

MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2023

Company No 149999 – Registered Charity No 249424

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Trustees' Annual Report

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 Porter – From 22 June 2023
 The Archdeacon of Bolton and Salford The Ven Dr R Mann – From 4 July 2023
 The Archdeacon of Manchester, The Ven K Best
 The Archdeacon of Rochdale, The Ven D Sharples – To 31 March 2024
 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 – Y Mackereth
 The Chair of the House of Clergy – The Ven Dr R Mann

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

Manchester Archdeaconry

Clergy	Lay
Rev A Wickens	J Dunkerley

Bolton Archdeaconry

Clergy	Lay
Rev P Sumsion	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Rev M Read	B Micklethwaite

Salford Archdeaconry:

Clergy	Lay
Rev Canon A Salmon	I Hodcroft

Co-opted

Canon H Lightbourne
 Canon P Billson
 P Geldard
 L Mycock
 Revd G Thomas

Company Secretary

H Platts

Reference and administrative details (continued)

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Bury
BL9 0ND

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Auditors

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

Bankers

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HLF Berry LLP
St John's House
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Bury
BL9 0ND

Legal Secretary
Diocesan Registrar

CCLA Investment Management Ltd
1 Angel Lane,
London
EC4R 3AB

Investment Managers
Unlisted Investments

WT Gunson
Suite 2, 3rd Floor,
1 King St,
Manchester
M2 6AW

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 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 seeking to be 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.

This is an exciting time for our diocese, in spite of the recent challenges of the pandemic and the cost-of-living crisis. Over the last few years, we have 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 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 of Manchester serves a vibrant, dynamic and creative community in the North West of England. It covers an area of 416 square miles and has a total population of 2.2 million. The diocese is divided into four archdeaconries, seven deaneries and 33 mission communities. There are more than 300 places of worship and chaplaincies, which are organised into 256 parishes (including Manchester Cathedral) and 175 benefices.

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, Tameside and Blackburn with Darwen, 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. 125 (48%) of our parishes fall within the 10% most deprived nationally.

The diocese has 309 churches, ranging from historic listed buildings to newer, purpose-built places of worship. Over 300 licensed clergy serve in the diocese along with 140 licensed Readers who help with leading services and pastoral work. Nearly 300 Authorised Lay Ministers also play an important part in the life of our parishes.

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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. Attendance fell significantly during the pandemic with regular average weekly attendance increasing back up to 12,913 in 2023 and all-age weekly attendance to 21,312.

Parishes, chaplaincies and schools across our diocese are supported by a dedicated team, based at St John's House in Bury. This team supports churches and congregations across the diocese in achieving our strategy and our mission goals. It also provides support with clergy housing and stipends, finance, safeguarding and governance.

Across the diocese, there are 192 Church of England primary and secondary schools educating over 58,000 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 through the work of the Diocesan Board of Education.

Activities and Key Achievements in 2023

Our parishes continue to engage with our three mission goals of *Growing*, *Nurturing* and *Serving* through their everyday ministry to the people they serve. In 2023 we made progress with a wide range of programmes and projects to support them with this, as set out below.

Growing - engaging new disciples in missionary church communities which are younger, more diverse, active and spiritually engaged.

Fabric Church – Manchester City Centre

In September, Fabric Church opened in its temporary location of Factory 251 prior to moving to its new home in Ardwick Barracks at the end of the year. This city centre resource church has been launched with support from the Church Commissioners and the Church Revitalisation Trust and is serving the growing population of people - particularly young adults and students - living in Manchester. The city centre has seen remarkable regeneration and growth in recent years, with 100,000 young adults expected to be living in the city centre by 2025. The church will also foster further Christian renewal in the diocese by planting other church communities.

Children Changing Places

The Children Changing Places Project aims to engage children, young people, and families in activity that creates new discipleship pathways and supports the growth of the Christian faith in schools, parishes, and the home. The Children Changing Places team has been working with churches and schools across Bolton for the past six years and again has been funded by investment from the Church Commissioners. A second bid for additional funding was approved in July to reach more schools, children, young people and their families across the Bolton Deanery and the diocese more widely. In September, hundreds gathered at Bolton Parish Church for a joyous service of singing, dancing, and prayer to celebrate five years of Children Changing Places, with children from schools and youth groups from across Bolton putting on performances, giving praise and offering prayers for the work of the programme.

ManDio Growing Faith

The ManDio Growing Faith programme encourages children, young people and their families to discover and grow in the love of Jesus. Over the last year, recruitment has taken place to establish a ManDio Growing Faith enabler in each deanery. Deanery enablers are working within specific mission communities to support the collaboration with schools and churches and encourage the development of expressions of church that are accessible to children and their families. Examples include Café Church, Creative Church, Outdoor Church and intergenerational midweek worship services.

**Mission Goal 1:
Growing**

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Intercultural Mission

In recent years, many new migrant communities have made Greater Manchester and Rossendale their home and found comfort, companionship, and joy in our churches. Intercultural mission involves intentionally reaching out to people from all nations and integrating them into a worshipping community. This year, an Intercultural Mission Enabler has been recruited to share best practice and work with parishes across the diocese to respond to their changing communities. Case studies have been shared locally and have garnered national media attention.

Village Church chaplaincy

In October, Village Church officially opened as a chaplaincy serving the LGBTQI+ community in the city centre. A small team of clergy led monthly services to share the message that the love of God in Jesus Christ is for everyone.

Nurturing - helping new and existing disciples develop in their faith.

Transforming Prayer Community

In May, our Transforming Prayer Community was launched, encouraging people across the diocese to engage in daily prayer for personal and collective spiritual growth. There is now an active group of almost 1,000 people who are connected, via social media and email, by the simple vocation to pray three prayers: the Lord's Prayer, our diocesan Prayer of Thanksgiving and Hope and a prayer for their local area.

Focal leaders

The rollout of focal leaders continues across the diocese to support local mission, ministry and growth across our parishes and mission communities. A focal leader is a local leader – lay or ordained - who is the everyday face of the church in their local community. In their role, focal leaders bring an intentional focus on growth, mission and discipleship to the life of their church. Focal ministry is open to everyone and will take different forms, depending on the needs of the parish and the focal leaders themselves. In September there was a commissioning service for focal leaders in Bury and Rossendale Deanery with more to follow in 2024.

Lay training and development

We continue to provide extensive development opportunities for lay people through the Foundations for Ministry, Authorised Lay Ministry and General Lay Pathway courses. In September, 70 ALMs were commissioned including 36 new ALMs. In 2023, a further 36 people undertook a variety of General Lay Pathway courses and 12 people took part in the Foundations for Ministry course.

