

**The Chelmsford Diocesan Board of Finance**

**Annual report and financial statements**  
**For the year ended 31 December 2019**

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## **Trustees' Report for the year ended 31 December 2019**

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## **INTRODUCTION**

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2019.

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- ◇ a Directors' Report of a charitable company,
- ◇ a Strategic Report under the Companies Act 2006 and
- ◇ a Trustees' Annual Report under the Charities Act 2011.

## **Legal Objects**

The objects of the Diocese of Chelmsford cover the county of Essex, the unitary authorities of Southend and Thurrock, the five East London boroughs of Newham, Waltham Forest, Barking & Dagenham, Redbridge, and Havering, and a few parishes outside the current boundary of the county of Essex.

The Chelmsford Diocesan Board of Finance's ("CDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Chelmsford by acting as the financial executive of the Chelmsford Diocesan Synod.

The CDBF has the following statutory responsibilities:

- i) the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii) the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii) the management of investments and the custodianship of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv) the custodianship 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.

The strategic priorities of the company are established by the Diocesan Synod on the advice of the Bishop's Council in communication with Deanery Synods, Parochial Church Councils (PCCs), and the Bishop of Chelmsford (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; including discussions on strategic priorities and budgets. The *Time to Talk* events in 2012 and 2015 have shaped the diocesan strategic priorities which are set out under the heading of *Transforming Presence*.

## Strategic Report

*Our aspiration is to be a  
**Transforming Presence** in every community*

Chelmsford Diocesan Synod  
November 2015

### 1. Strategic Aims

The main role of the CDBF is to identify and manage the financial aspects of the provision of ministry throughout the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

In November 2012 the Diocesan Synod agreed *Transforming Presence: strategic priorities to 2025*. In November 2015 the Diocesan Synod reaffirmed the diocesan mission statement, "to be a *Transforming Presence* in every community" and the four strategic priorities:

- ◇ inhabiting the world distinctively
- ◇ evangelising effectively
- ◇ serving with accountability
- ◇ re-imagining ministry.

### 2. Objectives for the year

In response to the strategic priorities the specific objectives for the year have included the following:

- Resourcing a worshipping and witnessing presence in every community through the funding and supporting of stipendiary clergy and other ministers
- Taking forward *Transforming Presence* by focussing on projects in 3 key areas: New Christian Communities, Financial Sustainability and Children, Youth and Families
- A successful Stage 1 application for £2.9m of Strategic Development Funding (SDF) to resource a third wave of New Christian Communities, focussed on transformation in Newham Deanery
- Development of a new vacancy management and ministry deployment policy in responses to national funding changes and the need for financial sustainability
- Appointment of a Project Lead and Steering Group to develop our work on "Growing Faith" with Children, Youth and Families
- Continued development of a family of diocesan multi-academy trusts, including forming partnerships with community trusts
- Significant progress in the area of social transformation: increased engagement at a parish and regional level with Citizens UK and ongoing development of the work with refugees
- A step change in diocesan engagement with the 5<sup>th</sup> Mark of Mission and environmental issues including development of a 2020 #LiveLent campaign.

The main objective for the CDBF is to resource diocesan needs as determined by Synod and informed by local and national Church institutions, and to discharge its statutory functions.

Through carrying out these objectives and in promoting the whole mission of the Church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that CDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

### **3. Activities and achievements in the year**

The CDBF supports the work of clergy, parishes and schools as we seek to be a *Transforming Presence* across Essex and East London. A summary of the extraordinary range of activities which took place across the Diocese during 2019 is listed below.

#### The diocese in figures – 2019

- ◇ 33,400 (2018: 34,550) people regularly attended services in our churches
- ◇ 9,245 (2018: 11,490) children attended church or school services in church
- ◇ 47,108 (2018: 47,220) people attended Easter worship and over 98,985 (2018:117,000) attended Christmas worship
- ◇ 3,224 (2018: 3,690) children were baptised or had a service of thanksgiving
- ◇ 1,291 (2018: 1,410) couples married in churches
- ◇ 4,956 (2018: 4,980) families were supported through grief including funeral or cremation services.

Achievements in 2019 included the following:

#### Christian Presence

- ◇ Raising £14.5 million through voluntary contributions to the share scheme from parishes to fund mission and ministry in the diocese
- ◇ Paying the stipends costs of c 300 incumbents, curates and other clergy through the year
- ◇ Managing, maintaining and improving approximately 422 houses, principally for clergy
- ◇ Supporting local mission initiatives through the Mission Opportunity Fund
- ◇ Deployment of City Churches Funding and investment income to support mission work in the East London area through the London Over the Border Council.

#### Taking forward *Transforming Presence*

- ◇ Further work with Parochial Church Councils on their self-evaluation against nine criteria in our Serving with Accountability framework
- ◇ Continued accompaniment and facilitation work to support prospective Mission and Ministry Units in their formation in support of the Synod motion for all parishes to be in an MMU by the end of 2021.
- ◇ Ordination of 29 new deacons (stipendiary and non-stipendiary)
- ◇ Licencing and authorisation of 42 new lay ministers as part of our on-going work to nurture vocations to lay and ordained ministry
- ◇ 58 people graduated from the Course in Christian Studies in July. A new intake of 146 participants started in September, of which 22 are online students
- ◇ Continued engagement on refugee matters at local and national level and partnerships with Citizens UK forming across the Diocese.

#### Children and Families

- 'Growing Faith' is the Church of England's project to transform the culture of the Church to become more child, family and school focussed; to support faith in the home and to bring churches and schools closer together
- As a result, there has been a significant increase in the number of requests to support ministry with children in schools. Requests have included, "Please come and teach us to pray", "Can you speak to our staff, children and parents about Holy Week?", "Please can you help us develop a theological and biblical basis for our school vision?" and "We just need a bit of help and inspiration"
- Parish work has featured support for employed workers, help with recruitment, mediation, support starting new work with children and providing of resources

### 3. Activities and achievements in the year (continued)

- This was not a good year for independent pre-school settings and nurseries, with a record number of closures. The growth of school-based provision, funding limits and in some areas falling rolls, were factors. In consequence, it has been decided that Sparrows must cease operations. We celebrate the work of all 3 Sparrows pre-school settings as they close their doors in 2020. The settings have taught and nurtured many children and families over the years in the spirit of God's love. We give thanks to our dedicated staff and all that they have given.

#### Schools

- The Diocese has for many years offered schools a paid for Partnership Agreement. A record 91% subscribed this year and training and conferences were well attended by teachers, school leaders, governors and incumbents. A record number completed our Church School Leadership Course, including residential elements and project work. Schools are engaging with the Archbishop of York's *Young Leaders Award* and the inaugural '*God and the Big Bang*' day was a success. Anglia Ruskin University published research into the benefits of the *Up Project* intergenerational project between a school in Maldon and a local care home, featured on YouTube
- Feedback from our Curate School Placement scheme continues to be very positive and its value realised when curates move into first incumbency posts. The Scheme has attracted national interest with other dioceses soon hoping to develop something similar. The Grove Booklet, 'School-Shaped Ministers' was authored by Lallie Godfrey and Andy Griffiths, and is now the sixth Education Series title written by members of our extended team
- New OFSTED and SIAMS Schedules were introduced in 2019 and judgements have changed for both. Direct comparison of outcomes under the different Schedules cannot easily be made. Overall, 89% of our Church Schools are judged Good/Outstanding in OFSTED and 96% in SIAMS. But of the minority inspected under the new Schedules the figures are 77% and 97% respectively
- For much of the year we feared St Mary's VA School, Woodham Ferrers would have to close due to small numbers and finances. However, the Berlesduna Trust, based in Basildon, agreed to take it on, bringing our partner MATs to 13. There has been much development also in our own Vine Trust under the leadership of new CEO, Emma Wigmore.

#### Church Planting

- ◇ Appointment of Dave Wade as Head of New Christian Communities and Ian Hilton as leader of the School for Church Planting
- ◇ Introduction of a regular rhythm of prayer for church planters and pioneers
- ◇ Completion of the annual evaluation for the first wave of 4 church plants in partnership with the Strategic Development Unit
- ◇ Mobilisation and appointment of leaders for the second wave of 11 church plants
- ◇ Successful Stage 1 application for £2.9m of funding to resource a third wave of planting in the Deanery of Newham.

#### Financial Sustainability

- ◇ Responding to the challenge of reductions in national funding alongside increasing share shortfall has been a key focus for 2019. Extensive consultation has taken place at local and area levels to identify and evaluate potential solutions. The following package of measures has been developed:
- ◇ Communications: a new booklet has been created to explain how ministry is funded across the diocese and a day of prayer was organised to highlight the challenges and seek prayerful feedback
- ◇ Stewardship: a national giving scheme has recently been announced which will seek to fund a giving officer in each diocese. Work has already begun on an application on behalf of Chelmsford Diocese.
- ◇ Policy: a new vacancy management and ministry deployment process has been developed which seeks to reimagine ministry at a local level in a way that is sustainable over the medium term
- ◇ New Share Scheme: as part of the evaluation of the process in 2019 it has been agreed that changes are required. A working group has been set up to address this issue.

### **3. Activities and achievements in the year (continued)**

#### Safeguarding

- Over 2019 the team have held between 65/ 75 open cases at any one time. Approximately 40 of these cases require safeguarding risk assessments and safeguarding agreements that have to be reviewed at least once a year
- In August 2019 guidance was provided by National Church on undertaking the Diocesan Past Case Review 2. Every clergy Blue file held at Bishopscourt, all LLM files and every case file held by the safeguarding team has to be reviewed by independent risk assessors. For Chelmsford Diocese that involves reviewing over 2000 files. The Chelmsford review was due to start at the end of March 2020, but has been paused due to Covid-19
- Electronic DBS applications are still processed by a company called 31:8. In order for parishes to apply for DBS checks they have to register with 31:8 and the Diocesan Safeguarding Team processes this registration. At the end of 2019 452 parishes had registered; there are still 39 parishes who have still not registered and will not, therefore, be able to DBS check anyone
- The amount of DBS applications processed within the Diocese remains around 2000 a year
- In 2019, 'C3' face to face training was delivered to 362 Clergy / PTO / LLMs
- 'C2' face to face training was delivered to 880 volunteers/ PCC members/ Churchwardens / PSRs in 2019
- The Diocese's e-learning package for safeguarding children has been completed by over 700 people in 2019, that's 3737 in the last 3 years. The e-learning package for safeguarding adults has been completed by just under 900 people in 2019, giving a total of 2,673 in the last 3 years
- 2019 saw 5 of our busiest months of duty calls since records began in 2014. For 2019 we had a total of 213 duty calls that needed safeguarding advice and consultation. In 2018 we had 187.

#### Other Activities

- ◇ Ensuring the delivery of statutory functions and processes including, but not limited to, pastoral reorganisation, the Diocesan Advisory Committee, the Diocesan Board of Education (DBE), and the administration of parochial fees
- ◇ Redesign of the diocesan website landing page to facilitate easier navigation and accessibility from different devices
- ◇ Renewed focus on the 5<sup>th</sup> Mark of Mission and a Christian response to the Climate Crisis through a range of initiatives including participation in national events, promotion of the Live Lent campaign, development of a rule of life, support of parishes aiming for Eco church status and management of our buildings in a way that is more environmentally sustainable.

### **4. Subsidiaries, related parties and volunteers**

#### ***Subsidiary Undertakings***

The CDBF has two trading subsidiaries, Sparrows Trading Company Limited (Sparrows) and Chelmsford Diocesan Trading Company Limited (dormant) (see note 5 to the financial statements). Sparrows provides high-quality childcare with Christian distinctiveness within the Diocese of Chelmsford.

#### ***Other related parties include:***

- ◇ The Archbishops' Council to which the CDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod
- ◇ The Church Commissioners which acts on behalf of clergy with HM Revenue and Customs. The CDBF pays for clergy stipends through the Church Commissioners
- ◇ The CDBF is in receipt of grant funding from the Church Commissioners (via the Archbishops' Council) for ministry support and special projects e.g. the Turnaround and Church Planting projects
- ◇ The Church of England Pensions Board, to which the CDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement
- ◇ The Vine Schools Trusts, and the Chelmsford Diocesan Educational Trust, which while separate and independent of the CDBF, have certain responsibilities in relation to church schools in the diocese and work with the DBE

#### **4. Subsidiaries, related parties and volunteers (continued)**

- ◇ The Guy Harlings Trust, which provides office facilities free of charge under licence to the CDBF and the Cathedral Dean and Chapter and makes grants towards the upkeep of the premises
- ◇ The PCCs within the diocese
- ◇ St Mellitus College Trust, a Theological Education Institution which receives financial support from the CDBF and to which the CDBF pays fees for training of ordinands.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements and in particular note 24 to the financial statements.

