

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)



**Annual Report and Financial Statements  
For the year ended 31 December 2021**

**Company No: 00133558  
Registered Charity Number: 243134**

A printed copy is available on request from Church  
House, 211 New Church Road, Hove BN3 4ED  
Or email [enquiries@chichester.anglican.org](mailto:enquiries@chichester.anglican.org)

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

For the year ended 31 December 2021

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<b>TABLE OF CONTENTS</b>	<b>Page Number</b>
Mission Statement	2
Legal Objects	3
Strategic Report:	
Strategic Aims	4
Objectives for the year	4
Activities and Achievements in the year	5
Future plans	18
Financial review	20
Principal risks and uncertainties	24
Structure and Governance	25
Trustees' Responsibilities	30
Administrative details	32
Independent Auditor's Report	34
Statement of Financial Activities	38
Income and Expenditure Account	39
Balance Sheet	40
Cash Flow Statement	41
Notes to the Financial Statements	42-79

**Mission Statement**

Our mission is growth in Christ: encouraging people in the Diocese of Chichester and the wider world to know, love, follow Jesus and to grow as his disciples in worship and witness to the truth of the gospel.

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

### **For the year ended 31 December 2021**

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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 2021.

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 Chichester cover the counties of East and West Sussex and the Unitary Authority of Brighton and Hove.

The principal object of the Chichester Diocesan Fund and Board of Finance (Incorporated) ("CDBF") is to promote, carry on, assist, benefit and advance the work of the Church of England in the Diocese of Chichester by acting as the financial executive of the Chichester 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 Church Property Measure 2018;
- 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 custodian of assets relating to church schools under the Diocesan Board of Education Measure 2021;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Churchwardens 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 and the Bishop of Chichester (in respect of his responsibility for the provision of the cure of souls) and his Senior Staff. Significant time and effort is committed to communication between and with deaneries and PCCs, as well as with the church nationally, including an annual series of deanery consultations on the Diocesan Budget and the priorities for the forthcoming year.

In reviewing the charity's aims, and putting them into action, the trustees have taken account of the Charity Commission's guidance on public benefit.

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

---

### **STRATEGIC REPORT**

#### **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 support both the nurturing of faith in new and existing Anglicans in Sussex and engagement with the community, as part of the Church's response to the mission of God in Sussex. The CDBF aims to achieve this by equipping the Diocesan Synod, its Councils and Committees, deaneries, parishes, chaplaincies and schools to further the mission and strategic priorities of the Diocese and by doing only those things which are best done at diocesan level or otherwise add value to the work of parishes, chaplaincies and schools.

At Pentecost in May 2015, the Diocesan Synod launched a five year Diocesan Strategy with the following three priorities modelled on the priorities of the Archbishops' Council's Renewal and Reform body of work:

1. Growth in holiness and numbers;
2. Re-imagining ministry;
3. Contributing to the Common Good.

At the end of 2019 the second stage of the Diocesan Vision for Growth was launched, which built on the previous aims, but identified four priorities for 2020-2025:

1. More Open: a sign of being One;
2. More Converted to Jesus Christ: a sign of being holy;
3. More Generous: a sign of being catholic;
4. More Engaged: a sign of being apostolic.

These aims focus on similar themes identified by the national Church of England in their strategic vision for growth.

#### **OBJECTIVES FOR THE YEAR**

The CDBF seeks to respond to its mission of growth in Christ and to its strategic aims by focusing on the following objectives for this and subsequent years:

- To resource a Christian presence in every parish by:
  - The appointment of stipendiary and self-supporting clergy, lay ministers and Christian leaders and governors in our schools
  - Enabling the laity in congregations to play their part in ministry
  - The payment of stipends and pensions
  - The provision and maintenance of housing which is safe, fit for purpose, and welcoming
  - The selection and training of ordinands and lay ministers, and the provision of financial support to those training for ministry
  - Providing ministerial development reviews and continuing ministerial development for clergy

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

- Providing pastoral care and welfare support to clergy, including financial assistance where needed
  - Planning and delivering improvements to mission and pastoral organisation
- To develop the ability to ensure a Christian presence in future by:
  - Encouraging vocations to both lay and ordained ministry, especially young vocations, and developing apostolic pathways for all, in particular re-imagined forms of lay ministry
  - Supporting apostolic partnerships to reinvigorate communities and establish a presence in areas of new housing
  - Enabling church schools to reach out to families in their communities
- To support clergy, lay leaders, parishes and chaplains and enable their work by providing training, information, advice, guidance, services and good governance
- To support schools and in particular head teachers and governors to provide the best possible education and Christian witness through training and support services and the provision of assistance and advice
- To support schools with planning pupil places and ensuring their buildings are fit for purpose, facilitating capital expenditure and the expansion of schools where possible
- To provide support for parishes and individuals in all aspects of safeguarding casework, liaising with the public authorities as necessary
- To promote a care for the environment and a sustainable use of resources, and work towards becoming an Eco Diocese
- To support the Anglican church, nationally and internationally, and other particular ministries to groups and communities
- To run an effective organisation in order to deliver these objectives, including the provision of support to the senior clergy and management of assets.

## ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

### Resourcing a Christian presence

*Appointments, enabling the ministry of the laity, and payment of stipends and pensions*

The presence of clergy and lay ministers in the parishes and communities of the Diocese is an important part of delivering the Diocese's mission. They engage in a wide variety of community and church projects and despite the restrictions imposed on church opening and gatherings as a result of the Covid-19 pandemic, in 2020 (the latest year for which figures are available) approximately 350 weddings or blessings, 3,120 funerals and 510 baptisms were carried out. During the pandemic they have also engaged in many new projects to support their communities to combat issues ranging from hunger to loneliness, adapted to different worship patterns, notably online worship, and deepened existing work. Almost 370 licensed clergy and over 80 licensed readers minister in the 350 parishes in the Diocese, with 36 new stipendiary and 7 new house for duty or self-supporting clergy appointments in 2021, including 8 newly ordained deacons, and 6 new readers licensed.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

The Education Department appointed 97 foundation governors for church schools and helped to appoint 8 new head teachers.

During the year the CDBF paid stipends, pensions and other employment costs totalling £9.2 million for incumbents, curates and other clergy, increasing stipends in line with national recommendations despite the financial challenges caused by Covid-19. The payroll is administered by a separate charity, the Church Commissioners for England, and the CDBF reimburses the costs, which form by far its largest financial commitment. The average rate of vacancies was 31.5 against a budgeted rate of 31, with a high level of vacancies in the middle of the year falling to an unusually low level of 22 at the end of the year following a large number of appointments. Rural deans and churchwardens of vacant parishes work closely together to maintain worship and other community activities, aided by a large pool of retired and self-supporting ministers. The CDBF funds fees and expenses for those clergy during interregna.

Parish clergy are not employed by the CDBF, but the CDBF does have responsibilities in respect of their engagement. In addition to paying their stipends and National Insurance, paying into their pension funds, and housing them, it is responsible for training (see below). Under new terms of service, called Common Tenure, introduced in 2011, clergy have greater clarity on their rights and obligations and have access to Employment Tribunals and other useful services. These apply to all new appointments and some of those in post before 2012; others chose to retain their freehold. The CDBF's external HR consultants and employment lawyers provide HR services and advice in respect of clergy as well as lay staff to improve the care and service provided and supplement in house work.

### *Provision of housing*

The annual quinquennial repair programme for 2021 was deferred because of the Covid pandemic, and a limited improvement programme was run in the latter part of the year.

A significant amount of work was undertaken in respect of appointments and lettings in 2021, with 62 properties being made ready for incoming clergy and private tenants (to derive a rent).

A number of projects which had been delayed by the pandemic were completed in the early part of the 2021. These included the completion of a new vicarage at Chichester St Wilfrid and works at North Bersted to provide accessible accommodation.

### *Selection and training of ordinands and lay ministers*

The training of curates (IME 2) includes the development and running of a diocesan course, which is a Common Awards programme validated through the University of Durham via St. Augustine's College of Theology (our local training institution). Curates are formally assessed at the end of their training to ensure they have reached an appropriate level of competency, a process overseen by the Department for Apostolic Life.

Grants of over £330k were made to ordinands to support them and their families during their training. There are currently 34 people in training.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

---

The third year of Authorised Lay Ministry (ALM) training began in September 2021, training 58 people for pastoral, worship, chaplaincy, mission and children, youth and family ministries. The candidates were commissioned for these ministries in January 2022 at Chichester Cathedral. 3 candidates for Reader ministry began training in September 2021.

#### *Ministerial Development Review (MDR) and Continuing Ministerial Development (CMD)*

MDR began again in May 2021, after a period of suspension due to lockdown and the absence of suffragan bishops. At first some reviews took place over Zoom but are now in person.

A wide range of courses in theology, spirituality and practical skills were delivered – many via Zoom. The First Incumbents course (three-year cycle) continued, with a mix of Zoom and in person sessions. The first cohort are now in the final year of the course, after which a review will take place. The third cohort of clergy undertaking the Galilee leadership programme began.

#### *Pastoral care and welfare support*

The Wellbeing for Clergy and Families (WCF) service continues to provide the wellbeing service for stipendiary and SSM clergy and their partners/spouses and households. The WCF service is now overseen by Laura Steven, who began in post in September 2021. Over the last 6 months, over 250 counselling sessions have been delivered. The team of associate therapists is being developed to extend the geographical reach and specialisms offered. A specialist 'StopSO' therapist has been recruited to work with issues of sexual abuse, pornography, and sex addiction. Children's therapists and systemic practitioners are being sought. Therapeutic arts workshops are being developed. The WCF webpage is under construction as a 'go-to' resource for clergy, including information about the team of therapists, workshops and events.

4 Reflective Practice Groups (RPGs) for clergy were facilitated, and extended in duration in acknowledgement of the impact of the pandemic. A review of the RPGs will take place in Spring 2022.

Traumatic Event Debriefings were introduced for any member of clergy impacted by a traumatic event, i.e. the opportunity to 'off-load' with a trained debriefer, to be followed-up with counselling where required.

Psychoeducational workshops were run for all clergy and annual CMD cohorts including Managing Stress, Managing Boundaries, and Managing Anxiety, and the Head of WCF is liaising with members of CONNECT, the support network for clergy partners and spouses.

In addition, welfare grants of approximately £43k have been awarded to 110 clergy and their families in times of need.

#### *Implementing improvements to pastoral organisation*

As a result of the coronavirus restrictions, there were some delays to pastoral reorganisation in 2020 and early 2021. In June 2021, a new half-time Pastoral Reorganisation Officer role was created by reorganising duties between existing roles. This enabled the team to catch up with the backlog of pastoral reorganisation work by the end of the year.



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

Seven Mission and Pastoral schemes and orders (five Pastoral Reorganisation schemes and two Bishop's Pastoral orders) were completed and a further six cases were progressed.

Significant progress was also made in relation to finding new uses for several closed churches.

### **Developing Christian presence for the future**

#### *Encouraging vocations*

In 2021, 10 candidates were accompanied and subsequently recommended for training for ordained ministry after attending national Temporary Online Discernment Panels.

Other candidates were prepared for national Candidates' Panels to change focus of ministry or to be licensed to exercise their ministry in the Church of England.

Vocations were encouraged on Vocations Sunday in April with a video sermon from the DDO. Churches across the diocese used the sermon in their Sunday service.

Eight deacons were ordained in Chichester Cathedral in June. One impact of the pandemic has been having fewer title posts, which has meant that we have had to manage expectations of 'released' ordinands.

The other team coordinated by the DDO on behalf of the Diocesan Bishop is the eleven volunteer Bishops' Advisers (ordained and lay) who are drawn from our diocese to work with others in the National Stage One and Stage Two events. New appointments were made to this team after interviews and the DDO has provided support for the new lay team.

In November, the DDO ran an annual 2-day residential training event at Ashburnham Place for 10 Assistant DDOs. The programme included a session with the new Sponsoring Bishops; work on the new Shared Discernment Process; engaging with the Traffic Light document; and experiencing a day Stage 1 Carousel Conversation event.

The diocesan team continues to work with a good number of candidates including those from underrepresented groups. Numbers have fallen slightly due to the difficulty of fostering vocations during a pandemic and two 0.5 diocesan roles not being reappointed due to financial concerns.

Bishop Martin appointed a Young Vocations Officer and an Assistant Vocations Officer in volunteer roles. These volunteers report to the DDO regarding vocations work.

#### *Supporting apostolic partnerships*

As a diocese we were awarded a grant of £2.5 million, for the 'Revitalising the Church and Renewing the City' programme. This money will be shared between St Peter's Brighton, to develop four different apostolic partnerships across the city and All Saints Hove to become a resource hub for churches from a catholic tradition across the city and the diocese. Furthermore, All Saints will launch a new Leadership Development Hub and St Peter's will expand their Leadership Development Year (LDY); both will provide opportunities for theological reflection and reflective

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

practice, including placement opportunities within the local parishes and beyond. These SDF project leadership development initiatives will directly interact with the Department for Apostolic Life under the umbrella of 'Pro Ecclesia' to enable and encourage wider discussion, learning and engagement about mission throughout the diocese. Pro Ecclesia means 'for the Church' and is therefore about the training and equipping of laity and clergy across the diocese to live out God's call and engage effectively in mission.

We also applied for a further grant for apostolic partnerships from St John's Crawley, and successfully got through stage one of the process.

2021 has seen St John's Meads partner with St Michael and All Angels, Eastbourne, and has seen the congregation grow significantly over the past year.

As a diocese, we partnered with Winchester diocese to run the church planting course with 2 churches from each diocese. The plan is to repeat this over the next 12 months.

### *Enabling church schools to reach out*

Within the current SIAMS (Statutory Inspection of Anglican and Methodist Schools) schedule, schools are encouraged to demonstrate "courageous advocacy" and reach out to their local communities through engagement in both social action and charitable activities. Our School Effectiveness Team worked alongside schools to determine what this looks like in a local context.

2021 saw our Growing Partnerships initiative fully launched. The essence of this is to look at ways schools and worshipping communities can come together within the Household of Faith and work in partnership within our local communities. Feedback has been positive from all stakeholders. It was launched through well attended webinars, a presentation at Diocesan Synod, a range of Deanery briefings, a webinar for Clergy and through our Annual Headteachers' Conference. A short video is also available on our website. Our School Effectiveness Officers also promoted it through their visits and regular conversations.

The response has been encouraging and we have wide evidence of partnerships that are clearly developing. The document has also been shared with other dioceses who are adopting a range of elements within it.

### **Supporting clergy, lay leaders, parishes and chaplains**

#### *Lay Vocations*

The Living Faith course began again online in January 2021 with 39 participants. The course has adapted well to an online format and an online will now remain part of our provision moving forward.

In 2021 we evaluated the structures supporting Reader ministry and the outcomes of this review will be a new team of Assistant Wardens for Lay Ministry and a new MDR scheme for Readers. 2021 also saw the renewal of all Reader licences.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

---

In 2021 we also held Zoom catch up meetings to support ALMs and conducted a survey of their experiences of ministry. We also introduced a new quarterly newsletter for Readers and ALMs which has been well received.