Mission Goal 2:
Nurturing

Serving - being present for all, speaking and acting prophetically for justice, supporting pastorally, especially the vulnerable, deprived and excluded.

Eco Church

In September we launched our Eco-Stepping Stones resource. This three-part film series aims to inspire and empower mission communities by sharing stories of eco-mission from across the diocese. For the launch event, we were joined by passionate eco ambassadors from across Manchester.

Our work on the Eco Church programme run by A Rocha UK has continued. During 2023, 30 bronze and 10 silver awards were made to churches taking us to a total of 84 awards in our diocese.

In April 2023, a group led by the Bishop of Salford John Arnold and Dean Rogers Govender, met with Pope Francis at The Vatican, to pledge a commitment to tackling climate change. The Revd Grace Thomas, our Diocesan Environmental Officer, was part of the delegation.

Mission Goal 3:
Serving

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Net Zero Carbon

We are working towards net zero carbon by supporting parishes and schools to measure their energy use through the Energy Footprint Tool, and to take simple, practical steps to reduce their carbon footprint. Our submission rate has increased from 29% in 2021 to 59% in 2023, on one of the highest submission rates nationally. The diocese is developing a comprehensive decarbonisation plan and has secured implementation funding to achieve net zero carbon.

Serving our communities

Our parishes continue to work in their communities to combat isolation, homelessness, food poverty and debt and have developed a wide range of initiatives to respond to the new pressures emerging in our local communities. These have included foodbanks, community cafes, bereavement support groups, and community libraries, to name just a few. Our expanding network of Places of Welcome encourages parishes offering warm spaces to sign up and expand their offer to ensure that our church buildings are available for local communities. Parishes also took part in the Big Help Out, a day of volunteering which took place during the Coronation weekend.

Our Transformation Programme

Our ten-year transformation programme, for which we are receiving significant funding from the Church Commissioners, is focused on developing the capacity, skills, structures and processes to enable us to achieve our vision for 2030. Our full-time Area Deans are leading the transformation programme in each of our seven deaneries, ensuring that we are able to bring about the fundamental changes needed on the ground to enable us to achieve our mission goals.

At the heart of our inspiring vision for the future are our mission communities which are bringing together the skills and talents of lay and ordained leaders locally. The creation of mission communities is enabling parishes to work closely together in both prayer and action to enable our parishes to engage new disciples, help existing disciples grow in their faith and to serve their local communities.

Over the last year, we have:

- carried out further work on the deanery Mission Action Plans, putting in place effective programme management arrangements.
- completed the training of over 20 curates to ensure we are able to fill clergy vacancies across the diocese.
- actively promoted racial justice, diversity and inclusion to ensure the full participation of GMH/UKME people in the life of our diocese.
- through our Deanery Support Officers, offered practical support to parishes particularly in accessing grants for revitalisation and building repairs.
- worked directly with our parishes to restore the payment of Parish Share to pre-pandemic levels, focusing on their plans for mission and growth as well as their financial sustainability.
- supported our most fragile churches in planning for the future.
- focused on improving our communications, inspiring and supporting people across the diocese through the creative use of film, personal testimony and case studies.

Other milestones

There were a number of other significant changes for the diocese in 2023.

- Following the sale of Church House, on Deansgate in central Manchester, we relocated to St John's House. Our new offices were opened by the Archbishop of York in March 2023. Modern meeting and conference facilities are used to bring together people from across the diocese for training, events and governance boards.
- The Rt Revd Dr Matthew Porter was appointed as the new Bishop of Bolton, following the retirement of the Rt Revd Mark Ashcroft in April 2023.

Transformation programme

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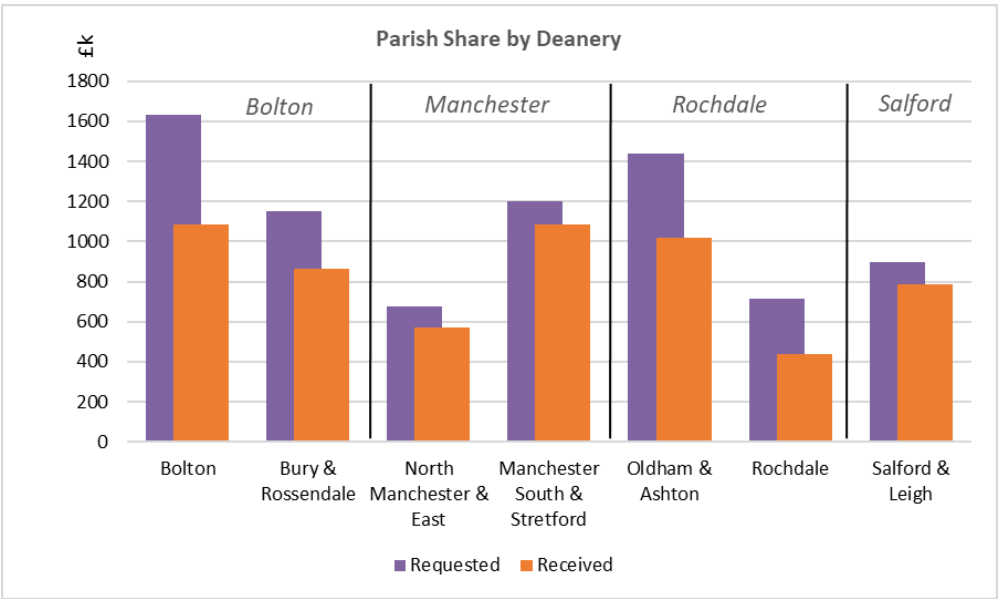
- The appointment of The Ven. Dr Rachel Mann as the Archdeacon of Salford and Bolton following the appointment of the Ven. Jean Burgess as Archdeacon of Bournemouth.

Parish Share and Stewardship

Parish Share

During 2023 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.792m, an increase of 2% compared to £5.686m in 2022.

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):



Share change outcomes

We continue to take steps to ensure our financial viability. Following the review of the Parish Share system in 2022, we commenced the Discussion and Agreement meetings with parishes which are organised at Mission Community level. The purpose of the meetings are to discuss and agree a parish share assessment for 2024, 2025 and 2026. Following the appointment of a Parish Support Officer, resources on parish share have been created and developed including an animation on parish share.

Giving and Generosity

April 2023 saw the digital giving rollout where 120 contactless devices were issued to parishes funded by National Church and MDBF. We continued to provide support to our parishes with GiftAid – over 190 churches are members of the GiftAid Lite scheme.

Strategic Report - Future Developments

Priorities

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 for 2030.

Mission communities continue to be at the heart of our approach to mission renewal, enabling parishes to work closely together and support each other in achieving missional and financial sustainability for the future. During 2024 we will be working with our current mission community

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leaders to reflect on the learning from their experiences and the next steps in taking mission communities forward, as their initial three-year term of office comes to an end.

