

# MANCHESTER DIOCESAN BOARD OF FINANCE

## Consolidated Financial Statements

*for the year ended 31 December 2020*

*Company No 149999 – Registered Charity No 249424*

 THE CHURCH  
OF ENGLAND  
Diocese of Manchester

CHURCH  
FOR A  
DIFFERENT  
WORLD





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## Reference and administrative details

In accordance with the Companies Act 2006, FRS102 and the Charities Statement of Recommended Practice issued in January 2020 (SORP 2020), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow.

### *Ex-Officio*

The Bishop of Manchester, Rt Revd Dr D Walker  
The Bishop of Middleton, Rt Revd M Davies  
The Bishop of Bolton, Rt Revd M Ashcroft  
The Archdeacon of Bolton Ven J Burgess  
The Archdeacon of Manchester, Ven K Lund  
The Archdeacon of Salford and Rochdale, Ven D Sharples  
The Chairman of the Board of Finance, Canon P Blinkhorn  
The Dean of Manchester – Very Revd R M Govender  
The Chair of the House of Laity – Canon R Lewis  
The Chair of the House of Clergy - Revd J Farnworth

### *Elected by Diocesan Synod (1 clergy and 1 laity from each Archdeaconry)*

#### *Manchester Archdeaconry*

Clergy	Lay
Revd Canon M Wall	P Geldard

#### *Bolton Archdeaconry*

Clergy	Lay
Vacant	K Lewis

#### *Rochdale Archdeaconry*

Clergy	Lay
Revd Capt. D Penny	G Dent

#### *Salford Archdeaconry:*

Clergy	Lay
Revd Canon A Edwards	J Jones

### *Co-opted*

Canon H Lightbourne  
B Hodgson  
P Billson  
Y Mackereth  
Canon C Hilton  
J Pilling

### *Company Secretary*

D Weldon

Reference and administrative details of the Diocese of Manchester (continued)

Church House  
90 Deansgate  
Manchester  
M3 2GH

**Registered Office**

0161 828 1400

**Telephone**

[www.manchester.anglican.org](http://www.manchester.anglican.org)

**Website**

149999 (England & Wales)

**Company number**

Limited by Guarantee

**Legal form**

249424

**Charity number**

BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

**Auditors**

Royal Bank of Scotland plc  
St Ann Street  
Manchester  
M60 2SS

**Bankers**

J Monks LLB  
HLF Berry LLP  
Church House  
90 Deansgate  
Manchester  
M3 2QH

**Legal Secretary  
Diocesan Registrar**

CCLA Investment Management Ltd  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

**Investment Managers  
Unlisted Investments**

Graham Smith  
Rapeleys LLP  
55 Spring Gardens  
Manchester  
M2 2BY

**Glebe Estates,  
Surveyor & Valuer**

### Our Vision

We live in a rapidly changing world and a time of great opportunity for the Diocese of Manchester.

Greater Manchester, as a thriving city region, is an integral part of that changing world. In recent years there has been substantial regeneration of significant parts of the Greater Manchester conurbation – the development of Media City at Salford Quays and the prospect of the Northern Powerhouse exemplify this. The cultural context is also changing – many faith groups are represented with an increasing number of people identifying as having no faith. Young people in the 18-24 age range are least represented in our churches along with those from areas of high deprivation. The church faces challenges too with many historic buildings coming to the end of their life and congregations becoming older and smaller.

The Diocese of Manchester has set about these challenges with the desire to be a Church for a Different World, both reacting to these changing circumstances and being an agent of transformation in the world today. Manchester is a vibrant diocese of opportunity and creativity. Its rich mixture of church traditions makes it a wonderful place to engage in Gospel ministry.

In spite of all the challenges of the pandemic, this is an exciting time for our diocese. Over the last few years, we've made significant progress in developing an inspiring vision for our diocese - for there to be 'a worshipping, growing and transforming Christian presence at the heart of every community'.

This is underpinned by our 10-year strategy, which is focused on the three mission goals of Growing, Nurturing and Serving. We are clear about the outcomes we want to achieve by 2030.

These include ambitious targets for increased church attendance particularly in our most deprived areas; greater opportunities for people to explore their faith; for our church leadership to reflect the diversity of our congregations; for all our churches and schools to be engaged in social action projects; and for us to be an environmentally sustainable church.

Our work together grows out of Jesus's Great Commandment which is to 'love the Lord your God with all your heart and all your soul and with all your mind...and your neighbour as yourself' (Matthew 22:36-40) ...

... and his Great Commission, 'to go and make disciples of all nations, baptising them in the name of the Father and the Son and the Holy Spirit' (Matthew 29: 19-20).

### About the Diocese

The Diocese of Manchester is one of 42 areas of the Church of England, each of which is led by a Bishop.

The diocese, which covers an area of 416 square miles, was created in 1847. The overall population is 2.2 million. 125 (48%) of the parishes in the diocese fall within the 10% most deprived areas nationally.

The diocese is divided into four archdeaconries and currently 20 deaneries. There are more than 300 places of worship and chaplaincies, which are organised into 255 parishes and 179 benefices, including Manchester Cathedral.

Geographically the diocese takes in the two cities of Salford and Manchester and the metropolitan boroughs of Oldham, Rochdale, Bury and Bolton. Parts of the metropolitan boroughs of Wigan, Trafford, Stockport and Tameside, and most of the borough of Rossendale in Lancashire, are also within the diocese. While predominantly urban, a significant part of the diocese is rural, although less than 3% of the population of the diocese lives in these areas.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

The diocese has 310 churches, ranging from historic listed buildings to brand new, purpose-built places of worship. 432 licensed clergy serve in the diocese along with 145 licensed readers who help with leading services and pastoral work. Our 263 Authorised Lay Ministers also play a hugely important role in the life of the Church. In 2019, before the impact of the pandemic, the diocese had a regular average weekly adult attendance of around 14,750 and total weekly attendance for all ages of 24,500.

Parishes and chaplaincies across the diocese are supported by a dedicated team, based at Church House on Deansgate in central Manchester. This team supports churches and congregations across the diocese with our three Mission Goals of Growing, Nurturing and Serving. It also provides support with governance, clergy housing and stipends, management of the property portfolio and safeguarding.

Across the diocese there are nearly 200 Church of England primary and secondary schools, educating 57,000 pupils every day. These schools are mostly funded by local authorities, with the diocese providing support with religious education and Christian ethos, as well as governance, the recruitment of head-teachers, admissions and building projects. The team which supports these schools is also based at Church House under the authority of the Diocesan Board of Education.

### Strategic Report: Activities and Key Achievements in the year

2020 will always be remembered as the year of the Coronavirus pandemic. Our world was turned upside down by the emergence of a virus that, by the end of March, resulted in the first imposed national lockdown. Everyone was instructed to stay at home to minimise person to person contact and the spread of the virus. Where possible, people had to work from home, schools and non-essential shops were closed, public transport avoided and, just weeks before Easter, churches were closed for public worship.

These measures changed the normal patterns of worship in church buildings and meant that churches had to find different ways to keep in contact with people and provide pastoral support. Churches and chaplaincies rose to the challenge by redoubling their efforts to serve their communities and adapting their ministry at speed under lockdown.

The Coronavirus did not close the Church, but rather opened it up in different ways. Our response to the pandemic should give us tremendous confidence for the future. We have shown that we can respond positively, even in the most challenging of circumstances, when we have been tired and frustrated at the restrictions placed upon us and hurt by being deprived of our normal ways of gathering.

We have learned we can do church differently in new and creative ways. We have understood better what it is to be church outside our existing walls and buildings, which has enabled us to release new missional energy. And we have found new ways of working together and supporting each other. All this is enabling us to move forward under God.

One of the most remarkable changes during lockdown was the speed with which churches took their worship offering online. For the first time they used technology to provide live or pre-recorded services, and many churches found they attracted new members who joined them online.

Amongst the population in general there was an increased interest in spiritual matters and online searches for prayer. The diocese's investment in digital support for churches and social media training through its Digital Communications Officer was rewarded with 273 churches offering online worship by the end of the year, as referenced on the national site, A Church Near You.

Meetings and events also had to go online including Synod, PCCs, clergy chapters and training events. People became adept at using Zoom to join meetings, and for many, especially people with mobility issues or lack of access to transport, this opened up a whole new world of participation in events that had been previously closed to them.

**Mission Goal 1:  
Growing**

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

Instead of the planned three-day residential conference, 300 clergy took part in a hugely successful virtual clergy conference over Zoom in June. 'Church for a Different World Under Lockdown' heard from 25 clergy about their personal experiences of lockdown. Reflections were delivered using video on topics including evangelism and discipleship, pastoral care and chaplaincy, Sunday worship, and children's and youth work. Clergy shared together in breakout groups and considered how future ministry might be reshaped by the experiences and opportunities of lockdown. Feedback showed that participants were uplifted by the conference and felt supported by the opportunity to meet for fellowship online during this critical time.

Later in the year the Church for a Different World awards celebrated how churches modified their ministry under lockdown, demonstrating that they were able to adapt to difficult circumstances. Bishop David was impressed by the stories he heard about the pastoral work that was taking place, the responses to the deep human need in our communities, and the ways churches continued to nurture one another in faith – all being delivered in new and imaginative ways.

New mechanisms were set up to communicate the ever-changing Coronavirus landscape and government rules to churches. Suffragan Bishops met regularly online with clergy chapters to update and provide pastoral support, and the diocesan website became the go-to place to find up-to-the-minute information and advice on Sunday worship, occasional offices, risk assessments, governance issues and permissible uses of church buildings and church halls at different stages of the lockdowns and local tier systems.

2020 turned out to be a very challenging year for many reasons, but for Christians, challenges can always open up to opportunity, change and growth. The Diocese of Manchester grasped the opportunity presented by the Black Lives Matter movement to establish a Race, Inequality and Justice Group. The group was established by the Archdeacon of Manchester with the blessing of Bishop David, as a response to the murder of George Floyd in the USA and the subsequent demand to affirm that Black Lives Matter in this country – and in particular, in the Diocese of Manchester.

Diocesan Synod passed a Motion on Racism in October, affirming "that every parish and Diocese in England is an appropriate place for global majority candidates to exercise their ministry and leadership". The Race, Inequality and Justice Group also created resources to enable Christians to respond to issues of race and privilege, including helpful conversations in a series of videos that explore contemporary issues.

During 2020 the diocese refreshed its visual identity to reflect the mission goals of growing, nurturing and serving, and launched a new diocesan website that is more closely aligned with these goals. The first public Diocesan Online Directory was created, which enables users to find contact details for people in public roles, according to the permissions they have granted. Both the website and Online Directory provide improved access to relevant and accurate information.

Our Growing strategy involves pioneering new faith communities and reinvigorating existing ones. Much of what we are doing is already contributing to a culture of hope and an expectation of growth. The key elements of the strategy to enable us to achieve our vision are already being developed and implemented, in spite of the challenges of lockdown:

We were successful in a Stage 2 Strategic Development Fund bid for £5m from the Church Commissioners for St Werburgh's Resource Church, Chorlton; The Ascension Hulme and Nelson Street, Rochdale. It is hoped that these resource churches will attract new members, particularly young adults in areas of high deprivation.

The existing SDF-funded projects, Children Changing Places and Small to Small Community Church Plants, continued to develop, and each adapted to the unexpected challenges of lockdown by taking their offering online.

A significant component of the Refresh strategy is Stepping Stones for Growth. This is a training programme in church growth which was created in-house and attended by 600 people (all 300 clergy and 300 lay leaders) in November. The course has been very well received, both locally

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

and by other dioceses and networks, and is now available on the diocesan YouTube channel as a resource for further study.

As part of our strategy for growth, we also continued to nurture and support vocations to both lay and ordained ministries. In 2020, 25 candidates entered ordination training, of whom 15% were UKME.