#### *Youth and Children*

2021 continued from the same starting point as 2020 with much of our support for youth and children's leaders remaining online. A new training course for clergy and managers was added to the Virtual Learning Environment on managing youth workers. Youth groups were able to start meeting in bubbles and we asked youth groups to run their own Maycamp events in their churches. We sent out packs – including games, puzzles, and other resources, as well as links to videos - to 22 churches engaging 250 young people. During the year we were able to start meeting youth leaders face to face again, continuing to find new regional hub leaders. The Mission Fund has continued to support churches allowing some new youth workers to be recruited and appointed in 2021.

#### *Communications*

The communications team supported a full year of key diocesan events, both the major Christian festivals and special events such as the Order of St Richard honouring exceptional lay service and events around COP26. Support for parishes and Church House departments included lockdown stories, resources and encouragement, promotion of new appointments, and communications support for the Past Cases Review 2. Monthly themes guided the focus.

Continuing the increased focus on video output which began in 2020 whilst churches adapted to lockdown, in 2021 the department prepared a further 100 videos for the Diocesan Youtube channel in 2021, including:

- Growing Partnerships video for the Education Team
- The Lent course
- Welcoming our new deacons
- Supporting Church House training programme
- Welcoming the new Rural Officer

Four issues of Faith in Sussex were planned and published. All our communications channels were regularly populated with a mix of diocesan and external campaigns, mostly planned throughout the year.

The fortnightly e-news, social media channels and the website continues to connect the whole of the diocese. Regular communications to a range of stakeholders took place throughout the year on various topics from Ad clerums to specific targeted Diocesan communications for events and activities and governance and compliance etc.

In late December 2021 we faced an incident preventing us from posting any new content on our Facebook and Instagram pages, and a new Diocesan Facebook page had to be created and promoted.

#### *Parish development*

In 2021, we were involved in driving the deanery planning process across the diocese, which will identify missional needs and outcomes for every deanery in the diocese. This will be delivered during 2022.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

---

A new half time Parish Development Officer was appointed in 2021, jointly with the Cathedral where the postholder was also appointed as Canon Precentor. This has helped us increase our provision of vision days and consultancy to parishes, which has increased due to the need driven by the deanery planning process.

We developed a church growth course, named Great is thy Faithfulness , which will be piloted for 16 churches across 6 sessions during early 2022.

#### *Education*

In expectation of the forthcoming White Paper for Education re-enforcing the long-standing commitment to all schools becoming part of a strong MAT in the future, we have focussed on supporting and developing the options available to our schools within our Diocesan MATs as well as offering impartial and informed advice to schools as they consider their future options.

Another key aspect of our work focussed on Growing Partnerships as detailed above. Training opportunities and briefings were provided for Headteachers, Foundation Governors and clergy. This remains an area where close partnership work with the Apostolic Life Team is proving valuable.

The annual Autumn briefings were held remotely in 2021 and this was coupled with a Growing Partnerships Briefing. Two sessions were offered and in total 278 school leaders attended including head teachers, chairs of governors and clergy. These briefings gave an opportunity for the Education Team to give information about the future focus of the department as well as sharing the wider context of education issues such as the small schools' agenda and academisation. It also enabled a strong launch of the Growing Partnerships initiative. In addition, 80 school leaders registered for our Headteachers' Conference which was again, on the theme of Growing Partnerships.

Our Governors' Conference was attended by 146 delegates. Our Governor Training programme was paused as we carried out the Recruitment process for a new Governance Officer but despite a gap of four months, 101 Governors have attended training which is an increase of 20 compared to 2020. The training programme offered by the Education department has continued to support Head Teachers, governors and clergy with a variety of courses covering topics from Understanding Christianity to SIAMS and Church School governance. Most of this moved online this year and we have seen a noticeable increase in attendance. 162 school leaders attended CPD training.

#### *Safeguarding*

As in previous years, the Safeguarding Team provided support to parishes on a daily basis, with advice offered both by email and telephone on safeguarding practice, implementation of policy, and risk management as well as casework, in addition to the advice which is maintained on the safeguarding website. Training was provided to over 300 people during the year. In addition, the team continued to manage the DBS process for clergy, ordinands and readers in training, parish safeguarding officers and lead recruiters and others, and to support new lead recruiters to register to apply for DBS checks.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

### *Property*

The Property Department continues to support parishes and clergy by providing advice on the management and development of property. The department also provides guidance to parishes regarding the Charities Act and the process to obtain diocesan consent for property sales.

### *Church Buildings and DAC*

The Diocesan Advisory Committee for the Care of Churches has continued to fulfil its statutory role in the faculty jurisdiction system, providing advice and guidance to the Chancellor, Archdeacons and parishes on issues relating to the care of church buildings.

The DAC issued written advice in relation to 129 applications (91 requests for formal advice and 38 requests for informal advice). The Church Buildings team and DAC also assisted the Archdeacons in processing 158 permissions for minor works under the List B process. Due to the coronavirus, site visits were not possible for some of the year, so only 19 full DAC site visits were carried out.

Faculties applications began to be processed through the Online Faculty System at the beginning of the pandemic, when all faculty applications were moved online. In 2021, the Church Buildings team and Registry continued to process applications in this way, and provided training to parishes to enable clergy and churchwardens to enable them to upload their own applications directly to the Online Faculty System.

The Fundraising Adviser provided tailored fundraising and project management advice to 72 parishes by email, phone, and in person. She made visits to 17 churches, independently of the DAC's scheduled site visits. As in 2020, grant-funding opportunities continued to change rapidly and frequently throughout the year and keeping on top of this and updating parishes about the changes comprised a significant part of her work.

### *Parish Support*

The Department for Apostolic Life provides ongoing support to parishes through its training seminars and manuals, and by providing ad hoc advice throughout the year. Topics covered included the role of the PCC treasurer, contactless/digital giving, good governance, will-writing and legacies, and annual report writing. All seminars were conducted on Zoom and at different times of day, which gave parish officers from across the diocese the chance to attend and participate.

The department continued to share manuals and accounting templates on the diocesan website, updating webpages as needed and to improve clarity. We responded to questions from incumbents, treasurers, PCC secretaries and churchwardens on a daily basis.

A particular emphasis in 2021 was the development of contactless and digital technology to facilitate individual donations via bank card. Seminars in August were attended by over 150 participants, and surveys showed that by the end of the year 177 parishes were using a contactless giving device in their churches.

The Parish Giving Scheme continued to improve its offering and the methods of engagement. By the end of the year 225 parishes had joined the scheme, with over 64,000 donations processed

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

---

over the year for the Diocese, to a value of £5.6 million including Gift Aid. Innovations for givers included the ability to register online to begin giving and to amend existing giving. The information booklets that Apostolic Life make available to parishes were updated and added to the Diocesan webpages, as well as being sent out in hard copy to parishes as needed.

#### *Generous Giving*

We have sought to support churches as they aim to create the right conditions for generosity – through appropriate mechanism, explaining the impact of and need for generosity and to help build trust between the church members and their leadership. With the right conditions in place, the focus moves to creating a church culture where generosity is seen as “what we do as church”. To facilitate this, we have provided training on inspirational preaching and teaching, equipping leaders for discipling church members, looking to embed generosity into a church’s DNA and creating suitable actions and activities to facilitate a generous response. It has been important to set or re-set expectations that generosity is not a one-off event - a stewardship Sunday or a tick in the box on a Mission Action Plan - but rather an ongoing journey of generous giving which is part of the fabric of church life.

In order to promote this, we have met individually with church incumbents and leadership teams, sought assistance from the appropriate Rural Dean, presented to PCCs, clergy deanery chapters and deanery synods. The opportunity to preach on giving has also been taken when invited to do so by the individual incumbent.

Significant use has been made of resources available online, including those created by the Church of England National Giving Team, Giving in Grace, and Ecclesiastical Insurance. The Generous Giving programme benefitted from a training webinar on preaching on generosity in October, featuring contributions from both suffragan bishops and the incumbent of St Andrew’s Burgess Hill. This was very well attended and well received.

In 2021, the diocese has established a formal agreement with easyfundraising – a mechanism to “capture” donations made by participating companies when people shop for goods and services on-line. The take up by individual churches has been encouraging as there is no cost to the individual purchaser – the donation coming out of the marketing funds of the supplier.

#### *Finance*

The Diocese acts as custodian trustee for many trust funds; the Finance Department administers investments on behalf of almost 500 parish and chancel trusts and 65 school trusts.

#### *Governance*

The Governance team continued to advise parishes on matters of governance, record-keeping, GDPR and the like and as in 2020 there was a particular focus on the impact of the pandemic, the holding of meetings and alternative methods of decision-making.

18 Autumn Deanery meetings were held, mainly in person though with a small number of online and hybrid meetings. A meeting was held for every deanery, mostly for individual deaneries but

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

---

with three joint meetings. Two further Zoom meetings were offered to anyone across the diocese who had been unable to attend but wished to ask questions. These meetings once again offered a chance to reflect on and celebrate the work of all those in our deaneries and parishes, and to share and discuss key financial information. Two diocesan synods were held online in May and November.

### **Supporting schools**

During 2021, our Education Team was reshaped into a more sustainable model aiming to combine offering a strong service to 155 schools with keeping the team lean. All schools have benefitted from the support of a named Diocesan Effectiveness Officer with the experience to support school improvement and effectiveness.

The programme of Continuing Professional Development offered by the department is designed to support school leaders, governors and clergy through a wide variety of topics that are relevant to school life. Courses offered around the SIAMS schedule proved popular with governors and headteachers alike, with additional bespoke sessions being arranged for groups of schools.

Academisation remains an important part of the strategy of the department. We now have four diocesan MATS in operation, the Bishop Luffa Learning Partnership, the Bishop Otter Academy Trust, the Diocese of Chichester Academy Trust and Hurst Education Trust. The Diocesan Board of Education have developed a new body with the CEOs of our MATS. This is known as the Strategic Partnership of Diocesan MATs and has been created to develop a coherent approach that will begin to amount to a Diocese of Chichester offer, to support the challenging decisions that our schools will need to make in the coming years.

By the end of 2021, 91% of our schools were judged to be graded good or above by Ofsted. The number of good or better schools has steadily risen over the past four years, despite the Ofsted framework having increasingly raised expectations of schools. However, both Ofsted and SIAMS Inspections were paused during the pandemic and have only been in full operation since the start of 2022.

### **Facilitating of capital expenditure on schools**

The Education Department continued to support the remaining 49 Voluntary Aided schools via capital funding from the government, under the new scheme, known as the School Condition Allocation, launched in 2020, which gives the diocese greater independence and greater flexibility to use the resource effectively, coupled with greater accountability. Projects at 26 schools were funded in 2021, including significant investment in our 2 Voluntary Aided Secondary Schools, providing new science laboratories and helping one school to move from single sex to co-educational provision.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

### **Safeguarding casework**

The Diocesan Safeguarding Team continued to oversee safeguarding casework and training across the Diocese, and the implementation of a number of House of Bishops' safeguarding practice guidance documents. This remains a challenging and busy area of Diocesan work, within a fast-moving national context.

The national Past Case Review (2) was completed in 2021, and the final report has been submitted to the national project manager. PCR(2) is a major national project for the Church of England, involving a review of every case file, including all clergy files, by independent safeguarding professionals, to ensure that all necessary safeguarding actions have been taken. PCR(2) also involved written returns from every parish, to ensure that knowledge about safeguarding concerns held in parishes is also incorporated into the review.

The Chichester report identified a number of aspects of good practice, particularly in terms of overall leadership, cultural change, and safeguarding practice. A number of casework-related actions were identified by the PCR(2) reviewers, the majority of which were relatively minor. The PCR(2) reviewers did identify a small number of cases which needed to be referred to the statutory agencies, although there were no new criminal investigations arising from these referrals. The PCR(2) final report also identified the need to improve file keeping practices, particularly in relation to clergy files, and to ensure that the Diocesan Safeguarding Team is adequately resourced. The national overview report is expected to be published in May 2022.

### **The environment**

Despite the continuing challenges posed by the pandemic, the Environment Group chaired by the Archdeacon of Brighton and Lewes has laid the foundations for a climate plan of action in response to the Church of England's target of Net Zero Carbon by 2030. 46% of churches submitted data to the national Energy Footprint, an increase of 10%. The number of churches joining Eco Church has also continued to grow. Over 20% of churches are now engaging with the scheme.

### **Supporting the wider church and specific ministries**

#### *Support for parish projects within diocese*

The Diocesan Mission Fund deployed part of the grant from the AllChurches Trust as well as an amount from the Pastoral Fund to support outreach mission initiatives within the Diocese. It supports both new work and developments of current activities that need further financial assistance. In the last year the Mission Fund has awarded £67,000 towards projects including: Interparish Children and Families Mission Initiator & Youth Worker, children's worker and Rick's Bench, an innovative listening project tackling loneliness and mental health issues. All projects are linked closely to the Diocesan Strategy.

Grants are made to other connected charities, notably Chichester Diocesan Association for Family Support Work and St Barts Trust to support their work with disadvantaged families and youth work respectively. An analysis of grants made by the CDBF to support the furtherance of its objects can be found in note 11 to the financial statements.



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

### *Support for the wider church nationally*

Contributions are made to the Archbishops' Council to cover a proportion of its central costs relating to the activities of various national boards and councils including General Synod, and also to cover a proportion of the cost of national training for ministry and the provision of housing for retired clergy (see note 9 to the financial statements).

### *Support for the wider church internationally*

Alongside the challenges of the continuing Covid-19 pandemic, the Diocesan Overseas Council (DOC) undertook a major review of its work during 2021 under the leadership of Bishop Ruth. In the summer, James Campbell took over as the Companion Links Officer from Christine Keyte.

Historically, the DOC has principally supported ministry, whilst receiving a wide range of other requests including for building and income-supporting projects, the costs of enthronements etc; The Committee recognised that it is a challenge to attempt to support such a large number of dioceses spread over so many countries. They also recognised the limitations implicit for a diocese, rather than a parish, and were conscious of the fruitful partnerships that many parishes enjoy already.

The DOC agreed to concentrate on three particular areas: 1) Bursaries – the primary focus to be on equipping future Christian leaders, by granting bursaries for training at Theological Colleges; 2) Friendship – to build, foster and develop relationships with those in Christian work, as an aid to prayer and support; 3) Diocesan Clergy - some training curates will be offered the opportunity to gain overseas experience of the Anglican Communion, or to visit the Holy Land; and also clergy on Extended Ministerial Development Leave, especially where their plans relate to one of our link dioceses. Generally, the DOC consider that building and income-generating projects are best supported by individual parishes; such links are encouraged. Similarly, schools are best supported by individual schools or parishes.

During the year donations received from previous Harvest Appeals were disbursed to projects run by three major Christian charities. Three more students studying in Kenya are now being supported, making a total of six, together with one from this Diocese who is training with Crosslinks in South Africa.