We will continue to develop existing and new resource churches across our diocese as well as help grow and revitalise our other churches, in order to attract new members, particularly young adults. Over the next three years, we will plant new congregations and fresh expressions of church, so that churches carrying a DNA of mission are established in communities where attendance is currently low. We will also focus on every church running an enquirers course, and on creating a culture of invitation.

Leadership development is a key priority for 2024. Over the next year, we have set ourselves the target of recruiting, training and commissioning focal leaders across our diocese, in support of local mission, ministry and growth. We also recognise the need to strengthen our approach to and investment in clergy development. A key focus on 2024 will be on developing a comprehensive support programme for our first incumbents, given the significant number of clergy vacancies that are likely to be filled by the curates who will be ordained in June 2024.

Building on the success of the Children Changing Places programme in Bolton, and our experience in rolling out Man Dio Growing Faith, in 2024 our focus is on developing a comprehensive strategy for engaging with children and young people and their families, with a particular focus on strengthening the links between our parishes and our church schools.

Focusing on our international congregations is a key plank of our approach to racial justice, alongside work we will be taking forward to ensure that people leading the diocese in governance, clergy and lay roles are representative of the diversity of our diocese.

We will continue our work towards the Net Zero Carbon goal set by General Synod in 2020, by supporting our churches and schools with measuring their energy use and with taking simple, practical steps to reduce their carbon footprint.

Alongside these developments, we will take steps to ensure we are financially sustainable over the medium- to long-term. This goal has become even more important as we recover from the financial challenges of the pandemic and the more recent cost-of-living crisis. Our five-year financial strategy includes communicating with parishes the importance of mutual support and of paying Parish Share to ensure that the current levels of stipendiary clergy can be maintained. We expect to complete the next round of Discussion and Agreement meetings with parishes during 2024, which will provide a firm foundation on which to build.

This is an exciting time for us as a diocese. Many of us are developing deeper and better relationships in our mission communities and are able to take heart from the progress we are making in our parishes and as part of our wider diocesan family. With the support of the Church Commissioners, we are now well-resourced and well-placed to take forward a wide range of initiatives to ensure the future missional and financial health of Manchester Diocese.

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.

His Majesty the King, 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

Summary information
about the structure of
the Church of England

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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.

The three National Church Institutions

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.

The Cathedral

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.

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.

Parishes, Benefices and Deaneries

Diocesan Synod

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
- 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.

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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 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:

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.

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

Decision-making Structure

Committee Structure

Company Status and Legal Objects

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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.

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 and Company Secretary
David Weldon	Director of Finance and Corporate Services
Darren Bamford	Director of Land and Property Services
Deborah Smith	Director of Education

Appointment of Trustees

<p>General Synod, Church Commissioners and Archbishops' Council</p> <p>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.</p> <p>Parochial Church Councils (PCCs)</p> <p>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.</p> <p>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.</p>	Related Parties
<p>The trustees consider the following to be connected charities:</p> <p>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.</p> <p>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.</p>	Connected Charities
<p>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).</p>	Pension Scheme
<p>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.</p>	Risk Management
<p>MDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.</p> <p>MDBF is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.</p> <p>The trustees are custodian trustees in relation to PCC property.</p>	Statutory Functions
<p>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.</p> <p>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</p>	Public Benefit

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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.

Strategic Report: Financial Review

Group incoming resources were £14.957m (2022: £19.253m).

Donations to the MDBF through Parish Share increased from £5.686m to £5.792m. The Trustees are very grateful to all the donors in what has been another extremely challenging year.

In 2023, around 47% of the income of the MDBF came from the Parish Share and 20% from National Church Selective Allocations.

Incoming Resources

Group Resources expended were £16.085m (2022: £16.095m). The largest share of 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.

Expenditure

Overall, the value of the consolidated balance sheet has decreased during the year by £0.697m. Key movements in the year included: the revaluation of parsonage properties and St John's House of £0.243m, together with overall unrealised gain on investments of £1.1m and revaluation of Glebe Investment Properties resulting in a £0.9m unrealised loss (2022: £0.296m gain); and a decrease in tangible fixed assets of £0.428m which includes the revaluation of parsonages less disposals in the year. Other movements on the balance sheet include a decrease in cash of £0.988m; an increase in debtors of £2.797m; and a increase in creditors falling due after more than one year of £2.334m.

Balance Sheet

The Diocese recorded a deficit on General Unrestricted Funds (including property revaluations and unrealised gains on investments) of £0.684m (consolidated figures). This compares with a surplus of £4.402m in 2022. With the opening General Unrestricted Funds balance of £18.242m and the in-year deficit of £0.684m, the closing reserves now stand at £17.558m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate deficit of £0.697m including property revaluations and unrealised gains) across all funds was recorded during the year (2022: surplus £14.883m). With the opening Total Funds balance of £126.713m and the in- year deficit of £0.697m, the closing reserves now stand at £126.016m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2023 was £30.1m (2022: £23.5m) and the return on investments was 5.1% (2022: 4.9%).

Investments

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

Glebe investments

Glebe property investments were valued at 31 December 2023 at £4.4m (2022: £5.32m). Rents receivable amounted to £385k (2022: £522k) – an income yield of 8.7% (2022: 9.8%).

General investments

Investments in equity, property and fixed interest funds were valued at £16.125m at 31 December 2023 (2022: £15.108m). Dividends receivable amounted to £456k (2022: £465k) – a yield of 2.5% (2022: 2.6%).

Financial investments are split between investments in equities 87.48% (2022: 85.85%) through investment funds, a property fund 11.92% (2022: 13.56%), and Short Duration Bond Fund 0.6% (2022: 0.6%).

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.

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 shared equity basis. The total Value Linked Loans advanced at 31 December 2023 amounted to £229k.

Equity Loans

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity was the provision of a Church House for Investment Property and Diocesan purposes. The property was sold in June 2022. The profit for 2023 after tax was £0.105m (2022: £4.419m 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.

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, promote the care of the environment 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.

Policies and Other Matters

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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 2023, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £17.558m (see note 13 to the financial statements), which equates to just under 14 months' gross unrestricted expenditure.

The unrestricted reserves are now above 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. The diocese still faces financial challenges with a deficit budget of £1.308m in 2024.

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 properties and unlisted investments which provide investment income.

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 £11.061m (2022: £10.834m) 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.

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 and the cost of living challenges in that parish income and expenditure has been significantly affected and parishes are not able to pay their parish share. Work is therefore underway on a medium-term financial strategy from 2025 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.