#### **Volunteers**

CDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the Church is an indicator of the health of a Church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the Church particularly at times of crisis. Within this context, the CDBF greatly values the considerable time given by committee members and other volunteers across the diocese in pursuit of the mission of the CDBF.

#### **5. Future plans**

The CDBF's plans for 2020 are discussed below. These were drawn up prior to April 2019 and the Covid-19 outbreak. The CDBF has provided urgent guidance and advice to parishes, officers and volunteers to help them to respond to this situation. The CDBF will continue to work to achieve its strategic goals for 2020, but is mindful that the effects of Covid-19 and the demands that this places on the CDBF as they become more visible may mean that some activities will be re-prioritised. The risk of a second wave of the virus is significant and will require contingency plans to be developed using the current learning. Addressing the key financial risks resulting from Covid-19 will be a priority.

The major focus of our financial expenditure continues to be to support ministry across every parish across the diocese. This includes funding current and future ordained ministry and training lay ministers. Expenditure on future ministry has increased significantly over the past 3 years and continues to be a material part of the overall budget.

The strategic priorities established by the Diocesan Synod in November 2012 and reaffirmed in November 2015 (detailed above) continue to inform the direction and activities of the CDBF. Over the next 3 years, there will be sharpening of focus on projects in 3 key areas: church planting, financial sustainability, and children, youth, families and schools.

**Church Planting** - Our vision for 101 New Christian Communities aims to fulfil the historic vocation of the Church of England to be the church for everyone and reach out to people groups and communities who are currently untouched by the love of Christ. Alongside the 15 SDF funded church plants, a number of pioneering projects are beginning to grow new communities of believers across the diocese. We will continue to pray, train and resource plants and their leaders over the coming years.

**Financial strategy** – in response to the significant financial challenges faced by the diocese proposals have been drawn up and widely consulted on with respect to communication, stewardship, ministry deployment and the share scheme. Effective implementation of decisions made in the coming months will be crucial to the long term sustainability of ministry.

**Children, youth, families and schools** – There is much to celebrate regarding our work in churches and schools; it is a crucial part of the life of our diocese. The recent appointment of a project lead for this strategic priority will lead to a phase of structured research and development where we identify new and effective ways for engaging with children, youth and families.



## **5. Future plans (continued)**

During the course of 2019, issues of environmental sustainability have come into stark relief and we will be looking both to build on the good work that is already taking place in parishes across the diocese but also respond to the significant challenge laid down by General Synod to become carbon neutral by 2030. The exact shape of this work and how it will be governed will be worked through in the coming year.

## **6. Financial review**

### ***Financial Performance***

Against a balanced budget, the CDBF recorded a deficit of £1.1m for the year on its general fund before gains on revaluations of fixed assets. This arose due an increased shortfall on voluntary giving from parishes through the Share scheme and clergy housing costs being higher than budgeted. These costs were offset by underspend on clergy stipends due to a higher than planned vacancy rate and other one-off income streams.

Parish Share, the money given by parishes to the CDBF to fund the mission and ministry of the diocese, is the main incoming resource for the CDBF providing two thirds of its income.

At £1.3m (2018: £1.2m) the net parish share shortfall was again worse than the previous year. This was disappointing. In cash terms total Share receipts reduced slightly and the percentage of requested Share collected fell to 91.7% (2018: 92.6%). Over half the shortfall is attributable to just 22 parishes. Despite the worsening in the overall position, most parishes increased their giving through Share. However, the Trustees consider the share shortfall unacceptably high and as noted above are investigating ways to address the financial challenges.

Despite the deficit, the CDBF has met all its financial obligations to continue resourcing the diocese as required, including the provision, development and support of ministry, the provision and maintenance of houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Chelmsford Diocese.

On a group basis, income before other recognised gains and losses totalled £24.1m (2018 £25.1m) and expenditure amounted to £21.8m (2018: £25.3m).

The Consolidated Statement of Financial Activities (SOFA) for the year shows net income of £2.3m (2018: deficit of £0.2m) before net gains and losses on the revaluation and sale of investments and the revaluation of fixed assets. These net gains totalled £7.3m (2018: £5.0m) and after these adjustments the net increase in all funds amounted to £9.7m (2018: £4.8m). Gains (or losses) are dependent on market volatility and the majority of the gains, of £6.2m, (2018: £4.8m) are ascribed to Endowment Funds and are therefore not available to spend.

The overall financial result for 2019 is satisfactory. This is due to the gains in investments and revaluations of fixed assets. The deficit before these items continues to give cause for concern.

Net cash inflow of £2.4m (2018: £0.2m) arose as net proceeds from the sale of investments and fixed assets covered the cash outflow on operating activities. CDBF continued to benefit from tight financial control which we will continue in 2020.

### ***Significant Property Transactions***

The Asset Investment and Management Policy adopted by the Trustees governs the management of operational and investment property. This Policy was updated in 2017 and approved in its updated form by the Trustees. The vast majority of the residential property portfolio is held for operational purposes. It is managed to achieve required quality standards at a consistent and efficient average annual cost of ownership.

## **6. Financial review (continued)**

Significant operational property transactions in the year comprised:

- ◇ Purchase on finance of four residential properties to be used for housing stipendiary curates in training
- ◇ Sale of two residential properties purchased on finance for housing curates no longer required
- ◇ Purchase of six properties for housing stipendiary ecclesiastical office holders
- ◇ Sale of twelve properties surplus to operational requirements
- ◇ Sale of one glebe commercial property.

Glebe land and property is held for investment purposes. The overall strategy is to retain a land holding, to seek to leverage value through long term development, and to dispose of less lucrative holdings and direct exposure to commercial property. During the year the CDBF agreed the sale of one commercial property providing £0.3m of additional investment funds on completion. The usual cycle of rent reviews and lease renewals on glebe land continued as advised by the CDBF's land agents.

The Diocesan Stipends Capital Fund is available for providing and improving benefice and glebe property and when invested provides income for clergy stipends.

Residential properties are valued on the basis of a certified annual valuation.

### ***Balance Sheet Position***

The Trustees consider that the balance sheet together with details in note 18 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £307.3m (2018: £297.6m) it must be remembered that included in this total are properties, mostly in use as clergy housing, whose value amounted to £263.4m (2018: £257.6m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the CDBF.

### ***Reserves Policy***

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees consider that an appropriate level of free general reserves is not less than 10 days of gross general fund expenditure, currently £0.6m. The Finance Executive is charged with reviewing this policy if the sum of net current assets in designated funds falls below 15 days gross general fund expenditure. This policy was last reviewed and agreed by the Trustees in July 2015.

After transfers, free general reserves at the year-end were in deficit by £1.1m (2018: £nil) being the value of the General Fund excluding fixed assets. The Trustees previously recorded that free general reserves would fall if parish share shortfall did not materially improve. The Trustees are reviewing designated funds with a view to bolstering general reserves in 2020. Net current assets in designated funds, excluding houses, amounts to £1.7m.

### **Designated funds**

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 18. At 31 December 2019 total designated reserves were £26.2m (2018: £26.0m).

### **Restricted and endowment funds**

As set out in notes 18 and 29, CDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £7.9m (2018: £7.2m) and endowment funds totalled £272.2m (2018: £262.2m). Neither are available for the general purposes of the CDBF.

## 6. Financial review (continued)

### *Liquidity Policy*

The CDBF has regular and predictable cash inflows (principally from parish share) and outflows (principally stipend, salary and pension payments). Less frequent cash movements include grant payments, which are also predictable. The largest cash movements relate to property transactions which are infrequent and normally have a clear lead time.

The CDBF aims to hold £2m cash in instant access accounts to meet its cash needs. Where cash balances fall below £1.2m or exceed £3.5m, the Executive will review the position and take action as required, for example drawing down or adding to investments, a proportion of which are kept in near liquid holdings such as pooled funds with weekly dealing, with such transactions reported to Finance Executive. The CDBF has access to emergency borrowing via delaying payments to the Church Commissioners; this option is only to be used in extremis to resolve very short term needs. The cash position is reported to the Trustees on a quarterly basis.

### *Grant making policy*

Contributions are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 9). Grants are paid to other charities e.g. PCCs and charitable projects which appear to CDBF to support the furtherance of its objects. The General Fund budget includes regular grants. Other grants are approved according to the terms of reference of the relevant fund.

### *Investment Policy*

The Trustees approved an integrated Asset Investment and Management Policy in 2014 developed under the oversight of the Investment Committee. The Policy was updated by the Investment Committee in 2017 and approved by the Trustees. This policy distinguishes between investment and operational assets and sets out the policy framework for both. In relation to investment assets the key principles in the policy may be summarised as follows:

- ◇ The overall objectives are to create sufficient income and capital growth to enable the CDBF to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance and enhancement of the value of assets while they are retained
- ◇ Investment funds shall be operated and compared on a total return basis
- ◇ Relevant benchmarks include a target total return of CPI + 3% (previously RPI +3%)
- ◇ The CDBF requires its investment assets to be managed in compliance with the Church of England ethical guidelines, and ethical considerations shall form part of the dialogue with the Investment Managers. The Trustees will consider mixed-motive investment proposals which are expected to deliver financial returns and further the purposes of the charity
- ◇ The CDBF is assumed to be a perpetual charity and is able to take a long term view on investments, balanced against the short term needs of the charity for liquidity and resources to best realise its operational purposes.

The Trustees regularly review and retender Investment Managers. The last review was in 2016 and concluded with the reappointment of CCLA Investment Management Ltd and appointment of Cazenove Capital Management (a trading style of Schroder & Co. Limited).

	Funds at 31 December 2019	Proportion of portfolio	Income yield in year	Total return in year
	£000			
CCLA Managed CBF Investment Fund	24,301	53.4%	3.0%	22.4%
Cazenove Segregated portfolio	20,998	46.2%	2.8%	11.7%
Other funds	170	0.4%		
Total	45,469	100.0%		

## **6. Financial review (continued)**

### ***Fundraising***

The CDBF is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees fully support the aims of this legislation. The majority of the CDBF's income comes from other charitable bodies and it undertakes very little direct fundraising activity involving individual donors. Examples include one-off appeals (e.g. the Lent Appeal) which are promoted generally through communications rather than targeting specific individuals; and the Friends of the Retreat House scheme where Retreat House guests are invited without pressure or obligation to join the 'Friends'. The CDBF considers the origin of unsolicited donations and legacies, does not share or purchase any donor data with or from third parties and, in 2019, did not engage with independent professional fundraisers. The CDBF did not receive any complaints in relation to fundraising or raise any matter with regulators in 2019.

### ***Going Concern***

After making enquiries the Trustees are satisfied that CDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

## **7. Custodian Trustee**

The CDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the CDBF does not control them, and they are segregated from the CDBF's own assets by means of separate bank accounts. Such funds are predominantly managed by CCLA Investment Management Ltd or M&G Investments as determined by the managing trustees. The CDBF reserves the right to charge the managing trustees an administration fee where alternative investment managers are used in recognition of the additional complexity such arrangements cause. Further details of financial trust assets, whose market value amounted to £17.6m at 31 December 2019 (2018: £16.0m), are available from the CDBF on request, and are summarised in note 26.

Where properties are held as custodian trustee, the deeds are identified as such.

## **8. Principal risks and uncertainties**

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. The Finance Executive periodically reviews the risk register in detail. The Trustees are invited to review the risk register at least annually, leading to formal discussion and approval of the strategic risk register, setting out risks and mitigation strategies. The responsibility for delivery of the identified mitigation strategies is delegated to the executive staff or Bishops and Archdeacons as appropriate. A programme of internal audit is overseen by the Audit Committee and complements the CDBF's risk management activities.

The Trustees confirm that the major risks, to which CDBF is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The register identifies four strategic risks with a pre-mitigation rating of 'high'. These risks and the associated mitigation strategies are as follows:

### **Aging / declining membership:**

The risk that the Church of England is absent from new and other communities; failure of mission, coupled with the risk to Parish Share associated with high levels of giving from older members.