The recently announced modified format for the long-awaited Lambeth Conference is a disappointment. The eleven bishops expected to come with their spouses will not now be able to visit the Diocese. However, the opportunity of meeting some of our partners in Canterbury, even if briefly, will be a blessing.

The pandemic meant that meetings of the Diocesan European Ecumenical Committee did not happen in 2021 and the Feuerstein Conference (to be held in Bayreuth, Germany ) was postponed until May 2022. The theme of the conference will be focussed on mission.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

### *Support for particular ministries*

The CDBF has continued to provide the Gatwick Airport Chaplain, who continued to offer a Christian presence and ministry to individuals and airport companies in Gatwick. These have been devastated by the Covid-19 virus and its effect on the aviation industry. Gatwick was the worst affected airport in Europe, and has taken the longest time to show some regrowth in 2021.

Working with Gatwick Airport Limited, the Chaplain has been vital to ensure the visible presence of the love of God, during this pandemic, in the community. This has been seen to be alive and active through the live streaming of twice weekly Holy Communion services, via the Zoom social media platform, and regularly walking around the airport concourse. There has never been a Sunday in the airport without a Eucharist to this day.

Later in the summer, a weekly time slot was instituted where the Chaplain guaranteed to be available in the South Terminal Chaplain's Office for private and confidential meetings, known as CCCTV (Chaplain's Confidential Chat Time, Visit-me). The choice of the South Terminal, as a closed terminal, was to enable people to come and go with a greater degree of anonymity. Visits to the wider community were maintained, although these were difficult until the Delta variant of the virus receded. Certain areas of the vital infrastructure of the airport running operations, such as the Gatwick Control Centre and the Airport Fire Station, still maintained a lockdown no visiting policy.

Support was given to the British Isles and Ireland Airport Chaplains Network, and the International Association of Aviation Chaplains. Being an Airport Chaplain can be very lonely, especially for lone working chaplains and the very small airport teams of two or three. Zoom meetings proved vital for all airport chaplains' support, and regular Zoom seminars were maintained for both institutions. However virtual meetings over the computer can never replace personal social interaction, expressing the love of God physically, face to face.

Diocesan clergy continued to support the South East Coast Ambulance chaplaincy. A number of restrictions were put on voluntary staff including chaplains because of Covid. This resulted in fewer 1:1 contacts with ambulance personnel, but more frequent emails exchanged, especially after serious incidents. Because of the intensity of the work, with Covid cases added to everyday ambulance work by front-line paramedics etc, 5 welfare vans were hired, staffed by volunteers and chaplains, to bring free refreshments to staff sometimes unable to take proper breaks during their 12 hour shifts. Along with Community First Responders, Chaplains were awarded "Team of the Year" – an honour received by the Revd Francis Pole, as Joint Senior Chaplain on behalf of the chaplains. Mr Pole has now retired from his post and the Senior Chaplaincy is now held by a Pentecostal Minister.

With almost 70% of the Diocese described as 'rural', in 2021 a new post of Rural Officer for East Sussex was created and an appointment made to it in September. This new venture is in partnership with Ashburnham Thanksgiving Trust, who are sponsoring the post. The Officer has begun offering support, encouragement, promoting ideas and good practice, and offering advice to the many rural churches and communities we have in East Sussex, advising the Diocese on key rural issues happening locally and nationally, and building networks of mutual support with other agencies, such as Action For Rural Sussex and the Farmer's Community Network, is another key element of the role.

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

---

### **Running an effective organisation**

18 governing committee meetings were held, including the Bishop's Council, the Operating Committee, Assets Committee, Audit Committee, Education Finance Committee and Remuneration Committee. 2021 also saw a number of elections across the diocese including Diocesan Synod, General Synod, Chairs for the Houses of Laity and Clergy and Appointments to Committees and Councils.

The Diocese makes great efforts to be a good steward of its assets, and to manage its investments effectively, balancing the need to maximise the long term return from our assets with the need to generate income to reduce the pressure on parishes. Great care continues to be taken with this management, with an ever increasing focus on ethical and environmental consideration.

Negotiations continue to progress on options for glebe land, and options on three glebes reached near final stages of negotiation in 2021. Planning applications were lodged for four glebes, for which options had previously been signed.

The Property Department continues to focus on letting empty houses where it can. In 2021 rental income of c. £700k was generated from vacant parsonage houses and c. £280k from glebe houses and land.

In response to the ongoing Covid-19 pandemic and to reflect the success of working from home, the DBF introduced a remote working policy in May 2021. This enables staff to work on a hybrid model between the office and from home whilst providing service efficiency and stability. Our IT systems have facilitated effective business continuity throughout the pandemic and a new softphone telephone system (3CX) was rolled out in 2021 to further improve our flexibility and to save costs. The DBF renewed its cyber essential accreditation in August 2021, demonstrating our commitment to cybersecurity and helping us to guard against the most common cyber threats.

### **FUTURE PLANS**

The strategic aims established by Diocesan Synod in 2019 detailed on page 4 will continue to direct the activities of the CDBF. The diocese's major commitment continues to be the maintenance of a Christian presence across the parishes of Sussex. We will continue to encourage more vocations to the ordained ministry through events, mentoring, visibility of role models, and increasing team capacity (one reappointment and increased numbers of volunteers), and we also plan to train and develop lay members of the Church, including holding a lay ministry conference in 2022, expanding the Living Faith course to both an online and an in person version, restarting the Authorised Lay Ministry course with a new core module linked to the diocesan strategy and an increased range of electives, and transitioning to the new national framework for Reader selection.

After the pressures placed on clergy by the Covid-19 pandemic, clergy welfare is a priority. A Clergy Wellbeing Day (to which all clergy in the diocese will be invited) is being planned for 27th Sept 2022, to pursue the direction set out by the General Synod in their 2022 Covenant to Clergy Wellbeing. Further workshops are being developed in collaboration between the Head of Wellbeing for Clergy and Families and the Continuing Ministerial Development officer, covering topics such as Radical Rest, which will incorporate both theological and psychological perspectives. Further models of reflective practice for clergy are being proactively considered with a view to long-term development and financial sustainability. Resources pertinent to women are being

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

---

developed in collaboration between The Head of Wellbeing for Clergy and their Families and the new Dean of Women's Ministry.

Pressures on finance and mission will continue to be addressed by the diocesan wide deanery planning exercise to consult on, and made decisions about, the mission and ministry needs of the diocese, the resources that can be found to fund them, and the best way to deploy ministers in light of those needs and resources while closing the funding gap. This was rolled out to all deaneries in 2021 and encouraging responses received. Those who have not yet responded with either their mission action plans or their financial aspirations will be followed up during 2022 to enable a diocesan wide view to be taken.

As part of this process, continued support on both mission and finance will be offered. More apostolic partnerships will be encouraged, support and training will be offered, and a Strategy for Apostolic Partnerships in the diocese is being developed by the Senior Staff. The church growth programme, Great is Thy Faithfulness, is currently being piloted with 16 parishes, and it will then be reviewed and rolled out more widely across the diocese. It is supported by a series of videos, and advice and consultancy will be offer to the parishes covering a range of areas including buildings and communications. Maycamp, the diocesan youth camp, will be back in person in 2022 after two years off and other youth and children's initiatives like Hubs and Link up will be back in person. Our youth leaders' retreat will be back in person, and we have plans for new volunteer training resources as well as new training courses for the Virtual Learning Environment coming too.

In 2022 we aim to continue with our support and guidance for parishes wishing to take on new contactless giving methods, including a "try before you buy" project and customisable postcards including QR codes to online giving mechanisms. Supporting treasurers has never been more important, with pressure on volunteers including bank charges and branch closures; we will again offer detailed treasurer training seminars and continue to offer day to day help as needed.

A key focus for 2022 is to enable churches to make more of the easyfundraising facility – to encourage those yet to sign up to do so, and for those already registered to increase the contributions received. To do this, a proactive campaign is in progress, encouraging churches to look wider than the participation of core church membership, extending this to include friends and family of the membership and also local businesses, who, although they may not be attending church personally, value its presence within the local community.

The Education team plan to work closely in 2022 with other partners in the Diocese including the Cathedral to develop our input into Black History Month and Race Awareness Week.

A further key focus will be developing and implementing a strategy to achieve Carbon Net Zero in the diocese, and in particular assisting schools to meet the target, and ensuring that our parishes and schools are safe and welcoming places remains a priority.

Following the final national report of the Independent Inquiry into Child Sexual Abuse (IICSA), the Diocese put itself forward and been accepted as a pilot diocese for IICSA Recommendations 1 and 8, which refer to the independence of safeguarding decision-making and the quality assurance of safeguarding work respectively. The Chichester Diocesan Safeguarding Adviser will become the Lead User for this national project amongst Diocesan Safeguarding Advisers, representing the DSA community to ensure the implementations of these two recommendations meet the needs of

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

### **For the year ended 31 December 2021**

---

safeguarding practitioners across the Church of England.

Our central structures are designed to support the vision and the priorities of the diocese and, as such, are kept under review to ensure that they are fit for that purpose.

## **FINANCIAL REVIEW**

### **Financial Performance**

The main incoming resource for the Diocese is Parish Share, the money given by the parishes to the Diocese to fund its mission and ministry and in particular the costs of clergy stipends, pensions and housing. This provides 72.9% of the CDBF's income (2020: 73.6%).

The current year's Parish Share receipts represent 98.5% (2020: 92.7%) of the total pledges made for 2021. When the receipts for prior years are included the collection rate increases to 98.8% (2020: 93.6%). The Trustees are grateful to all parishes who pledge so generously and, even during the COVID-19 pandemic, continued to meet those pledges, especially to those parishes that make their contribution payments by monthly instalments which enables the Diocese to manage cash flow efficiently.

The total income for the year was £17.9m (2020: £17.8m). The changes to income in 2021 are due to:

- While parish share receipts were at a higher rate of total pledged in 2021, the impact of the pandemic meant that parishes had not been able to pledge as much as they had for 2020 prior to the start of the crisis. Parish share actually fell by £96k. Parish fee income increased by £159k with the events which generate these fees, especially weddings, starting to be able to take place again. Investment income also recovered, increasing by £93k. The Diocese was able to access grants of £21k from the Job Retention Scheme by furloughing a number of members of staff for varying periods of time during the year, in addition to the £84k received in 2020.
- In 2020, The Diocese received a one-off grant of £600k of sustainability funding from Archbishops Council. With the agreement of the Council, this grant was designated to fund two additional curates who were ordained in 2021 and also the appointment of a Parish Development Officer. In 2021 the Diocese received grants of £469k from the Strategic Development Fund, along with £32k to fund a Generous Giving Advisor who was appointed in 2021.
- An increase of £327k in rental income from vacant parsonages and glebe properties.

The total expenditure for the year was £17.9m (2020: £17.7m). Significant changes included:

- A decrease of £62k in the amount payable to the Archbishops' Council in respect of Chichester's share of national responsibilities, particularly with regard to the pooling arrangements for Ordinand maintenance.
- A continued decrease in expenditure resulting from the consequences of the coronavirus pandemic. Some of the savings were planned with the prospect of income being severely

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

reduced. This included the deferment of works to property following quinquennial inspections. This deferment is for a period of two years and took advantage of the work that the property department has done over several years to maintain and improve the condition of our properties. This expenditure will have to re-commence in 2022.

- An increase of £49k in first appointment, resettlement and removal grants as moves became easier to make as the impact of the pandemic eased.
- Of the total contributions to the clergy pension scheme, which were relatively unchanged from 2020, £307k more was applied to current service affecting the General Fund and £307k less to deficit repayments which reduce the liability in the Stipends Fund. Contributions to the scheme are due to reduce from April 2022 following the scheme predicted to be going back into surplus.

Overall, the net deficit before investment gains was £56k. Taking account of realised and unrealised gains on investments of £5.273m, and unrealised gains on revaluations of property fixed assets of £25.235m, the resulting increase in funds was £30.452m which increased the total assets of the CDBF from £283.2m to £313.7m.

A deficit budget has again been set for 2022. Parish Share is budgeted to recover about 50% of that which was lost as a result of the pandemic, with savings continued to be sought in all areas with the aim of not impacting the ability to provide ministry where needed across the Diocese.

### Significant Property Transactions

Seven properties (two parsonages and five glebe houses) were sold during 2021 for a total of £5.359m. Three properties (one parsonage and two glebe properties) were purchased during the year for £2.132m. Improvements of £0.957m to four parsonages and one glebe property were also capitalised.

Several properties are currently also being marketed for sale.

The CDBF will consider the disposal of property for the following reasons:

- to replace unsuitable parsonages;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

### Balance sheet

The Trustees consider that the balance sheet together with note 20, 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 net assets at balance sheet date totalled £314m (2020: £283m), it must be remembered that included in this total are properties, mostly in use as clergy housing, whose value amounted to £252m (2020: £229m). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot be used for the general purposes of the CDBF.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

### **Reserves policy**

#### *Free reserves*

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year and in particular the fact that 72.8% of diocesan income comes from contributions from parishes who have their own cash flow challenges, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to a minimum of 2 months' budgeted expenditure. At 31 December 2021 the amount required under this policy totalled £3.0m (2020: £3.0m). Actual free reserves at that date totalled £5.9m (2020: £5.7m). The Trustees are aware, particularly in the light of not only the continuing COVID-19 pandemic, but also increased living costs for parishioners and the impact of other world events, that levels of parish contributions may reduce in future years and that, even with the current surplus above the minimum level detailed above, the level of free reserves could fall below the policy level detailed above. Longer term forecasting indicate that it will take a number of years to bring the operational budget back into surplus and so Trustees are of the opinion that the current surplus of the level of free reserves above the desired minimum is prudent. The ultimate impact of the COVID-19 and other crises on asset values, income levels and ultimately on free reserves remains unclear.

#### *Designated funds*

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed periodically 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 its intended use is set out in notes 19, 20 and 23. At 31 December 2021 total designated reserves were £7.3m (2020: £6.7m), the majority of which is tied up in fixed assets.

#### *Restricted and endowment funds*

As set out in note 19, 20 and 23 the CDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £22.0m (2020: £19.9m) and endowment funds totalled £278m (2020: £251m). Neither are available for the general purposes of the CDBF.

### **Grant making policy**

The Memorandum of Association of the CDBF explicitly permits the CDBF to make grants in pursuance of its objects. The nature of grants made in 2021 is indicated in note 11. Grants were made to parishes to support mission projects, to Ordinands to support them in training and to Clergy to assist with new appointments and relocation and with welfare needs.

### **Investment policy**

The CDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. Responsibility for the management of diocesan assets is delegated (through the Finance Committee) to the Assets Committee which oversees investment policy, monitors performance and reviews strategy with its advisers.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

---

The CDBF is subject to the Charities Acts, the Trustee Investment Act 2000 and Measures passed by the General Synod of the Church of England.

There are no restrictions on the CDBF's power to invest subject only to the Acts and Measures set out above plus Charity Commission guidance CC14 and the ethical policy referred to below. Specific Trustee permission is required for investments in Private Equity, Hedge Funds, Commodities or Derivatives.