Principal Risks and Uncertainties

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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, Transformation Programme, review of fragile churches
Poor financial performance – declining levels of Parish Share	Reserves policy linked to financial budgets, activities and identified financial and operating risk. Disposal of surplus parsonages, glebe land and property and Church House with re-investment of the proceeds.
Governance – Lack of candidates for MDBF and Parish governance roles	Synod recruitment campaign, induction and training for Bishop's Council members

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

By Order of the Board on 21st May 2024



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

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.

Disclosure of information to auditors

So far as the Trustees are aware:

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

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

Opinion on the financial statements

We have audited the financial statements of The Manchester Diocesan Board of Finance for the year ended 31 December 2023 which comprise the Consolidated and Company Statements of Financial Activities, Consolidated and Company Balance Sheets, 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).

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 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Church of England Measures and VAT law.

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and

- Cut-off testing in respect of revenue.

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

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

Use of our report

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

Adam Halsey (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place

London

EC4R 1AG

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2023

		Unrestricted	Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds
		2023	2023	2023	2023	2022
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	5,792	5,686
Archbishops' Council		-	-	2,489	2,489	3,112
Other donations		225	12	924	1,161	1,924
Other trading activities	3	91	-	-	91	3,224
Investments	4	1,002	23	523	1,592	1,161
Charitable activities	5	-	-	452	452	540
Other income	6	(190)	-	2,326	1,244	3,380
TOTAL INCOME AND ENDOWMENTS		6,920	35	6,714	1,288	19,253
Expenditure on:						
Raising funds	8	23	-	124	-	309
Charitable activities	9	8,883	122	6,933	-	16,247
Remeasurement of pension schemes	26	-	-	-	-	5
Pension interest cost	26	-	-	-	-	(466)
TOTAL EXPENDITURE	7	8,906	122	7,057	-	16,095
Net (expenditure) / income before net gains / (losses) on investments and Taxation						
		(1,986)	(87)	(343)	1,288	3,158
Taxation	16	-	-	-	-	1,389
Net gains / (losses) on investments	23	434	20	191	(457)	(1,865)
Property Revaluation	17	(383)	-	-	626	12,201
Net (expenditure) / income		(1,935)	(67)	(152)	1,457	14,883
Transfers between funds	10	1,251	165	(469)	(947)	-
Net movement in funds	13	(684)	98	(621)	510	14,883
Total funds at 1 January	13	18,242	1,265	11,962	95,244	126,713
Total funds at 31 December	13	17,558	1,363	11,341	95,754	126,713

The group's income and expenditure all relates to continuing operations.
The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2023

	Note	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,792	-	-	-	5,792	5,686
Archbishops' Council		-	-	2,489	-	2,489	3,112
Other donations		345	12	924	-	1,281	11,424
Other trading activities	3	91	-	-	-	91	108
Investments	4	859	23	523	44	1,449	1,154
Charitable activities	5	-	-	452	-	452	540
Other income	6	(175)	-	2,326	1,244	3,395	3,606
TOTAL INCOME AND ENDOWMENTS		6,912	35	6,714	1,288	14,949	25,630
Expenditure on:							
Raising Funds	8	-	-	124	-	124	100
Charitable activities	9	8,883	122	6,933	-	15,938	16,247
Remeasurement on pension schemes	26	-	-	-	-	-	5
Pension interest cost	26	-	-	-	-	-	(466)
TOTAL EXPENDITURE	7	8,883	122	7,057	-	16,062	15,886
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		(1,971)	(87)	(343)	1,288	(1,113)	9,744
Taxation		-	-	-	-	-	-
Net gains / (losses) on investments	23	434	20	191	(457)	188	(1,865)
Property Revaluation	17	(383)	-	-	626	243	12,201
Net (expenditure) / income		(1,920)	(67)	(152)	795	(682)	20,080
Transfers between funds	10	1,251	165	(469)	(947)	-	-
Net movement in funds	13	(669)	98	(621)	510	(682)	20,080
Total funds at 1 January	13	15,267	1,265	11,962	95,244	123,738	103,658
Total funds at 31 December	13	14,598	1,363	11,341	95,754	123,056	123,738

The Company's income and expenditure all relates to continuing operations.
The notes on pages 29 to 63 form part of these financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2022

	Note	Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	17	86,362	86,790	86,362	86,790
Investments	18	20,530	20,428	20,611	20,509
		<u>106,892</u>	<u>107,218</u>	<u>106,973</u>	<u>107,299</u>
CURRENT ASSETS					
Debtors	19	5,009	2,212	4,983	2,372
Cash and cash equivalents	20	17,556	18,544	14,532	15,302
		<u>22,565</u>	<u>20,756</u>	<u>19,515</u>	<u>17,674</u>
CREDITORS:					
Amounts falling due within one year	21	(862)	(1,016)	(853)	(990)
NET CURRENT ASSETS		<u>21,703</u>	<u>19,740</u>	<u>18,662</u>	<u>16,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>128,595</u>	<u>126,958</u>	<u>125,635</u>	<u>123,983</u>
CREDITORS:					
Amounts falling due after more than one year	21	(2,579)	(245)	(2,579)	(245)
PROVISIONS:					
Deferred tax	27	-	-	-	-
NET ASSETS		<u>126,016</u>	<u>126,713</u>	<u>123,056</u>	<u>123,738</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	95,754	95,244	95,754	95,244
Restricted income funds	13,22	11,341	11,962	11,341	11,962
Unrestricted income funds:					
General funds		14,517	15,186	14,598	15,267
Designated funds		1,363	1,265	1,363	1,265
Non-charitable trading funds		2,999	3,014	-	-
Pension scheme reserve		-	-	-	-
Minority interest		42	42	-	-
Total unrestricted income funds	13,22	<u>18,921</u>	<u>19,507</u>	<u>15,961</u>	<u>16,532</u>
TOTAL FUNDS		<u>126,016</u>	<u>126,713</u>	<u>123,056</u>	<u>123,738</u>

The notes on pages 29 to 63 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 and are signed on behalf of the Board on 21st May 2024 by:



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

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

See also Note 25

	2023		2022	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(697)		14,883
Adjustments for:				
Depreciation charges		41		42
(Gains) / Losses on investments		(3)		-
Dividends, interest and rents from investments		(1,592)		(1,161)
Realised (Gains) / Losses on investment property		-		(130)
(Profit) on the sale of fixed assets		(721)		(3,844)
Decrease/(Increase) in debtors		(3,289)		(354)
(Decrease)/Increase in creditors		2,180		35
Unrealised (gain) / loss on investments		(1,104)		1,996
Unrealised (gain) on investment property		915		(296)
Pension adjustment		-		(461)
Revaluation of other assets		(243)		(12,038)
Taxation		-		(1,386)
Net cash used in operating activities		(4,513)		(2,714)
Cash flows from operating activities:				
Net cash used in operating activities		(4,513)		(2,714)
Cash flows from investing activities:				
Dividends, interest and rents from investments	1,592		1,161	
Proceeds from the sale of property, plant and equipment	2,591		6,215	
Proceeds from sale of investments	90		9,813	
Purchase of property, plant and equipment	(748)		(916)	
Purchase of investments	-		-	
Net cash provided by / (used in) investing activities		3,525		16,273
		(988)		13,559
Cash flows from financing activities:				
Deficit contributions paid	-		(282)	
Net cash used in financing activities		-		(282)
Change in cash and cash equivalents in the reporting period		(988)		13,277
Cash and cash equivalents at the beginning of the reporting period		18,544		5,267
Cash and cash equivalents at the end of the reporting period		17,556		18,544

The notes on pages 29 to 63 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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:

Restricted funds	Trust and other funds, which may only be used for specific purposes imposed by the settler, donor or legislation.
Permanent endowment funds	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.
Unrestricted general funds	Funds which may be used for general purposes without any external restriction.
Unrestricted Designated funds	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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.

Until 2020, Glebe and parsonage houses and other property used by the diocese were included at deemed cost which was either the cost of purchase or the midpoint council tax. In 2022 the trustees decided that as the basis of inclusion represented in many cases neither the historical cost nor the fair value that they would perform a desk top valuation and/or indexation at each year end and this would be included in the balance sheet. This valuation would include an impairment review as required where no depreciation is to be charged. This constitutes a change in accounting estimate as to the value and estimated useful economic life/residual value and as such no prior year adjustment is required.

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.

For all other assets historical cost accounting is applied with depreciation provided as the following rates:

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

(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 were revalued on 31 December 2022. 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. Following the decision to market Church House property, the Trustees obtained appropriate advice under the Charities Act and that value has been included in these financial statements as the fair value. 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 2023

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 2023

For the year ended 31 December 2023

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.

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.

(s) Repayable Grant

During the year MDBF secured £2.35m funding from National Church Diocesan Investment Programme towards the purchase of premises for the City Centre Resource Church. This grant is to be repaid over a period of 24 years commencing in 2028. This amount is reflected in debtors and long term creditors.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000
	Note					
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	-	5,792
Archbishops' Council		-	-	2,489	-	2,489
Other donations		225	12	924	-	1,161
Other Trading activities	3	91	-	-	-	91
Investments	4	1,002	23	523	44	1,592
Charitable activities	5	-	-	452	-	452
Other income	6	(190)	-	2,326	1,244	3,380
TOTAL INCOME AND ENDOWMENTS		6,920	35	6,714	1,288	14,957

		Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total Funds 2022 £'000
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		285	10	1,629	-	1,924
Other Trading activities	3	3,224	-	-	-	3,224
Investments	4	417	23	679	42	1,161
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		9,689	33	8,495	1,036	19,253

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

		Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000
	Note					
Income and endowments from:						
Donations	2					
Parish contributions		5,792	-	-	-	5,792
Archbishops' Council		-	-	2,489	-	2,489
Other donations		345	12	924	-	1,281
Other trading activities	3	91	-	-	-	91
Investments	4	859	23	523	44	1,449
Charitable activities	5	-	-	452	-	452
Other income	6	(175)	-	2,326	1,244	3,395
TOTAL INCOME AND ENDOWMENTS		6,912	35	6,714	1,288	14,949

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

		Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted funds 2022 £'000	Endowment funds 2022 £'000	Total funds 2022 £'000
	Note					
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		9,785	10	1,629	-	11,424
Other Trading activities	3	108	-	-	-	108
Investments	4	410	23	679	42	1,154
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		16,066	33	8,495	1,036	25,630

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 2023 £'000	Unrestricted General 2022 £'000
Parish share		
Current year's allocation	7,708	7,714
Shortfall in contributions	(1,853)	(1,953)
Encouragement scheme	(63)	(75)
	<u>5,792</u>	<u>5,686</u>
Arrears for previous years	-	-
	<u>5,792</u>	<u>5,686</u>

Total parish share receipts represent 73.7% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2023 £'000	Restricted Funds 2022 £'000
Selective allocations	2,489	2,512
Sustainability Funding	-	600
TOTAL	<u>2,489</u>	<u>3,112</u>

OTHER DONATIONS (GROUP)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
All Churches Trust	206	-	-	-	206	235
Donations	9	-	202	-	211	120
Other	10	12	722	-	744	1,569
TOTAL	<u>225</u>	<u>12</u>	<u>924</u>	<u>-</u>	<u>1,161</u>	<u>1,924</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

OTHER DONATIONS (COMPANY)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
All Churches Trust	206	-	-	-	206	235
Donations	9	-	202	-	211	120
Transfer of proceeds from Subsidiary Company	120	-	-	-	120	9,500
Other	10	12	722	-	744	1,503
TOTAL	345	12	924	-	1,281	11,358

3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Rental income from parsonages	91	-	-	-	91	108
Income of the Trading Subsidiary	-	-	-	-	-	3,116
TOTAL	91	-	-	-	91	3,224

OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Rental income from parsonages	91	-	-	-	91	108
TOTAL	91	-	-	-	91	108

4. INVESTMENTS (GROUP)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Dividends receivable	296	20	71	-	387	488
Interest receivable	706	-	-	-	706	39
Glebe receivable	-	-	386	-	386	522
Trusts receivable	-	3	66	44	113	112
TOTAL	1,002	23	523	44	1,592	1,161

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

4. INVESTMENTS (COMPANY)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Dividends receivable	296	20	71	-	387	488
Interest receivable	563	-	-	-	563	32
Glebe receivable	-	-	386	-	386	522
Trusts receivable	-	3	66	44	113	112
TOTAL	859	23	523	44	1,449	1,154

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Statutory fees and chaplaincy income	-	-	451	-	451	539
Miscellaneous income	-	-	1	-	1	1
TOTAL	-	-	452	-	452	540

6. OTHER INCOME (GROUP)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Property sale gains	(213)	-	(303)	1,244	728	994
Other	23	-	2,629	-	2,652	2,612
TOTAL	(190)	-	2,326	1,244	3,380	3,606

6. OTHER INCOME (COMPANY)

	Unrestricted General 2023 £'000	Designated 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Property sale gains	(213)	-	(303)	1,244	728	994
Other	38	-	2,629	-	2,667	2,612
TOTAL	(175)	-	2,326	1,244	3,395	3,606

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	23	-	124	-	147
Charitable activities	9	8,883	122	6,933	-	15,938
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		8,906	122	7,057	-	16,085