- ◇ Transforming Presence programme with its focus on evangelism
- ◇ Identification of Mission Priority Areas by Mission and Ministry Units
- ◇ Shaping of a vision for 101 New Christian Communities, and development of a church planting strategy to make this happen
- ◇ A renewed focus on Youth, Children's and Families work and additional resourcing in this area.

## **8. Principal risks and uncertainties (continued)**

### Structural Deficit:

This risk recognises the widening gap between costs and income. Parish share, a voluntary income stream which accounts for two thirds of the CDBF's overall income, continues to see significant shortfall and funding from national church continues to reduce year in year. In parallel, clergy numbers have not reduced as planned with slower than expected retirement rates.

- ◇ New vacancy management and deployment process seeks to enable sustainable deployment of stipendiary ministers
- ◇ Visible leadership on stewardship and development of plans for training and communication
- ◇ Implementation of a revised Share scheme is required given the new model has not worked as planned.

### Safeguarding:

Safeguarding is a high priority for the diocese and it is an area which has seen significant investment in capacity and capability over the last few years. Nonetheless, the Trustees continue to consider safeguarding as a high risk. This is chiefly due to the unknown potential for new allegations of non-recent abuse, which may now come to light as survivors have greater confidence that the Church will take their disclosures seriously. Safeguarding allegations have a number of potential resource and reputational implications. For example: cases can absorb significant management and senior clergy time; there is the potential for financial claims; and PCCs may encounter difficulties if they are unable to demonstrate adequate insurance cover for the period in question. This risk also recognises the resource implications of developing national policy on safeguarding.

- ◇ Respond well to allegations of abuse and survivors including working effectively with statutory agencies
- ◇ Work with the national team on policy development and implement the Past Case Review 2 (PCR 2) in 2020
- ◇ Monitor resourcing levels with the safeguarding team and bring in additional resources when required; for example PCR 2 project manager
- ◇ Reshape the Diocesan Safeguarding Advisory Panel to have wider and more diverse representation in progress
- ◇ Continue to deliver safeguarding training to improve awareness and responsiveness across the diocese on this most vital matter
- ◇ Learn from experience and seek to continuously improve.

### High profile national (external) events affecting mission and giving:

National Church discussions and decisions disaffect parts of this diocese leading to damage to mission and financial commitment.

- ◇ This is an external risk and therefore difficult to control, however the diocese is engaging with the Church of England on these issues including the shared conversations process and these issues are closely monitored by the Bishops
- ◇ A high profile clergy departure from the diocese attributed to theological differences absorbed significant management team resources during 2019
- ◇ At least 2 Conservative Evangelical communities have decided to leave the CofE in 2019 and there is a risk more may chose the same path when the House of Bishops reports back on Living in Faith and Love.

The strategic risk register covers a range of other risks relevant to the charity and its activities. As a complex charity with a relatively small workforce, key person risks are included among the risks considered by the Trustees.

## **8. Principal risks and uncertainties (continued)**

### **COVID-19**

The key impacts of the COVID-19 situation on the CDBF to date are both operational and financial:

- Closure of churches and use of new technology to reach congregations and beyond
- Transition to a remote working model for staff
- Impact of church closure on ability to pay parish share in full for 2020
- Effect on the investment portfolios held by the CDBF and other balances in the CDBF accounts that depend on investment valuations and market inputs, e.g. pensions schemes
- Changes to how the key beneficiaries (parishes) of the CDBF operate, and therefore changes to the support they may request in 2020.

These impacts, and the associated risks for the CDBF, are explored in more detail below:

- 1) Church is changing: since the end of 2019, the global Covid-19 outbreak and social distancing measures introduced by government have necessitated significant changes in how churches engage with their communities. We share in the sorrow of these communities at the effects of this virus. Regrettably, the pandemic has resulted in postponement of most church activities, including weddings and baptisms, and significant restrictions on others such as funerals. However, we are delighted to see innovation and creativity across the diocese as we develop new ways of engaging with our communities, in particular the use of technology to live stream church services. The Communications department has been active in sharing of tools and resources to enable parishes to continuing ministering in a virtual environment during this difficult time.
- 2) Remote working: In response to government guidance CDBF staff have transitioned to a remote working model and, with the exception of a small number of processes requiring access to hard copy files, all staff can now work from home. Where functions have been closed as a result of Covid-19, staff have been furloughed and further waves are planned in the near future. We are grateful to all staff for how they have responded to this challenge and how they are ensuring the work of the CDBF can continue through these unprecedented times.
- 3) Reductions in parish share contributions: with church buildings closed and many congregation members affected by redundancy or furlough, parishioner giving has dropped off significantly, as has hall rental income, fee income from weddings and funerals and revenue from fundraising activities which have been cancelled. Current high level estimates are that parish share contributions will be reduced by 25% to 40% for the rest of 2020. However, there are high levels of uncertainty about how and when lockdown restrictions might be lifted and the impact on parish finances.

*Mitigation:* regular communications are being sent out to Deanery Treasurers, PCC Secretaries and Parish Treasures reminding them of the importance of parish share for the ongoing payment of stipends. Support has been offered via the Mission and Ministry Advisors who work in each Episcopal Area and they are actively engaging with parishes on financial issues.

## **8. Principal risks and uncertainties (continued)**

### **COVID-19 (continued)**

- 4) Investment losses: with a fall in equity markets of 20-25% since the beginning of the Covid 19 outbreak, the CBDF's liquid investments managed by CCLA and Cazenove have experienced a significant drop in value. Investment valuations for defined benefit pension schemes have also been affected.

*Mitigation:* The investment strategies run by our two managers are multi asset and the portfolios have not experienced the same level of losses as pure equity funds (average of 10.5% for Q1 2020 versus 26% for the FTSE All Share). The fundamentals of the equity holdings which have lost value are believed to be strong in the long term and it is anticipated that overtime they will recover in value. Dialogue will be taking place with the Church of England Pensions Board regarding any impact on contributions and the deficit reduction plan.

- 5) Liquidity risk: whilst the CDBF has a strong balance sheet, the majority of its assets are illiquid in nature. Given the short term significant potential reductions in parish share income, and the ongoing liabilities for payment of salaries and stipends, there is a risk that the charity has insufficient liquidity to continue operating as a going concern.

*Mitigation:* The CDBF has an agreed overdraft facility with Barclays bank of up to £1,000,000 and conversations are taking place to explore extending this facility. The church commissioners have paid their annual LinC grant of c£1m in advance and offered to forward fund stipend payments for the next three months at an interest rate of 2%. In addition, the option of selling liquid investments and reassigning designated funds is being actively explored.

## **Structure and governance**

### **Summary information about the structure of the Church of England**

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for stipendiary ecclesiastical office holders and employees. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. Our Diocese is divided into 24 deaneries, each with its own Synod and within each parish there is a Parochial Church Council (PCC) which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. In this diocese, as part of our re-imagining ministry priority, parishes are on a journey to working together as part of collaborative Mission and Ministry Units with common mission priorities and shared resources where appropriate.

Whilst each Diocese is separate with a clear responsibility for a specific geographical area, and each diocesan board of finance is a separate legal entity, being part of the Church of England requires and enables working together in a national framework and with national church institutions.

## **Structure and governance (continued)**

### ***Organisational structure***

The Diocese of Chelmsford was created in 1914. It spans the whole of Essex and five boroughs of East London. It covers an area of 1,531 square miles with an overall population in excess of three million.

The diocese is divided into three Episcopal areas by an Area Scheme under which the Diocesan Bishop, the Bishop of Chelmsford, has delegated certain authority to the Bishops of Barking, Bradwell and Colchester in relation to the Archdeaconries in those areas. Since 2013 there are seven Archdeaconries. Each Archdeaconry is subdivided into deaneries, there being a total of 24 deaneries across the Diocese at the end of 2018. The deaneries are further subdivided into 468 parishes. By the end of 2019, 30 Mission and Ministry Units had been approved, and most of these had been formally commissioned or were planning their commissioning by the year end.

### ***Diocesan governance***

The statutory governing body of the Diocese of Chelmsford is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops, the Dean and Archdeacons; clergy members elected by the Houses of Clergy in Deanery Synods; lay persons elected by the Houses of Laity in Deanery Synods; up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and a maximum of eight members nominated by the Diocesan Bishop. The Diocese is governed by Standing Orders which were updated in June 2012.

The Diocesan Synod meets two or three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, the Bishop's Council Standing Committee or the Finance Committee.

### ***Company Status***

The company, The Chelmsford Diocesan Board of Finance (CDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 16 July 1914 as a charitable company limited by membership guarantees (No. 137029) and its governing instrument is the Memorandum and Articles of Association which were most recently amended by Special Resolution in June 2012. Revised Articles of Association were approved for submission to the Charity Commission in November 2018. CDBF is registered with the Charity Commission (No. 249505).

Every eligible member of Diocesan Synod is a member of CDBF for company law purposes and has a personal liability limited to £1 under their guarantee as a company member in the event of it being wound up.

### ***Decision-making structure***

Corporate priorities and the overall financial strategy for the Diocese (in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Chelmsford) are set by the Diocesan Synod and the CDBF. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council, hold up to six meetings during the year to formulate and coordinate policies on mission, ministry and finance.



## Structure and governance (continued)

### Decision-making structure (continued)

Certain executive functions of CDBF are undertaken by the Finance Committee, whose members are the Trustees and Directors of CDBF. The Finance Committee's terms of reference are as follows:

- ◇ Determine policy, in particular for: Ministry numbers, Clergy Stipends, Capital Budget, Revenue budget levels, Grant making and Investments
- ◇ Monitor such policy decisions
- ◇ Approve referral of Budgets to the Diocesan Synod
- ◇ Approve and sign the annual report and financial statements after receiving a report from the Audit Committee
- ◇ Agree remuneration of the Auditor each year
- ◇ Receive a report from the Finance Executive at each meeting
- ◇ Receive minutes from all Sub-Committees
- ◇ Handle any business referred by the CDBF, Diocesan Synod or Bishop's Council
- ◇ Create and dissolve Sub-Committees as required
- ◇ Appoint members of Sub-Committees and its representatives on other Diocesan bodies.

### Committee structure

The Finance Committee's remit is set out above; it is supported by its sub-committees:

<b>Finance Executive</b>	handles routine business on behalf of the Finance Committee and develops the budget and other proposals for Finance Committee's consideration.
<b>Audit Committee</b>	responsible for assisting the Finance Committee in the discharge of its responsibilities for financial reporting and internal control.
<b>Houses Committee</b>	responsible for making decisions concerning the operational management of all clergy houses for which the CDBF has responsibility.
<b>Investment Committee</b>	responsible for recommending policy and making decisions concerning the management of Glebe property and Investments.
<b>Remuneration and Governance Committee</b>	determines remuneration policy and annual salary awards, and oversees the effectiveness of governance across the CDBF.
<b>Diocesan Mission and Pastoral Committee</b>	(membership of which is co-terminus with the Bishop's Council) is responsible for pastoral reorganisation, taking account of clergy numbers and the need for new patterns of ministry.
<b>Diocesan Advisory Committee for the Care of Churches</b>	advises on matters concerning churches and places of worship such as the granting of faculties, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.
<b>Diocesan Board of Education</b>	promotes education, religious education and religious worship in schools in the Diocese. It also promotes and advises governors of church schools in the Diocese.

## Structure and governance (continued)

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

Bishop's Council consists of 17 ex officio members, 3 clergy elected by the House of Clergy from among their number (1 from each Episcopal area), 9 lay persons elected by the House of Laity from among their number (3 from each Episcopal area), 3 lay persons appointed by and from the membership of each Area Mission & Pastoral Committee (1 from each Episcopal area) and a maximum of 6 members nominated by the Diocesan Bishop.

Finance Committee consists of the Chair and Vice Chair of CDBF and those other members of the Bishop's Council not otherwise disqualified from membership such as persons remunerated by the CDBF.

### ***Trustee recruitment, selection and induction***

Trustees are members of the Finance Committee and are selected as set out above. Trustees are offered an induction when first appointed. Trustee training is arranged at the start of each triennium and subsequently as appropriate. An element of Trustee training is typically included in the programme for the annual day meeting. While some senior staff have job titles incorporating the title 'Director', they are not directors of the company for the purposes of company law. All Trustees are required to maintain their entry in the record of declarations of interest.