Manchester Diocese has a strong commitment to discipleship and evangelism as part of our Nurturing strategy. Our aim is to help all of us to grow in confidence by forming and equipping lay people to follow Jesus confidently in every sphere of life, and enabling laity and clergy to minister together, based on their baptismal mutuality. We believe these changes would represent a seismic revolution in the health and vibrancy of our people and our churches.

A Head of Discipleship and Evangelism has been appointed to lead this work and has begun the first steps on a learning journey to develop discipleship in the lives of our parishes, school and chaplaincies.

This is part of the national Setting God's People Free initiative. As part of this, a pilot programme - #MoreThanSunday - has been launched involving eight parishes, a chaplaincy and one of our church secondary schools. The learning from the pilot will be shared widely across the diocese as it develops.

The Authorised Lay Ministry programme had a 'fallow year' in 2020, which was an opportunity to evaluate the training which has equipped and enabled over 300 ALMS to serve in parishes since its inception ten years ago. The programme was developed and relaunched for 2021 with nine different ministry electives and a new, standalone lay training course.

A new pathway from ALM to Reader ministry was also designed and delivered, resulting in a doubling of Reader candidates to nine.

#### Mission Goal 2: Nurturing

The primary focus of our Serving strategy over the coming decade is the environment, specifically achieving Net-Zero by 2030. We trialled a carbon footprint calculator in the diocese with 59 parishes participating in the pilot and 27 engaged with the full version.

Manchester Diocese received a Bronze Eco Diocese award in December from the national environmental charity A Rocha, in recognition of its work to embed environmental issues into the life of the diocese. The award also recognises the many churches across the diocese who have worked hard to make their buildings and worship greener, and who have received Eco Church awards over the past three years. There is still much hard work to do to aim for Silver and Gold Eco Diocese awards with a motion on the environment to be debated at Synod in 2021.

In a Diocese where 48% of parishes fall within the most deprived 10% in England, social action is an important focus and we will support our parishes in delivering social action programmes through our partnership with Greater Together Manchester.

Church involvement in social and community action remains high. Our most recent data shows that over 850 social action projects were either run, hosted or supported by churches in the diocese and that 84% of churches were involved. Food banks, parent and toddler groups, and night shelters for the homeless were the three most common areas of activity.

We continue to work with key partners such as Greater Together Manchester (GTM), the Mothers' Union and Greater Manchester Poverty Action in speaking and acting prophetically for justice, especially for the vulnerable, deprived and excluded.

Safeguarding continues to be an important focus, with training provided online. The diocese's Independent Safeguarding Panel meets regularly. During 2020, the diocese began an independent safeguarding review - Past Cases Review 2 (PCR2) - to confirm that all past cases of abuse involving clergy or other church officers have been properly addressed.

#### Mission Goal 3: Serving

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## Trustees' Annual Report (including the Strategic Report)

As well as developing an inspiring vision for our diocese and securing widespread support for this, we also recognise that we have now reached the point, particularly in the light of the pandemic, where radical changes need to be made to the way we deliver church if we are to reverse the decline in attendance of recent years.

The aim of our transformation programme is to reshape the diocese as a missional church for a different world, addressing both the culture and structures of the diocese and aligning them with our vision.

An extensive consultation exercise was concluded on proposals to reduce the number of deaneries from 20 to seven and to appoint full-time Area Deans as the necessary first step on the road to change and transformation. Agreement was reached on these proposals during 2020, with a view to implementing the new deanery structure from June 2021. Further proposals for our ministry at the most local level – in particular our vision for mission communities - were shared in October 2020. These will be consulted on and developed further in the months ahead. Funding of £1.74m was secured for the Transformation Programme from the Church Commissioners in December 2020.

A joint leadership development training exercise for senior clergy and lay leaders was delivered online in second half of the year, as part of our Transformation Programme.

We are also taking steps to ensure our financial sustainability. A hugely successful Giving Conference was held just before lockdown in February, attended by more than 200 people. The Gift-Aid Lite Scheme was extended to 190 churches, with 137 trained in My Giving Online and 104 beginning to input data. An extensive consultation was held on a new five-year Giving Strategy which has now been agreed. During the first lockdown period a number of DBF staff, who were unable to fulfil their usual duties, were temporarily furloughed. By taking advantage of the government furlough scheme, the diocese realised a small financial saving in salary costs.

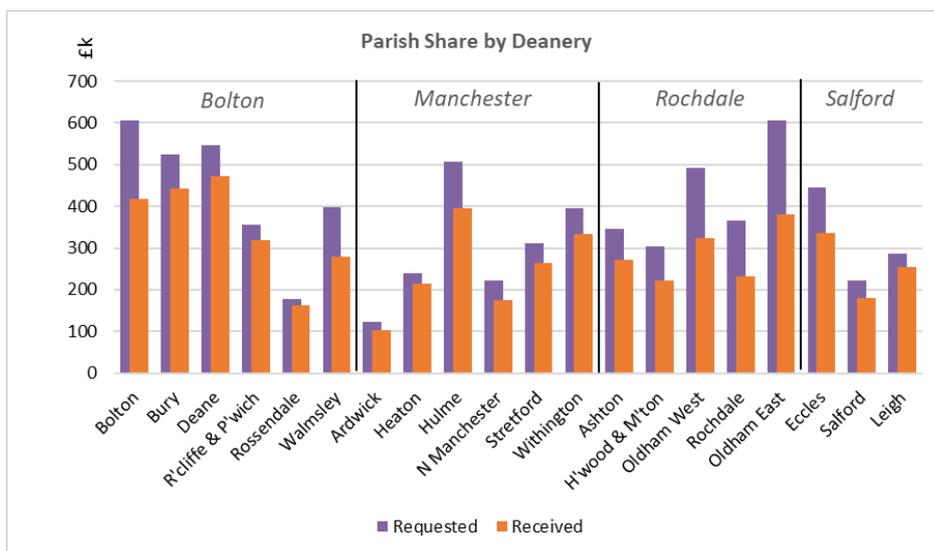
Fit for Mission

## Parish Share and Stewardship

### Parish Share

During 2020 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.707m, a decrease of 16% compared to £6.807m in 2019.

The individual parish share requests by Deanery, together with contribution by Deanery, are set out in the graph below. (These figures include encouragement scheme credits and exclude prior year receipts):



## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

#### Share change outcomes

Following a review of Parish Share in 2015, the diocese started a three-year round of Discussion and Agreement meetings with parishes, with a view to setting up three-year agreements with every parish. 2020 Discussion and Agreement meetings have been affected by the COVID-19 pandemic resulting in a number of meetings not taking place. In 2020, a Parish Share Review Group has been established to review and make recommendations to the current system.

#### Gift Aid Lite

As part of the upgrade to the Gift Aid software system, further developments have been undertaken during 2020 for the Gift Aid Lite scheme operated by the diocese. The new system incorporates new ways of giving including by Direct Debit and card payments via contactless technology.

## Strategic Report - Future Developments

Having agreed our vision and ten-year strategy in 2019, work continues to develop a transformation programme for the diocese, to enable us to achieve our vision by 2030.

Following an extensive consultation exercise, the proposals for mission communities will be further developed during 2021 in the light of feedback received.

In June 2021 we will be launching our seven new deaneries, headed up by our new full-time Area Deans and our newly elected Lay Chairs. They have a key role to play in achieving our vision for mission communities by leading local discussions with clergy and lay leaders and their parishes on how best to implement these proposals on the ground. They will build on work that has already been done to define boundaries based on missional need and opportunity, the diocese's overall plans for clergy deployment, and an assessment of the strengths and weaknesses of our current places of worship. They will be responsible for developing deanery-level strategies with a focus on the key missional opportunities for Growing, Nurturing and Serving in each area, in particular those involving children and young people and their families.

The new mission communities will start to be implemented as a set of informal arrangements from January 2022. A bid for Stage 2 Transformation Funding from the Church Commissioners will be made in 2021 to support this work.

We recognise that prayer needs to be at the heart of everything we are doing to transform our diocese.

Alongside this change programme, we are taking steps to ensure we are financially sustainable over the medium to long term. This goal has become even more important as a result of the additional financial challenges created by the pandemic. Our five-year financial strategy includes a review of the Parish Share system to support a culture of generosity and ensure that levels of giving from our parishes are maintained - and where appropriate increased in line with congregation numbers. We are committed to implementing our five-year Giving Strategy to create a culture of generosity and thankfulness and to ensure that clergy and laity alike have the skills and resources to promote financial giving.

We will continue to develop an ambitious programme of development and training to support clergy and lay leaders with the changes ahead. The Covid-19 pandemic has changed the face of worship forever. One of the challenges for churches as they enter the post-Covid environment will be to find an appropriate balance between in-person and online mission. What is clear is that we cannot go back to a place where digital did not play a role in our churches' presence in every community. With support from the centre, there is the opportunity for churches to grow, nurture and serve their communities in new and exciting ways, by transforming their offering to meet the needs of the digital space.

## Strategic Report- Structure and Governance

The Church of England is organised as two provinces each led by an archbishop - Canterbury for the Southern Province and York for the Northern Province. Each province comprises of dioceses, of which there are 41 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally led - there are over 100 bishops, including diocesan bishops and assistant and suffragan bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

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

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. Financial and other support is also provided for the strategic development of dioceses. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners, except for the provision of housing for suffragan bishops which is met by the Diocese.

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

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

Manchester Cathedral is the mother church of the diocese and legally is constituted as a separate ecclesiastical corporation for charitable purposes, governed by common law. Copies of the cathedral's annual report and financial statements may be obtained from the Cathedral Office, the Cathedral, Victoria Street, Manchester, M3 1SX.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Manchester Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

Summary information about the structure of the Church of England

The three National Church Institutions

The Cathedral

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

The Parochial Church Council (PCC) is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and those with gross income under £100,000 are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parochial Church Council  
(PCC)

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

Parishes, Benefices and  
Deaneries

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is the principal pastoral and, in turn, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the diocesan bishop.

### *Diocesan Synod*

Diocesan Governance

The diocese is governed by standing orders approved on 18 June 1994 and subsequent amendments. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the bishops and archdeacons, clergy members elected by the houses of clergy in deanery synods, lay persons elected by the houses of laity in deanery synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the diocesan bishop. The Diocesan Synod normally meets three times a year. The bishop of the diocese shall be the president of the diocesan synod.

Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council, a Standing Committee of the Diocesan Synod.

### *Deanery Synod*

Each deanery synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and from there to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

#### *Bishop's Council*

Following the governance review in 2016, the members of Bishop's Council are also trustees of the Manchester Diocesan Board of Finance (MDBF). As well as the delegated functions set out in the Decision Making Structure section below, under the constitution of the Diocesan Synod, Bishop's Council also has the following functions:

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

The Charity Governance Code was published to help charities and their trustees develop high standards of governance. The code sets out seven principles and recommended practice. Below are the seven principles with an explanation of how MDBF operates against these principles:

- **Organisational Purpose**

The company's vision and mission goals which were agreed by Bishop's Council in 2015 are set out above along with activities and key achievements against these goals during the year. The company produces an annual three year medium term financial plan which is considered by the Finance and General Purposes Committee prior to being approved by Bishop's Council and Diocesan Synod.

- **Leadership**

The Board of trustees comprises of elected clergy and lay representatives from the Diocesan Synod along with ex officio trustees including the Diocesan Bishop and senior clergy. The trustees may co-opt members on to Bishop's Council to bring skills and knowledge in certain areas. The company has a Staffing Committee which considers matters around pay, grading and restructures.

- **Board Effectiveness**

A skills audit is undertaken to identify any skills gaps and trustee recruitment targeted accordingly. The company operates through a committee structure and the details of these committees (including a brief summary of the remit of each committee) are set out in the section below.

- **Diversity**

The Board of Trustees is made up of individuals who reflect the diversity of the Anglican Church in Manchester. Participation by all members is encouraged through supporting new members through initial induction and ongoing development of Trustees. Meetings are timed to maximise attendance of trustees with work or personal commitments.