The CDBF endorses the Church of England Ethical Investment Policy and requires its investment managers to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography, tobacco, thermal coal or tar sands. The CDBF's investment objectives are to maintain and enhance the real value of the Fund over the long term, whilst producing an annual income which grows at least in line with inflation and having due regard for the possible need for liquidity.

The risk profile is medium high with a commensurate level of volatility in capital value being acceptable. The permitted asset classes are detailed within the DBF's investment policy as recommended by the Assets Committee. The base currency of the portfolio is sterling. The minimum acceptable credit rating for bond issuing or deposit taking institutions is BB.

The portfolio is split among a number of investment managers who each have a different brief in order to achieve diversification and spread risk. Each manager operates on a discretionary basis with a normal weighting in favour of equities. Managers may be appointed to perform principally to an Income target (while maintaining capital value) or a Total Return basis. It is expected that funds will be fully invested. Benchmarks are agreed with each Investment Manager.

In addition, the CDBF acts as trustee of a number of trust funds, which are invested in accordance with the related trusts.

Note 20 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The investments held at year end and their return during the year are set out in the following table:

	Funds at 31 December 2021 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	574	1.30%	2.90%	17.25%
M&G Managed				
Charifund	14,938	33.81%	5.13%	18.51%
Charibond	25	0.06%	2.05%	2.05%
Charles Stanley Managed	10,467	23.69%	3.82%	17.78%
J M Finn Managed	8,733	19.76%	2.54%	9.48%
Cazenove	9,448	21.38%	1.82%	11.25%
	<u>44,185</u>	<u>100.00%</u>		



# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

---

### **Fundraising**

Chichester DBF is aware of the Charities (Protection and Social Investment) Act 2016, the Fundraising Code of Practice and the Charity Commission's guidance on fundraising. The trustees fully support the aims of the legislation and guidance. The majority of the DBF's income comes from other charitable bodies and it undertakes very little direct fundraising activity involving individual donors. The main exceptions are the annual Harvest Appeal and Lent Appeal which are promoted through general communications rather than targeting specific individuals, although neither of these appeals were run during the pandemic. The DBF considers the origin of unsolicited donations and legacies when received. The DBF did not share or purchase any donor data with third parties and did not engage any professional fundraisers during the year. The DBF did not receive any complaints in relation to fundraising in 2021.

### **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. This is subject to review by the Trustees on an annual basis, and by the Audit Committee at each meeting, with responsibility for delivery of the mitigation strategies delegated to the Diocesan Secretary. The register is reviewed at least three times a year and is regularly updated.

The principal areas where the risk of either failure to act or the impact of the events is considered 'high' and the associated mitigation strategies are:

Significant loss of income or increase in expenditure:

- Improved forward planning;
- Close monitoring of income, expenditure, investments and cash flow;
- Close communication with parishes to maintain parish share payments;
- Exploration of alternative funding avenues.

Falling clergy and congregation numbers

- Great care taken to make good appointments;
- A larger team is in place to foster more vocations;
- Increased training and support for clergy and parishes on discipleship courses, use of technology, evangelism, mission and outreach;
- Developing deanery deployment plans;
- Re-imagining ministry is a core part of the diocesan strategy with a strong focus on equipping and building confidence to energise lay ministry and development of self-supporting ministry;
- The diocese is engaged in Strategic Development Projects with financial support from the national church and other missional investment to promote growth in strength and depth both in particular places and across the diocese.

Safeguarding: Where there is an occurrence of child, vulnerable adult or domestic abuse by someone working for or on behalf of the Church.

- The CDBF employs a safeguarding adviser, a deputy and an assistant, supported by two administrators and an independent sexual violence adviser;

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

---

- The diocese has a strong independent safeguarding advisory panel to review and challenge its actions, and excellent relationships with statutory agencies, who are all represented on the panel;
- Policies are aligned with those of the national church;
- All parishes are required to undertake a full audit of their practices and take action as appropriate based on the findings;
- Training is compulsory for all relevant staff, office holders and volunteers;
- The CDBF has engaged a communications consultant in addition to its communications officer to handle matters which come into the public arena, including matters relating to non-recent abuse.

Trustees and Diocesan Officers continue to assess the risks and uncertainties brought about by the COVID-19 pandemic. Cashflow is continuously monitored, along with the impact of this and other crisis on income levels. A number of scenarios have been modelled, assessing the consequences on easily available funds, and the asset portfolio reviewed to ascertain the potential source of additional short-term financing, should it be required.

## **STRUCTURE AND GOVERNANCE**

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

The Church of England is by law established and HM The Queen is its 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 its 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 Pensions Board administers the pension schemes for clergy, employees and lay workers. Within each diocese, the Diocesan Bishop exercises leadership supported by a Diocesan Synod and a senior staff of suffragan bishops and archdeacons. The Diocese of Chichester is divided into twenty-one deaneries, each with its own Synod and within each parish there is a parochial church council which shares responsibility with the parish priest for the mission of the church in that place, in a similar way to the Bishop with the Diocesan Synod.

Whilst each diocese is a separate entity with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables mutual support between dioceses.

### **Organisational structure**

The Chichester Diocesan Fund and Board of Finance (Incorporated) is a company limited by guarantee (No. 00133558) and a registered charity (No. 243134) governed by its Memorandum and Articles of Association.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

---

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Chichester. It was established in its present form in 1914. Every eligible member of Diocesan Synod is a member of the company for company law purposes and has a personal liability limited to £1 under their guarantee as a member in the event of the company being wound up.

Governance and policy of the CDBF are the responsibility of the Trustees acting as the Finance Committee, who are also directors of the company and trustees for the purposes of charity law. The Bishop of Chichester is the ex-officio president of the Diocesan Board of Finance, and appoints a chair and vice-chair of the Finance Committee after consulting with the chairs of the Diocesan Synod House of Clergy and House of Laity.

The members of the Finance Committee are the members of the Bishop's Council and Standing Committee of the Diocesan Synod from time to time. The Bishop of Chichester, the chair and vice-chair of the Finance Committee, the two suffragan bishops and the four archdeacons, the Dean of Chichester, the chairs of the Diocesan Synod House of Clergy and House of Laity, and the Deans of Women's Ministry and of Self-Supporting Ministry are ex-officio members, together with one member of the House of Clergy and two members of the House of Laity from each archdeaconry elected from and by the members of Diocesan Synod every three years and up to five additional members of Diocesan Synod co-opted by the Bishop after consulting with the chairs of the Diocesan Synod House of Clergy and House of Laity. The details of Trustees who served during the year, who were elected in 2018 to serve from 1 January 2019, are set out on page 32.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Council and Bishop's Senior Staff Team. The Synod membership is elected every three years; the members for the majority of the year were elected in 2018 to serve from November 2018. Elections took place during the year for new members to serve from November 2021. The Synod elects twelve of the Trustees of the Diocesan Board of Finance. Whilst the CDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the CDBF is subject to the direction of Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties, held as The Diocese of Chichester Consolidated Educational Endowments, are accounted for in the restricted Aided Church Schools fund and are managed by the CDBF in consultation with the Diocesan Board of Education.

The CDBF is designated as *Diocesan Parsonages Board*, with responsibility for making decisions concerning the management of all clergy houses.

#### 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 Chichester, are set by the Diocesan Synod and CDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who is supported by a number of heads of department and their staff. The company meets once a year in general meeting to receive

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

### For the year ended 31 December 2021

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the annual report and financial statements and to appoint auditors. The company meets a second time each year to receive and agree the annual budget, prepared and approved by the Trustees.

The Trustees, meeting within the context of the Bishop's Council and Standing Committee of the Diocesan Synod, hold at least four meetings during the year to formulate and monitor the implementation of policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with its Standing Orders
- Acting as the Trustees of the CDBF, including reviewing overall activities, assessing performance, and deciding investment and other policies
- Planning the business of the Synod, preparing agendas for its sessions, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may be necessary and the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees met four times during the year.

Trustee	Meetings Attended (*Trustee for part of year)
The Rt Revd Dr Martin Warner	4
The Rt Revd Will Hazlewood	3
The Rt Revd Ruth Bushyager	3
The Very Revd Stephen Waine	1
The Ven Martin Lloyd Williams	3
The Ven Luke Irvine-Capel	3
The Ven Dr Edward Dowler	2
Mrs Lesley Lynn	4
Revd Canon Mark Gilbert	4
Mr John Booth	4
Revd Canon Ann Waizeneker	3
Revd Canon Julia Peaty	*1
Revd James Hollingsworth	3
Revd Canon David Twinley	*1
Revd Philip Coekin	4
Revd Martin King	4
Mr Martin Cruttenden	4
Mrs Milly Murphy	4
Mr Bradley Smith	4
Mr Jacob Vince	2
Miss Alison Marchant	3
Mrs Valerie Burgess	4
Mrs Lesley Webster	4
Mrs Sara Stonor	4

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

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The Ven Angela Martin

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The Trustees are assisted in their work by four principal sub-committees:-

*Operating Committee:* monitors management accounts and the budget, the collection of Parish Share pledged by parishes, and the acquisition, use and disposal of parsonages and other assets, and exercises the authority delegated to it by the Trustees in areas such as approval of capital expenditure, grants and loans. It also undertakes the CDBF's responsibilities as Diocesan Authority with respect to parochial property under the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964.

*Audit Committee:* supports the Finance Committee in its responsibilities regarding issues of risk, control and governance and associated assurance.

*Assets Committee:* oversees investment policy, monitors performance and reviews strategy with its advisors. It also undertakes the CDBF's responsibilities under the Church Property Measure 2018 (with regard to glebe assets).

*Parsonages and Houses Committees:* two sub-committees, one for the east of the Diocese and one for the west, undertake the CDBF's responsibilities under the Church Property Measure 2018 (with regard to parsonages) and the Repair of Benefice Building Measure 1972.

In 2019 an assessment of the CDBF's compliance with the Governance Code was undertaken. A good level of compliance was identified together with some areas for improvement.

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

Trustees are members of the Bishop's Council and Standing Committee of the Diocesan Synod and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest and loyalty.

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

Emoluments of higher-paid employees are determined by a remuneration committee consisting of the Chair and Vice-chair of the Finance Committee, the Chair of the House of Clergy, the Chair of the House of Laity, and a suffragan bishop or archdeacon nominated by the Bishop of Chichester. The terms of reference for this group are established by the Bishop's Council and include recommending policy on remuneration to the Finance Committee and determining the remuneration for employees of the CDBF. In 2015, a full independent benchmarking exercise was carried out, taking into account comparable jobs in the local area, in the sector nationally, and in another Diocese. Further independent benchmarking of specific posts is undertaken whenever a post is filled, responsibilities substantially amended, or a review is requested.

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

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

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

### **Funds held as Diocesan Authority**

The CDBF is Diocesan Authority (akin to custodian trustee) in respect 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 a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £24.10m at 31 December 2021 (2020: £21.33m), are available from the CDBF on request, and are summarised in note 31. Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the CDBF's solicitor, Winckworth Sherwood.

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

The Board of Education (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 Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education 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 amount included in current assets and current liabilities as at 31 December 2021 is £1,915k (2020 £1,902k).

### **Connected Bodies and Related Parties**

- The Church Commissioners, which acts on behalf of clergy with HM Revenue and Customs and through which the CDBF pays for clergy stipends.
- 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.
- Chichester Diocesan Association for Family Support Work and St Barts Trust with whom the CDBF works and to whom grants are made.
- Mother Agnes Trust whose trustees are all members of, or secretary to, the Finance Committee.
- Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of transactions merits more detailed disclosure, this is given in note 30 to the financial statements.
- The only related corporate party with whom the DBF has transacted is the Diocese of Chichester Academy Trust ('DCAT') which manages eleven Church of England Schools in the

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

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Diocese. DCAT is accountable to the DBE and the Bishop of Chichester in relation to their Christian distinctiveness and to the Diocese of Chichester Education Trust (DoCET) via its members for its operation. The Director of Education, one of the DBF's key management personnel, is a Trustee of DCAT and the Archdeacon of Chichester is its Chair. During the year the DBF provided office facilities free of charge to DCAT as well as performing due diligence on schools intending to convert or join the Trust. DoCET is also a related party, which shares trustees with the DBF, but no transactions have taken place.

### **Volunteers**

The CDBF is dependent on a huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key 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 with the church particularly at times of crisis. The CDBF greatly values the considerable time given by all its committee members and other volunteers across the Diocese in pursuit of its mission.

### **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 company 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 2006. 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 in the CDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

# **THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **ANNUAL REPORT**

**For the year ended 31 December 2021**

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### **STATEMENT OF DISCLOSURE TO THE AUDITOR**

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

### **APPOINTMENT OF AUDITOR**

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



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

For the year ended 31 December 2021

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### ADMINISTRATIVE DETAILS

#### Trustees

No Trustee had any beneficial interest in the company during 2021. The following Trustees served during the reporting year or were in post at the date of this report:

President:	The Right Revd Dr M Warner (Bishop of Chichester)
Ex-officio:	The Right Reverend W Hazlewood (Bishop of Lewes) The Right Reverend R Bushyager (Bishop of Horsham) The Venerable M Lloyd Williams (Archdeacon of Brighton & Lewes) The Venerable L Irvine-Capel (Archdeacon of Chichester and from 20.11.21 Chair of House of Clergy) The Venerable Dr REM Dowler (Archdeacon of Hastings) The Venerable A Martin (Archdeacon of Horsham) (from 04.07.21) The Very Revd S Waine (Dean of Chichester) The Revd Canon J Peaty (Dean of Self Supporting Ministry) (to 24.05.21) The Revd Canon A Waizeneker (Dean of Women's Ministry) (to 31.01.22) The Revd Canon PM Gilbert (Chair of House of Clergy to 20.11.21) Mr J Booth (Chair of House of Laity)
Appointed by the Bishop:	Mrs L Lynn (Chair of the Finance Committee) Mrs S Stonor
Elected by Diocesan Synod: Archdeaconry of Chichester	The Revd Canon D Twinley (to 31.07.21) Mr B Smith Mr G Leonard (from 1.1.22) The Revd Canon PM Gilbert (from 1.1.22)
Archdeaconry of Horsham	The Revd M King (to 31.12.21) Mrs V Burgess Mrs L Webster (to 31.12.21) The Revd L Barnett (from 1.1.22) Mr M Thomas (from 1.1.22)
Archdeaconry of Brighton and Lewes	The Revd J Hollingsworth (to 31.12.21) Mr M Cruttenden (to 31.12.21) Mrs A Murphy The Revd T Holbird (from 1.1.22)

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## ANNUAL REPORT

**For the year ended 31 December 2021**

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Archdeaconry of Hastings      The Revd P Coekin  
Miss A Marchant  
Mr J Vince (to 31.12.21)  
Mr D Irvine (from 1.1.22)

### Senior staff and advisers

Diocesan Secretary	Gabrielle Higgins
Finance Director	Tim Redding
Director of Education	Trevor Cristin
Director for Apostolic Life	Rebecca Swyer
Property Director	Scott Ralph

Registered Office:	Diocesan Church House, 211 New Church Road, Hove, BN3 4ED
Bankers	Barclays Bank plc, 90-92 High Street, Crawley, RH10 1BP
Independent Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors	Winckworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB
Investment advisers	CCLA Investment Management Ltd, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET M&G Securities Ltd, M&G House, Victoria Road, Chelmsford, Essex CM1 1FB J M Finn & Co, 4 Coleman Street, London EC2R 5TA Charles Stanley & Co Ltd, 25 Luke Street, London EC2A 4AR Cazenove Capital, 31 Gresham Street, London EC2V 7QA
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report in their capacity as company directors.