### Trustees' attendance at board meetings in 2019

	Number of meetings eligible to attend	Number of meetings attended	Percentage of eligible attended
Mrs Isabel Adcock	6	5	83
Canon Lynne Bennett	4	4	100
The Ven Christopher Burke	3	2	66
The Ven Elwin Cockett	6	6	100
The Rt Revd Stephen Cottrell	6	6	100
Canon Veve Deer	6	5	83
Canon Roger Ennals	6	5	83
The Revd John Fry	6	6	100
Dr Richard Freeman	6	3	50
Canon Dean Gillespie	6	3	50
Canon Robert Hammond	6	5	83
Mr Frank Hawkins	6	2	33
The Very Revd Nicholas Henshall	6	3	50
The Ven Vanessa Herrick	6	3	50
The Rt Revd Peter Hill	6	6	100
Canon Christine Horton	6	6	100
Canon Jill Leonard	6	4	66
The Ven Mike Lodge	6	4	66
Mr Percy Lomax	6	5	83
Canon Harry Marsh	6	6	100
Canon Ronald McLernon	6	6	100
Miss Mary Moore	6	4	66
The Rt Revd Roger Morris	6	6	100
The Revd Canon Paul Norrington	3	1	33
The Venerable Ruth Patten	6	6	100
The Rt Revd Dr John Perumbalath	6	5	83
Revd Canon Philip Ritchie	5	5	100
Mr Brian Smith	6	6	100
The Ven Elizabeth Snowden	6	5	83
The Revd Canon Louise Williams	6	6	100

## **Structure and governance (continued)**

### ***Remuneration of key management personnel***

The Remuneration & Governance Committee reviews the emoluments of senior employees on an annual basis. The Committee's membership is the Chair of the CDBF, the Bishop of Chelmsford, and the Lay and Clergy Vice Presidents of Synod. The Committee also determines any cost of living pay increase for employed staff and reviews other matters relating to employee remuneration as required.

### ***Delegation of day to day delivery***

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Chief Executive & Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Chief Executive & Diocesan Secretary is given specific and general delegated authority to deliver the business of the CDBF in accordance with the policies framed by the Trustees.

### ***Funds held on behalf of schools***

The DBE (as incorporated within the CDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The DBE administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the DBE and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1.759m and £1.631m respectively (2018: £1.729m and £2.038m).

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the CDBF in consultation with the DBE and held in a CDBF restricted fund detailed in the accounts.

## **Trustees' responsibilities**

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements 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 the affairs of the CDBF and of the surplus or deficit of the CDBF for that period. In preparing these financial statements the Trustees are required to:

- ◇ Select suitable accounting policies and apply them consistently
- ◇ Observe methods and principles in the Charities SORP
- ◇ Make judgements and estimates that are reasonable and prudent
- ◇ State whether applicable 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 assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the CDBF and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the CDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the CDBF's website. Legislation in England & Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

### **Statement of disclosure to the auditors**

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

### **Appointment of Auditors**

The re-appointment of Haysmacintyre as auditors to the CDBF will be proposed at the Annual General Meeting.

## **Administrative details**

Company registration number	137029 (England & Wales)
Charity registration number	249505
Registered Office	53 New Street, Chelmsford CMI IAT Tel: 01245 294400 <a href="http://www.chelmsford.anglican.org">www.chelmsford.anglican.org</a>

### **Trustees**

In accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the Trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and/or as at the date of signing were:

#### Ex Officio

##### **President**

The Rt Revd Stephen G Cottrell

##### **Chair**

Mr Percy W Lomax

##### **Vice-Chair**

Mr Frank Hawkins

##### **Area Bishops**

The Rt Revd Peter Hill

The Rt Revd Roger A B Morris

The Rt Revd Dr John Perumbalath

##### **Archdeacons**

The Ven Christopher Burke (from 12/05/19)

The Ven Elwin W Cockett

The Ven Annette J Cooper (to 05/04/19)

The Ven Vanessa Herrick

The Ven Michael J Lodge

The Ven Ruth Patten (from 12/05/19)

The Ven Elizabeth Snowden

##### **The Dean**

The Very Revd Nicholas J Henshall

##### **Lay Vice-President**

Canon Robert I Hammond

##### **Clergy Vice-President**

The Revd Canon Louise M Williams

### **Elected or appointed to fill a vacancy**

Mrs Isabel Adcock

Canon Harry Marsh

Canon Lynne Bennett (from 8/3/19)

Canon Ronald V McLernon

Canon Vevet N Deer

Miss Mary E Moore

Canon Roger J Ennals

The Revd Ruth Patten (ex-officio from 12/5/19)

Mr Richard Freeman

The Revd Canon Philip Ritchie (until 9/12/19)

The Revd John Fry

The Revd Canon Paul Norrington (from 25/6/19)

Canon Dean Gillespie

Mr Brian Smith

Canon Christine G Horton

Canon Jill S Leonard

No Trustee had any beneficial interest in the company during the year.

## Administrative details (continued)

### Senior Staff

The day to day management of the Chelmsford Diocesan Board of Finance is delegated to the Chief Executive. The officers who served during the year and at the date of signing are:

<b>Chief Executive &amp; Diocesan Secretary</b>	Joel Gowen (to 30/04/20)
<b>Director of Communications &amp; Media</b>	Thomas Geldard (from 13/01/20)
<b>Head of Property</b>	Alex Reeve (from 02/12/19)
<b>Director of Development and Property</b>	Michael Minta (to 15/02/19)
<b>Director of Education</b>	The Revd Timothy Elbourne
<b>Director of Finance</b>	Mark Spraggins (to 07/01/19)
<b>Head of Finance</b>	Margaret Essery
<b>Dean of Mission, Ministry &amp; Education</b>	The Revd Canon Dr Roger Matthews
<b>Head of Service Delivery</b>	Nathan Whitehead

### Professional Advisers

<b>Auditors</b>	haysmacintyre 10 Queen Street Place London EC4R 1AG
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<b>Solicitors and Registrars</b>	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
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<b>Bankers</b>	Barclays Bank plc 40-41 High Street Chelmsford CM1 1BE	National Westminster Bank Plc 4-5 High Street Chelmsford CM1 1FZ
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<b>Investment Managers</b>	Cazenove Charities 12 Moorgate London EC2R 6DA	CCLA Investment Management Ltd 85 Queen Victoria Street London EC4V 4ET
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<b>Glebe Property Agents</b>	Strutt & Parker Coval Hall Chelmsford CM1 2QF
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In approving this Trustees' Report, the Trustees are also approving the Strategic Report included above within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Percy W Lomax

Chair of the Chelmsford Diocesan Board of Finance

Date: 12 May 2020

## **Independent auditors' report to the members of The Chelmsford Diocesan Board of Finance**

### **Opinion**

We have audited the financial statements of the Chelmsford Diocesan Board of Finance for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Summary Income and Expenditure account, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent auditors' report to the members of The Chelmsford Diocesan Board of Finance**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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 group and the parent 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 parent charitable company; or
  - the parent charitable company financial statements are not in agreement with the accounting records and returns;
- or
- certain disclosures of trustees' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit.

### **Use of our report**

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

Adam Halsey (Senior statutory auditor)

for and on behalf of  
**Haysmacintyre LLP**

Statutory Auditor

10 Queen Street Place  
London  
EC4R 1AG

Date: 12 May 2020



# The Chelmsford Diocesan Board of Finance

## Consolidated statement of financial activities For the year ended 31 December 2019

		Unrestricted funds 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
	Note					
<b>Income from:</b>						
Donations and legacies:						
Parish contributions	2	14,532	-	-	14,532	14,678
Other donations and legacies	2	2,783	1,866	-	4,649	5,835
Charitable activities	3	1,554	332	-	1,886	1,960
Investments	4	1,305	247	-	1,552	1,661
Other trading activities:						
Parsonage rents receivable		688	-	-	688	585
Subsidiary trading activities	5	281	-	-	281	357
Other income	6	525	-	-	525	-
<b>Total income</b>		<b>21,668</b>	<b>2,445</b>	<b>-</b>	<b>24,113</b>	<b>25,076</b>
<b>Expenditure on:</b>						
<b>Raising funds:</b>						
Subsidiary trading activities	5	310	-	-	310	307
Investment management	7	107	22	134	263	234
Charitable activities	8	18,400	2,573	224	21,197	24,728
<b>Total expenditure</b>		<b>18,817</b>	<b>2,595</b>	<b>358</b>	<b>21,770</b>	<b>25,269</b>
<b>Net income / (expenditure) before investment gains</b>		<b>2,851</b>	<b>(150)</b>	<b>(358)</b>	<b>2,343</b>	<b>(193)</b>
Net gains on investments	14	162	1,074	4,792	6,028	1,959
<b>Net income before transfers</b>		<b>3,013</b>	<b>924</b>	<b>4,434</b>	<b>8,371</b>	<b>1,766</b>
Transfers between funds	18	(3,842)	(227)	4,069	-	-
<b>Net income / (expenditure) before other gains and losses</b>		<b>(829)</b>	<b>697</b>	<b>8,503</b>	<b>8,371</b>	<b>1,766</b>
Gains on revaluations of fixed assets	13	(143)	20	1,434	1,311	2,992
<b>Net movement in funds</b>		<b>(972)</b>	<b>717</b>	<b>9,937</b>	<b>9,682</b>	<b>4,758</b>
<b>Total funds brought forward</b>		<b>28,207</b>	<b>7,188</b>	<b>262,223</b>	<b>297,618</b>	<b>292,860</b>
<b>Total funds carried forward</b>		<b>27,235</b>	<b>7,905</b>	<b>272,160</b>	<b>307,300</b>	<b>297,618</b>

The notes on pages 29 to 58 form part of these financial statements.

**Summary income and expenditure account  
For the year ended 31 December 2019**

	<b>Total 2019 £000</b>	<i>Total 2018 £000</i>
Total income	<b>24,113</b>	25,076
Total expenditure	<b>(21,412)</b>	(25,010)
Operating profit	<b>2,701</b>	66
Net gains/(losses) on investments	<b>1,236</b>	(40)
Net income for the year	<b>3,937</b>	26
Other comprehensive income:		
Revaluation of fixed assets	<b>(123)</b>	144
Net assets transferred from/(to) endowments	<b>(4,069)</b>	(1,181)
Total comprehensive income	<b>(255)</b>	(1,011)

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

The notes on pages 29 to 58 form part of these financial statements.

**Consolidated balance sheet  
As at 31 December 2019**

**Company number: 137029**

	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000</b>
<b>Fixed assets</b>			
Tangible assets	13	<b>264,150</b>	258,402
Investments	14	<b>55,551</b>	50,527
		<b>319,701</b>	308,929
<b>Current assets</b>			
Stock		<b>27</b>	27
Assets held for sale		-	5,333
Debtors: amounts falling due after more than one year	15	<b>182</b>	222
Debtors: amounts falling due within one year	15	<b>2,099</b>	2,258
Cash at bank and in hand		<b>4,121</b>	1,742
		<b>6,429</b>	9,582
<b>Creditors: amounts falling due within one year</b>	16	<b>(6,229)</b>	(4,906)
Net current (liabilities)/assets		<b>200</b>	4,676
Total assets less current liabilities		<b>319,901</b>	313,605
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(11,567)</b>	(10,915)
<b>Net assets excluding pension scheme liabilities</b>		<b>308,334</b>	302,690
Defined benefit pension scheme liabilities	22	<b>(1,034)</b>	(5,072)
<b>Net assets including pension scheme liabilities</b>		<b>307,300</b>	297,618
<b>Funds</b>			
Endowment funds (including investment revaluation reserve of £160.76m (2018: £150.35m))	18	<b>272,160</b>	262,223
Restricted income funds (including investment revaluation reserve of £2.06m (2018: £0.85m))	18	<b>7,905</b>	7,188
Unrestricted income funds (including investment revaluation reserve of £12.90m (2018: £14.62m))	18	<b>27,235</b>	28,207
<b>Total funds</b>		<b>307,300</b>	297,618

The financial statements were approved and authorised for issue by the Trustees on 12 May 2020 and signed on their behalf, by:

**Mr Percy W Lomax, Chair**

The notes on pages 29 to 58 form part of these financial statements.