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the

#### Charity Governance Code

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

responsibilities of being a Trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

- **Decision-Making, Risk and Control**

Formal reports which may be for decision or information are presented to Bishop's Council. For items requiring decision votes are taken and decisions are recorded in the minutes. There is an Audit Committee which responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website. Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

MDBF has delegated the following functions to the Board of Trustees:

- management of the funds and property of the diocese;
- advising on action needed to raise the income necessary to finance expenditure;
- advising Diocesan Synod, Bishop's Council and other diocesan bodies, of the financial aspects of its policy and on any other matters referred to it;
- preparation of an annual draft diocesan budget;
- budgetary control within the approved diocesan budget;
- allocation of contingency and general reserve provisions;
- custodian trustee business;
- sealings;
- investment powers over MDBF's own assets and those assets of which MDBF is sole (or managing) trustee;
- the keeping of internal audit systems; and
- to consider and grant or withhold approval for borrowing by any board or committee of the diocese.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary, who is supported by a number of heads of departments and their staff.

There are a number of Diocesan Synod committees that, though not committees of MDBF, can influence the operations of MDBF.

The statutory committees are:

**Diocesan Mission and Pastoral Committee (DMPC)**, which is responsible for recommending pastoral reorganisations, taking account of available clergy numbers and making use of new patterns of ministry.

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

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

Bishop's Council has the following committees, each of which has written terms of reference:

Decision-making  
Structure

Committee Structure

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

**Property Committee**, which is responsible for exercising the functions of the Diocesan Parsonages Board, as set out in the Repair of Benefices Buildings Measure 1972 together with the exercise of responsibility of the Diocesan Board of Finance as set out in the Endowments and Glebe Measure 1976.

**Investments Committee**, which is responsible for directing and monitoring the investment of the assets of the charity in line with the Board's charitable objectives to promote the mission and ministry of the diocese.

### Company Status and Legal Objects

The company, Manchester Diocesan Board of Finance (MDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 26 March 1918 as a charitable company limited by membership guarantees (No. 149999) and its governing documents are the Memorandum and Articles of Association. MDBF is registered with the Charity Commission (No. 249424).

At an Extraordinary General Meeting (EGM) in November 2006 the Articles were amended so that with effect from January 2008 every member of Diocesan Synod is also a member of MDBF for company law purposes. A further EGM was held in September 2020 to amend the Articles to facilitate and enable the DBF, the Board of Directors committees and subcommittees to meet and conduct their business remotely.

Every member has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. The members of the Bishop's Council comprise the Board of Trustees of MDBF – they are its Directors under company law.

The legal objects of the company as set out in the Memorandum of Association are as follows:

'To promote, aid and further, primarily but not exclusively in the Diocese of Manchester (the 'Diocese') the spiritual teaching of the Church of England (the "Church") and maintain the spirit of the doctrines and observances on which it rests and in which it finds expression and to that end.

a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.

b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")

c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.

d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

*Please note that some of the structures mentioned in these Objects have been superseded by structures established under the Synodical Government Measure, 1969.*

**Finance and General Purposes Committee**, which is responsible for reviewing the financial position in line with income and expenditure, and assessing opportunities and threats to the budget in advance of budget preparation and future financial decision making.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

**Audit Committee**, which is responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

**Staffing Committee**, which acts on behalf of the trustees on employment practice and the development of human resources. The committee reviews salaries in the MDBF, and approves recommendations for salaries in relation to new posts or regrading of posts. The MDBF has a grading structure with eight pay bands; within each pay band there are three increment points. Posts are allocated a grade with increments or a spot grade; some posts span two grades. The MDBF tracks market rates and occasionally takes part in national benchmarking data collection with other dioceses.

An induction programme for MDBF trustees has been developed as part of a governance review. Further to this, Trustees can also attend training courses and briefings commensurate with their development and in order to fulfil their legal and statutory responsibilities. See above for details of the appointment process.

Some Senior Management Group (SMG) members have 'director' in their job titles but are not directors of the MDBF for the purposes of company law, nor are they Trustees of the charity. The SMG comprises:

Helen Platts	Diocesan Secretary and Chief Operating Officer
David Weldon	Director of Finance and Corporate Services and Company Secretary
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

#### Appointment of Trustees

### **General Synod, Church Commissioners and Archbishops' Council**

MDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church.

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

MDBF is required by Parochial Church Councils (Powers) Measure 1956 to be custodian trustee in relation to PCC property, miscellaneous funds and investments, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within MDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

#### Related Parties

The trustees consider the following to be connected charities:

**Manchester Diocesan Board of Education** - a company limited by guarantee and a registered charity, which has responsibility for 191 church schools across the diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The investments, income and expenditure of a separate charity, **JB Stelfox Trust**, have been included in these financial statements, as the Board of Finance is the sole trustee.

#### Connected Charities

#### Pension Scheme

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## Trustees' Annual Report (including the Strategic Report)

The Church of England Pensions Board is responsible for the Clergy Pension Fund and the Church Workers Pension Fund and it is to this body that MDBF pays retirement benefit contributions for stipendiary clergy, licensed lay workers and employees (see note 26).

The trustees confirm that the major risks, to which MDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Audit Committee the task of ensuring that risks are reviewed as part of the risk management strategy. The Audit Committee encourage the Heads of Department to define the risks in their areas, report on the measures in place to manage and monitor these risks and implement procedures and controls designed to minimise any potential impact on MDBF should any of the risks materialise. The key risks are summarised on page 19 below.

MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

MDBF is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The trustees are custodian trustees in relation to PCC property.

### Risk Management

### Statutory Functions

The trustees of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

The Board believes that, by promoting the work of the Church of England in the Diocese of Manchester, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

Information on these benefits is provided throughout this report.

### Public Benefit

## Strategic Report: Financial Review

Group incoming resources were £15.786m (2019: £14.228m).

Donations to the MDBF through Parish Share decreased from £6.807m to £5.707m. The Trustees are very grateful to all the donors in what has been an extremely challenging year.

In 2020, around 36% of the income of the MDBF came from the Parish Share and 16% from National Church Selective Allocations. In addition, MDBF received £1.2m sustainability funding from the National Church for support during the pandemic.

### Incoming Resources

Group Resources expended were £15.256m (2019: £12.828m - restated), which includes the property depreciation charge under FRS102 and Pension Operating Costs. The largest share of

### Expenditure

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Overall, the value of the consolidated balance sheet has decreased during the year by around £2.3m. Key movements in the year included: the actuarial gain and deficit repayment of the Lay Staff Pension Scheme of £0.07m; the actuarial loss and deficit repayment on the Clergy Pension Scheme of £0.56m together with unrealised losses on investments of £2.998m which includes the revaluation of Church House £1.512m loss (2019: £0.1m gain) and revaluation of Glebe Investment Properties resulting in a £2.225m loss (2019: £0.76m loss) ; and a decrease in tangible fixed assets which includes disposals of parsonages in the year £0.76m. Other movements on the balance sheet include an increase in cash of £0.447m; an increase in debtors of £0.3m; and a decrease in creditors falling due after more than one year of £0.574m which includes the pension deficit.

#### Balance Sheet

The Diocese recorded a deficit on General Unrestricted Funds (including unrealised losses, actuarial loss on the pension scheme, pension interest cost and corporation tax) of £1.103m deficit (consolidated figures). This compares with a surplus of £2.78m in 2019. With the opening General Unrestricted Funds balance of £7.445m and the in-year deficit of £1.103m, the closing reserves now stand at £6.342m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate deficit including unrealised losses, actuarial loss on the pension scheme, pension interest cost and corporation tax) across all funds of £2.3m was recorded during the year (2019: deficit £2.6m). With the opening Total Funds balance of £57.854m and the in- year deficit of £2.294m, the closing reserves now stand at £55.56m.

### Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2020 was £22.5m (2019: £23.9m) and the return on investments was 4% (2019: 5%).

### Glebe investments

Glebe property investments were valued at 31 December 2020 at £7.4m (2019: £9.6m). Rents receivable amounted to £468k (2019: £668k) – an income yield of 6% (2019: 7.0%).

### General investments

Investments in equity, property and fixed interest funds were valued at £14.96m at 31 December 2020 (2019: £14.2m). Dividends receivable amounted to £436k (2019: £562k) – a yield of 3% (2019: 4%).

Financial investments are split between investments in equities 85.7% (2019: 84.24%) through investment funds, a property fund 13.6% (2019: 15.02%), and fixed interest securities 0.7% (2019: 0.73%).

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and on the short-term money markets.

#### Investments

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a

#### Equity Loans

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

shared equity basis. The total Value Linked Loans advanced at 31 December 2020 amounted to £276k.

### Trustees' Annual Report (including the Strategic Report)

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity is the provision of a Church House for Investment Property and Diocesan purposes. The loss for 2020 after tax was £1.277m (2019: £0.472m profit) (see note 18).

#### Subsidiary Undertakings

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

#### Going Concern

### Investment policies

MDBF's investment policies are based on two key policies:

**Ethical investment** - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

**Long-term responsibilities** - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. The MDBF's investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to fund clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

### Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2020, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £1.553m (see note 13 to the financial statements), which equates to just under 3 months' gross unrestricted expenditure.

The unrestricted reserves are now at the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. As at 31 December 2020, the pension deficit on the Church Worker Defined Benefit Scheme and Clergy Pension Scheme was £1.058m (2019: £1.264m).

In 2020, the company paid £582k (2019: £582k) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. As at 31 December 2020, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £0.424m (2019: £0.424m). In 2020, the company paid £84k (2019: £84k) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment

#### Policies and Other Matters

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### Trustees' Annual Report (including the Strategic Report)

properties and unlisted investments which provide investment income. These are not included within the General Unrestricted Funds.

## Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £12.387m (2019: £11.7m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

## Strategic Report: Principal Risks and Uncertainties

As with other organisations, MDBF faces risks to its operations, finances and reputation. The officers regularly review, evaluate and record major areas of risk to which MDBF is exposed, assessing the likelihood and impact of risks occurring. The MDBF Audit Committee review these risks at their meetings during the year. The outcome of this review is recorded in the MDBF Risk Register. The work undertaken by the Audit Committee is reported to the Finance and General Purposes Committee.

The main risk to MDBF's income is from the impact of COVID-19 in that parish income has been significantly affected due to lockdown and other restrictions and parishes are not able to pay their parish share. The COVID-19 pandemic, along with declining church attendance, makes this more likely than was the case a number of years ago. On expenditure, there are risks that additional pension contributions may be required in the future to fund pension deficits. Overall there is a risk that reserves could become depleted. Work is therefore underway on a medium-term financial strategy from 2021 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

Set out below are the key risks identified which are regularly reviewed by the Charity together with the appropriate control measures:

Key Risks	Control Measure
Declining Parish Attendance	Growth strategy, SDF bids (current and future), work around local ministry, Investment in new ordinands and increased leadership capacity, Sustainability funding, Transformation programme, Review of fragile churches
Poor financial performance	Reserves policy linked to financial budgets, activities and identified financial and operating risk. There should be an annual review of the policy. Sustainability funding, disposal of surplus parsonages
Poor income from Parish Share	Monthly reports to Parishes & DBF, Archdeacon & Chair of DBF meetings Implementation of Discussion and Agreement meetings, Implementation of the Giving Strategy, Deanery Budget Meetings
Lack of resilience planning - severe pandemic	Out of date plan
Current or historic breach of Safeguarding Regulations within the Diocese	Safeguarding officer, Safeguarding Support Officer Appointment of CCPAS, Safeguarding Panel, External Peer Review, Past Cases Review 2
Cash flow problem	Ongoing monitoring of cash balances, sales of surplus parsonages
Lack of candidates at parish level for parish leadership	Address through new Deanery arrangements and Mission Communities, Key communications, recruitment and training opportunities

## Principal Risks and Uncertainties

**MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020**

The Trustees approve the Trustees' Report, which incorporates the Strategic Report.