### ON BEHALF OF THE TRUSTEES

**The Right Revd Dr Martin Warner**  
President of the CDBF

**Mrs Lesley Lynn**  
Chair of the Trustees

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

**For the year ended 31 December 2021**

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## **Opinion**

We have audited the financial statements of **Chichester Diocesan Fund and Board of Finance (Incorporated)** for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

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

## **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **For the year ended 31 December 2021**

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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' Annual 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' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

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

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

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

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

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)**

## **For the year ended 31 December 2021**

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

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the group relevant to the preparation of the financial statements to ensure these were in place throughout the year;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular reviewing the controls and procedures in place for these;
- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Challenging assumptions and judgements made by management in their critical accounting estimates. The key areas subject to estimation are fair values assigned for property assets and investment properties..
- 

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN  
FUND AND BOARD OF FINANCE (INCORPORATED)**

**For the year ended 31 December 2021**

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**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:.....

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021

	Note	Unrestricted Funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
<b>Income and endowments from</b>							
Donations							
Parish share	3a	13,024	-	-	-	13,024	13,120
Other donations	3b	282	50	1,021	-	1,353	1,575
Charitable activities	4	708	-	109	-	817	811
Other activities	5	686	-	10	-	696	487
Investments	6	691	-	1,237	-	1,928	1,717
Other	7	1	-	-	53	54	121
		<u>15,392</u>	<u>50</u>	<u>2,377</u>	<u>53</u>	<u>17,872</u>	<u>17,831</u>
<b>Expenditure on</b>							
Raising Funds	8	87	-	99	-	186	159
Charitable activities	9	<u>15,191</u>	<u>143</u>	<u>2,279</u>	<u>129</u>	<u>17,742</u>	<u>17,548</u>
		<u>15,278</u>	<u>143</u>	<u>2,378</u>	<u>129</u>	<u>17,928</u>	<u>17,707</u>
<b>Net income/(expenditure) before investment gains/(losses)</b>							
		<u>114</u>	<u>( 93)</u>	<u>( 1)</u>	<u>( 76)</u>	<u>( 56)</u>	<u>124</u>
Unrealised gains on investments	15	12	74	2,261	2,993	5,340	( 3,417)
Realised gains on investments		<u>-</u>	<u>-</u>	<u>( 72)</u>	<u>5</u>	<u>( 67)</u>	<u>( 520)</u>
<b>Net gains/(losses) on investments</b>		<u>12</u>	<u>74</u>	<u>2,189</u>	<u>2,998</u>	<u>5,273</u>	<u>( 3,937)</u>
<b>Net income/(expenditure)</b>		<u>126</u>	<u>( 19)</u>	<u>2,188</u>	<u>2,922</u>	<u>5,217</u>	<u>( 3,813)</u>
<b>Transfer between funds</b>	13	68	50	( 98)	( 20)	-	-
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of fixed assets	14	<u>-</u>	<u>571</u>	<u>59</u>	<u>24,605</u>	<u>25,235</u>	<u>1,140</u>
<b>Net movement in funds</b>		<u>194</u>	<u>602</u>	<u>2,149</u>	<u>27,507</u>	<u>30,452</u>	<u>( 2,673)</u>
<b>Total funds brought forward</b>		5,738	6,674	19,874	250,990	283,276	285,949
<b>Total funds carried forward</b>	19	<u>5,932</u>	<u>7,276</u>	<u>22,023</u>	<u>278,497</u>	<u>313,728</u>	<u>283,276</u>

All activities derive from continuing activities. The notes on pages 39 to 76 form part of the financial statements.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2021

	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
<b>Total incoming resources</b>	17,819	17,831
<b>Resources expended</b>	<u>( 17,799)</u>	<u>( 17,654)</u>
<b>Operating surplus/(deficit) for the year</b>	20	177
Net gains on investments	<u>2,275</u>	<u>( 1,432)</u>
<b>Net gain/(loss) for the year</b>	2,295	( 1,255)
<b>Other comprehensive income :</b>		
Revaluation of fixed assets	<u>630</u>	<u>( 355)</u>
<b>Total comprehensive gain/(loss)</b>	<u><u>2,925</u></u>	<u><u>(1,610)</u></u>

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 CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## BALANCE SHEET

For the year ended 31 December 2021

Company Number - 00133558	Note	2021 £'000	£'000	2020 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	14		252,692		229,543
Investments	15		49,804		43,703
			<u>302,496</u>		<u>273,246</u>
<b>CURRENT ASSETS</b>					
Debtors	16	2,389		3,237	
Cash on deposit		7,004		5,171	
Cash at bank and in hand		<u>8,093</u>		<u>8,274</u>	
		17,486		16,682	
<b>CREDITORS: amounts falling due within one year</b>	17	<u>(6,246)</u>		<u>(6,269)</u>	
<b>NET CURRENT ASSETS</b>			<u>11,240</u>		<u>10,413</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			313,736		283,659
<b>CREDITORS: amounts falling due after more than one year</b>					
Pension scheme liabilities	18		(8)		(383)
<b>NET ASSETS</b>			<u>313,728</u>		<u>283,276</u>
<b>FUNDS</b>					
<b>Endowment funds</b>			278,497		250,990
<b>Restricted income funds</b>			22,023		19,874
<b>Unrestricted income funds</b>					
General funds			5,932		5,738
Designated funds			<u>7,276</u>		<u>6,674</u>
<b>TOTAL FUNDS</b>	19/20		<u>313,728</u>		<u>283,276</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on April 2022 and signed on behalf of the Board by:

.....  
The Right Revd Dr Martin Warner  
President of the CDBF

.....  
Mrs Lesley Lynn  
Chair of the Trustees

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## CASH FLOW STATEMENT

For the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities (see below)</b>		( 1,324)		( 457)
Cash flows from investing activities				
Dividends / interest and rent from Investments	1,928		1,717	
Proceeds from the sales of:				
Tangible fixed assets	5,277		3,099	
Fixed assets Investments	3,874		4,801	
<b>Purchase of:</b>				
Tangible fixed assets	(3,103)		(1,971)	
Fixed assets Investments	<u>(4,703)</u>		<u>(2,642)</u>	
<b>Net Cash provided by investing activities</b>		3,273		5,004
Cash flows from financing activities				
Loans (repaid)	<u>(297)</u>		<u>0</u>	
<b>Net cash used in financing activities</b>		<u>(297)</u>		<u>-</u>
<b>Change in cash and cash equivalents in the reporting period</b>		1,652		4,547
Cash and cash equivalents at 1 January		13,445		8,898
Cash and cash equivalents at 31 December		<u>15,097</u>		<u>13,445</u>
Analysis of Cash and Cash equivalents				
Cash in Hand		8,093		8,274
Notice deposits (less than 3 months)		<u>7,004</u>		<u>5,171</u>
		<u>15,097</u>		<u>13,445</u>
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>				
<b>Net income before investment gains</b>		(56)		124
<b>Adjustments for</b>				
(Gains) on the disposal of fixed assets		( 53)		( 115)
Depreciation charges		34		34
Investment income		( 1,928)		( 1,717)
Change in value of Value Linked Loans		-		-
(Increase)/Decrease in Debtors		848		(472)
Increase/(Decrease) in Creditors		<u>( 169)</u>		<u>1,689</u>
<b>Net Cash used in operating activities</b>		<u>(1,324)</u>		<u>(457)</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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### 1. ACCOUNTING POLICIES

#### a) General information

The Chichester Diocesan Fund and Board of Finance (Incorporated) is a charitable company limited by guarantee incorporated in England and Wales (company registration number 00133558) and registered with the Charity Commission (charity registration number 243134). The registered office address is Diocesan Church House, 211 New Church Road, Hove BN3 4ED. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1.

The CDBF meets the definition of a public benefit entity under FRS102.

#### b) Accounting convention and basis of preparation

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 in (f), 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 – Second Edition, effective 1<sup>st</sup> January 2019, the Companies Act 2006 and applicable accounting standards (FRS102).

#### c) Going concern

The financial statements are approved during a period where there continues to be much uncertainty as a result of the international spread of a coronavirus (COVID-19). The ultimate impact of the COVID 19 pandemic remains unclear, although there is room for optimism following the rollout of a vaccination programme, and also the continued support of parishes in paying and pledging parish share. Pledges received for 2022 provide further cause for optimism with parishes responding to appeals for increased generosity. World events also provide additional uncertainty. Diocesan Officers are modelling scenarios should there be a material effect on income and expenditure plans are reviewed as a consequence of this.

However, having reviewed the funding facilities available to CDBF together with the expected future cash flows, along with a prudent estimation of longer term income levels and expenditure requirements, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

#### d) Income

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

- i. **Parish Share** is recognised as income in the year in which it is received.
- ii. **Rent** is recognised as income in the period in which it is received.
- 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. Coronavirus Job Retention Scheme grants are recognised in the period to which they relate.
- v. **Parochial fees** are recognised as income when received.
- 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 incoming resources. Losses on disposal of such assets are accounted for as other expenditure.

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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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. The income is fully expended within the year of receipt and the legal restrictions are therefore satisfied.

#### e) 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** includes 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, and expenditure on education through 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, in which case the grants are recognised when the conditions are fulfilled. Records of grants offered subject to such conditions which have not been met at the year-end are kept, but committed grants are not accrued as expenditure.
- iv. **Support costs** consist of central management, administration and governance costs. The amount of support costs 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 usage basis.
- v. **Pension contributions.** The CDBF's staff are members of the Church Workers Pension Fund or the Teachers Pension Scheme and clergy are members of the Church of England Funded Pensions Scheme (see note 26). The pension costs charged as resources expended represent the CDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes in which the CDBF participates is accrued at current value in creditors, distinguished between contributions falling due within one year and after more than one year. Movements in the value of these schemes are recognised in the Statement of Financial Activities.

#### f) Tangible fixed assets and depreciation

##### *Freehold properties*

The CDBF measures freehold property assets in accordance with an estimate of fair value as required by FRS 102. The methodology employed includes the use of market data for relevant property sales and where possible, specific recent sales data from property websites and estate agents. This is carried out using an online valuation tool. It is planned that twenty percent of the property portfolio is revalued each year on a rolling basis. The rest of the portfolio is adjusted where material by a percentage based on the results of the actual valuations carried out in the year.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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### 1. ACCOUNTING POLICIES (continued)

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 parsonage 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. Through a process of regular visits by the Diocesan Property Department, 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 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 their fair value.

#### *Investment properties*

Glebe properties and assets which are held for investment purposes and rented out have been included at their fair value. The methodology employed includes the use of market data for relevant property sales and where possible, specific recent sales data from property websites and estate agents. This is carried out using an online valuation tool. It is planned that twenty percent of the property portfolio is revalued each year on a rolling basis. The rest of the portfolio is adjusted where material by a percentage based on the results of the actual valuations carried out in the year.

#### *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 fair value. Parsonage houses are revalued on a five year cycle, with 20% being valued each year on a rolling basis. The methodology employed includes the use of market data for relevant property sales and where possible, specific recent sales data from property websites and estate agents. This is carried out using an online valuation tool. It is planned that twenty percent of the property portfolio is revalued each year on a rolling basis. The rest of the portfolio is adjusted where material by a percentage based on the results of the actual valuations carried out in the year.

#### **g) Other tangible fixed assets**

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any estimated disposal proceeds at prices at the time of the asset's acquisition) of fixed assets over their currently expected useful economic lives at the following initial rates:-

Fixtures and fittings - 25% per annum - reducing balance basis

Computer Equipment - 20% per annum - straight line basis

#### **h) Other accounting policies**

- i. **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii. **Leases.** The CDBF has entered into operating leases for the use of certain assets. The rental is charged as expenditure in the year to which it relates.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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### 1. ACCOUNTING POLICIES (continued)

#### i) Financial Instruments - assets and liabilities

- i. **Debtors:** Debtors are recognised at the settlement amount due
- ii. **Cash and cash equivalents:** Cash at bank and cash in hand includes cash held in 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.
- iii. **Creditors and provisions:** Creditors and provisions are recognised where the CDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- iv. **Value Linked Loans:** The CDBF has a number of loans for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS102 these loans have been recognised at fair value and are revalued at each reporting date. Any gains or losses arising at year end are recognised in the SOFA.
- v. **Concessionary Loans:** Loans obtained or made by the CDBF to further its charitable purposes at rates below the prevailing market rates are classified as concessionary loans and accounted for in accordance with section 34 of FRS 102. Such loans are initially recognised and measured at the amount received or paid and subsequently amended to reflect any repayments, interest and impairment.

#### j) 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:

- i. **General funds** which the CDBF uses for the general purposes of the CDBF
- ii. **Designated funds** which are 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 Stipends Fund Capital and Parsonage Houses Fund there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the 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 those financial statements.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the CDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are fair values assigned for property assets and investment properties. In 2020, 20% of parsonage and 98% of glebe houses were valued using an on-line valuation tool which uses relevant market data to provide a valuation for each property. In 2021 the same tool was used to value an additional 20% of parsonage property and revalue 20% of glebe property. The average uplift in values identified by these valuations was then applied to the rest of the portfolio. The DBF is responsible for the maintenance of the houses and employees visit the properties on a regular basis. Any improvements are capitalised at cost and added to the carrying value of the properties. The occupants of the houses notify the DBF promptly of any damage or disrepair. Any variances from actual fair market value and the estimated value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the Statement of Financial Activities. Income and expenditure are not impacted except to the extent that profit or loss is calculated on the sale of a property. The trustees consider this methodology and the resulting balance sheet values to be an appropriate estimate of fair value for reporting purposes.

### 3. DONATIONS

#### 3a. Parish Share

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Current Year pledges	13,176	-	-	-	13,176	14,010
Shortfall in contributions	(195)	-	-	-	(195)	(978)
	12,981	-	-	-	12,981	13,032
Receipts for previous year	43	-	-	-	43	88
Total Income	13,024	-	-	-	13,024	13,120

Current year parish share receipts represent 98.5% of the total pledges (2020 – 92.7%), or, when receipts for previous years are included, 98.8% of the total pledges (2020 – 93.6%).