# The Chelmsford Diocesan Board of Finance

## Company balance sheet As at 31 December 2019

Company number: 137029

	Note	2019 £000	£000	2018 £000	£000
<b>Fixed assets</b>					
Tangible assets	13		264,150		258,402
Investments	14		55,551		50,527
			<u>319,701</u>		<u>308,929</u>
<b>Current assets</b>					
Stock		27		27	
Assets held for sale		-		5,333	
Debtors: amounts falling due after more than one year	15	182		222	
Debtors: amounts falling due within one year	15	2,104		2,257	
Cash at bank and in hand		4,117		1,705	
		<u>6,430</u>		<u>9,544</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(6,203)</u>		<u>(4,865)</u>	
Net current (liabilities)/assets			227		4,679
Total assets less current liabilities			<u>319,928</u>		<u>313,608</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(11,567)</u>		<u>(10,915)</u>
<b>Net assets excluding pension scheme liabilities</b>			308,361		302,693
Defined benefit pension scheme liabilities	22		<u>(1,034)</u>		<u>(5,072)</u>
<b>Net assets including pension scheme liabilities</b>			<u>307,327</u>		<u>297,621</u>
<b>Funds</b>					
Endowment funds (including investment revaluation reserve of £160.76m (2018: £150.35m))	18		272,160		262,223
Restricted income funds (including investment revaluation reserve of £2.06m (2018: £0.85m))	18		7,905		7,188
Unrestricted income funds (including investment revaluation reserve of £12.90m (2018: £14.62m))	18		27,262		28,210
<b>Total funds</b>			<u>307,327</u>		<u>297,621</u>

The financial statements were approved and authorised for issue by the Trustees on 12 May 2020 and signed on their behalf, by:

**Mr Percy W Lomax, Chair**

The notes on pages 29 to 58 form part of these financial statements.

# The Chelmsford Diocesan Board of Finance

## Consolidated statement of cash flows For the year ended 31 December 2019

	2019 £000	2019 £000	2018 £000	2018 £000
<b>Net cash used in from operating activities</b>		<b>(1,337)</b>		<b>(3,299)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,552		1,661	
Interest paid	(286)		(196)	
Proceeds from the sale of tangible fixed assets	6,912		4,279	
Proceeds from the sale of investments	5,280		5,642	
Purchase of tangible fixed assets for the use of the CDBF	(6,186)		(5,588)	
Purchase of fixed asset investments	(4,276)		(3,070)	
<b>Net cash used in investing activities</b>		<b>2,996</b>		<b>2,728</b>
<b>Cash flows from financing activities</b>				
New loans received by CDBF	1,000		10,000	
Loans repaid by CDBF	(280)		(9,255)	
<b>Net cash provided by financing activities</b>		<b>720</b>		<b>745</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>2,379</b>		<b>174</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1,742</b>		<b>1,568</b>
<b>Cash and cash equivalents at 31 December</b>		<b>4,121</b>		<b>1,742</b>
<b>Reconciliation of net income to net cash used in operating activities</b>				
		<b>2019 £000</b>		<b>2018 £000</b>
Net income for the year ended 31 December		<b>9,682</b>		<b>4,758</b>
<b>Adjustments for:</b>				
Depreciation		106		124
Gains on revaluation of fixed assets		(1,311)		(2,992)
Dividends, interest and rent from investments		(1,552)		(1,661)
Interest paid		286		196
Loss on sale of functional assets		23		241
Gains on investments		(6,028)		(1,959)
Decrease in stock		-		2
Decrease/(Increase) in debtors		199		(121)
(Decrease) in creditors		(2,742)		(1,887)
<b>Net cash used in operating activities</b>		<b>(1,337)</b>		<b>(3,299)</b>

The notes on pages 29 to 58 form part of these financial statements.

All cash and cash equivalents at 31 December 2019 and 31 December 2018 are cash in hand.

**Notes to the financial statements  
For the year ended 31 December 2019**

**I. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties which are included at their fair value as determined under the applicable valuation method as detailed below, and fixed asset investments which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS 102).

CDBF meets the definition of a Public Benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows:

**(a) Basis of consolidation**

The financial statements consolidate the results of the charitable company (CDBF) and its wholly-owned subsidiaries, Sparrows Trading Company Limited and Chelmsford Diocesan Trading Company Limited on a line by line basis. This is an aggregation of the Chelmsford Diocesan Board of Finance (CDBF) and its entities (see note 5).

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

**(b) Income**

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

- i) Parish Contributions are recognised as income of the year in respect of which it is receivable.
- ii) Rent receivable is recognised as income in the period with respect to which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) Parochial fees are recognised as income in the year to which they relate.
- vi) Donations other than grants are recognised when receivable.
- vii) Gains on disposal of fixed assets for the CDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) Stipends fund income. The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

**Notes to the financial statements  
For the year ended 31 December 2019**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(c) Expenditure**

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

- i) Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the CDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) Pension contributions - the CDBF participates in three pension schemes to provide pension benefits based on final pensionable pay, namely the Church of England Funded Pensions Scheme (clergy), the Church of England Defined Benefits Scheme part of the Church Workers Pension Fund, and the Teachers Superannuation Scheme. The CDBF also participates in the Church of England Pension Builder Scheme (formerly known as Defined Contributions Scheme) part of the Church Workers Pension Fund. Details of the schemes are set out in note 22. The pension costs charged as expenditure represent the CDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which CDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.
- vi) Short term employee benefits including holiday pay are recognised as an expense in the period in which the service is received.
- vii) Employee termination benefits are accounted for on an accrual basis and in line with FRS 102.

**(d) Going concern**

The financial statements are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The ultimate impact of the COVID 19 pandemic is still unclear, but Diocesan Officers are modelling scenarios should there be a material effect on income, especially considering the temporary closure of places of worship. Expenditure plans are being reviewed as a result of this. However, having reviewed the funding facilities available to CDBF together with the expected future cash flows, the trustees have a reasonable expectation that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

**Notes to the financial statements  
For the year ended 31 December 2019**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(e) Tangible fixed assets and depreciation**

**Freehold properties**

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

**Properties for the charity's own use**

All houses (excepting properties subject to value linked loans shown below) are included in the balance sheet at professional market valuation. Such houses are revalued annually.

**Properties subject to value linked loans**

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

**Parsonage houses**

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

**(f) Other tangible fixed assets**

Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Solar PV panels	4% per annum straight line
Motor vehicles	25% per annum straight line
Computers	25% per annum straight line
Furniture and office equipment	20% per annum straight line

All capital expenditure over £1,000 is capitalised.



**Notes to the financial statements**  
**For the year ended 31 December 2019**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(g) Other accounting policies**

- i) Fixed asset investments - Investment properties include agricultural holdings and commercial properties which are professionally valued annually. Other investments are included in the balance sheet at market value and the gain or loss on revaluation taken to the Statement of Financial Activities.
- ii) Financial Instruments - Other than equity loans which are initially recognised at the amount received, with the carrying amount adjusted in subsequent years to reflect the value based on the proportion of the current value of the relevant property and any accrued interest, the company only has financial assets and liabilities of a kind that qualify as basic financial instruments.
  - a) **Debtors** - Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. At the end of each reporting period debtors are assessed for evidence of impairment. If an asset is impaired an impairment loss is recognised in the Statement of Financial Activities.
  - b) **Cash** - Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
  - c) **Creditors** - Basic financial liabilities, including trade and other payables and bank loans, are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at transaction price.
  - d) **Leases** - The company and its subsidiary have entered into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause.

**(h) Fund balances**

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

- Unrestricted funds are the CDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the CDBF. There are two types of unrestricted funds:
  - ◆ General funds which the CDBF intends to use for the general purposes of the CDBF and
  - ◆ Designated funds set aside out of unrestricted funds by the CDBF for a purpose specified by the Trustees.
- Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the CDBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the CDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

**Notes to the financial statements  
For the year ended 31 December 2019**

**I. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**(i) Capital expenditure on Voluntary Aided schools**

Contributions to capital expenditure from Department for Education and school governors are not recognised in the Statement of Financial Activities. Details of the turnover related to this activity are included in note 25.

The CDBF contributes to the improvement, extension and building of schools not under its control by making grants to the school governors concerned, and these are shown as such in the Statement of Financial Activities.

The CDBF does not recognise the value of the company's reversionary interest in the assets of closed schools until the ultimate proceeds of disposal have been received.

**(j) Judgements and estimates**

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

*Significant judgements*

- i) Valuation of Freehold properties and parsonage houses – All freehold properties and parsonage houses excluding those subject to value linked loans are revalued to their fair value annually using valuations provided by external professionals. Properties subject to value linked loans are revalued each year at the fair value based on the index linked current valuation basis.
- ii) Valuation of liabilities arising from the charity's obligation to meet deficit reduction payments for its multi-employer defined benefit pension scheme – These liabilities are revalued at each year end using discount rates which are reassessed annually.
- iii) Residual value of Freehold properties – The Trustees consider that the residual value of freehold properties is sufficiently high that depreciation would not be material.

*Sources of estimation uncertainty*

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

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Parish share assessment for the year	16,432	-	-	16,432	16,439
Credits for fees and discounts	(520)	-	-	(520)	(572)
Shortfall in contributions	(1,356)	-	-	(1,356)	(1,208)
Payments in excess of assessment	14	-	-	14	18
Arrears for previous years	(38)	-	-	(38)	1
<b>Parish contributions</b>	<b>14,532</b>	<b>-</b>	<b>-</b>	<b>14,532</b>	<b>14,678</b>

All parish contributions in 2018 were unrestricted

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	244	188	-	432	420
Ministry Support Funding	2,352	-	-	2,352	2,445
Strategic Development funding - Turnaround project	43	-	-	43	195
Restructuring funding	-	-	-	-	1,648
Allchurches Trust	144	-	-	144	135
Strategic Development funding - Church Planting project	-	389	-	389	34
Training for Ministry	-	685	-	685	404
City Church Fund	-	604	-	604	554
<b>Other donations and legacies</b>	<b>2,783</b>	<b>1,866</b>	<b>-</b>	<b>4,649</b>	<b>5,835</b>
<b>Total donations and legacies</b>	<b>17,315</b>	<b>1,866</b>	<b>-</b>	<b>19,181</b>	<b>20,513</b>

In 2018, £3,009,000 of donations and legacies were unrestricted and £2,826,000 were restricted.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Endowment funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<i>Total funds 2018 £000</i>
Statutory fees and chaplaincy income	<b>1,035</b>	-	-	<b>1,035</b>	<i>1,181</i>
Printing and bookshop	<b>175</b>	-	-	<b>175</b>	<i>182</i>
Miscellaneous income	<b>344</b>	<b>1</b>	-	<b>345</b>	<i>371</i>
Diocesan Retreat House	-	<b>331</b>	-	<b>331</b>	<i>226</i>
	<b>1,554</b>	<b>332</b>	-	<b>1,886</b>	<i>1,960</i>

In 2018, £1,687,000 income was unrestricted and £273,000 was restricted.

**4. INCOME FROM INVESTMENTS**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Endowment funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<i>Total funds 2018 £000</i>
Dividends	<b>926</b>	<b>226</b>	-	<b>1,152</b>	<i>1,256</i>
Interest	<b>(10)</b>	<b>21</b>	-	<b>11</b>	<i>2</i>
Rent	<b>389</b>	-	-	<b>389</b>	<i>403</i>
	<b>1,305</b>	<b>247</b>	-	<b>1,552</b>	<i>1,661</i>

In 2018, £1,416,000 income was unrestricted and £245,000 was restricted.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**5. SUBSIDIARY TRADING ACTIVITIES**

The CDBF has two wholly owned subsidiaries. Sparrows Trading Company Limited (company no. 8626895) provides high-quality childcare with Christian distinctiveness within the Diocese of Chelmsford. Chelmsford Diocesan Trading Company Limited (company no. 8474175) was dormant during the current and prior period.