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2022	2022	2022	2022	2022
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	209	-	100	-	309
Charitable activities	9	8,033	52	8,162	-	16,247
Remeasurement on pension schemes	26	5	-	-	-	5
Pension interest cost	26	(466)	-	-	-	(466)
TOTAL		7,781	52	8,262	-	16,095

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

		Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		2023	2023	2023	2023	2023
	Note	£'000	£'000	£'000	£'000	£'000
Raising funds	8	-	-	124	-	124
Charitable activities	9	8,883	122	6,933	-	15,938
Remeasurement on pension schemes	26	-	-	-	-	-
Pension interest cost	26	-	-	-	-	-
TOTAL		8,883	122	7,057	-	16,062

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

	Note	Unrestricted		Restricted	Endowment	Total
		General 2022 £'000	Designated 2022 £'000	Funds 2022 £'000	Funds 2022 £'000	funds 2022 £'000
Raising funds	8	-	-	100	-	100
Charitable activities	9	8,033	52	8,096	-	16,181
Remeasurement on pension schemes	26	5	-	-	-	5
Pension interest cost	26	(466)	-	-	-	(466)
TOTAL		7,572	52	8,196	-	15,820

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 2023 £'000	Total 2022 £'000
Investment management costs		23	-	124	147	309
Contributions to Archbishops' Council	9	609	-	-	609	602
Resourcing ministry and mission (Note 9)	9	12,976	1,487	693	15,156	15,468
Education	9	-	140	-	140	140
Diocesan projects	9	-	-	-	-	-
Governance costs	9	33	-	-	33	37
Pension interest cost		-	-	-	-	(466)
Remeasurement on pension schemes		-	-	-	-	5
TOTAL		13,641	1,627	817	16,085	16,095

2022		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000
Investment management costs		209	-	100	309
Contributions to Archbishops' Council	9	602	-	-	602
Resourcing ministry and mission	9	12,944	1,957	567	15,468
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	37	-	-	37
Pension interest cost		(466)	-	-	(466)
Remeasurement on pension schemes		5	-	-	5
TOTAL		13,331	2,097	667	16,095

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

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 2023 £'000
Investment management costs		-	-	124	124
Contributions to Archbishops' Council	9	609	-	-	609
Resourcing ministry and mission	9	12,976	1,487	693	15,156
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	33	-	-	33
Pension Interest cost		-	-	-	-
Remeasurement on CEFPS pension schemes		-	-	-	-
TOTAL		13,618	1,627	817	16,062

2022	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000
Investment management costs		-	-	100	100
Contributions to Archbishops' Council	9	602	-	-	602
Resourcing ministry and mission	9	12,944	1,957	567	15,468
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	37	-	-	37
Pension Interest cost		(466)	-	-	(466)
Remeasurement on CEFPS pension schemes		20	5	-	-
TOTAL		13,122	2,097	667	15,886

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8. RAISING FUNDS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2023	2022
	2023	2023	2023	2023	£'000	£'000
	£'000	£'000	£'000	£'000		
Trading expenditure	23	-	-	-	23	209
Glebe expenditure	-	-	124	-	124	100
TOTAL	23	-	124	-	147	309

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

RAISING FUNDS (COMPANY)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2023	Funds 2023	2023	2022
	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fees	-	-	124	-	100	100
TOTAL	-	-	124	-	100	100

9. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted	Unrestricted
	General	General
	2023	2022
	£'000	£'000
Training for ministry	336	336
National Church responsibilities	197	206
Grants and provisions	35	28
Mission Agency pension contributions	11	15
Retired clergy housing costs (CHARM)	133	127
Pooling of ordinand candidates' costs	(103)	(110)
TOTAL	609	602

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

	Unrestricted		Restricted	Endowment	Total funds
	General	Designated	Funds 2023	Funds 2023	2023
	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000
Parish ministry					
Stipends and national insurance	3,621	20	1,220	-	
Pension contributions	-	-	1,133	-	
Housing costs	1,841	-	-	-	
Removal, settlement and other grants	4	-	254	-	
Other expenses	379	-	570	-	
	5,845	20	3,177	-	9,042
Support for ministry	2,256	102	3,756	-	6,114
TOTAL	8,101	122	6,933	-	15,156

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

	Unrestricted		Restricted	Endowment	Total funds
2022	General 2022 £'000	Designated 2022 £'000	Funds 2022 £'000	Funds 2022 £'000	2022 £'000
Parish ministry					
Stipends and national insurance	3,716	18	1,614	-	5,348
Pension contributions	-	-	1,376	-	1,376
Housing costs	1,293	-	-	-	1,293
Removal, settlement and other grants	-	-	240	-	240
Other expenses	176	-	764	-	940
	5,185	18	3,994	-	9,197
Support for ministry	2,069	34	4,168	2	6,271
TOTAL	7,254	52	8,162	2	15,468

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted General 2023 £'000	General 2022 £'000
Synodical grant	140	140

GOVERNANCE COSTS (COMPANY)

	Unrestricted General 2023 £'000	Unrestricted General 2022 £'000
Audit fees	26	24
Diocesan Synod	7	13
TOTAL	33	37

Audit Fees of £4k (2022: £7k) 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	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
Pastoral Account	-	-	(469)	-	(469)	212
Stipends Fund Capital	-	-	-	-	-	(773)
Parsonage Building Fund	-	-	-	(947)	(947)	(1,217)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	1,251	-	-	-	1,251	1,613
TOTAL	1,251	165	(469)	(947)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Investment Management Costs	-	-	124	-	124	100
Support of Ordinands Training	107	-	-	-	107	103
Central Administration	586	-	-	-	586	464
TOTAL	693	-	124	-	817	667

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

These are stated after charging:

	2023 £'000	2022 £'000
Depreciation	41	42
Auditors' remuneration - Audit services	30	32

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

These are stated after charging:

	2023 £'000	2022 £'000
Depreciation	41	22
Auditors' remuneration - Audit services	26	24