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 3. DONATIONS (continued)

#### 3b. Other donations

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust Grant	123	50	-	-	173	172
Archbishops Council	87	-	499	-	586	709
RME Block Grant	-	-	505	-	505	568
Grants from other organisations	33	-	2	-	35	103
Donations	39	-	15	-	54	23
	<u>282</u>	<u>50</u>	<u>1,021</u>	<u>-</u>	<u>1,353</u>	<u>1,575</u>

### 4. CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees for parochial services	627	-	-	-	627	468
Church Commissioners' guaranteed annuities	-	-	8	-	8	11
Parish trust Income	-	-	101	-	101	110
Generated Income	14	-	-	-	14	27
Church Schools Training & other	67	-	-	-	67	195
	<u>708</u>	<u>-</u>	<u>109</u>	<u>-</u>	<u>817</u>	<u>811</u>



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 5. OTHER ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Rents receivable - Properties	686	-	10	-	696	487
	<u>686</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>696</u>	<u>487</u>

### 6. INVESTMENT INCOME

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable & interest receivable	691	-	869	-	1,560	1,467
Rents receivable - Glebe	-	-	368	-	368	250
	<u>691</u>	<u>-</u>	<u>1,237</u>	<u>-</u>	<u>1,928</u>	<u>1,717</u>

### 7. OTHER INCOMING RESOURCES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Other income	1	-	-	-	1	6
Gain/ (Loss) on sale of property	-	-	-	53	53	115
	<u>1</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>54</u>	<u>121</u>

### 8. FUNDRAISING COSTS

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Manager fees	79	-	76	-	155	143
Glebe repairs & improvements	8	-	23	-	31	16
	<u>87</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>186</u>	<u>159</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 9. CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Contributions to</b>						
<b>Archbishops' Council</b>						
Training for Ministry	632	-	-	-	632	632
National Church						
Responsibilities	441	-	-	-	441	475
Grants and Provisions	54	-	-	-	54	53
Mission agency pension costs	28	-	-	-	28	23
Retired clergy housing costs	232	-	-	-	232	227
Pooling of ordinands	-	-	-	-	-	-
maintenance grants	(121)	-	-	-	(121)	(82)
	<u>1,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,266</u>	<u>1,328</u>

Maintenance grants paid to ordinands are reported annually to Ministry Division of Archbishops Council and combined with similar grants paid by other Dioceses. An extra charge or credit is then made to the CDBF for the difference between the amount actually paid and its assessed share of the total national cost.

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Resourcing Ministry and</b>						
<b>Mission - Parish Ministry</b>						
Stipends and National						
Insurance	6,345	29	650	10	7,034	7,390
Pension contributions	2,055	13	3	118	2,189	1,710
Defined benefit pension						
scheme movement (see Note 26)	20	-	-	-	20	- 35
Housing costs	1,744	23	362	-	2,129	2,240
Mission Fund grants	-	67	-	-	67	122
Removal, resettlement & grants	288	-	6	-	294	235
Clergy welfare	-	-	124	-	124	149
Ministry Support	243	-	9	1	253	225
	<u>10,695</u>	<u>132</u>	<u>1,154</u>	<u>129</u>	<u>12,110</u>	<u>12,036</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 9. CHARITABLE ACTIVITIES (continued)

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Resourcing Ministry and Mission - support for Parish Ministry</b>						
Ordination Training	395	-	507	-	902	1,140
Adult Education	110	-	1	-	111	85
Children and youth work	98	-	6	-	104	101
Apostolic Life	176	11	27	-	214	174
Common Good	8	-	2	-	10	8
Safeguarding	437	-	-	-	437	319
Diocesan Advisory Committee	78	-	-	-	78	78
Pastoral and Redundant Churches uses	59	-	-	-	59	50
Redundant churches	201	-	-	-	201	132
Communications	92	-	-	-	92	92
Mission projects (SDF)	-	-	515	-	515	120
Chancellor & Registrar	98	-	-	-	98	81
Grants	67	-	66	-	133	219
	1,819	11	1,124	-	2,954	2,599
Support and Governance for parish ministry (note 10)	625	-	-	-	625	694
	2,444	11	1,124	-	3,579	3,293
<b>Resourcing Ministry and Mission - Church Schools</b>						
Church Schools department	705	-	1	-	706	803
Support and Governance for Church Schools (note 10)	81	-	-	-	81	88
	786	-	1	-	787	891
<b>Total Charitable activities</b>	<b>15,191</b>	<b>143</b>	<b>2,279</b>	<b>129</b>	<b>17,742</b>	<b>17,548</b>

### 10. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Resourcing ministry and mission Support for Ministry	Education Church Schools	Total Funds 2021	Total Funds 2020
	£'000	£'000	£'000	£'000
<b>Support</b>				
Central services department	79	10	89	178
General office department	198	25	223	231
Finance department	168	22	190	202
IT department	129	17	146	115
Depreciation	30	4	34	34
	604	78	682	760
<b>Governance</b>				
External Audit	21	3	24	22
	625	81	706	782

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 11. ANALYSIS OF GRANTS MADE

		Individuals	Institution:	Total Funds	Total Funds
	Number	£'000	£'000	2021 £'000	2020 £'000
<b>From unrestricted funds for national church responsibilities:</b>					
Contributions to Archbishops' Council	6	-	1,266	1,266	1,328
<b>From unrestricted</b>					
The Chichester Diocesan Association for Family Support Work	1	-	36	36	36
Together in Sussex	-	-	-	-	4
St Bartz Trust - Youth work	1	-	1	1	19
Clergy Training	28	30	-	30	8
Clergy Moves	113	294	-	294	234
Other organisations	-	-	-	-	-
	143	324	37	361	301
<b>From designated</b>					
PCCs for Mission projects	9	-	67	67	90
The Chichester Diocesan Association for Family Support Work	-	-	-	-	15
Other Organisations for Mission projects	-	-	-	-	16
Individuals for Mission projects	-	-	-	-	1
	9	-	67	67	122
<b>From restricted</b>					
PCCs for Mission projects	13	-	477	477	240
Clergy and families for Welfare	110	43	-	43	62
Overseas mission agencies	1	-	15	15	9
Aided Schools	-	-	-	-	69
Ordinands in training	53	332	-	332	511
AD Care of Churches	1	-	1	1	-
Other organisations	-	-	-	-	-
	178	375	493	868	891
<b>Totals</b>	<b>336</b>	<b>699</b>	<b>1,863</b>	<b>2,562</b>	<b>2,642</b>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 12. STAFF COSTS

	2021 £'000	2020 £'000
<b>Employee costs during the year were as follows:</b>		
Wages and salaries	1,930	1,874
National insurance contributions	193	193
Pension costs	295	290
	<u>2,418</u>	<u>2,357</u>
<b>The average number of persons employed by the group during the year:</b>	<b>2021 Number</b>	<b>2020 Number</b>
Administration and financial management	23	23
Apostolic Life	14	12
Common Good	-	-
Property	6	7
Education - Church Schools	15	14
Safeguarding & inclusion	5	7
	<u>63</u>	<u>63</u>
<b>The average number of persons employed by the group during the year: based on full-time equivalents:</b>	<b>2021 Number</b>	<b>2020 Number</b>
Administration and financial management	21	20
Apostolic Life	11	11
Common Good	-	-
Property	6	7
Education - Church Schools	10	10
Safeguarding & inclusion	4	5
	<u>52</u>	<u>53</u>
<b>The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:</b>	<b>2021 Number</b>	<b>2020 Number</b>
£60,001 - £70,000	3	2
£70,001 - £80,000	<u>1</u>	<u>1</u>

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 12. STAFF COSTS (continued)

##### Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Gabrielle Higgins
Diocesan Director for Apostolic Life	Rebecca Swyer
Diocesan Director of Education	Trevor Cristin
Diocesan Director of Property	Scott Ralph
Diocesan Finance Director	Tim Redding

Remuneration (including Employer NI) and pensions for these employees/posts amounted to £418,405 (2020 - £419,253).

##### Termination payments

During the year termination payments totalling £Nil were paid (2020 - £1,914).

##### Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £5,309 (2020 - £4,084) in respect of General Synod duties, duties as archdeacon or rural dean, and other duties as Trustees. In addition, one Trustee received a grant of £750 (2020 - 1 Trustee £5,047) in respect of their role as parochial clergy.

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

	Stipend	Housing
The Right Revd R K F Bushyager	No	Yes
The Right Revd W P G Hazlewood	No	Yes
The Venerable L Irvine-Capel	Yes	Yes
The Venerable M Lloyd-Williams	Yes	Yes
The Venerable E Dowler	Yes	Yes
The Venerable A Martin	Yes	Yes
The Revd Canon PM Gilbert	Yes	Yes
The Revd Canon A Waizeneker	Yes	Yes
The Revd Canon J Peaty	Yes	Yes
The Revd J Hollingsworth	Yes	Yes
The Revd D Twinley	Yes	Yes
The Revd P Coekin	Yes	Yes
The Revd M King	Yes	Yes

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 12. STAFF COSTS (continued)

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.

	2021 £'000	2020 £'000
Stipends	6,477	6,816
National insurance contributions	557	576
Pension costs - current year	1,755	1,710
Pension costs - deficit reduction contributions paid	434	741
	<u>9,223</u>	<u>9,843</u>

The stipends of the Diocesan Bishop and Suffragan Bishops are paid and funded by the Church Commissioners and are in the range £37,670 - £46,180 (2020 range £37,670 - £46,180). The annual rate of stipend, funded by the CDBF, paid to Archdeacons in 2021 was £36,648 (2020 - £36,648) and other clergy who were Trustees were paid in the range £27,295 - £28,767 (2020 range £27,295 - £28,767).

### 13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Endowment Funds
	General £'000	Designated £'000	£'000	£'000
Transfer of net proceeds from sale of redundant parsonages	-	-	-	-
Movement on defined benefit pension scheme	20	-	-	(20)
Administration charge - Aided Schools fund	48	-	(48)	-
Mission Fund	-	50	(50)	-
Pastoral Fund transfer - housing costs	-	-	0	-
	<u>68</u>	<u>50</u>	<u>(98)</u>	<u>(20)</u>

**Redundant Parsonages.** The net proceeds resulting from the disposal of redundant parsonages can be transferred from the parsonage fund to the pastoral fund after due process has been completed.

**Defined benefit pension scheme movement.** Transfer of the movement to the Diocesan Stipends fund.

**Administration charge - Aided Schools fund.** This reflects the administration charge of the Schools' Buildings Officer costs charged to the Aided Schools restricted fund.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 14. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Leasehold Property £'000	Office Equipment £'000	- Total £'000
<b>Cost or valuation</b>				
At 1 January 2021	229,191	253	697	230,141
Additions	3,103	-	-	3,103
Disposals	(5,224)	-	-	(5,224)
Revaluation	25,304	-	-	25,304
At 31 December 2021	<u>252,374</u>	<u>253</u>	<u>697</u>	<u>253,324</u>
<b>Depreciation</b>				
At 1 January 2021	-	-	598	598
Charge for the year	-	-	34	34
At 31 December 2021	<u>-</u>	<u>-</u>	<u>632</u>	<u>632</u>
<b>Net Book Value</b>				
At 31 December 2021	<u>252,374</u>	<u>253</u>	<u>65</u>	<u>252,692</u>
At 31 December 2020	<u>229,191</u>	<u>253</u>	<u>99</u>	<u>229,543</u>

All but one of the properties in the balance sheet are freehold and are vested in the CDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to £1,278,924 (2020: £1,152,184). Properties are subject to a cycle of valuations and consequently repairs are charged as expenditure with the SoFA.



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 15. FIXED ASSET INVESTMENTS

	At 1 January 2021 £'000	Additions £'000	Disposal £'000	Transfer £'000	Change in Market Value £'000	At 31 December 2021 £'000
<b>Unrestricted Funds</b>						
Listed investments	103	7	(7)	0	13	116
Unlisted investments	5	0	0	0	0	5
Investment property	661	0	0	0	73	734
	<u>769</u>	<u>7</u>	<u>(7)</u>	<u>0</u>	<u>86</u>	<u>855</u>
<b>Restricted Funds</b>						
Listed investments	18,080	2,634	(2,163)	0	2,261	20,812
	<u>18,080</u>	<u>2,634</u>	<u>(2,163)</u>	<u>0</u>	<u>2,261</u>	<u>20,812</u>
<b>Endowment Funds</b>						
Listed investments	20,415	2,063	(1,770)	0	2,549	23,257
Investment property	4,439	0	(3)	0	444	4,880
	<u>24,854</u>	<u>2,063</u>	<u>(1,773)</u>	<u>0</u>	<u>2,993</u>	<u>28,137</u>
<b>Total</b>	<u>43,703</u>	<u>4,704</u>	<u>(3,943)</u>	<u>0</u>	<u>5,340</u>	<u>49,804</u>

Trustees are aware of the continuing impact of the COVID-19 pandemic and other Global events on the value of investment assets. The DBF is, however, a long-term investor and currently has no immediate plans to realise investments in order to raise cash.

### 16. DEBTORS

	2021 £'000	2020 £'000
Concessionary (interest free) loans to Parishes	562	446
Loans to Parishes	374	985
School projects	581	368
Other Debtors and prepayments	872	1,438
	<u>2,389</u>	<u>3,237</u>
<b>Included within the above are debtors amounts due after more than one year as follows:</b>		
Concessionary (interest free) loans to Parishes	415	381
	<u>415</u>	<u>381</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 17. CREDITORS: amounts falling due within one year

	2021 £'000	2020 £'000
Loans due in one year		
Church Commissioners value-linked loans	1,492	1,721
Deferred income	83	-
Payments received in advance from Education Funding authority	2,289	2,119
Other Taxes and social security	3	2
Other creditors and accruals	1,941	1,927
Clergy Pension Scheme	438	500
	<u>6,246</u>	<u>6,269</u>

Value-linked loans (VLLs) represent amounts advanced to the CDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. Three of these loans are for the benefit of parishes and have been used to purchase houses for curates. Five of the loans have been used by the DBF for the purchase of houses for deserted spouses, of which one was sold in 2020. The related loan was repaid early in 2021. As at 31st December 2021 the Board had no intention of disposing of any more of those properties funded via VLLs. As the timing of the repayment is uncertain the loans are shown as due within one year.