The results of Sparrows Trading Company Limited ("Sparrows") are as follows:

	<b>2019</b> <b>£000</b>	<i>2018</i> <i>£000</i>
Income: Provision of childcare	<b>281</b>	<i>357</i>
<b>Expenditure:</b>		
Costs other than employment costs	<b>76</b>	<i>83</i>
Wages and salaries	<b>214</b>	<i>210</i>
Employer's NIC	<b>11</b>	<i>10</i>
Pensions	<b>9</b>	<i>4</i>
	<b>310</b>	<i>307</i>
Operating (deficit)/surplus from subsidiary trading activities	<b>(29)</b>	<i>50</i>

In addition Sparrows paid the CDBF interest on the loan amounting to £21,000 (2018: £24,000.)

At 31 December 2019 Sparrows had assets of £8,000 (2018: £37,000), liabilities (excluding the loan from the CDBF) of £35,000 (2018: £40,000) and a loan outstanding due to the CDBF of £450,000 (2018: £423,000) (more fully explained in note 15). Sparrows had accumulated losses of £476,000 (2018: £426,000). Interest paid to the CDBF amounted to £21,000 (2018: £24,000).

Chelmsford Diocesan Trading Company Limited had assets of £1 at the same date.

**6. OTHER INCOME**

	<b>Unrestricted</b> <b>funds</b> <b>2019</b> <b>£000</b>	<b>Restricted</b> <b>funds</b> <b>2019</b> <b>£000</b>	<b>Endowment</b> <b>funds</b> <b>2019</b> <b>£000</b>	<b>Total</b> <b>funds</b> <b>2019</b> <b>£000</b>	<i>Total</i> <i>funds</i> <i>2018</i> <i>£000</i>
Gains on disposal of assets	<b>25</b>	-	-	<b>25</b>	-
School sale proceeds	-	-	-	-	-
Closed churches	<b>500</b>	-	-	<b>500</b>	-
	<b>525</b>	-	-	<b>525</b>	-

**Notes to the financial statements  
For the year ended 31 December 2019**

**7. FUND RAISING COSTS**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Endowment funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<i>Total funds 2018 £000</i>
Investment management costs	<b>107</b>	<b>22</b>	<b>134</b>	<b>263</b>	234
<i>Total 2018</i>	<i>102</i>	<i>23</i>	<i>109</i>	<i>234</i>	

**8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Endowment funds 2019 £000</b>	<b>Total funds 2019 £000</b>
Resourcing ministry and mission	<b>15,079</b>	<b>648</b>	-	<b>15,727</b>
Grant funding of activities	<b>2,031</b>	<b>694</b>	-	<b>2,725</b>
Support costs	<b>966</b>	<b>646</b>	-	<b>1,612</b>
Diocesan Retreat House	-	<b>265</b>	-	<b>265</b>
Expenditure on Education	-	<b>320</b>	-	<b>320</b>
Loss on disposal of assets	<b>324</b>	-	<b>224</b>	<b>548</b>
	<b>18,400</b>	<b>2,573</b>	<b>224</b>	<b>21,197</b>

  

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Endowment funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Resourcing ministry and mission	<i>17,708</i>	<i>552</i>	<i>150</i>	<i>18,409</i>
Grant funding of activities	<i>1,847</i>	<i>1,400</i>	-	<i>3,247</i>
Support costs	<i>1,380</i>	<i>943</i>	-	<i>2,323</i>
Diocesan Retreat House	-	<i>240</i>	-	<i>240</i>
Expenditure on Education	<i>164</i>	<i>344</i>	-	<i>509</i>
	<i>21,099</i>	<i>3,479</i>	<i>150</i>	<i>24,728</i>

**Notes to the financial statements  
For the year ended 31 December 2019**

**9. ANALYSIS OF GRANTS**

	<b>Grants to Individuals 2019 £000</b>	<b>Grants to Institutions 2019 £000</b>	<b>Total 2019 £000</b>	<i>Total 2018 £000</i>
Grants made	<b>499</b>	<b>2,226</b>	<b>2,725</b>	3,247
<i>Total 2018</i>	436	2,811	3,247	

**Reconciliation of grants payable**

	<b>2019 £000</b>	<i>2018 £000</i>
Accrued at 1 January	<b>526</b>	745
Grants payable for the year	<b>2,725</b>	3,247
Grants paid during the year	<b>(2,584)</b>	(3,466)
Total	<b>667</b>	526
<b>Payable as follows:</b>		
in less than 1 year	<b>667</b>	526

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**9. ANALYSIS OF GRANTS (continued)**

	No.	Individuals £000	Institutions £000	2019 £000	2018 £000
<b>From unrestricted funds for National Church responsibilities</b>					
Contributions to Archbishops' Council	1	-	1,228	1,228	1,196
<b>From unrestricted funds</b>					
PCC feasibility study	5	-	11	11	28
Churches Together organisations	1	-	12	12	24
Interfaith working	6	-	73	73	46
Other institutional grants	1	-	71	71	24
Ordinands in Training	47	456	-	456	397
Clergy for training	128	31	-	31	33
<b>Total from unrestricted funds</b>	<b>189</b>	<b>487</b>	<b>1,395</b>	<b>1,882</b>	<b>1,748</b>
<b>Total from designated funds</b>					
PCCs for mission projects	9	-	149	149	99
<b>From restricted funds</b>					
Overseas mission projects	1	-	25	25	60
Refugee support	2	12	-	12	6
PCCs for mission projects	42	-	628	628	1,116
Multi Academy Trust	1	-	29	29	218
<b>Total from restricted funds</b>	<b>46</b>	<b>12</b>	<b>682</b>	<b>694</b>	<b>1400</b>
<b>Total</b>	<b>244</b>	<b>499</b>	<b>2,226</b>	<b>2,725</b>	<b>3,247</b>

**10. ALLOCATION OF SUPPORT COSTS**

	2019 £000	2018 £000
Resourcing ministry and mission	1,305	1,881
Education	307	442
<b>Total</b>	<b>1,612</b>	<b>2,323</b>



**Notes to the financial statements  
For the year ended 31 December 2019**

**11. NET INCOME**

This is stated after charging:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Auditors' remuneration		
Audit fees	<b>30</b>	<i>26</i>
Other fees	<b>-</b>	<i>4</i>
Operating lease costs in the year	<b>138</b>	<i>155</i>
Depreciation charge	<b>105</b>	<i>124</i>
Interest paid	<b>286</b>	<i>196</i>
	<hr/> <b></b>	<hr/> <i></i>

**12. STAFF COSTS**

Staff costs were as follows:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>2,650</b>	<i>2,716</i>
National Insurance contributions	<b>235</b>	<i>245</i>
Pension costs (note 22)	<b>354</b>	<i>1,169</i>
	<hr/> <b>3,239</b>	<hr/> <i>4,130</i>
	<hr/> <b></b>	<hr/> <i></i>

The average number of persons employed by the company during the year was as follows:

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Support for parish ministry	<b>79</b>	<i>76</i>
Diocesan Retreat House	<b>16</b>	<i>18</i>
Secretaries to Archdeacons	<b>7</b>	<i>7</i>
Sparrows	<b>24</b>	<i>10</i>
	<hr/> <b>126</b>	<hr/> <i>111</i>
	<hr/> <b></b>	<hr/> <i></i>

The average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Support for parish ministry	<b>68</b>	<i>65</i>
Diocesan Retreat House	<b>7</b>	<i>8</i>
Secretaries to Archdeacons	<b>4</b>	<i>4</i>
Sparrows	<b>16</b>	<i>17</i>
	<hr/> <b>95</b>	<hr/> <i>94</i>
	<hr/> <b></b>	<hr/> <i></i>

**Notes to the financial statements  
For the year ended 31 December 2019**

**12. STAFF COSTS (Continued)**

The number of higher paid employees was:

	<b>2019 No.</b>	<b>2018 No.</b>
In the band £60,001 - £70,000	<b>2</b>	<b>3</b>
In the band £70,001 - £80,000	<b>-</b>	<b>1</b>
In the band £80,001 - £90,000	<b>1</b>	<b>1</b>

During the year the charity made employment termination payments totalling £39,764 (2018: £38,503).

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were:

<b>Chief Executive &amp; Diocesan Secretary</b>	Joel Gowen (to 30/04/20)
<b>Director of Communications &amp; Media</b>	Thomas Geldard (from 13/01/20)
<b>Head of Property</b>	Alex Reeve (from 02/12/19)
<b>Director of Development and Property</b>	Michael Minta (to 15/02/19)
<b>Director of Education</b>	The Revd Timothy Elbourne
<b>Director of Finance</b>	Mark Spraggins (to 07/01/19)
<b>Head of Finance</b>	Margaret Essery
<b>Dean of Mission, Ministry &amp; Education</b>	The Revd Canon Dr Roger Matthews
<b>Head of Service Delivery</b>	Nathan Whitehead

Remuneration, pensions and expenses for these employees amounted to £442,000 (2018: £571,000).

**Clergy Stipends**

The CDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The CDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	<b>2019 £000</b>	<b>2018 £000</b>
Stipends	<b>8,001</b>	<b>8,048</b>
National Insurance contributions	<b>700</b>	<b>696</b>
Pension costs – current year	<b>2,034</b>	<b>3,022</b>
– deficit reduction	<b>896</b>	<b>927</b>
	<b>11,631</b>	<b>12,693</b>

The stipends of the Diocesan Bishop and three Suffragan Bishops are funded by the Church Commissioners and are in the range £36,940- £44,270 (2018: £36,210 - £44,380). The annual rate of stipend, funded by the CDBF, paid to Archdeacons in 2019 and 2018 was in the range £34,860 – £36,270 and other clergy who were Trustees were paid in the range £25,830 – £26,880 for both years. The CDBF provides housing for the three Suffragan Bishops, the Archdeacons and the clergy who are Trustees. The Church Commissioners provide housing for the Diocesan Bishop.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**12. STAFF COSTS (Continued)**

No Trustee received remuneration for services as Trustee. The Trustees who received travelling and out of pocket expenses numbered 12, totalling £13,584 (2018: £7,830 for 11 Trustees) in respect of General Synod duties, duties as archdeacon and other duties as Trustees.

**13 TANGIBLE FIXED ASSETS**

<b>Group and Company</b>	<b>Freehold properties £000</b>	<b>Office equipment £000</b>	<b>Other fixed assets £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2019	257,567	1,073	854	259,494
Additions	6,123	63	-	6,186
Disposals	(1,755)	(94)	(13)	(1,862)
Revaluation surplus	1,440	-	-	1,440
At 31 December 2019	263,375	1,042	841	265,258
<b>Depreciation</b>				
At 1 January 2019	-	924	168	1,092
Charge for the year	-	72	34	106
On disposals	-	(87)	(3)	(90)
At 31 December 2019	-	909	199	1,108
<b>Net book value</b>				
At 31 December 2019	263,375	133	642	264,150
At 31 December 2018	257,567	149	686	258,402

If the freehold properties had not been included at valuation they would have been included under the historical cost convention as follows:

<b>Group and Company</b>	<b>2019 £000</b>	<b>2018 £000</b>
Cost	103,657	101,358

The land and buildings were revalued on 31 December 2019 by Strutt & Parker LLP, Chartered Surveyors on an open market existing use basis.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**13 TANGIBLE FIXED ASSETS (continued)**

**Revaluations**

Two of the equity loans (note 18) are for the acquisition of freehold properties included above. The repayment terms are such that the amount repayable is quantified as a percentage of the sales proceeds. Accordingly, if the property is revalued the associated loan must also be restated.