By Order of the Board

\_\_\_\_\_  
Canon Phillip Blinkhorn, Chairman

\_\_\_\_\_  
Helen Platts, Chief Operating Officer

Date: 26<sup>th</sup> May 2021

### Trustees' responsibilities

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

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MANCHESTER DIOCESAN BOARD OF FINANCE

#### Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Manchester Diocesan Board of Finance ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated and company statement of financial activities, the consolidated and company balance sheet, the consolidated 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).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements 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 related 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 Group and the Parent 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 Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Our Vision, About the Diocese and the Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Other Companies Act 2006 reporting

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

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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 and accumulated knowledge of the Group and Parent Charitable Company, and the sector in which they operate, we considered the risk of acts by the Group or Parent Charitable Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice (including FRS102 and the Charities Statement of Recommended Practice) and the UK Companies Act

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

2006. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper incoming resources recognition.

Our audit procedures in response to the above included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties, the recoverability of debtors including parish share arrears and outstanding clergy fees, and the assumptions used to calculate the present value of future contributions payable under the terms of the deficit recovery plan;
- Procedures to test incoming resources including agreement of incoming resources recognised to supporting documentation on a sample basis and testing incoming resources recorded around the year end to check the appropriate year end cut-off;
- Identifying and testing journal entries identified as potentially unusual. This testing included, but was not limited to, any journal entries posted with specific keywords, journals posted by unexpected users, and journals posted to least used accounts;
- Discussions with management, and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions with management, and those charged with governance to understand if there has been any Serious Incident Reports made to the Charity Commission either during the period or post year end;
- A review of trustees' meeting minutes both during the period, and post year end, for any known or suspected instances of non-compliance with laws and regulation, Serious Incident Reports made to the Charity Commission or fraud;
- Enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

Hamid Ghafoor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Manchester, UK  
Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

COMPANY NUMBER: 149999

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds	Funds
		2020	2020	2020	2020	2020	2019
	Note	£'000	£'000	£'000	£'000	£'000	Restated £'000
<b>Income and endowments from:</b>							
Donations	2						
Parish contributions		5,707	-	-	-	5,707	6,807
Archbishops' Council		-	-	3,814	-	3,814	2,655
Other donations		491	13	855	-	1,359	1,219
Other trading activities	3	749	-	-	-	749	875
Investments	4	278	28	592	36	934	1,210
Charitable activities	5	-	-	526	-	526	535
Other income	6	84	-	988	1,625	2,697	927
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,309</b>	<b>41</b>	<b>6,775</b>	<b>1,661</b>	<b>15,786</b>	<b>14,228</b>
<b>Expenditure on:</b>							
Raising funds	8	296	-	159	-	455	371
Charitable activities	9	7,299	95	6,909	462	14,765	14,444
Remeasurement of pension schemes	26	20	-	-	-	20	(2,071)
Pension interest cost	26	16	-	-	-	16	84
<b>TOTAL EXPENDITURE</b>	7	<b>7,631</b>	<b>95</b>	<b>7,068</b>	<b>462</b>	<b>15,256</b>	<b>12,828</b>
<b>Net (expenditure) / income before net gains / (losses) on investments and Taxation</b>		<b>(322)</b>	<b>(54)</b>	<b>(293)</b>	<b>1,199</b>	<b>530</b>	<b>1,400</b>
Taxation	16	174	-	-	-	174	(18)
Net gains / (losses) on investments	23	(1,240)	14	140	(1,912)	(2,998)	1,194
<b>Net (expenditure) / income</b>		<b>(1,388)</b>	<b>(40)</b>	<b>(153)</b>	<b>(713)</b>	<b>(2,294)</b>	<b>2,576</b>
<b>Transfers between funds</b>	10	285	165	390	(840)	-	-
<b>Net movement in funds</b>	13	<b>(1,103)</b>	<b>125</b>	<b>237</b>	<b>(1,553)</b>	<b>(2,294)</b>	<b>2,576</b>
Total funds at 1 January	13	7,445	882	10,667	38,860	57,854	60,190
<b>Total funds at 31 December</b>	13	<b>6,342</b>	<b>1,007</b>	<b>10,904</b>	<b>37,307</b>	<b>55,560</b>	<b>57,854</b>

The group's income and expenditure all relates to continuing operations.  
The notes on pages 29 to 65 form part of these financial statements.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

COMPANY NUMBER: 149999

## COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds	Funds
	Note	2019	2019	2019	2019	2019	2018
		£'000	£'000	£'000	£'000	£'000	Restated £'000
<b>Income and endowments from:</b>							
Donations	2						
Parish contributions		5,707	-	-	-	5,707	6,807
Archbishops' Council		-	-	3,814	-	3,814	2,655
Other donations		910	13	855	-	1,778	1,485
Other trading activities	3	217	-	-	-	217	215
Investments	4	278	28	592	36	934	1,210
Charitable activities	5	-	-	526	-	526	535
Other income	6	84	-	988	1,625	2,697	927
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,196</b>	<b>41</b>	<b>6,775</b>	<b>1,661</b>	<b>15,673</b>	<b>13,834</b>
<b>Expenditure on:</b>							
Raising Funds	8	-	-	159	-	159	93
Charitable activities	9	7,299	95	6,909	462	14,765	14,444
Remeasurement on pension schemes	26	20	-	-	-	20	(2,071)
Pension interest cost	26	16	-	-	-	16	84
<b>TOTAL EXPENDITURE</b>	7	<b>7,335</b>	<b>95</b>	<b>7,068</b>	<b>462</b>	<b>14,960</b>	<b>12,550</b>
<b>Net (expenditure) / income before net gains / (losses) on investments and Taxation</b>		<b>(139)</b>	<b>(54)</b>	<b>(293)</b>	<b>1,199</b>	<b>713</b>	<b>1,284</b>
Net gains / (losses) on investments	23	272	14	140	(1,912)	(1,486)	1,086
<b>Net (expenditure) / income</b>		<b>133</b>	<b>(40)</b>	<b>(153)</b>	<b>(713)</b>	<b>(773)</b>	<b>2,370</b>
<b>Transfers between funds</b>	10	285	165	390	(840)	-	-
<b>Net movement in funds</b>	13	<b>418</b>	<b>125</b>	<b>237</b>	<b>(1,553)</b>	<b>(773)</b>	<b>2,370</b>
Total funds at 1 January	13	77	882	10,667	38,860	50,486	53,028
<b>Total funds at 31 December</b>	13	<b>495</b>	<b>1,007</b>	<b>10,904</b>	<b>37,307</b>	<b>49,713</b>	<b>50,486</b>

The Company's income and expenditure all relates to continuing operations.

The notes on pages 29 to 65 form part of these financial statements.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

COMPANY NUMBER: 149999

## BALANCE SHEETS

As at 31 December 2020

	Note	Group		Company	
		2020 £'000	2019 Restated £'000	2020 £'000	2019 Restated £'000
<b>FIXED ASSETS</b>					
Tangible assets	17	25,870	26,375	25,286	25,777
Investments	18	28,484	31,483	22,445	23,932
		<u>54,354</u>	<u>57,858</u>	<u>47,731</u>	<u>49,709</u>
<b>CURRENT ASSETS</b>					
Debtors	19	1,778	1,463	1,698	1,359
Cash and cash equivalents	20	2,665	2,218	2,478	1,915
		<u>4,443</u>	<u>3,681</u>	<u>4,176</u>	<u>3,274</u>
<b>CREDITORS:</b>					
Amounts falling due within one year	21	(1,558)	(1,432)	(1,296)	(1,199)
		<u>2,885</u>	<u>2,249</u>	<u>2,880</u>	<u>2,075</u>
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>57,239</u>	<u>60,107</u>	<u>50,611</u>	<u>51,784</u>
<b>CREDITORS:</b>					
Amounts falling due after more than one year	21	(898)	(1,298)	(898)	(1,298)
<b>PROVISIONS:</b>					
Deferred tax	27	(781)	(955)	-	-
		<u>55,560</u>	<u>57,854</u>	<u>49,713</u>	<u>50,486</u>
<b>NET ASSETS</b>					
<b>THE FUNDS OF THE CHARITY</b>					
Endowment funds	13,22	37,307	38,860	37,307	38,860
Restricted income funds	13,22	10,904	10,667	10,904	10,667
Unrestricted income funds:					
General funds		1,472	1,684	1,553	1,765
Designated funds		1,007	882	1,007	882
Non-charitable trading funds		5,910	7,430	-	-
Pension scheme reserve		(1,058)	(1,688)	(1,058)	(1,688)
Minority interest		18	19	-	-
Total unrestricted income funds	13,22	<u>7,349</u>	<u>8,327</u>	<u>1,502</u>	<u>959</u>
		<u>55,560</u>	<u>57,854</u>	<u>49,713</u>	<u>50,486</u>
<b>TOTAL FUNDS</b>					

The notes on pages 29 to 65 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors on 26<sup>th</sup> May 2021 and are signed on behalf of the Board by:

Canon Phillip Blinkhorn, Chairman

Helen Platts, Chief Operating Officer

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

Reconciliation of changes in resources to net cash flow from operating activities

See also Note 25

	2020		2019 Restated	
	£'000	£'000	£'000	£'000
<b>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</b>		(2,294)		2,576
Adjustments for:				
Depreciation charges		602		599
Dividends, interest and rents from investments		(934)		(1,210)
(Profit) on the sale of fixed assets		(1,626)		(572)
Decrease/(Increase) in debtors		(315)		174
(Decrease)/Increase in creditors		356		(151)
Unrealised (gain) / loss on investments		1,486		(1,086)
Unrealised (gain) on investment property		1,512		(108)
Remeasurement of pension schemes		20		(2,071)
Pension interest cost		16		84
Taxation		(174)		18
<b>Net cash used in operating activities</b>		<b>(1,351)</b>		<b>(1,747)</b>
<b>Cash flows from operating activities:</b>				
Net cash used in operating activities		<b>(1,351)</b>		<b>(1,747)</b>
<b>Cash flows from investing activities:</b>				
Dividends, interest and rents from investments	934		1,210	
Proceeds from the sale of property, plant and equipment	2,131		497	
Proceeds from sale of investments	-		2,100	
Purchase of property, plant and equipment	(601)		(1,981)	
Purchase of investments	-		-	
<b>Net cash provided by / (used in) investing activities</b>		<b>2,464</b>		<b>1,826</b>
		<b>1,113</b>		<b>79</b>
<b>Cash flows from financing activities:</b>				
Deficit contributions paid	(666)		(666)	
<b>Net cash used in financing activities</b>		<b>(666)</b>		<b>(666)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>447</b>		<b>(587)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>2,218</b>		<b>2,805</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,665</b>		<b>2,218</b>

The notes on pages 29 to 65 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Basis of preparation

The group and company have taken advantage of adapting their own arrangements of the headings and subheadings of their financial statements due to the special nature of their business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2020.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis. The subsidiary company, Manchester Diocesan Church House Company Limited, has prepared its financial statements under the FRS102 section 1A Small Entities.

The financial statements are prepared on the historical cost basis of accounting, except for investments which have been included at revalued amounts, and a summary of the more important accounting policies, which have been consistently applied, is set out below.

The group and company is a public benefit entity and as such has applied the appropriate reporting standards from FRS102.

#### (a) *Income and Endowments*

The principal source of income comes from voluntary giving in the form of parish share. Amounts undertaken to be paid by deaneries but not received by the year end are not accrued as the obligation to pay the sums involved is morally but not legally binding. Income is accounted for when received, except legacies that are included on an accruals basis where receipts are reasonably certain and the amounts receivable can be quantified.

#### (b) *Expenditure*

Expenditure is analysed over the activities undertaken by the Company wherever this is possible. Office and support costs are recharged to operating departments where appropriate. The remaining costs of the Company's offices and administration are shown as support costs within direct charitable expenditure where these relate to the managing and promoting of the Company's charitable activities within the Diocese of Manchester. Costs arising from the administration of the Company as a charity and company are shown as governance costs, in accordance with SORP.