### 18. CREDITORS: amounts falling due after more than one year

	2021 £'000	2020 £'000
<b>Pension Scheme liabilities (see note 26)</b>		
Clergy Pension Scheme	-	352
Church Workers Pension Scheme - DBS	8	31
	<u>8</u>	<u>383</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 19. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfer £'000	Gains and Losses £'000	Balances at 31 December 2021 £'000
<b>UNRESTRICTED FUNDS</b>						
General	5,738	15,392	( 15,278)	68	12	5,932
<b>Designated Funds</b>						
Property	5,839	-	-	-	644	6,483
Parish Mission	220	50	( 67)	50	-	253
Other designated funds	615	-	( 76)	-	1	540
	6,674	50	( 143)	50	645	7,276
<b>Restricted Funds</b>						
Diocesan Pastoral	13,047	-	( 37)	( 104)	1,850	14,756
Diocesan Stipend	-	1,084	( 1,084)	-	-	-
Clergy Welfare	1,078	80	( 78)	-	58	1,138
Clergy Welfare (B Wild)	866	23	( 61)	-	77	905
Jenkinson Trust	21	2	( 1)	-	-	22
Training	-	32	( 32)	-	-	-
University chaplaincy	39	1	-	-	-	40
Hayllar trust	81	3	-	-	-	84
Poling endowment	43	27	( 3)	-	-	67
The Arnold Bequest	36	14	( 14)	-	-	36
Clergy Widows	23	-	-	-	-	23
SDF	-	469	( 525)	54	-	( 2)
RME	( 24)	505	( 478)	-	-	3
Archdeacons' loans	1,824	31	( 4)	-	109	1,960
Aided Church Schools	2,666	59	( 1)	( 48)	153	2,829
Diocesan Overseas Council	107	2	( 15)	-	-	94
Other restricted funds	66	45	( 45)	-	1	67
	19,874	2,377	( 2,378)	( 98)	2,248	22,023
<b>Endowment Funds</b>						
<b>Expendable</b>						
Parsonage/Benefice houses	179,054	151	-	-	18,797	198,002
Diocesan Stipends	60,040	( 98)	( 129)	( 20)	7,460	67,253
Clergy Welfare	2,107	-	-	-	243	2,350
Elfinward	2,067	-	-	-	239	2,306
Terry's Cross	5,167	-	-	-	568	5,735
<b>Permanent</b>						
Jenkinson	44	-	-	-	5	49
Training	841	-	-	-	97	938
University chaplaincy	660	-	-	-	72	732
Hayllar trust	69	-	-	-	8	77
Poling endowment	574	-	-	-	71	645
The Arnold Bequest	367	-	-	-	43	410
	250,990	53	( 129)	( 20)	27,603	278,497
<b>Total funds</b>	283,276	17,872	( 17,928)	-	30,508	313,728

The restricted funds above for RME relate to a grant received from Ministry Division to be used to meet the cost of ordination training. Grants are made by reference to the age of ordinands in each year, in the expectation that younger ordinands will follow more expensive training pathways. Depending on the actual pathway chosen for each ordinand, expenditure may be more or less than the grant. Surpluses must be held in reserve to be spent on future ordinands in years where there is a deficit. Deficits may be made good from future years where there is a surplus. If deficits persist, the Ministry Division of the Church of England will review the position. If no further funding can be made available, the deficit must be met from general funds. The balance on the restricted fund for SDF represents grants made to parishes under the strategic development fund program for which grants will be received from the fund post year end.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 20. SUMMARY OF ASSETS BY FUND

	Fixed asset: Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
<b>UNRESTRICTED FUNDS</b>					
General	65	114	6,611	( 858)	5,932
<b>Designated Funds</b>					
Property	5,765	734	( 15)	-	6,483
Parish Mission	-	-	253	-	253
Other designated funds	-	6	534	-	540
	<u>5,765</u>	<u>740</u>	<u>772</u>	<u>-</u>	<u>7,276</u>
<b>Restricted Funds</b>					
Diocesan Pastoral	-	17,730	( 2,974)	-	14,756
Clergy Welfare	1,279	-	1,041	( 1,182)	1,138
Clergy Welfare (B Wild)	-	783	122	-	905
Jenkinson Trust	-	-	22	-	22
University chaplaincy	-	-	40	-	40
Hayllar trust	-	-	84	-	84
Poling endowment	-	-	67	-	67
The Arnold Bequest	-	-	36	-	36
Clergy Widows	-	-	23	-	23
SDF	-	-	( 2)	-	( 2)
RME	-	-	3	-	3
Archdeacons' loans	-	1,031	929	-	1,960
Aided Church Schools	-	1,262	5,343	( 3,776)	2,829
Diocesan Overseas Council	-	-	94	-	94
Other restricted funds	-	5	62	-	67
	<u>1,279</u>	<u>20,811</u>	<u>4,890</u>	<u>( 4,958)</u>	<u>22,023</u>
<b>Endowment Funds</b>					
<u>Expendable</u>					
Parsonage/Benefice houses	190,737	-	7,263	-	198,000
Diocesan Stipends	48,410	21,792	( 2,510)	( 438)	67,254
Clergy Welfare	-	2,167	183	-	2,350
Elfinward	-	2,128	178	-	2,306
Terry's Cross	5,735	-	-	-	5,735
<u>Permanent</u>					
Jenkinson	-	48	1	-	49
Training	-	867	71	-	938
University chaplaincy	701	30	2	-	733
Hayllar trust	-	74	3	-	77
Poling endowment	-	647	( 2)	-	645
The Arnold Bequest	-	386	24	-	410
	<u>245,583</u>	<u>28,139</u>	<u>5,213</u>	<u>( 438)</u>	<u>278,497</u>
<b>Total funds</b>	<u>252,692</u>	<u>49,804</u>	<u>17,486</u>	<u>( 6,254)</u>	<u>313,728</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 21. PRIOR YEAR SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfer £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
<b>UNRESTRICTED FUNDS</b>						
General	5,488	15,181	( 15,441)	525	( 15)	5,738
<b>Designated Funds</b>						
Property	6,086	-	-	-	( 247)	5,839
Parish Mission	241	50	( 121)	50	-	220
Other designated funds	15	601	( 1)	-	-	615
	<u>6,342</u>	<u>651</u>	<u>( 122)</u>	<u>50</u>	<u>( 247)</u>	<u>6,674</u>
<b>Restricted Funds</b>						
Diocesan Pastoral	15,071	-	( 122)	( 650)	( 1,252)	13,047
Diocesan Stipend	-	952	( 952)	-	-	-
Clergy Welfare	1,170	78	( 83)	-	( 87)	1,078
Clergy Welfare (B Wild)	940	23	( 62)	-	( 35)	866
Jenkinson Trust	19	2	-	-	-	21
Training	-	30	( 30)	-	-	-
University chaplaincy	38	1	-	-	-	39
Hayllar trust	78	3	-	-	-	81
Poling endowment	18	25	-	-	-	43
The Arnold Bequest	40	14	( 18)	-	-	36
Clergy Widows	27	-	( 4)	-	-	23
SDF	-	93	( 181)	88	-	-
RME	( 46)	568	( 546)	-	-	( 24)
Archdeacons' loans	1,849	31	( 3)	-	( 53)	1,824
Aided Church Schools	2,713	173	( 74)	( 48)	( 98)	2,666
Diocesan Overseas Council	114	2	( 9)	-	-	107
Other restricted funds	69	4	( 7)	-	-	66
	<u>22,101</u>	<u>1,999</u>	<u>( 2,091)</u>	<u>( 610)</u>	<u>( 1,525)</u>	<u>19,874</u>
<b>Endowment Funds</b>						
<b>Expendable</b>						
Parsonage/Benefice houses	180,313	-	-	-	( 1,259)	179,054
Diocesan Stipends	59,038	-	( 53)	35	1,020	60,040
Clergy Welfare	2,365	-	-	-	( 258)	2,107
Elfinward	2,321	-	-	-	( 254)	2,067
Terry's Cross	5,167	-	-	-	-	5,167
<b>Permanent</b>						
Jenkinson	50	-	-	-	( 6)	44
Training	943	-	-	-	( 102)	841
University chaplaincy	663	-	-	-	( 3)	660
Hayllar trust	77	-	-	-	( 8)	69
Poling endowment	669	-	-	-	( 95)	574
The Arnold Bequest	412	-	-	-	( 45)	367
	<u>252,018</u>	<u>-</u>	<u>( 53)</u>	<u>35</u>	<u>( 1,010)</u>	<u>250,990</u>
<b>Total funds</b>	<u>285,949</u>	<u>17,831</u>	<u>( 17,707)</u>	<u>-</u>	<u>( 2,797)</u>	<u>283,276</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 22. PRIOR YEAR SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
<b>UNRESTRICTED FUNDS</b>					
General	98	101	6,467	( 928)	5,738
<b>Designated Funds</b>					
Property	5,193	661	( 15)	-	5,839
Parish Mission	-	-	220	-	220
Other designated funds	-	6	609	-	615
	<u>5,193</u>	<u>667</u>	<u>814</u>	<u>-</u>	<u>6,674</u>
<b>Restricted Funds</b>					
Diocesan Pastoral	-	15,399	( 2,351)	-	13,048
Clergy Welfare	1,153	-	1,336	( 1,411)	1,078
Clergy Welfare (B Wild)	-	676	190	-	866
Jenkinson Trust	-	-	21	-	21
University chaplaincy	-	-	39	-	39
Hayllar trust	-	-	81	-	81
Poling endowment	-	-	43	-	43
The Arnold Bequest	-	-	36	-	36
Clergy Widows	-	-	23	-	23
SDF	-	-	-	-	-
RME	-	-	( 24)	-	( 24)
Archdeacons' loans	-	891	933	-	1,824
Aided Church Schools	-	1,109	5,018	( 3,461)	2,666
Diocesan Overseas Council	-	-	107	-	107
Other restricted funds	-	4	62	-	66
	<u>1,153</u>	<u>18,079</u>	<u>5,514</u>	<u>( 4,872)</u>	<u>19,874</u>
<b>Endowment Funds</b>					
<u>Expendable</u>					
Parsonage/Benefice houses	172,007	-	7,047	-	179,054
Diocesan Stipends	45,294	19,261	( 3,663)	( 852)	60,040
Clergy Welfare	-	1,911	196	-	2,107
Elfinward	-	1,876	191	-	2,067
Terry's Cross	5,167	-	-	-	5,167
<u>Permanent</u>					
Jenkinson	-	43	1	-	44
Training	-	764	77	-	841
University chaplaincy	631	26	3	-	660
Hayllar trust	-	64	5	-	69
Poling endowment	-	572	2	-	574
The Arnold Bequest	-	339	28	-	367
	<u>223,099</u>	<u>24,856</u>	<u>3,887</u>	<u>( 852)</u>	<u>250,990</u>
<b>Total funds</b>	<u>229,543</u>	<u>43,703</u>	<u>16,682</u>	<u>( 6,652)</u>	<u>283,276</u>

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 23. DESCRIPTION OF FUNDS

General	The general fund is the CDBF's unrestricted undesignated fund available for any of the CDBF's purposes.
Property	The fund value is set at the level equivalent to the net book value of corporate properties. Church House, Hove and various houses used by retired clergy make up the value of this fund.
Parish Mission	Fund made available from the AllChurches Trust and diocesan sources to support parish mission projects throughout the Diocese.
Other Designated Funds	The majority of these funds represents a grant received from the Church Commissioners to meet the costs of two additional curates ordained in 2021 and a Parish Development Officer role which was also appointed to in 2021..
Diocesan Stipends	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held under the Church Property Measure 2018 to provide income for clergy stipends. It represents glebe property, accumulated sale proceeds of glebe property, and sale proceeds of some benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses.
Clergy Welfare	Fund is governed by a 1993 Charity Commission scheme with income being used for the welfare of clergy, their spouses or other licensed staff who work or have worked in the diocese.
Clergy Welfare (B Wild)	Fund derives from the sale of a property, Lapwings, bequeathed for purposes connected with clergy welfare. The fund is used for the clergy wellbeing service.
Clergy Widows	Fund represents a legacy from Charles Peckham to provide financial grants or other benefits for widows of the clergy.
University Chaplaincy	Fund is governed by a trust deed dated 21 July 1961. The fund is to provide a house for the University of Sussex chaplain and to assist that chaplain in the fulfilment of his/her duties.
Jenkinson Trust	Fund represents a legacy from William Jenkinson. Income from the fund is used for necessitous Church of England gentlewomen or as the diocesan fund finds most fitting.
Hayllar Trust	Fund represents a legacy from Sidney Hayllar. Income from the fund is used to help clergy with personal costs such as education and personal support and general financial problems.
Poling Endowment	A fund to be used for the welfare of clergy and their families in need or hardship, serving, in training or retired, of the Diocese of Chichester.

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 23. DESCRIPTION OF FUNDS (continued)

Archdeacons' Loans	The fund arose from three gifts and the proceeds of a fundraising campaign. The accumulated income is used to make interest free loans to parishes to help fund repairs to churches and church halls.
Aided Church Schools	The Aided Church Schools Fund , which includes the consolidated fund of The Diocese of Chichester Consolidated Educational Endowments, represents the accumulated sale proceeds of redundant Church of England School properties. Its use is restricted by Section 287(2) of the Education Act 1993 to capital and maintenance work of Church of England schools in the diocese and education generally at Church of England schools in the diocese. The CDBF is trustee of these funds, which are managed in consultation with the Diocesan Board of Education. Also included are capital funds held on behalf of aided schools and funds donated by parishes for the benefit of those aided schools.
Diocesan Overseas Council	The fund comprises the net income raised after grants made by the Diocesan Overseas Council. The Council promotes the Diocesan interest in, support for and engagement with mission work of the churches of the Anglican Communion in co-operation with the Church of England's Partnership for World Mission accredited mission agencies and partners. It raises funds mainly by way of the Harvest Appeal each year and in reaction to world mission appeals and projects.
Diocesan Pastoral	<p>The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:</p> <ul style="list-style-type: none"><li>• to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees.</li><li>• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese.</li><li>• other purposes of the diocese or any benefice or parish in the diocese</li><li>• to make grants or loans to any other diocese</li><li>• to transfer funds to the diocesan stipends fund income or capital accounts.</li></ul>
Strategic Development Fund	The Diocese has been awarded funding from the Church Commissioners towards a number of parish based mission projects in the Diocese. The funds received are restricted to be used on these projects.
RME Block Grant	A restricted grant received from Ministry Division to be used to meet the costs of ordination training.



## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 23. DESCRIPTION OF FUNDS (continued)

Parsonage/Benefice Houses	The parsonage/benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the CDBF is obliged to maintain them, and to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the CDBF.
Elfinsward	The fund was created by the sale of a former retreat house. The income from the fund is used to support stipends, communications work and retreat grants.
Terry's Cross	The fund represents the value of a house, originally given as a gift to the diocese, to provide accommodation for retired clergy and church workers.
Training	This fund has been built up by various bequests. The income is used to support ordination training costs and for modest discretionary grants to assist ordinands in need.

#### 24. CAPITAL COMMITMENTS

At 31 December 2021 the CDBF had capital expenditure commitments authorised but not contracted for of £NIL (2020 - £NIL) and contracted for but not yet due of £Nil (2020 - £173,414).

#### 25. OPERATING LEASES

Future minimum rentals payable until the end of the lease under non-cancellable operating leases are as follows:

	2021 £ £'000	2020 £ £'000
<b>Other operating leases:</b>		
Total amount payable within one year	13	22
Total amount payable in the second to fifth years inclusive	6	10
	<hr/> 19	<hr/> 32

Total lease payments recognised as an expense in the year were £18,651 (2020 - £34,522).

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 26. PENSIONS

The CDBF participates in four pension schemes.

- A. **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy administered by the Church of England Pensions Board.
- B. **Church Workers Pension Fund (CWPF)** for Lay workers administered by the Church of England Pensions Board.
- C. **Church Workers Pension Fund (CWPF) Pension Builder Classic** for Lay workers administered by the Church of England Pensions Board.
- D. **Teachers' Pension Scheme (TPS)** governed by the Teachers' Pension Scheme Regulations 2014.