The analysis of net gains on revaluations of fixed assets and loans is as follows:

<b>Group and Company</b>	<b>2019 £000</b>	<b>2018 £000</b>
Revaluation of fixed assets	<b>1,440</b>	2,992
Revaluation of equity loans	<b>(129)</b>	-
Net gains per Statement of Financial Activities	<b>1,311</b>	2,992

**COVID-19 Pandemic**

Trustees are aware of the potential impact of the COVID-19 pandemic on property values. The intention is to hold the majority of property for the long term. No adjustment has therefore been made to valuations as a result of the crisis.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**14. FIXED ASSET INVESTMENTS**

	<b>Listed Investments £000</b>	<b>Unlisted Investments £000</b>	<b>Investment Property £000</b>	<b>2019 £000</b>	<b>2018 £000</b>
At 1 January	<b>19,692</b>	<b>20,708</b>	<b>10,127</b>	<b>50,527</b>	<i>51,141</i>
Additions	<b>4,276</b>	<b>-</b>	<b>-</b>	<b>4,276</b>	<i>3,070</i>
Disposals	<b>(4,916)</b>	<b>(72)</b>	<b>(239)</b>	<b>(5,227)</b>	<i>(2,940)</i>
Unrealised gains on revaluation	<b>1,946</b>	<b>3,835</b>	<b>194</b>	<b>5,975</b>	<i>(744)</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Market Value at 31 December	<b>20,998</b>	<b>24,471</b>	<b>10,082</b>	<b>55,551</b>	<i>50,527</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Historic value at 31 December	<b>17,705</b>	<b>17,303</b>	<b>4,123</b>	<b>39,131</b>	<i>40,186</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Investments held by fund**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Endowment Funds £000</b>	<b>Total 2019 £000</b>
At 31 December 2019				
Listed investments	<b>152</b>	<b>3,629</b>	<b>17,217</b>	<b>20,998</b>
Unlisted investments	<b>1,049</b>	<b>4,687</b>	<b>18,736</b>	<b>24,471</b>
Investment property	<b>-</b>	<b>-</b>	<b>10,082</b>	<b>10,082</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>1,201</b>	<b>8,316</b>	<b>46,035</b>	<b>55,551</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Endowment Funds £000</i>	<i>Total 2018 £000</i>
At 31 December 2018				
Listed investments	<i>791</i>	<i>3,948</i>	<i>15,968</i>	<i>19,692</i>
Unlisted investments	<i>142</i>	<i>3,404</i>	<i>16,147</i>	<i>20,708</i>
Investment property	<i>-</i>	<i>-</i>	<i>10,127</i>	<i>10,127</i>
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<i>933</i>	<i>7,352</i>	<i>42,242</i>	<i>50,527</i>
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the financial statements  
For the year ended 31 December 2019**

**14. FIXED ASSET INVESTMENTS (continued)**

The analysis of net gains on investments is as follows:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Realised gains	<b>53</b>	<i>2,703</i>
Unrealised gains on revaluation	<b>5,975</b>	<i>(744)</i>
	<b>6,028</b>	<i>1,959</i>
Net gains per Statement of Financial Activities	<b>6,028</b>	<i>1,959</i>

**COVID-19 Pandemic**

Trustees are aware of the potential impact of the COVID-19 pandemic on the value of investment assets, with some portfolios having decreased in value by in excess of 10.5% since the start of the crisis. The CDBF is a long term investor and currently has no plans to realise investments. With the uncertainty over the ultimate impact on values, no adjustment has been made in these financial statements to the values at 31 December 2019.

**15. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<i>2018</i>	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
<b>Due after more than one year</b>				
Loan to Sparrows Trading Company Limited (see below)	-	-	-	-
Loans to parishes	<b>144</b>	<i>166</i>	<b>144</b>	<i>166</i>
Equity loans	<b>29</b>	<i>29</i>	<b>29</b>	<i>29</i>
Other debtors	<b>9</b>	<i>27</i>	<b>9</b>	<i>27</i>
	<b>182</b>	<i>222</i>	<b>182</b>	<i>222</i>
	<b>182</b>	<i>222</i>	<b>182</b>	<i>222</i>
	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<i>2018</i>	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
<b>Due within one year</b>				
Trade debtors	<b>4</b>	-	-	-
Parish share	<b>296</b>	<i>387</i>	<b>296</b>	<i>387</i>
Charitable activities debtors	<b>671</b>	<i>809</i>	<b>680</b>	<i>809</i>
Parochial fees	<b>120</b>	<i>120</i>	<b>120</b>	<i>120</i>
Other loans and debtors	<b>796</b>	<i>779</i>	<b>796</b>	<i>779</i>
Prepayments and accrued income	<b>212</b>	<i>163</i>	<b>212</b>	<i>162</i>
	<b>2,099</b>	<i>2,258</i>	<b>2,104</b>	<i>2,257</i>
	<b>2,099</b>	<i>2,258</i>	<b>2,104</b>	<i>2,257</i>

At 31 December 2019 CBDF has provided against the outstanding £450,000 loan to Sparrows Trading Company Limited (the company's subsidiary company) in full on the basis that it is potentially irrecoverable.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**16. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts (note 17)	27	-	27	-
Trade creditors	441	478	438	465
Other taxation and social security	66	67	64	65
Closed Schools - amounts held pending determination	1,903	1,772	1,903	1,772
Devolved Formula Capital	796	571	796	571
Pension contributions (note 22)	899	930	899	930
Other creditors	28	27	28	27
Accruals and deferred income	1,402	535	1,381	509
Grants accrued (note 9)	667	526	667	526
	<b>6,229</b>	<b>4,906</b>	<b>6,203</b>	<b>4,865</b>

**17. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans	10,693	10,000	10,693	10,000
Equity loans	874	915	874	915
	<b>11,567</b>	<b>10,915</b>	<b>11,567</b>	<b>10,915</b>

National Westminster Bank Plc has made available mortgage facilities to fund the purchase of houses for curates. The total loan balance stands at £10.72m (2018: £10.0m) at the year end.

In May 2017 a new facility of £10m was set up and the then existing loans were repaid. This facility, which is repayable in full at the end of 5 years, is secured on certain freehold properties. As at 31 December 2019 £9.72m was outstanding.

A further loan of £1m was agreed in 2019. This is repayable in monthly instalments starting 13 months after the first drawdown. The final instalment is due 5 years after the first drawdown. As at 31 December 2019 £1m was outstanding. This loan is secured on certain freehold properties.

Equity loans are made available by the Church Commissioners to assist with provision of housing for curates and other ministers. The terms are that the loan is repayable if the property is sold or ceases to be used for the purpose under which the loan was granted. The amount repayable to the Church Commissioners is the proportion of the current value of the property that the loan bore to the original purchase cost. Most loans incurred interest initially at 3% per annum but the rate thereafter varies with inflation: the average interest rate on these loans is 6%.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**18. SUMMARY OF FUNDS MOVEMENTS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 January 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2019 £000
<b>Designated funds</b>						
Houses	23,882	-	(324)	-	(103)	23,455
Allchurches Trust	148	144	(92)	-	-	200
Strategic Change	46	-	(26)	-	-	20
Mission Opportunities	1,233	156	(166)	-	162	1,385
Diocesan Retreat House refurbishment	1	-	-	-	-	1
Turnaround Project	114	43	(88)	-	-	69
Closed Churches	499	500	-	-	-	999
Asbestos surveys	77	-	(8)	-	-	69
	<u>26,000</u>	<u>843</u>	<u>(704)</u>	<u>-</u>	<u>59</u>	<u>26,198</u>
<b>General funds</b>						
General Fund	2,608	20,544	(17,803)	(3,842)	(40)	1,467
Subsidiary company	(401)	281	(310)	-	-	(430)
	<u>2,207</u>	<u>20,825</u>	<u>(18,113)</u>	<u>(3,842)</u>	<u>(40)</u>	<u>1,037</u>
Total Unrestricted funds	<u>28,207</u>	<u>21,668</u>	<u>(18,817)</u>	<u>(3,842)</u>	<u>19</u>	<u>27,235</u>
<b>Endowment funds</b>						
Stipends Fund Capital	69,493	-	(277)	4,069	4,320	77,605
Parsonage Houses	190,246	-	(81)	-	1,530	191,695
Permanent Endowment	2,484	-	-	-	376	2,860
	<u>262,223</u>	<u>-</u>	<u>(358)</u>	<u>4,069</u>	<u>6,226</u>	<u>272,160</u>
<b>Restricted funds</b>						
Diocesan Board of Education	4,928	293	(425)	(27)	855	5,625
Diocesan Retreat House	50	331	(265)	-	6	121
London Over the Border	1,685	649	(679)	-	233	1,890
Lent Appeal	6	25	(25)	-	-	6
Refugee Appeal	51	-	(12)	-	-	39
Church Planting project	(71)	389	(358)	-	-	(40)
Restructuring	518	-	(121)	(200)	-	196
Training for Ministry	33	685	(673)	-	-	45
Strategic Capacity	(12)	73	(38)	-	-	23
One offs	-	-	-	-	-	-
	<u>7,188</u>	<u>2,445</u>	<u>(2,595)</u>	<u>(227)</u>	<u>1,094</u>	<u>7,905</u>
Total of funds	<u>297,618</u>	<u>24,113</u>	<u>(21,770)</u>	<u>-</u>	<u>7,339</u>	<u>307,300</u>



**Notes to the financial statements**  
**For the year ended 31 December 2019**

**18. SUMMARY OF FUNDS MOVEMENTS (continued)**

	Balance at 1 January 2018 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2018 £000
<b>Designated funds</b>						
Houses	23,598	-	(92)	-	376	23,882
Allchurches Trust	140	135	(127)	-	-	148
Strategic Change	93	-	(47)	-	-	46
Mission Opportunities	1,048	156	40	-	(11)	1,233
Diocesan Retreat House refurbishment	39	-	(38)	-	-	1
Turnaround Project	129	196	(211)	-	-	114
Closed Churches	499	-	-	-	-	499
Asbestos surveys	127	-	(50)	-	-	77
	<u>25,673</u>	<u>487</u>	<u>(525)</u>	<u>-</u>	<u>365</u>	<u>26,000</u>
<b>General funds</b>						
General Fund	3,208	20,888	(20,676)	(583)	(229)	2,608
Subsidiary company	(451)	357	(307)	-	-	(401)
	<u>2,757</u>	<u>21,245</u>	<u>(20,983)</u>	<u>(583)</u>	<u>(229)</u>	<u>2,207</u>
Total Unrestricted funds	<u>28,430</u>	<u>21,732</u>	<u>(21,508)</u>	<u>(583)</u>	<u>136</u>	<u>28,207</u>
<b>Endowment funds</b>						
Stipends Fund Capital	66,144	-	(223)	1,181	2,391	69,493
Parsonage Houses	187,788	-	(36)	-	2,494	190,246
Permanent Endowment	2,522	-	-	-	(38)	2,484
	<u>256,454</u>	<u>-</u>	<u>(259)</u>	<u>1,181</u>	<u>4,847</u>	<u>262,223</u>
<b>Restricted funds</b>						
Diocesan Board of Education	5,614	319	(580)	(398)	(27)	4,928
Diocesan Retreat House	71	226	(240)	-	(7)	50
London Over the Border	2,204	627	(1,148)	-	2	1,685
Lent Appeal	-	67	(61)	-	-	6
Refugee Appeal	57	-	(6)	-	-	51
Church Planting project	-	34	(105)	-	-	(71)
Restructuring	26	1,648	(956)	(200)	-	518
Training for Ministry	4	404	(375)	-	-	33
Strategic Capacity	-	11	(23)	-	-	(12)
One Offs	-	8	(8)	-	-	-
	<u>7,976</u>	<u>3,344</u>	<u>(3,502)</u>	<u>(598)</u>	<u>(32)</u>	<u>7,188</u>
Total of funds	<u>292,860</u>	<u>25,076</u>	<u>(25,269)</u>	<u>-</u>	<u>4,951</u>	<u>297,618</u>

Notes to the financial statements

For the year ended 31 December 2019

18. SUMMARY OF FUNDS MOVEMENTS (continued)

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2019 £000
Designated funds	26,000	843	(704)	-	59	26,198
General funds	2,207	20,825	(18,113)	(3,842)	(40)	1,037
	<u>28,207</u>	<u>21,668</u>	<u>(18,817)</u>	<u>(3,842)</u>	<u>19</u>	<u>27,235</u>
Endowment funds	262,223	-	(358)	4,069	6,226	272,160
Restricted funds	7,188	2,445	(2,595)	(227)	1,094	7,905
	<u>297,618</u>	<u>24,113</u>	<u>(21,770)</u>	<u>-</u>	<u>7,339</u>	<u>307,300</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2018 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2018 £000
Designated funds	25,673	487	(525)	-	365	26,000
General funds	2,757	21,245	(20,983)	(583)	(229)	2,207
	<u>28,430</u>	<u>21,732</u>	<u>(21,508)</u>	<u>(583)</u>	<u>136</u>	<u>28,207</u>
Endowment funds	256,454	-	(259)	1,181	4,847	262,223
Restricted funds	7,976	3,344	(3,502)	(598)	(32)	7,188
	<u>292,860</u>	<u>25,076</u>	<u>(25,269)</u>	<u>-</u>	<u>4,951</u>	<u>297,618</u>