#### (c) *Dividends and interest*

These are included in the financial statements on an accruals basis.

#### (d) *Fund accounting*

Funds held by the company are either:

<b>Restricted funds</b>	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
<b>Permanent endowment funds</b>	Funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.
<b>Unrestricted general funds</b>	Funds which may be used for general purposes without any external restriction.
<b>Unrestricted Designated funds</b>	Unrestricted funds which have been set aside by the Board for purposes designated by diocesan policy; such designations may be changed from time to time according to policy decisions.

Details of the major funds are given in Note 22.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### PRINCIPAL ACCOUNTING POLICIES (continued)

#### (e) *Stipends*

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners' payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Company and income received by them centrally are shown gross in these financial statements. However, some dignitaries are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

#### (f) *Tangible fixed assets*

Individual fixed assets costing £1,000 or more are capitalised at cost.

Glebe and parsonage houses and other property used by the diocese are included at cost. The transitional provisions of UK GAAP have been followed in respect of properties owned at 31 December 2000 that have been subject to previous valuations. Houses owned prior to 31 December 2000 were valued at the midpoint council tax band at that date and this valuation has not been updated.

Houses subject to value-linked loans (previously known as equity sharing loans) are included in the financial statements as fixed assets and loan creditors, where there is a direct liability to the Company relating to such properties. For Value Linked Loan properties which the Company has an equity share, the Company equity value is depreciated in line with the property depreciation rate as confirmed below.

Redundant churches are not included in the financial statements as it is the opinion of the trustees that they are of negligible value.

The Company has undertaken an impairment review of its housing stock in accordance with UK GAAP. It has concluded the carrying amount of the fixed asset is less than the net realisable value or the value in use.

Depreciation is provided at the following rates:

Office Equipment	25% & 33.33% straight line
Property at 90 Deansgate (Diocesan Church House)	2% straight line

MDBF, Glebe and Parsonage properties are depreciated on a component accounting basis as follows:

Component	Useful Economic Life
Structure	100
Roof	70
Windows and external doors	30
Gas boilers / fires	15
Kitchen	20
Bathroom / WC	30
Mechanical systems	30
Electrics	40

#### (g) *Fixed asset investments*

Investments other than in Glebe land and properties and Church House property are shown at the bid price on the date of the balance sheet. Glebe land and properties and Church House property were revalued on 31 December 2020. The valuation provided by Rapleys on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income, The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

Investments held by the Company as custodian trustee are not included in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### PRINCIPAL ACCOUNTING POLICIES (continued)

#### (h) *Subsidiary and connected companies*

Details of subsidiary and connected companies are given in note 18 to the financial statements. Consolidated accounts have been produced in accordance with the recommendations of the Charity SORP.

#### (i) *Clergy pensions*

The Company contributes to the Church of England Funded Pension Scheme which is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company. Pension scheme contributions are charged to the Statement of Financial Activities in the period to which they relate. Details of the schemes operated by the Company are given in note 26 to the financial statements. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

#### (j) *Staff pensions*

The Company contributes to the Church of England Pension Builder Scheme is a multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Company and the Church of England Defined Benefits Scheme for other staff. Therefore, in accordance with FRS102, payments to the schemes are accounted for as for defined contribution schemes and the Company accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Following the revaluation of the Church Worker Defined Benefit Scheme (Lay Staff) as at 31 December 2016, this has given rise to a deficit position. Manchester Diocesan Board of Finance has agreed to an additional contribution plan in order to clear pension scheme deficits, details of the repayments and arrangement can be found in note 26 to the financial statements.

#### (k) *Reserves*

Funds held for specific purposes and the related income and expenditure are shown in separate reserves under the appropriate headings.

#### (l) *Allocation of costs to direct charitable and other expenditure*

Governance costs relate to all administration, depreciation and legal costs incurred in the Company's operation as a charitable company in accordance with SORP. All other costs attributable to the support of direct charitable purposes have been included under the appropriate headings in the Statement of Financial Activities.

#### (m) *Grants*

Grants made to parishes, clergy or other diocesan bodies are treated as direct costs in the financial statements. An analysis of grants made is shown in note 9. Grants payable relate to the contribution to National Church costs. Payments to the clergy for removal, training, etc. are included as ministry in parishes or support for ministry in parishes due to the quasi-contractual nature of the payment or training provision.

#### (n) *Irrecoverable VAT*

The policy on irrecoverable VAT is to include it with the related expenditure item.

#### (o) *Deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### **(p) Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements the directors have made judgements where appropriate. The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak. The trustees continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed. A further judgement subject to uncertainty is the valuation of the properties. This estimation has been arrived at with consultation with third party Chartered Surveyors. There is estimation in other areas too such as parish share arrears, outstanding clergy fees. The uncertainty in these areas is considered to be significantly lower.

Significant judgement is also made with respect to defined benefit pensions:

- Pension scheme deficit reduction payments – As explained in note 26, there is a deficit reduction plan in place in respect of Church of England Funded Pension Schemes for stipendiary clergy and in respect of Church Worker Defined Benefit Scheme (Lay Staff). FRS102 requires a liability be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the use of an appropriate discount rate.

#### **(q) Going concern**

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

#### **(r) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

	Note	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total Funds 2020 £'000
		General 2020 £'000	Designated 2020 £'000			
<b>Income and endowments from:</b>						
Donations	2					
Parish contributions		5,707	-	-	-	5,707
Archbishops' Council		-	-	3,814	-	3,814
Other donations		491	13	855	-	1,359
Other Trading activities	3	749	-	-	-	749
Investments	4	278	28	592	36	934
Charitable activities	5	-	-	526	-	526
Other income	6	84	-	988	1,625	2,697
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,309</b>	<b>41</b>	<b>6,775</b>	<b>1,661</b>	<b>15,786</b>

	Note	Unrestricted		Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total Funds 2019 £'000
		General 2019 £'000	Designated 2019 £'000			
<b>Income and endowments from:</b>						
Donations	2					
Parish contributions		6,807	-	-	-	6,807
Archbishops' Council		-	-	2,655	-	2,655
Other donations		266	12	941	-	1,219
Other Trading activities	3	875	-	-	-	875
Investments	4	323	23	825	39	1,210
Charitable activities	5	-	-	535	-	535
Other income	6	492	-	274	161	927
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>8,763</b>	<b>35</b>	<b>5,230</b>	<b>200</b>	<b>14,228</b>

### COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

	Note	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total Funds 2020 £'000
		General 2020 £'000	Designated 2020 £'000			
<b>Income and endowments from:</b>						
Donations	2					
Parish contributions		5,707	-	-	-	5,707
Archbishops' Council		-	-	3,814	-	3,814
Other donations		910	13	855	-	1,778
Other trading activities	3	217	-	-	-	217
Investments	4	278	28	592	36	934
Charitable activities	5	-	-	526	-	526
Other income	6	84	-	988	1,625	2,697
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>7,196</b>	<b>41</b>	<b>6,775</b>	<b>1,661</b>	<b>15,673</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

	Note	Unrestricted		Restricted	Endowment	Total
		General	Designated	funds	funds	funds
		2019	2019	2019	2019	2019
		£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations	2					
Parish contributions		6,807	-	-	-	6,807
Archbishops' Council		-	-	2,655	-	2,655
Other donations		532	12	941	-	1,485
Other Trading activities	3	215	-	-	-	215
Investments	4	323	23	825	39	1,210
Charitable activities	5	-	-	535	-	535
Other income	6	492	-	274	161	927
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>8,369</b>	<b>35</b>	<b>5,230</b>	<b>200</b>	<b>13,834</b>

## 2. DONATIONS

### PARISH CONTRIBUTIONS (GROUP AND COMPANY)

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

	Unrestricted General 2020 £'000	Unrestricted General 2019 £'000
Parish share		
Current year's allocation	7,476	7,315
Shortfall in contributions	(1,690)	(410)
Encouragement scheme	(79)	(95)
	5,707	6,810
Arrears for previous years	-	(3)
	5,707	6,807

Total parish share receipts represent 76.34% of the allocation

### ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2020 £'000	Restricted Funds 2019 £'000
Selective allocations	2,614	2,655
Sustainability Funding	1,200	-
<b>TOTAL</b>	<b>3,814</b>	<b>2,655</b>

### OTHER DONATIONS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2020	Funds 2020	2020	2019
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	227	-	-	-	227	222
Donations	14	-	-	-	14	16
Other	250	13	855	-	1,118	981
<b>TOTAL</b>	<b>491</b>	<b>13</b>	<b>855</b>	<b>-</b>	<b>1,359</b>	<b>1,219</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### OTHER DONATIONS (COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
All Churches Trust	227	-	-	-	227	222
Donations	14	-	-	-	14	16
Gift Aid from Subsidiary Company	419	-	-	-	419	266
Other	250	13	855	-	1,118	981
<b>TOTAL</b>	<b>910</b>	<b>13</b>	<b>855</b>	<b>-</b>	<b>1,778</b>	<b>1,485</b>

### 3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Rental income from parsonages	217	-	-	-	217	215
Income of the Trading Subsidiary	532	-	-	-	532	660
<b>TOTAL</b>	<b>749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>749</b>	<b>875</b>

### OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Rental income from parsonages	217	-	-	-	217	215
<b>TOTAL</b>	<b>217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>215</b>

### 4. INVESTMENTS (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Dividends receivable	276	24	81	-	381	431
Interest receivable	2	-	-	-	2	3
Glebe receivable	-	-	468	-	468	690
Trusts receivable	-	4	43	36	83	86
<b>TOTAL</b>	<b>278</b>	<b>28</b>	<b>592</b>	<b>36</b>	<b>934</b>	<b>1,210</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Statutory fees and chaplaincy income	-	-	511	-	511	502
Guarantee annuities	-	-	-	-	-	-
Miscellaneous income	-	-	15	-	15	33
<b>TOTAL</b>	-	-	526	-	526	535

### 6. OTHER INCOME (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Property sale gains	-	-	-	1,625	1,625	611
Other	84	-	988	-	1,072	316
<b>TOTAL</b>	84	-	988	1,625	2,697	927

## GROUP EXPENDITURE

### COMPRISING NOTES 7 - 9

	Note	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000
		General 2020 £'000	Designated 2020 £'000			
Raising funds	8	296	-	159	-	455
Charitable activities	9	7,299	95	6,909	462	14,765
Remeasurement on pension schemes	26	20	-	-	-	20
Pension interest cost	26	16	-	-	-	16
<b>TOTAL</b>		<b>7,631</b>	<b>95</b>	<b>7,068</b>	<b>462</b>	<b>15,256</b>

2019 Restated	Note	Unrestricted		Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total funds 2019 £'000
		General 2019 £'000	Designated 2019 £'000			
Raising funds	8	278	-	93	-	371
Charitable activities	9	8,868	145	4,947	484	14,444
Remeasurement on pension schemes	26	(2,071)	-	-	-	(2,071)
Pension interest cost	26	84	-	-	-	84
<b>TOTAL</b>		<b>7,159</b>	<b>145</b>	<b>5,040</b>	<b>484</b>	<b>12,828</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### COMPANY EXPENDITURE

#### COMPRISING NOTES 7 - 9

	Note	Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2020	2020	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	159	-	159
Charitable activities	9	7,299	95	6,909	462	14,765
Remeasurement on pension schemes	26	20	-	-	-	20
Pension interest cost	26	16	-	-	-	16
<b>TOTAL</b>		<b>7,335</b>	<b>95</b>	<b>7,068</b>	<b>462</b>	<b>14,960</b>

2019 Restated	Note	Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2019	2019	2019	2019	2019
		£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	93	-	93
Charitable activities	9	8,868	145	4,947	484	14,444
Remeasurement on pension schemes	26	(2,071)	-	-	-	(2,071)
Pension interest cost	26	84	-	-	-	84
<b>TOTAL</b>		<b>6,881</b>	<b>145</b>	<b>5,040</b>	<b>484</b>	<b>12,550</b>

## 7. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (GROUP)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2020 £'000	Total 2019 £'000
Investment management costs		296	-	159	455	371
Contributions to Archbishops' Council	9	751	-	-	751	774
Resourcing ministry and mission (Note 9)	9	11,055	2,337	448	13,840	13,486
Education	9	-	140	-	140	140
Diocesan projects	9	-	2	-	2	3
Governance costs	9	32	-	-	32	41
Pension interest cost		16	-	-	16	84
Remeasurement on pension schemes		20	-	-	20	(2,071)
<b>TOTAL</b>		<b>12,170</b>	<b>2,479</b>	<b>607</b>	<b>15,256</b>	<b>12,828</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2019 £'000
2019 Restated					
Investment management costs		278	-	93	371
Contributions to Archbishops' Council	9	774	-	-	774
Resourcing ministry and mission *	9	10,802	2,091	593	13,486
Education	9	-	140	-	140
Diocesan projects	9	-	3	-	3
Governance costs	9	41	-	-	41
Pension interest cost		84	-	-	84
Remeasurement on pension schemes		(2,071)	-	-	(2,071)
<b>TOTAL</b>		<b>9,908</b>	<b>2,234</b>	<b>686</b>	<b>12,828</b>

\* Expenditure for Activities undertaken directly under the heading of Resourcing ministry and mission has been restated to reflect the adjustment for component accounting which is an increase cost of £268k – see note 30 for further details.

## ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS (COMPANY)

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2020 £'000
Investment management costs		-	-	159	159
Contributions to Archbishops' Council	9	751	-	-	751
Resourcing ministry and mission *	9	11,055	2,337	448	13,840
Education	9	-	140	-	140
Diocesan projects	9	-	2	-	2
Governance costs	9	32	-	-	32
Pension Interest cost		16	-	-	16
Remeasurement on CEFPS pension schemes		20	20	-	20
<b>TOTAL</b>		<b>11,892</b>	<b>2,479</b>	<b>607</b>	<b>14,960</b>

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2019 £'000
2019 Restated					
Investment management costs		-	-	93	93
Contributions to Archbishops' Council	9	774	-	-	774
Resourcing ministry and mission *	9	10,802	2,091	593	13,486
Education	9	-	140	-	140
Diocesan projects	9	-	3	-	3
Governance costs	9	41	-	-	41
Pension Interest cost		84	-	-	84
Remeasurement on CEFPS pension schemes		652	(2,071)	-	(2,071)
<b>TOTAL</b>		<b>9,630</b>	<b>2,234</b>	<b>686</b>	<b>12,550</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 8. RAISING FUNDS (GROUP)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Trading expenditure	296	-	-	-	296	278
Glebe expenditure	-	-	159	-	159	93
<b>TOTAL</b>	<b>296</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>455</b>	<b>371</b>

### RAISING FUNDS (COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Glebe agent's fees	-	-	159	-	159	93
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>159</b>	<b>93</b>

### 9. CHARITABLE ACTIVITIES

#### CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted General 2020 £'000	Unrestricted General 2019 £'000
Training for ministry	336	336
National Church responsibilities	253	267
Grants and provisions	28	29
Mission Agency pension contributions	13	4
Retired clergy housing costs (CHARM)	121	115
Pooling of ordinand candidates' costs	-	23
<b>TOTAL</b>	<b>751</b>	<b>774</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000
	General 2020 £'000	Designated 2020 £'000			
Parish ministry					
Stipends and national insurance	3,105	12	2,739	-	5,856
Pension contributions	-	-	1,301	-	1,301
Housing costs	1,028	-	-	-	1,028
Removal, settlement and other grants	87	-	164	-	251
Other expenses	369	12	394	-	775
	<u>4,589</u>	<u>24</u>	<u>4,598</u>	<u>-</u>	<u>9,211</u>
Support for ministry	1,787	71	2,311	462	4,631
<b>TOTAL</b>	<b>6,376</b>	<b>95</b>	<b>6,909</b>	<b>462</b>	<b>13,842</b>

2019 Restated	Unrestricted		Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total funds 2019 £'000
	General 2019 £'000	Designated 2019 £'000			
Parish ministry					
Stipends and national insurance	4,232	(17)	1,553	-	5,768
Pension contributions	-	-	1,273	-	1,273
Housing costs	1,160	-	-	-	1,160
Removal, settlement and other grants	91	-	263	-	354
Other expenses	195	35	637	-	867
	<u>5,678</u>	<u>18</u>	<u>3,726</u>	<u>-</u>	<u>9,422</u>
Support for ministry	2,235	127	1,218	484	4,064
<b>TOTAL</b>	<b>7,913</b>	<b>145</b>	<b>4,944</b>	<b>484</b>	<b>13,486</b>

### EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted	
	General 2020 £'000	General 2020 £'000
Synodical grant	140	140

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### EXPENDITURE ON DIOCESAN PROJECTS (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General 2020 £'000	Designated 2020 £'000				
Other	-	-	2	-	2	3
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>3</b>

### GOVERNANCE COSTS (COMPANY)

	Unrestricted General 2020 £'000	Unrestricted General 2019 £'000
Audit fees	26	23
Diocesan Synod	6	18
<b>TOTAL</b>	<b>32</b>	<b>41</b>

Audit Fees of £7k (2019: £6k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

### 10. ANALYSIS OF TRANSFERS BETWEEN FUNDS (GROUP AND COMPANY)

	Unrestricted		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Pastoral Account	-	-	390	-	390	(272)
Parsonage Building Fund	-	-	-	(840)	(840)	(178)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	285	-	-	-	285	285
<b>TOTAL</b>	<b>285</b>	<b>165</b>	<b>390</b>	<b>(840)</b>	<b>-</b>	<b>-</b>

### 11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Investment Management Costs	-	-	159	-	159	93
Support of Ordinands Training	93	-	-	-	93	94
Central Administration	355	-	-	-	355	499
<b>TOTAL</b>	<b>448</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>607</b>	<b>686</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 12. NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (GROUP)

These are stated after charging:

	2020 £'000	2019 (Restated) £'000
Depreciation	602	599
Auditors' remuneration - Audit services	33	29

### NET (INCOMING) / OUTGOING RESOURCES FOR THE YEAR (COMPANY)

These are stated after charging:

	2020 £'000	2019 (Restated) £'000
Depreciation	552	558
Auditors' remuneration - Audit services	26	23

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 13. SUMMARY OF FUND MOVEMENTS

	Balance at 1 January 2020	Incoming resources	Outgoing Resources	Transfers	Gains and losses	Balance at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds</b>						
General	1,765	7,196	(7,299)	(381)	272	1,553
Pension Deficit	(1,688)	-	(36)	666	-	(1,058)
<b>Designated</b>			0			0
Board for Church & Society	122	-	(1)	-	7	128
Church Building Loans	337	-	0	-	7	344
Church Building Grants	278	3	(53)	150	-	378
Separated/Divorced Clergy Spouses	51	14	(17)	-	-	48
Clergy Training Fund	50	-	0	15	-	65
Urban Aid Grant Fund	22	-	0	-	-	22
Other	22	24	(24)	-	-	22
	<b>959</b>	<b>7,237</b>	<b>(7,430)</b>	<b>450</b>	<b>286</b>	<b>1,502</b>
<b>Restricted funds</b>						
Stipend Fund income & expenditure	-	5,898	(5,898)	-	-	0
Pastoral Fund	8,287	43	(268)	390	-	8,452
Clergy Maintenance of the Ministry	1,753	-	-	-	109	1,862
Clergy widows & associated funds	275	-	(6)	-	24	293
Ordinands' training	50	-	-	-	4	54
Resourcing Ministerial Education	12	586	(548)	-	-	50
Restructuring Funding	201	125	(162)	-	-	164
Strategic Capacity Funding	-	94	(167)	-	-	(73)
Other	89	29	(19)	-	3	102
	<b>10,667</b>	<b>6,775</b>	<b>(7,068)</b>	<b>390</b>	<b>140</b>	<b>10,904</b>
<b>Endowment funds</b>						
<b>Expendable endowment</b>						
Stipends Fund Capital Account	19,784	503	(129)	-	(2,063)	18,095
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	16,858	1,152	(333)	(840)	-	16,837
<b>Permanent endowment</b>						
Clergy widows & associated funds	163	-	-	-	17	180
J B Stelfox	1,211	-	-	-	84	1,295
Ordinands' training	178	-	-	-	11	189
Chaplaincy	176	6	-	-	6	188
Bequests	485	-	-	-	33	518
	<b>38,860</b>	<b>1,661</b>	<b>(462)</b>	<b>(840)</b>	<b>-1,912</b>	<b>37,307</b>
<b>Total funds - Company</b>	<b>50,486</b>	<b>15,673</b>	<b>(14,960)</b>	<b>-</b>	<b>(1,486)</b>	<b>49,713</b>
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	7,430	53	(61)	-	(1,512)	5,910
Minority interest*	19	-	(1)	-	-	18
<b>Total funds - Group</b>	<b>57,854</b>	<b>15,786</b>	<b>(15,082)</b>	<b>-</b>	<b>(2,998)</b>	<b>55,560</b>

See Note 22 for more details. \* These movements in funds all relate to unrestricted funds.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Continued

	Balance at 1 January 2019	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2019 (Restated) £'000
<b>Unrestricted funds</b>						
General	1,841	8,369	(8,868)	(381)	804	1,765
Pension Deficit	(4,341)	-	1,987	666	-	(1,688)
<b>Designated</b>						
Board for Church & Society	107	-	-	-	15	122
Church Building Loans	321	-	-	-	16	337
Church Building Grants	230	2	(104)	150	-	278
Separated/Divorced Clergy Spouses	53	13	(15)	-	-	51
Clergy Training Fund	39	-	-	15	-	50
Urban Aid Grant Fund	22	-	-	-	-	22
Other	24	20	(4)	-	-	22
	<b>(1,704)</b>	<b>8,404</b>	<b>(7,026)</b>	<b>450</b>	<b>835</b>	<b>959</b>
<b>Restricted funds</b>						
Stipend Fund income & expenditure	-	4,206	(4,206)	-	-	-
Pastoral Fund	8,443	311	(195)	(272)	-	8,287
Clergy Maintenance of the Ministry	1,505	-	-	-	248	1,753
Clergy widows & associated funds	242	-	(7)	-	40	275
Ordinands' training	11	-	30	-	9	50
Resourcing Ministerial Education	56	380	(424)	-	-	12
Restructuring Funding	107	200	(106)	-	-	201
Strategic Capacity Funding	-	97	(97)	-	-	-
Other	80	36	(35)	-	8	89
	<b>10,444</b>	<b>5,230</b>	<b>(5,040)</b>	<b>(272)</b>	<b>305</b>	<b>10,667</b>
<b>Endowment funds</b>						
<b>Expendable endowment</b>						
Stipends Fund Capital Account	20,294	31	(150)	-	(391)	19,984
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	17,209	161	(334)	(178)	-	16,858
<b>Permanent endowment</b>						
Clergy widows & associated funds	134	-	-	-	29	163
J B Stelfox	1,020	-	-	-	191	1,211
Ordinands' training	152	-	-	-	26	178
Chaplaincy	154	8	-	-	14	176
Bequests	408	-	-	-	77	485
	<b>39,376</b>	<b>200</b>	<b>(484)</b>	<b>(178)</b>	<b>(54)</b>	<b>38,860</b>
<b>Total funds - Company</b>	<b>48,116</b>	<b>13,834</b>	<b>(12,550)</b>	<b>-</b>	<b>1,086</b>	<b>50,486</b>
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	7,227	331	(236)	-	108	7,430
Minority interest*	16	3	-	-	-	19
<b>Total funds - Group</b>	<b>55,278</b>	<b>14,228</b>	<b>(12,846)</b>	<b>-</b>	<b>1,194</b>	<b>57,854</b>

See Note 22 for more details. \* These movements in funds all relate to unrestricted funds.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

#### 14. DIRECTORS' REMUNERATION AND EXPENSES

£Nil remuneration has been paid to any Director in their capacity as directors (2019: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. Two Directors (2019: Two Directors) were reimbursed for travel expenses during the year which amounted to £382 (2019: £712).

