<u>3,945</u>	233	<u>4,178</u>
	<b>4,583</b>		<b>4,816</b>
Creditors: amounts falling due within one year	<u>1,048</u>	(1)	<u>1,047</u>
<b>Net current assets</b>	<b>3,535</b>		<b>3,769</b>
<b>Total assets less current liabilities</b>	<b>31,172</b>		<b>132,301</b>
Creditors: amounts falling due after more than one year	479	-	479
<b>Total net assets</b>	<u><b>30,693</b></u>		<u><b>131,822</b></u>
Endowment funds	12,570	101,512	114,082
Restricted income funds	7,722	(440)	7,282
Unrestricted funds	<u>10,401</u>	57	<u>10,458</u>
<b>Total charity funds</b>	<b>30,693</b>		<b>131,822</b>

The restatements are as follows:-

#### Change to depreciation policy

Depreciation is no longer charged on buildings as any provision would not be material due to the long expected remaining useful economic lives. As a result, depreciation charged in the prior year has been reversed. As the previous policy was to depreciate opening valuations and then revalue at the end of the accounting period, corresponding gains have also been reversed.

#### Valuation of office at Daresbury

The office at Daresbury Park is now restated at valuation, having previously been disclosed at cost less accumulated depreciation, bringing it into line with other tangible fixed assets.

#### Parsonages

Benefice property is now included at valuation in expendable endowment funds, and included in tangible fixed assets on the balance sheet. Similarly, any parsonage building funds are now included in cash at bank on the balance sheet. Any new vicarage purchase and/or construction costs are now disclosed as additions to fixed assets. Gains and/or losses on benefice property valuations are now included in gains/losses on fixed assets

#### Correction of error in tangible fixed assets

Tangible assets in the prior period has been restated at £585,000 higher to reflect property that was omitted from the balance sheet.

The main effects on the primary statements as tabled above are as follows:-

#### Statement of Financial Activities

Parsonage and redundant church sales/transfers are restated £1,025,000 lower reflecting benefice property previously shown as transferred in during the year now being restated as already on the balance sheet at the start of the year.

Parsonage purchases, improvements and transfers are restated at £1,081,000 lower reflecting the purchase of benefice property and build costs previously shown as expenditure the majority of which is now restated as additions to benefice property in fixed assets.

Gains/(losses) on revaluation of fixed assets are restated £7,654,000 higher reflecting gains on benefice property in the period.

Total funds brought forward are restated at £93,220,000 higher reflecting benefice property included on the balance sheet at the start of the period.

The other smaller restatements to expenditure are mainly as a result of the change in depreciation policy.

#### Balance Sheet

Tangible fixed assets are restated £100,895,000 higher reflecting benefice property now included on the balance sheet, together with two properties that were previously omitted.

Cash at bank and in hand is restated at £233,000 higher, reflecting a parsonage building fund now included on the balance sheet.