#### A. Church of England Funded Pensions Scheme (CEFPS)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £2,188,664, 2020: £2,455,384), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,774,664 for 2021 (2020: £1,679,384).

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 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### For the year ended 31 December 2021

##### 26. PENSIONS (continued)

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

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

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

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

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

	2021	2020
Balance sheet liability at 1 January	852,000	1,628,000
Deficit contribution paid	434,000	-741,000
Interest cost (recognised in SoFA)	1,000	14,000
Remaining change to the balance sheet liability* (recognised in SoFA)	19,000	-49,000
Balance sheet liability at 31 December	438,000	852,000

\* 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 2021	December 2020	December 2019
Discount rate	0.0%	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5%	1.6% pa	1.3% pa

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

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 26. PENSIONS (continued)

##### B. Church Workers Pension Fund (CWPF)

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

The Church Workers Pension Fund has two sections:

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

##### Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £13,687, 2020: £13,287) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £9,313 for 2021 (2020: charge of £7,287).

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

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

The next actuarial valuation is due at 31 December 2022.

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### For the year ended 31 December 2021

##### 26. PENSIONS (continued)

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,5000 per year. In addition, deficit payments of £7,387 per year have been agreed for 1.83 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2021	2020
Balance sheet liability at 1 January	31,000	37,000
Deficit contribution paid	-7,000	-7,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	-16,000	1,000
Balance sheet liability at 31 December	8,000	31,000

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

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

	December 2021	December 2020	December 2019
Discount rate	1.3%	0.4%	1.3%

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

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 26 PENSIONS (continued)

##### C. Church Workers Pension Fund (CWPF) Pension Builder Classic

Since 1<sup>st</sup> October 2012 the CDBF has participated 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 Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

##### **Pension Builder Scheme**

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2021: £222,133, 2020: £226,667).

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

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

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

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

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2021

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#### 26. PENSIONS (continued)

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

The Diocese participates in the Teachers' Pension Scheme ("the TPS") for a number of its staff. The pension charge for the year includes contributions payable to the TPS of £68,450 (2020: £60,240) and at the year-end £Nil (2020 - £Nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 27. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
<b>Income and endowments from</b>							
Donations							
Parish share	3a	13,120	-	-	-	13,120	13,954
Other donations	3b	256	651	668	-	1,575	815
Charitable activities	4	690	-	121	-	811	868
Other activities	5	477	-	10	-	487	456
Investments	6	632	-	1,085	-	1,717	2,182
Other	7	6	-	115	-	121	185
		15,181	651	1,999	-	17,831	18,460
<b>Expenditure on</b>							
Raising Funds	8	76	-	83	-	159	458
Charitable activities	9	15,365	122	2,008	53	17,548	16,360
		15,441	122	2,091	53	17,707	16,818
<b>Net income/(expenditure) before investment gains/(losses)</b>							
		( 260)	529	( 92)	( 53)	124	1,642
Unrealised gains on investments	15	( 13)	73	( 1,212)	( 2,265)	( 3,417)	5,532
Realised gains on investments		- 2	-	( 278)	(240)	( 520)	274
<b>Net gains/(losses) on investments</b>		( 15)	73	( 1,490)	( 2,505)	( 3,937)	5,806
<b>Net income/(expenditure)</b>							
		( 275)	602	( 1,582)	( 2,558)	( 3,813)	7,448
<b>Transfer between funds</b>	13	525	50	( 610)	35	-	-
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of fixed assets	14	-	( 320)	( 35)	1,495	1,140	2,223
<b>Net movement in funds</b>		250	332	( 2,227)	( 1,028)	( 2,673)	9,671
<b>Total funds brought forward</b>		5,488	6,342	22,101	252,018	285,949	276,278
<b>Total funds carried forward</b>	19	5,738	6,674	19,874	250,990	283,276	285,949



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 28a. PRIOR YEAR NOTES TO ACCOUNTS – 3 DONATIONS

#### Parish Share

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Current Year pledges	14010	-	-	-	14,010	13,999
Shortfall in contributions	(978)	0	0	0	(978)	(183)
	<u>13032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,032</u>	<u>13,816</u>
Receipts for previous year	88	-	-	-	88	138
Total Income	<u>13120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,120</u>	<u>13,954</u>

Current year parish share receipts represent 92.7% of the total pledges (2019 – 98.7%), or, when receipts for previous years are included, 93.6% of the total pledges (2019 – 99.7%). The principal cause of the reduction seen was the impact on parishes of the coronavirus pandemic.

#### Other Donations

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
All Churches Trust Grant	122	50	-	-	172	171
Archbishops Council	16	600	93	-	709	170
RME Block Grant	-	-	568	-	568	419
Grants from other organisations	103	-	-	-	103	9
Donations	<u>15</u>	<u>1</u>	<u>7</u>	<u>-</u>	<u>23</u>	<u>46</u>
	<u>256</u>	<u>651</u>	<u>668</u>	<u>-</u>	<u>1,575</u>	<u>815</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 28b. PRIOR YEAR NOTES TO ACCOUNTS – 4 CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees for parochial services	468	-	-	-	468	560
Church Commissioners' guaranteed annuities	-	-	11	-	11	13
Parish trust Income	-	-	110	-	110	93
Generated Income	27	-	-	-	27	83
Church Schools Training & other	195	-	-	-	195	119
	<u>690</u>	<u>-</u>	<u>121</u>	<u>-</u>	<u>811</u>	<u>868</u>

### 28c. PRIOR YEAR NOTES TO ACCOUNTS – 5 OTHER ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Rents receivable - Properties	477	-	10	-	487	456
	<u>477</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>487</u>	<u>456</u>

### 28d. PRIOR YEAR NOTES TO ACCOUNTS – 6 INVESTMENT INCOME

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable & interest receivable	632	-	835	-	1,467	1,925
Rents receivable - Glebe	-	-	250	-	250	257
	<u>632</u>	<u>-</u>	<u>1,085</u>	<u>-</u>	<u>1,717</u>	<u>2,182</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 28e. PRIOR YEAR NOTES TO ACCOUNTS – 7 OTHER INCOMING RESOURCES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Other income	6	-	-	-	6	154
Gain/ (Loss) on sale of property	-	-	115	-	115	31
	<u>6</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>121</u>	<u>185</u>

### 28f. PRIOR YEAR NOTES TO ACCOUNTS – 8 FUND RAISING COSTS

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Manager fees	72	-	71	-	143	147
Glebe repairs & improvements	4	-	12	-	16	311
	<u>76</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>159</u>	<u>458</u>

### 28g. PRIOR YEAR NOTES TO ACCOUNTS – 9 CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Contributions to</b>						
<b>Archbishops' Council</b>						
Training for Ministry	632	-	-	-	632	632
National Church						
Responsibilities	475	-	-	-	475	502
Grants and Provisions	53	-	-	-	53	54
Mission agency pension costs	23	-	-	-	23	7
Retired clergy housing costs	227	-	-	-	227	216
Pooling of ordinands						
maintenance grants	( 82)	-	-	-	( 82)	38
	<u>1,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328</u>	<u>1,449</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 28g. PRIOR YEAR NOTES TO ACCOUNTS – 9 CHARITABLE ACTIVITIES (continued)

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Resourcing Ministry and Mission - Parish Ministry</b>						
Stipends and National Insurance	6,567	-	770	53	7,390	7,574
Pension contributions	1,710	-	-	-	1,710	1,736
Defined benefit pension scheme movement (see Note 26)	(35)	-	-	-	(35)	(2,614)
Housing costs	2,061	-	179	-	2,240	3,017
Mission Fund grants	-	122	-	-	122	121
Removal, resettlement & grants	235	-	-	-	235	231
Clergy welfare	19	-	130	-	149	186
Ministry Support	223	-	2	-	225	230
	<u>10,780</u>	<u>122</u>	<u>1,081</u>	<u>53</u>	<u>12,036</u>	<u>10,481</u>

### Resourcing Ministry and Mission - support for Parish Ministry

Ordination Training	567	-	573	-	1,140	1,188
Adult Education	78	-	7	-	85	120
Children and youth work	101	-	-	-	101	172
Apostolic Life	174	-	-	-	174	257
Common Good	8	-	-	-	8	33
Safeguarding	319	-	-	-	319	229
Diocesan Advisory Committee	78	-	-	-	78	81
Pastoral and Redundant Churches uses	-	-	-	-	-	-
Redundant churches	50	-	-	-	50	45
Communications	132	-	-	-	132	104
Chaplains	92	-	-	-	92	108
Mission projects (SDF)	-	-	-	-	-	-
Chancellor & Registrar	-	-	120	-	120	117
Grants	81	-	-	-	81	69
	<u>67</u>	<u>-</u>	<u>152</u>	<u>-</u>	<u>219</u>	<u>223</u>
	1,747	-	852	-	2,599	2,746
Support and Governance for parish ministry (note 10)	694	0	0	0	694	812
	<u>2,441</u>	<u>0</u>	<u>852</u>	<u>0</u>	<u>3,293</u>	<u>3,558</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 28g. PRIOR YEAR NOTES TO ACCOUNTS – 9 CHARITABLE ACTIVITIES (continued)

	Unrestricted Funds		Restricted Endowment Funds		Total Funds 2020	Total Funds 2019
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
<b>Resourcing Ministry and Mission - Church Schools</b>						
Church Schools department	728	-	75	-	803	804
Support and Governance for Church Schools (note 10)	88	-	-	-	88	68
	<u>816</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>891</u>	<u>872</u>
<b>Total Charitable activities</b>	<u>15,365</u>	<u>122</u>	<u>2,008</u>	<u>53</u>	<u>17,548</u>	<u>16,360</u>

### 28h. PRIOR YEAR NOTES TO ACCOUNTS – 10 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Resourcing ministry and mission Support for Ministry £'000	Education Church Schools £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
<b>Support</b>				
Central services department	158	20	178	181
General office department	205	26	231	275
Finance department	179	23	202	212
IT department	102	13	115	158
Depreciation	<u>30</u>	<u>4</u>	<u>34</u>	<u>35</u>
	674	86	760	861
<b>Governance</b>				
External Audit	<u>20</u>	<u>2</u>	<u>22</u>	<u>19</u>
	<u>694</u>	<u>88</u>	<u>782</u>	<u>880</u>

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

### 28i. PRIOR YEAR NOTES TO ACCOUNTS – 11 ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	Total 2020 £'000	Total 2019 £'000
<b>From unrestricted funds for national church responsibilities:</b>					
Contributions to Archbishops' Council	6	-	1,328	1,328	1,449
<b>From unrestricted</b>					
The Chichester Diocesan Association for Family Support Work	1	-	36	36	36
Together in Sussex	1	-	4	4	10
St Bartz Trust - Youth work	1	-	19	19	19
Clergy Training	27	8		8	12
Clergy Moves	47	234		234	231
Other organisations	0		-	-	11
	77	242	59	301	319
<b>From designated</b>					
PCCs for Mission projects	12	-	90	90	121
The Chichester Diocesan Association for Fair	1	-	15	15	-
Other Organisations for Mission projects	1	-	16	16	-
Individuals for Mission projects	1	1	-	1	-
	15	1	121	122	121
<b>From restricted</b>					
PCCs for Mission projects	9	-	240	240	158
Clergy and families for Welfare	110	62		62	75
Overseas mission agencies	4	-	9	9	13
Aided Schools	3	-	69	69	-
Ordinands in training	59	511	-	511	553
AD Care of Churches	0	-	-	-	4
Other organisations	0	-	-	-	26
	185	573	318	891	829
<b>Totals</b>	<b>283</b>	<b>816</b>	<b>1,826</b>	<b>2,642</b>	<b>2,718</b>

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 29. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

The COVID-19 pandemic is continuing to have a huge impact across the world. Volatility caused by this crisis, and other World events, is likely to continue to have an impact on the value of investment assets, along with property values and Pension Fund deficits. While the ultimate extent of these issues is currently still unknown, there have been no event or series of events since the year end which have had a material impact on values at the balance sheet date.

The COVID-19 crisis in particular also continues to have an impact on the operations of CDBF. The ability to hold a number of events in person remains in question and Diocesan Officers have prepared budgets with expenditure plans based on income levels which continue to be under pressure, although indications are that some recovery is being made. Most employees have, however, been able to work effectively, at least in part, 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.

#### 30. RELATED PARTY TRANSACTIONS

The Mother Agnes Trust is an unincorporated charity of which The Right Revd Dr M Warner, the Ven E Dowler, Mrs S Stonor and Gabrielle Higgins, Diocesan Secretary of the CDBF, are trustees. Between 2004 and 2017 Chichester DBF paid the running expenses of the Magnet Centre in Hastings on behalf of the Mother Agnes Trust. The Magnet Centre transferred into new ownership in 2017. The total amount expended by CDBF on behalf of the Mother Agnes Trust as at 31 December 2020 in respect of the Magnet Centre is £375,841. In addition, the DBF paid the salary of the Clerk to the Trustees of the Mother Agnes Trust on behalf of the Trust until 31 January 2019. As at 31 December 2020 the amount expended by Chichester DBF in respect of staff costs was £35,304. Chichester DBF has invoiced these sums but will not pursue payment until the sale of land by the Mother Agnes Trust. During 2021 Chichester DBF provided a loan facility to Mother Agnes Trust for £25,000 to enable them to meet a number of costs prior to the sale of the land. At 31<sup>st</sup> December 2021 £10,000 had been drawn against this facility.

The Chichester Diocesan Association for Family Support Work is an unincorporated charity of which Mrs Lesley Lynn has been a trustee for part of the year. The Diocese makes an annual grant of £36,000 towards the work of this charity.

The only related corporate party with whom the DBF has transacted is the Diocese of Chichester Academy Trust ('DCAT') which manages eleven Church of England Schools in the Diocese. DCAT is accountable to the Diocese Board of Education ('DBE') and the Bishop of Chichester in relation to their Christian distinctiveness and to the Diocese of Chichester Education Trust ('DoCET') via members for its operation. The Director of Education, one of the DBF's key management personnel, is a trustee of DCAT, and the Archdeacon of Chichester is its Chair. During the year the DBF provided office facilities free of charge to DCAT as well as performing due diligence on schools intending to convert or join the Trust.

## THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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#### 31. FUNDS HELD AS CUSTODIAN TRUSTEE

The 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. The financial assets held in this way may be summarised as follows:

	2021 £'000	2020 £'000
CBF Church of England Investment Fund income shares	16,606	14,530
CBF Church of England Investment Fund accumulation shares	281	225
CBF Church of England Fixed Interest Securities Fund shares	1,711	1,829
CBF Church of England Property Fund shares	281	246
CBF Church of England UK Equity Shares	13	11
CBF Church of England Global Equity Shares	197	162
Other common investment fund holdings	1,681	1,368
Direct holdings in UK equities	368	238
CBF Church of England Deposit Fund	2,783	2,584
Cash at bank	175	134
Total assets held as custodian trustee	<u>24,096</u>	<u>21,327</u>