#### 15. EMPLOYEE DETAILS

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
£80,001 - £90,000	1	1
£70,001 - £80,000	1	1
£60,001 - £70,000	1	-

During the year, the following amounts were paid to higher paid employees as shown above:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Pension contributions to Pension Builder Classic scheme	17	9

#### 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 2020 they were:

Helen Platts	Diocesan Secretary and Chief Operating Officer
David Weldon	Director of Finance and Corporate Services and Company Secretary
Darren Bamford	Director of Land and Property Services
Deborah Smith*	Director of Education

\* Remuneration and pensions for the above employees amounted to £229k (2019: £381k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

The average number of employees, based on full-time equivalents, was as follows:

	2020 No.	2019 No.
Support for parish ministry	31	37
Mission Support and chaplaincy	3	4
Church House	9	8
	<u>43</u>	<u>45</u>

In addition, a further 14 (2019: 11) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2020 £'000	2019 £'000
Gross salaries	1,375	1,479
Social Security costs	130	139
Pension contributions	173	182
	<u>1,678</u>	<u>1,800</u>

An average of 144 (2019: 148) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipends	5,413	5,322
National Insurance Contributions	443	425
Pension costs - Current year	1,385	1,353
	<u>7,241</u>	<u>6,995</u>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 16. TAXATION

	2020	2019
	£'000	£'000
<b>Domestic current year tax</b>		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
Current tax charge	-	-
Under/(over) provision in prior year	-	-
<b>Deferred tax</b>		
Deferred tax charge / (credit) current year	174	18
Adjustments in respect of prior periods	-	-
Tax charge / (credit) on profit on ordinary activities	174	18
See note 27.		

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 17. TANGIBLE ASSETS

GROUP	Land and buildings			Equipment	Total
	MDBF and Church House £'000	Parsonage £'000	Glebe £'000	£'000	£'000
<b>At cost of valuation</b>					
At 1 January 2020	6,860	21,675	8,264	453	37,252
Additions	-	553	-	48	601
Disposals	-	(552)	(208)	-	(760)
<b>At 31 December 2020</b>	<b>6,860</b>	<b>21,676</b>	<b>8,056</b>	<b>501</b>	<b>37,093</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	1,272	6,844	2,463	298	10,877
Charge for the year	100	334	129	39	602
Eliminated on disposals	-	(186)	(70)	-	(256)
<b>At 31 December 2020</b>	<b>1,372</b>	<b>6,992</b>	<b>2,522</b>	<b>337</b>	<b>11,223</b>
<b>Net book value at 31 December 2020</b>	<b>5,488</b>	<b>14,684</b>	<b>5,534</b>	<b>164</b>	<b>25,870</b>
<b>Net book value at 31 December 2019</b>	<b>5,588</b>	<b>14,832</b>	<b>5,800</b>	<b>155</b>	<b>26,375</b>
<b>COMPANY</b>					
	MDBF £'000	Parsonage £'000	Glebe £'000	Equipment £'000	Total £'000
<b>At cost of valuation</b>					
At 1 January 2020	6,174	21,676	8,264	189	36,303
Additions	-	553	-	19	572
Disposals	-	(552)	(208)	-	(760)
<b>At 31 December 2020</b>	<b>6,174</b>	<b>21,677</b>	<b>8,056</b>	<b>208</b>	<b>36,115</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	1,054	6,844	2,463	165	10,526
Charge for the year	86	334	129	10	559
Eliminated on disposals	-	(186)	(70)	-	(256)
<b>At 31 December 2020</b>	<b>1,140</b>	<b>6,992</b>	<b>2,522</b>	<b>175</b>	<b>10,829</b>
<b>Net book value at 31 December 2020</b>	<b>5,034</b>	<b>14,685</b>	<b>5,534</b>	<b>33</b>	<b>25,286</b>
<b>Net book value at 31 December 2019</b>	<b>5,120</b>	<b>14,832</b>	<b>5,801</b>	<b>24</b>	<b>25,777</b>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

Included in MDBF property are some properties that are subject to 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 thereby extinguished. The value of such properties is included in the above amounts was £275,750 (2019: £275,750).

### 18. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Church House Investment Property £'000	Unlisted £'000	Total £'000
<b>Market value</b>				
At 31 December 2019	9,625	7,632	14,226	31,483
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Revaluations	(2,225)	(1,512)	-	(3,737)
Disposals	-	-	-	-
Unrealised gain/(loss) for the year	-	-	738	738
Realised gain / (loss) for the year	-	-	-	-
<b>At 31 December 2020</b>	<b>7,400</b>	<b>6,120</b>	<b>14,965</b>	<b>28,484</b>
Historic cost at 31 December 2020	7,095	1,643	6,015	14,753
Excess of market value over cost to date	305	4,477	8,950	13,731
<b>COMPANY</b>				
			<b>2020</b>	<b>2019</b>
			<b>£'000</b>	<b>£'000</b>
Group total			28,484	31,483
Church House Investment Property			(6,120)	(7,632)
Investment in subsidiary company (see below)			81	81
			<b>22,445</b>	<b>23,932</b>

Details of the accounting policy for Unlisted Investments is included in note 1 (g) to the financial statements.

#### Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2020 by Rapleys LLP who confirmed a valuation of £7,400,000 (2019: £9,625,000). For Church House Investment Property, this was also valued at 31 December 2020 by Rapleys LLP who confirmed a valuation of £8,500,000 (2019: £10,600,000). With respect to this property, the use of the building is split for investment purposes and charitable use for which the floor area in 2020 is 72% and 28% respectively (2019: 72% and 28% respectively). Church House is held part as long leasehold land and buildings and part as investment property.

The valuation has been prepared in accordance with RICS valuation - Professional Standards UK January 2017.

All other tangible assets are stated at historical cost less depreciation.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

Details of the accounting policy for Glebe are included in note 1(f) and 1(g) to the financial statements.

#### The Manchester Diocesan Church House Company Limited Balance sheet

	2020 £'000	2019 £'000
Tangible fixed assets	6,705	8,230
Current assets	479	414
	<hr/>	<hr/>
	7,184	8,644
Creditors: amounts falling due within one year	(475)	(239)
	<hr/>	<hr/>
	6,709	8,405
Provisions for liabilities and charges	(781)	(955)
	<hr/>	<hr/>
	<b>5,928</b>	<b>7,450</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Representing:</b>		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	4,567	6,079
Profit and loss account	1,319	1,329
	<hr/>	<hr/>
	<b>5,928</b>	<b>7,244</b>
	<hr/> <hr/>	<hr/> <hr/>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 18. INVESTMENTS (continued)

#### SUBSIDIARY COMPANY

##### The Manchester Diocesan Church House Company Limited Income from subsidiary's trading activities

	2020 £000	2019 £000
Turnover	591	720
Administration	(356)	(338)
Gain from changes in fair value of investment property	(1,512)	108
Operating (loss) / profit	(1,277)	490
Taxation	174	(18)
(Loss) / profit after taxation	<b>1,103</b>	<b>472</b>

The Board hold 98.6% (2019: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £54,240 (2019: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2019: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2019: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £419,040 (2019: £265,561). This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company was owed £212,632 by Manchester Diocesan Board of Finance (2019: £5,899 was owed by MDBF to MDCH). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent debtor balance of £753 (2019: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

#### Founder Member of All Saints Centre for Mission and Ministry Ltd

Manchester Diocese is one of the three founding members of the All Saints Centre for Mission and Ministry and there are currently four members. All Saints trains lay and ordained ministers to university standards for the Church of England. If the All Saints Centre for Mission and Ministry is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan has been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2019: £nil). Manchester Diocesan Board of Finance makes an annual payment to All Saints for £36,000 (2019: £36,000) for the training of its Reader Candidates. In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through All Saints with Durham University Common Awards. In 2020 the payment amounted to £1,204 (2019: £nil). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2020 the MDBF paid All Saints £100,386 (2019: £80,784) for the training of ordinands. MDBF receive monies from All Saints towards the work which the Director of Studies does in training ordinands at All Saints. Each member diocese employs a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at All Saints. The payment equates to the equivalent of a 0.7fte post to the diocese and in 2020 the amount received was £31,772 (2019: £31,277). The Director of Studies left in August 2019, therefore, MDBF also paid All Saints for Teaching costs in 2020 for £48,000 (2019: £16,000).

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

The trading activities for the period 1 September 2019 to 31 August 2020 were:

	<b>£'000</b>
Turnover	769
Administration costs	643
	<hr/>
Surplus	126
	<hr/> <hr/>

Any surplus monies will be transferred to reserves in order to set aside funds for special purposes or as reserves against future expenditure.

### 19. DEBTORS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Due within one year</b>				
Loans to officers of the Board for purchase of motor cars	-	-	-	-
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	114	108	114	108
For Parishes	129	104	129	104
General debtors	362	163	69	59
Board of Education	71	19	71	19
Manchester Diocesan Church House Company Ltd	-	-	213	-
Glebe debtor	82	57	82	57
Prepayments and accrued income	1,020	1,012	1,020	1,012
All Saints Centre for Mission and Ministry Ltd	-	-	-	-
Bishops debtor	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>1,778</b>	<b>1,463</b>	<b>1,698</b>	<b>1,359</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
CBF deposit fund	699	696	699	696
Cash at bank and in hand	1,966	1,522	1,799	1,219
	<u>2,665</u>	<u>2,218</u>	<u>2,478</u>	<u>1,915</u>

### 21. CREDITORS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Amounts falling due within one year</b>				
General creditors	850	592	657	353
Accruals	203	78	143	78
Taxation and social security	69	96	72	96
Manchester Diocesan Church House Company	-	-	-	6
Pension Deficit Repayment (Note 26)	436	666	436	666
	<u>1,558</u>	<u>1,432</u>	<u>1,296</u>	<u>1,199</u>
<b>Amounts falling due after more than one year</b>				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	276	276	276	276
Pension Deficit Repayment (Note 26)	622	1,022	622	1,022
	<u>2,456</u>	<u>1,298</u>	<u>2,194</u>	<u>1,298</u>

Included within creditors falling due after more than one year are liabilities concerning pension deficit repayments due more than five years estimated as being £Nil (2019: £84k).