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

13. SUMMARY OF FUND MOVEMENTS 2023

	Balance at 1 January 2023	Incoming	Outgoing		Gains, Losses and Revaluations	Balance at 31 December 2023
	£'000	resources £'000	Resources £'000	Transfers £'000	£'000	£'000
Unrestricted funds						
General	15,267	6,912	(8,883)	1,251	51	14,598
Pension Deficit	-	-	-	-	-	-
Designated						
Board for Church & Society	129	-	-	-	10	139
Church Building Loans	345	-	-	-	10	355
Church Building Grants	620	2	(61)	150	-	711
Separated/Divorced Clergy Spouses	34	13	(20)	-	-	27
Clergy Training Fund	94	-	(20)	15	-	89
Urban Aid Grant Fund	22	-	-	-	-	22
Other	21	20	(21)	-	-	20
	16,532	6,947	(9,005)	1,416	71	15,961
Restricted funds						
Stipend Fund income & expenditure	-	6,230	(6,230)	-	-	-
Pastoral Fund	9,123	(33)	(114)	(469)	-	8,507
Clergy Maintenance of the Ministry	1,874	-	(1)	-	162	2,035
Clergy widows & associated funds	226	8	(12)	-	19	241
Ordinands' training	53	-	-	-	6	59
Resourcing Ministerial Education	253	367	(273)	-	-	347
Restructuring Funding	107	27	(78)	-	-	56
Energy Costs Grant	216	-	(210)	-	-	6
Net Zero Carbon	-	15	(12)	-	-	3
Other	110	100	(127)	-	4	87
	11,962	6,714	(7,057)	(469)	191	11,341
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	31,449	993	-	-	(92)	32,350
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	61,377	286	-	(947)	43	60,759
Permanent endowment						
Clergy widows & associated funds	186	2	-	-	18	206
J B Stelfox	1,307	-	-	-	125	1,432
Ordinands' training	191	-	-	-	16	207
Chaplaincy	206	7	-	-	9	222
Bequests	523	-	-	-	50	573
	95,244	1,288	-	(947)	169	95,754
Total funds - Company	123,738	14,949	(16,062)	-	431	123,056
	(81)	-	-	-	-	(81)
Adjustments arising on consolidation*						
Non-charitable trading funds*	3014	8	(23)	-	-	2,999
Minority interest*	42	-	-	-	-	42
Total funds - Group	126,713	14,957	(16,085)	-	431	126,016

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

SUMMARY OF FUND MOVEMENTS 2022

	Balance at 1 January 2022 £'000	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2022 £'000
Unrestricted funds						
General	6,411	16,066	(8,033)	1,331	(508)	15,267
Pension Deficit	(743)	-	461	282	-	-
Designated						
Board for Church & Society	143	-	-	-	(14)	129
Church Building Loans	359	-	-	-	(14)	345
Church Building Grants	482	4	(16)	150	-	620
Separated/Divorced Clergy Spouses	41	10	(17)	-	-	34
Clergy Training Fund	77	-	2	15	-	94
Urban Aid Grant Fund	22	-	-	-	-	22
Other	23	19	(21)	-	-	21
	6,815	16,099	(7,624)	1,778	(536)	16,532
Restricted funds						
Stipend Fund income & expenditure	-	6,908	(6,908)	-	-	-
Pastoral Fund	9,003	60	(152)	212	-	9,123
Clergy Maintenance of the Ministry	2,102	-	-	-	(228)	1,874
Clergy widows & associated funds	324	5	(73)	-	(30)	226
Ordinands' training	62	-	-	-	(9)	53
Resourcing Ministerial Education	130	606	(483)	-	-	253
Restructuring Funding	114	80	(87)	-	-	107
Energy Costs Grant	-	592	(376)	-	-	216
Strategic Capacity Funding	(65)	103	(38)	-	-	-
Other	120	141	(145)	-	(6)	110
	11,790	8,495	(8,262)	212	(273)	11,962
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	30,906	387	-	(773)	929	31,449
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	51,437	639	-	(1,217)	10,518	61,377
Permanent endowment						
Clergy widows & associated funds	207	-	-	-	(21)	186
J B Stelfox	1,481	-	-	-	(174)	1,307
Ordinands' training	214	-	-	-	(23)	191
Chaplaincy	210	10	-	-	(14)	206
Bequests	593	-	-	-	(70)	523
	85,053	1,036	-	(1,990)	11,145	95,244
Total funds - Company	103,658	25,630	(15,886)	-	10,336	123,738
Adjustments arising on consolidation*	(81)	44	(44)	-	-	(81)
Non-charitable trading funds*	8,245	(6,421)	1,190	-	-	3014
Minority interest*	8	-	34	-	-	42
Total funds - Group	111,830	19,253	(14,706)	-	10,336	126,713

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

14. DIRECTORS' REMUNERATION AND EXPENSES

£nil remuneration has been paid to any Director in their capacity as directors (2022: £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. No Directors (2022: No Directors) were reimbursed for travel expenses during the year which amounted to £nil (2022: £Nil).

15. EMPLOYEE DETAILS

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

	Year ended 31 December 2023	Year ended 31 December 2022
£100,001 - £110,000	-	1
£90,001 - £100,000	1	-
£80,001 - £90,000	1	1
£70,001 - £80,000	1	-
£60,001 - £70,000	2	2

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Pension contributions to Pension Builder Classic scheme	34	25

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 2022 they were:

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

* Remuneration and pensions for the above employees amounted to £378k (2022: £314k). 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 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

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

	2023 No.	2022 No.
Support for parish ministry	34	33
Mission Support and chaplaincy	5	8
	<u>39</u>	<u>41</u>
Externally funded posts	38	22
	<u>77</u>	<u>63</u>

In addition, a further 10 (2022: 10) 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:

	2023 £'000	2022 £'000
Gross salaries	2,093	1,743
Social Security costs	216	187
Pension contributions	309	227
	<u>2,618</u>	<u>2,157</u>

An average of 115 (2022: 114) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2023 £'000	2022 £'000
Stipends	5,056	5,466
National Insurance Contributions	411	445
Pension costs - Current year	1,268	1,552
	<u>6,735</u>	<u>7,463</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

16. TAXATION

	2023 £'000	2022 £'000
Domestic current year tax		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	-	(3)
Current tax charge	-	-
Under/(over) provision in prior year	-	-
Deferred tax		
Deferred tax (charge) / credit current year	-	(1,386)
Tax (charge) / credit on profit on ordinary activities	-	(1,386)

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

17. TANGIBLE ASSETS

GROUP AND COMPANY	Land and buildings			Equipment	Total
	MDBF £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2022	10,853	57,164	18,729	257	87,003
Transfers	-	-	-	-	-
Additions	1,145	-	-	95	1,240
Disposals	(624)	(660)	(586)	-	(1,870)
Revaluation	(383)	43	583	-	243
At 31 December 2023	10,991	56,547	18,726	352	86,616
Accumulated depreciation					
At 1 January 2022	-	-	-	213	213
Charge for the year	-	-	-	41	41
Eliminated on disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2022	-	-	-	254	254
Net book value at 31 December 2023	10,991	56,547	18,726	98	86,362
Net book value at 31 December 2022	10,853	57,164	18,729	44	86,790

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 £228,750 (2022: £244,750).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

18. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Church House Investment Property £'000	Unlisted £'000	Total £'000
Market value				
At 31 December 2022	5,320	-	15,108	20,428
Additions at cost	-	-	-	-
Transfers	-	-	-	-
Revaluations	(915)	-	-	(915)
Disposals	-	-	(90)	(90)
Unrealised gain/(loss) for the year	-	-	1,104	1,104
Realised gain / (loss) for the year	-	-	3	3
At 31 December 2023	4,405	-	16,125	20,530
Historic cost at 31 December 2023	5,205	-	6,015	14,139
Excess / (reduction) of market value over cost to date	115	-	9,093	9,208
COMPANY				
			2023	2022
			£'000	£'000
Group total			20,530	20,428
Investment in subsidiary company (see below)			81	81
			20,611	20,509

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 2023 by WT Gunson who confirmed a valuation of £4,405,000 (2022: £5,320,000).