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	40,918	320	222,912	264,150
Fixed asset investments	1,090	8,316	46,145	55,551
Assets held for sale	-	-	-	-
Debtors due after more than one year	178	4	-	182
Current assets	(1,090)	2,304	5,033	6,247
Creditors due within one year	(2,294)	(3,039)	(896)	(6,229)
Creditors due in more than one year	(11,567)	-	-	(11,567)
Defined benefit pension scheme liabilities	-	-	(1,034)	(1,034)
	<b>27,235</b>	<b>7,905</b>	<b>272,160</b>	<b>307,300</b>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	39,718	300	218,384	258,402
Fixed asset investments	933	7,352	42,242	50,527
Assets held for sale	-	-	5,333	5,333
Debtors due after more than 1 year	218	4	-	222
Current assets	(349)	2,114	2,262	4,027
Creditors due within one year	(1,398)	(2,582)	(926)	(4,906)
Creditors due in more than one year	(10,915)	-	-	(10,915)
Provisions for liabilities and charges	-	-	(5,072)	(5,072)
	<b>28,207</b>	<b>7,188</b>	<b>262,223</b>	<b>297,618</b>

**Designated funds:**

**Houses Fund**

**Allchurches Trust**

**Strategic Change**

**Mission Opportunities fund**

**Diocesan Retreat House**

**Refurbishment**

**Turnaround Project**

This fund represents monies allocated to clergy housing

This fund represents grants received from Allchurches Trust and is to be distributed at the discretion of the Bishop of Chelmsford

This fund represents monies allocated for strategic change predominantly the Transforming Presence Programme

This fund represents monies allocated for new mission initiatives

This fund represents monies allocated to improve facilities at the Retreat House

This fund represents monies allocated to a 'turnaround' project to improve mission and financial performance

## Notes to the financial statements

For the year ended 31 December 2019

### 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

<b>Closed Churches</b>	This fund represents proceeds from the sale of closed churches which have been set aside to cover future costs arising on other churches in the diocese closed for public worship
<b>General Funds:</b>	
<b>General Fund</b>	This fund is available for any purpose within the objects of the CDBF
<b>Subsidiary Company</b>	This represents the balance of expenditure over income in the subsidiary company, Sparrows Trading Company Limited
<b>Endowment Funds:</b>	
<b>Stipends Fund Capital</b>	This fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends
<b>Parsonage Houses</b>	This fund represents the value of all the benefice houses (parsonages) in the Diocese
<b>Permanent endowments</b>	The income of these funds is available to be spent within the General Funds
<b>Restricted Funds:</b>	
<b>Diocesan Board of Education</b>	The Diocesan Board of Education is an unincorporated body constituted in accordance with the Diocesan Boards of Education Measure 1991 (No.2). This includes the pooled sale proceeds of closed church schools and the unspent balance of the grant received from the Hockerill Educational Foundation
<b>Diocesan Retreat House</b>	The Diocesan Retreat House at Pleshey is operated as a separate activity. Under the terms of the trust for the Retreat House, all income must be expended within the centre and, therefore, this is treated as a restricted fund within CDBF's accounts
<b>London Over the Border</b>	The Council is instituted to administer specific funds for the benefit of parishes within five specified deaneries of the Diocese
<b>Lent Appeal</b>	This fund represents income from the Bishop's Lent Appeal
<b>Refugee Appeal</b>	This fund represents income from the Bishop's Refugee Appeal
<b>Church Planting Project</b>	This fund represents grants received from the Church Commissioners towards the cost of the on-going development of resource churches and a network of new church communities in 5 strategic mission priority areas
<b>Restructuring (transition) Funding</b>	This fund represents grants received from the Church Commissioners to aid the Diocese to transition to new funding arrangements
<b>Training for Ministry</b>	This fund represents grants received from the Archbishops' Council to assist in the funding of training clergy

### 20. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

### 21. CAPITAL COMMITMENTS

At 31 December 2019 the group and company had capital commitments as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Contracted for but not provided in these financial statements	-	-	-	-

**Notes to the financial statements  
For the year ended 31 December 2019**

**22. PENSIONS**

The group participates in four pension schemes:

- A. Church of England Funded Pensions Scheme
- B. Church Workers Pension Fund DBS
- C. Church Workers Pension Fund Pension Builder
- D. Teachers Pension Scheme

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

**A. Church of England Funded Pensions Scheme (CEFPS) - the Clergy defined benefit pension scheme**

Chelmsford 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 the specific Responsible Body and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: £2.034m, 2018: £2.181m), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total credit of £1.139m for 2019 (2018: charge of £1.928m).

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

- ◆ An average discount rate of 3.2% p.a.;
- ◆ RPI inflation of 3.2% 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% pa.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**22 PENSIONS (continued)**

**A. Church of England Funded Pensions Scheme (CEFPS) - the Clergy defined benefit pension scheme (continued)**

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

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

As at December 2017 and 31 December 2018 the deficit recovery contributions payable under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and 2019 is set out in the table below.

	2019 £000	2018 £000
Balance sheet liability at 1 January	5,999	7,180
Deficit contribution paid	(896)	(927)
Interest cost (recognised in SOFA)	117	94
Remaining change to the balance sheet liability* (recognised in SOFA)	(3,290)	(348)
Balance sheet liability at 31 December	<u>1,930</u>	<u>5,999</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 set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1 % pa	2.1 % pa	1.4 % pa
Price inflation	2.8 % pa	3.1 % pa	3.0 % pa
Increase to total pensionable payroll	1.3 % pa	1.6 % pa	1.5 % pa

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

**Notes to the financial statements**  
**For the year ended 31 December 2019**  
**22 PENSIONS (continued)**

**B. Church Workers Pension Fund (CWPF) - Lay Workers Defined Benefits Scheme**

The CDBF (Defined Benefits Scheme) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014 (see section C below). The Defined Benefits Scheme ("DBS") section of the CWPF provides benefits for lay staff based on final pensionable salaries.

The CDBF has not had any active members in the DBS since March 2018.

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards expenses accrued in that year (2019: £9,000 - 2018: £29,000 including contributions payable towards benefits to March 2018), plus any impact of deficit contributions (see below), giving a total charge of £9,000 for 2019 (2018: £498,000).

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

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,000 per year.

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>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Balance sheet liability at 1 January	-	370
Deficit contribution paid	-	(839)
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability*(recognised in SOFA)	-	469
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the financial statements**  
**For the year ended 31 December 2019**  
**22 PENSIONS (continued)**

**B. Church Workers Pension Fund (CWPF) - Lay Workers Defined Benefits Scheme (continued)**

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:

	<b>December 2019</b>	<b>December 2018</b>	<b>December 2017</b>
Discount rate	nil	nil	0.9% pa

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

The next valuation of the scheme is being carried out as at 31 December 2019.

**C. Church Workers Pension Fund (CWPF) - Pension Builder Classic and PB2014**

The CDBF (PB 2014) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

**Pension Builder Scheme**

The Pension Builder Scheme of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2019: £ 290,000, 2018: £237,000).

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

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

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

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



**Notes to the financial statements  
For the year ended 31 December 2019**

**22 PENSIONS (continued)**

**D. Teachers' Pension Scheme (TPS)**

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employees are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer's pension costs paid to the TPS in the year amounted to £41,000 (2018 £33,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS102 the TPS is a multi employer scheme. CDBF has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- (a) employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge from 1 September 2019 (16.48% from September 2015 to August 2019);
- (b) total scheme liabilities for service to the effective date of £218,100 million, and notional assets of £196,100 million, giving a notional past service deficit of £22,000 million; and
- (c) an employer cost cap of 7.3% of pensionable pay will be applied to future valuations.
- (d) the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

Up to August 2019 the employer contribution rate was 16.48%. The TPS valuation for 2016 determined an employer rate of 23.68% from September 2019.

**Notes to the financial statements  
For the year ended 31 December 2019**

**22 PENSIONS (continued)**

The summary of all the schemes' liabilities at 31 December is:

**Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019 £000</b>	<b>2018 £000</b>	<b>2019 £000</b>	<b>2018 £000</b>
Church of England Funded Pensions Scheme	<b>896</b>	927	<b>896</b>	927
Church Workers Pension Fund DBS	-	-	-	-
Church Workers Pension Fund - Pension Builder Classic and PB2014	<b>3</b>	3	<b>3</b>	3
<b>Total</b>	<b>899</b>	<b>930</b>	<b>899</b>	<b>930</b>

**Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019 £000</b>	<b>2018 £000</b>	<b>2019 £000</b>	<b>2018 £000</b>
Church of England Funded Pensions Scheme	<b>1,034</b>	5,072	<b>1,034</b>	5,072
Church Workers Pension Fund DBS	-	-	-	-
<b>Total</b>	<b>1,034</b>	<b>5,072</b>	<b>1,034</b>	<b>5,072</b>

**COVID-19 Pandemic**

Trustees are aware that the volatile investment market is expected to have an impact on the pension schemes in terms of asset values and the measure of liabilities. No information has been received to date as to the quantum of the impact of COVID-19 on the pension schemes, and no requests for any change to deficit funding have been received.

**23. OPERATING LEASE COMMITMENTS**

At 31 December 2019 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	<b>Group</b>		<b>Company</b>	
	<b>2019 £000</b>	<b>2018 £000</b>	<b>2019 £000</b>	<b>2018 £000</b>
Within 1 year	<b>46</b>	82	<b>46</b>	54
Between 2 and 5 years	<b>14</b>	32	<b>14</b>	-
After more than 5 years	-	6	-	-
<b>Total</b>	<b>60</b>	<b>120</b>	<b>60</b>	<b>54</b>

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**24. RELATED PARTY TRANSACTIONS**

Transactions between Sparrows Trading Company Limited and the CDBF were as follows:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Amount owing at 1 January	-	433
Loan advanced to Sparrows Trading Company Limited during the year	<b>27</b>	<i>(10)</i>
Amount written off	<b>(27)</b>	<i>(423)</i>
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

**25. CAPITAL EXPENDITURE ON VOLUNTARY AIDED SCHOOLS**

CDBF received funding on behalf of schools from the Department for Education, local authorities and from school governing bodies to finance building work amounting to £1,759,000 (2018: £2,038,000).

These funds were then utilised to pay for school building improvement works. Neither the income nor the expenditure are included in these accounts.

**26. FUNDS HELD AS CUSTODIAN TRUSTEE**

CDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the CDBF does not control them.

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
CBF Church of England Investment Fund income shares	<b>9,591</b>	7,538
CBF Church of England Investment Fund accumulation shares	<b>924</b>	662
CBF Church of England Fixed Interest Securities Fund shares	<b>348</b>	354
CBF Church of England Property Fund shares	<b>3</b>	3
COIF income and accumulation shares	<b>238</b>	565
Other common investment fund holdings (M&G)	<b>1,051</b>	1,086
Direct holdings in UK equities	<b>688</b>	542
CBF Church of England Deposit Fund	<b>4,783</b>	5,202
	<hr/>	<hr/>
	<b>17,626</b>	<i>15,952</i>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**27. ANALYSIS OF CHANGES IN NET CASH**

	<b>1 January</b>		<b>31 December</b>
	<b>2019</b>	<b>Cash</b>	<b>2019</b>
	<b>£000</b>	<b>flow</b>	<b>£000</b>
<b>Cash in hand and in bank</b>	1,742	2,379	4,121
<b>Cash Equivalents</b>			
Loans falling due within one year	-	(27)	(27)
Loans falling due after one year	(10,915)	(652)	(11,567)

**28. POST BALANCE SHEET EVENT**

Since the year end, the COVID-19 pandemic has had a huge impact across the world. Global financial markets have suffered as a result, and this volatility is likely to have an impact on the value of investment assets, along with property values and Pension Fund deficits. As detailed in the notes to the accounts, it is not possible to quantify the impact on property values or Pension Fund deficits. The crisis has had a significant impact on parish share: with the closure of all churches parish income has been severely reduced and this has led to a knock on reduction in contributions to the Diocese. The full extent of the financial impact is currently unknown so Diocesan Officers are modelling a number of scenarios and developing plans accordingly. This includes material reductions in cost through operational savings, postponement of capital expenditure and applications for grant funding. Operationally most employees are able to work effectively from home and every effort is being made to continue to provide as many of our services as possible. Trustees will continue to monitor the changing operational landscape and impact on assets and related income.