Value Linked Loans from the Church Commissioners are administered by the Board of Finance on behalf of parishes, other parties and the Board itself. These loans are for the purpose of providing or improving housing for clergy, deaconesses and licensed lay workers engaged in parochial or diocesan work and former clergy spouses. The housing involved is not in benefice or Glebe ownership. The loan only becomes repayable on disposal of the Value Linked Loan property.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets		Net current assets £'000	Long term liabilities £'000	Total 2020 £'000
	Tangible £'000	Loans / investment £'000			
<b>Restricted funds</b>					
Diocesan Pastoral Account	-	-	8,452	-	8,452
Clergy / Maintenance of the Ministry Fund	-	1,703	159	-	1,862
Other restricted funds	-	376	214	-	590
	<u>-</u>	<u>2,079</u>	<u>8,825</u>	<u>-</u>	<u>10,904</u>
<b>Endowment funds</b>					
Diocesan Stipends Fund Capital Account	5,534	9,905	2,656	-	18,095
Parsonage Buildings Fund	14,685	-	2,152	-	16,837
Other endowment funds	-	2,274	101	-	2,375
	<u>20,219</u>	<u>12,179</u>	<u>4,909</u>	<u>-</u>	<u>37,307</u>
<b>Unrestricted funds</b>					
General	5,067	7,977	(11,215)	(276)	1,553
Designated	-	210	797	-	1,007
Pension Deficit	-	-	(436)	(622)	(1,058)
	<u>5,067</u>	<u>8,187</u>	<u>(10,854)</u>	<u>(898)</u>	<u>1,502</u>
<b>Company</b>	<u>25,286</u>	<u>22,445</u>	<u>2,880</u>	<u>(898)</u>	<u>49,713</u>
Non-charitable trading funds	584	6,120	5	(781)	5,928
Consolidation adjustment	-	(81)	-	-	(81)
<b>Group</b>	<u>25,870</u>	<u>28,484</u>	<u>2,885</u>	<u>(1,679)</u>	<u>55,560</u>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

	Fixed assets		Net current assets £'000	Long term liabilities £'000	Total 2019 £'000
	Tangible (Restated) £'000	Loans / investment £'000			
<b>Restricted funds</b>					
Diocesan Pastoral Account	-	-	8,287	-	<b>8,287</b>
Clergy / Maintenance of the Ministry Fund	-	1,593	160	-	<b>1,753</b>
Other restricted funds	-	346	281	-	<b>627</b>
	<b>-</b>	<b>1,939</b>	<b>8,728</b>	<b>-</b>	<b>10,667</b>
<b>Endowment funds</b>					
Diocesan Stipends Fund Capital Account *	5,801	11,968	2,016	-	<b>19,785</b>
Parsonage Buildings Fund*	14,832	-	2,026	-	<b>16,858</b>
Other endowment funds	-	2,122	95	-	<b>2,217</b>
	<b>20,633</b>	<b>14,090</b>	<b>4,137</b>	<b>-</b>	<b>38,860</b>
<b>Unrestricted funds</b>					
General *	5,144	7,706	(10,809)	(276)	<b>1,765</b>
Designated	-	197	685	-	<b>882</b>
Pension Deficit	-	-	(666)	(1,022)	<b>(1,688)</b>
	<b>5,144</b>	<b>7,903</b>	<b>(10,790)</b>	<b>(1,298)</b>	<b>959</b>
<b>Company</b>	<b>25,777</b>	<b>23,932</b>	<b>2,075</b>	<b>(1,298)</b>	<b>50,486</b>
Non-charitable trading funds	598	7,632	174	(955)	7,449
Consolidation adjustment	-	(81)	-	-	(81)
<b>Group</b>	<b>26,375</b>	<b>31,483</b>	<b>2,249</b>	<b>(2,253)</b>	<b>57,854</b>

### Diocesan Pastoral Account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Diocesan Pastoral Account represents the proceeds of redundant churches and parsonages. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met, when authorised surplus funds may be transferred to the Stipends Fund Capital Account or income funds. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

### Clergy/ Maintenance of the Ministry Fund

This fund is administered by the Grants Committee to offer grants to support clergy and Parishes within the Diocese where areas of hardship are identified.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### Stipends Fund Capital Account

The Diocesan Stipends Fund Capital Account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can only be utilised for stipend purposes. It has been included as an endowment fund in these financial statements.

### Parsonage Buildings Fund

Parsonage Buildings Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage Building Fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Buildings Fund has been included as an endowment fund in these financial statements.

### General Fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry.

### Designated Fund

This fund represents monies designated by the Board to support specific areas of works including mission, maintenance of church buildings and housing costs for separated/divorced clergy spouses.

### Transfers between funds

The Board makes transfers between the Funds on receipt of Orders under the Pastoral Measure 1983 which can move properties between asset categories of Parsonages, Glebe and MDBF, and therefore between Parsonage Building Fund, Stipend Fund Capital Account and Pastoral Account. The background to the major funds is detailed in note (d) of the accounting policies.

### Pension Deficit

As at 31 December 2020, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £0.704m (2019: £1,264m). In 2020, the company paid £0.582m (2019: £0.582m) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit. As at 31 December 2020, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £0.354m (2019: £0.424m). In 2020, the company paid £0.084m (2019: £0.084m) as a contribution to reduce the pension deficit. Further contributions will be paid to continue to reduce the deficit.

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 23. GROUP AND COMPANY REVALUATION RESERVES

The revaluation reserves included in funds has been disclosed below for disclosure purposes only, in order to show the individual gains and losses included in the applicable funds.

	Church House Investment Property 2020 £'000	Unrestricted Investments 2020 £'000	Designated Investments 2020 £'000	Restricted Investments 2020 £'000	Endowment Investments 2020 £'000	Investments Sub Total 2020 £'000	Endowment Glebe 2020 £'000	TOTAL 2020 £'000
At 1 January 2020	5,989	3,879	179	1,598	2,554	14,199	2,531	16,730
Net Gains/(Losses) on Investments	-	272	14	140	313	739	-	739
Glebe Investment Property Revaluation	-	-	-	-	-	-	(2,225)	(2,225)
Investment Property Revaluation (see note 18)	(1,512)	-	-	-	-	(1,512)	-	(1,512)
Disposal	-	-	-	-	-	-	-	-
Sub Total	(1,512)	272	14	140	313	(773)	(2,225)	(2,998)
At 31 December 2020	<u>4,477</u>	<u>4,151</u>	<u>193</u>	<u>1,738</u>	<u>2,867</u>	<u>13,246</u>	<u>306</u>	<u>13,732</u>
	Church House Investment Property 2019 £'000	Unrestricted Investments 2019 £'000	Designated Investments 2019 £'000	Restricted Investments 2019 £'000	Endowment Investments 2019 £'000	Investments Sub Total 2019 £'000	Endowment Glebe 2019 £'000	TOTAL 2019 £'000
At 1 January 2019	5,881	3,150	148	1,293	1,848	12,320	3,291	15,611
Net Gains/(Losses) on Investments	-	804	31	305	706	1,846	-	1,846
Glebe Investment Property Revaluation	-	-	-	-	-	-	(760)	(760)
Investment Property Revaluation (see note 18)	108	-	-	-	-	108	-	108
Disposal	-	(75)	-	-	-	(75)	-	(75)
Sub Total	108	729	31	305	706	1,879	(760)	1,119
At 31 December 2019	<u>5,989</u>	<u>3,879</u>	<u>179</u>	<u>1,598</u>	<u>2,554</u>	<u>14,199</u>	<u>2,531</u>	<u>16,730</u>

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

#### 24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at 90 Deansgate, Manchester, M3 2GH. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2020 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2019: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £24k (2019: £23k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £506k (2019: £503k) to the Board of Education, comprising:

	2020 £'000	2019 £'000
Staff costs	464	461
Central services	42	42

Manchester Diocesan Board of Education's accommodation is provided by Manchester Diocesan Church House Company (which is a subsidiary of the Manchester Diocesan Board of Finance) for a service charge of £13k (2019: £13k), which is included in the Manchester Diocesan Board of Finance's recharges.

#### 25. CASH FLOW STATEMENT NOTES

##### Analysis of movements in cash

	As at 1 January 2020 £'000	Cash flow 2020 £'000	As at 31 December 2020 £'000
<b>Net cash:</b>			
Cash in hand and at bank	1,522	444	1,966
Cash on deposit	696	3	699
<b>Cash at bank and at hand</b>	<u>2,218</u>	<u>447</u>	<u>2,665</u>

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### 26. PENSIONS (GROUP AND COMPANY)

#### (a) Clergy Pensions

Manchester 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, plus the figures highlighted in the table below as being recognised in the SoFA.

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 assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the 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.

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

As at 31 December 2019 and 31 December 2020 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.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

#### PENSIONS (GROUP AND COMPANY) (continued)

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 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	1,264,000	3,853,000
Deficit contribution paid	-582,000	-582,000
Interest cost (recognised in SoFA)	11,000	75,000
Remaining change to the balance sheet liability* (recognised in SoFA)	11,000	-2,082,000
Balance sheet liability at 31 December	704,000	1,264,000

\* 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 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### PENSIONS (GROUP AND COMPANY) (continued)

#### (b) Staff Pensions

Manchester DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme 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.

#### 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 plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA.

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 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £12,400 per year. In addition deficit payments of £84,080 per year have been agreed for 7.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

#### PENSIONS (GROUP AND COMPANY) (continued)

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:

	2020	2019
Balance sheet liability at 1 January	424,000	488,000
Deficit contribution paid	-84,000	-84,000
Interest cost (recognised in SoFA)	5,000	9,000
Remaining change to the balance sheet liability*(recognised in SoFA)	9,000	11,000
Balance sheet liability at 31 December	354,000	424,000

\* 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 2020	December 2019	December 2018
Discount rate	0.40%	1.30%	2.10%

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

#### Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are

# MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

### PENSIONS (GROUP AND COMPANY) (continued)

accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable for 2020: £173k (2019: £182k).

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

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

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

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

### 27. PROVISIONS FOR LIABILITIES AND CHARGES

#### Group only

#### Deferred taxation (see note 16)

	£'000
Balance as at 1 January 2020	955
Charge for the year	(174)
	<hr/>
Balance as at 31 December 2020	781
	<hr/>

Deferred taxation provided in the financial statements is as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	98	88
Investment property revaluations	683	867

### 28. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £12.387m (2019: £11.7m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

### 29. RELATED PARTIES

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. Two Directors (2019: two Directors) were reimbursed for travel expenses during the year which amounted to £382 (2019: £712). During the year the aggregate amount of donations received without conditions

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

#### For the year ended 31 December 2020

Continued

from MDBF Directors was £6,450 (2019: £2,100).

The Bishop of Middleton, Rt Revd M Davies and The Archdeacon of Bolton Ven J Burgess and Canon R Lewis all served as Trustees at All Saints Centre for Mission and Ministry during 2020 and details of the related party transactions are set out below.

The Archdeacon of Manchester Ven K Lund served as Trustee on Allchurches Trust Ltd which provided a general grant to MDBF in 2020 for £227k (2019: £222k).

The Bishop of Manchester, Rt Revd Dr D Walker is the Deputy Chair of the Church Commissioners and also sits on the Strategic Investment Board and Strategic Ministry Board of the Archbishops Council. In 2020, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,444,750 (2019: £2,501,173), Sustainability Funding £1,200,000 (2019: £Nil), Strategic Development Funding £690,532 (2019: £191,685), Restructuring Funding £125,000 (2019: £199,750), Resourcing Ministerial Education £585,655 (2019: £379,622), Strategic Capacity Funding £94,126 (2019: £75,909), Manchester Chapter Surplus £79,383 (2019: £49,226) and Bishops Staffing recharges £90,286 (2019: £104,650). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £750,571 (2019: £773,627), Value Linked Loan Interest £19,767 (2019: £19,210), General Synod, Bishops Advisory Panel Fees and other recharges £2,325 (2019: £13,026)

#### Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2019: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited (“MDCH”), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £54,240 (2019: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2019: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2019: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £419,040 (2019: £265,561). This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company was owed £212,632 by Manchester Diocesan Board of Finance (2019: £5,899 was owed by MDBF to MDCH). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent debtor balance of £753 (2019: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

MDCH is a limited company registered in England and Wales no. 99121.

#### Founder Member of All Saints Centre for Mission and Ministry Limited

Manchester Diocese is one of the three founding members of the All Saints Centre for Mission and Ministry and there are currently four members. All Saints trains lay and ordained ministers to university standards for the Church of England. If the All Saints Centre for Mission and Ministry is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan has been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2019: £nil). Manchester Diocesan Board of Finance makes an annual payment to All Saints for £36,000 (2019: £36,000) for the training of its Reader Candidates. In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through All Saints with Durham University Common Awards. In 2020 the payment amounted to £1,204 (2019: £nil). Previously, ordinands’ training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2020 the MDBF paid All Saints £100,386 (2019: £80,784) for the training of ordinands.

MDBF receive monies from All Saints towards the work which the Director of Studies does in training ordinands at All Saints. Each member diocese employs a Director of Studies for Ordinands whose work is primarily contributing to the training of ordinands at All Saints. The payment equates to the equivalent of a 0.7fte post to the diocese and

## MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Continued

in 2020 the amount received was £31,772 (2019: £31,277). The Director of Studies left in August 2019, therefore, MDBF also paid All Saints for Teaching costs in 2020 for £48,000 (2019: £16,000).