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

	2023 £'000	2022 £'000
Tangible fixed assets	-	-
Current assets	3,065	3,253
	<hr/> 3,065	<hr/> 3,253
Creditors: amounts falling due within one year	(24)	(197)
	<hr/> 3,041	<hr/> 3,056
Provisions for liabilities and charges	-	-
	<hr/> 3,041	<hr/> 3,056
	<hr/> <hr/>	<hr/> <hr/>
Representing:		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	-	-
Profit and loss account	2,999	3,014
	<hr/> 3,041	<hr/> 3,056
	<hr/> <hr/>	<hr/> <hr/>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

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

	2023 £000	2022 £000
Turnover	143	284
Administration	(38)	(253)
Gain / (Loss) from changes in fair value of investment property	-	2,998
Operating (loss) / profit	105	3,029
Taxation	-	1,389
(Loss) / profit after taxation	105	4,418

The Board hold 98.6% (2022: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity was the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH sold the property in June 2022. In 2023 MDCH charged MDBF rental and service charges of £nil (2022: £29,045) for use of the property for Diocesan purposes. MDBF charged the Manchester Diocesan Church House Company £15,000 (2022: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £120,000 (2022: £nil). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds in 2022. 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 owed Manchester Diocesan Board of Finance £15,000 (2022: £170,995). This is in relation to payments made by MDBF on behalf of Church House Company which includes expenditure purchases. A rent and service charge debtor balance of £nil (2022: £nil) 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 Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College (ETC) trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College 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 was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2022: £7,500). 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 has received (upto August 2023) funding from the National Church to support the training of Ordinands. In 2023, the MDBF paid Emmanuel Theological College £155,492 (2022: £243,020) for the training of Ordinands and Readers. From September 2023, National Church are now paying the Ordinand tuition costs direct to ETC under Resourcing Ministerial Formation, which is the reason for the reduction in payments in 2023.

NOTES TO THE FINANCIAL STATEMENTS

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

For the year ended 31 December 2023

Continued

The trading activities for the period 1 September 2022 to 31 August 2023 were:

	£'000
Turnover	1,206
Administration costs	1,135
	<hr/>
Deficit	71
	<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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	81	69	81	69
For Parishes	258	121	258	121
General debtors	311	209	285	198
Board of Education	44	38	44	38
Manchester Diocesan Church House Company Ltd	-	-	-	171
Glebe debtor	61	173	61	173
Prepayments and accrued income	1,896	1,594	1,896	1,594
Emmanuel Theological College	8	8	8	8
Repayable Grant – Fabric Church	2,350	-	2,350	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	5,009	2,212	4,983	2,372
	<hr/>	<hr/>	<hr/>	<hr/>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
CBF deposit fund	16,979	15,441	14,029	12,241
Cash at bank and in hand	577	3,103	503	3,061
	<u>17,556</u>	<u>18,544</u>	<u>14,532</u>	<u>15,302</u>

21. CREDITORS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
General creditors	677	802	668	776
Accruals	93	99	93	99
Taxation and social security	92	115	92	115
Pension Deficit Repayment (Note 26)	-	-	-	-
	<u>862</u>	<u>1,016</u>	<u>853</u>	<u>990</u>
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	229	245	229	245
Pension Deficit Repayment (Note 26)	-	-	-	-
Repayable Grant – National Church	2,350	-	2,350	-
	<u>2,579</u>	<u>245</u>	<u>2,579</u>	<u>245</u>

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 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

	Fixed assets		Net	Long	Total 2022 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	-	8,507	-	8,507
Clergy / Maintenance of the Ministry Fund	-	1,877	158	-	2,035
Other restricted funds	-	329	470	-	799
	-	2,206	9,135	-	11,341
Endowment funds					
Diocesan Stipends Fund Capital Account	18,726	7,174	6,450	-	32,350
Parsonage Buildings Fund	56,548	-	4,211	-	60,759
Other endowment funds	-	2,518	127	-	2,645
	75,274	9,692	10,788	-	95,754
Unrestricted funds					
General	11,088	8,481	(2,392)	(2,579)	14,598
Designated	-	232	1,131	-	1,363
Pension Deficit	-	-	-	-	-
	11,088	8,713	(1,261)	(2,579)	15,961
Company	86,362	20,611	18,662	(2,579)	123,056
Non-charitable trading funds	-	-	3,041	-	3,041
Consolidation adjustment	-	(81)	-	-	(81)
Group	86,362	20,530	21,703	(2,579)	126,016

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

	Fixed assets		Net	Long	Total 2022 £'000
	Tangible £'000	Loans / investment £'000	current assets £'000	term liabilities £'000	
Restricted funds					
Diocesan Pastoral Account	-	-	9,123	-	9,123
Clergy / Maintenance of the Ministry Fund	-	1,715	159	-	1,874
Other restricted funds	-	387	578	-	965
	-	2,102	9,860	-	11,962
Endowment funds					
Diocesan Stipends Fund Capital Account	18,728	7,849	4,871	-	31,448
Parsonage Buildings Fund	57,165	-	4,212	-	61,377
Other endowment funds	-	2,300	119	-	2,419
	75,893	10,149	9,202	-	95,244
Unrestricted funds					
General	10,897	8,046	(3,431)	(245)	15,267
Designated	-	212	1,053	-	1,265
Pension Deficit	-	-	-	-	-
	10,897	8,258	(2,378)	(245)	16,532
Company	86,790	20,509	16,684	(245)	123,738
Non-charitable trading funds	-	-	3,056	-	3,056
Consolidation adjustment	-	(81)	-	-	(81)
Group	86,790	20,428	19,740	(245)	126,713

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 2023

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 2022, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £nil (2022: £nil). In 2023, the company paid £nil (2022: £0.282m) as a contribution to reduce the pension deficit. As at 31 December 2023, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2022: £nil).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 2023 £'000	Unrestricted Investments 2023 £'000	Designated Investments 2023 £'000	Restricted Investments 2023 £'000	Endowment Investments 2023 £'000	Investments Sub Total 2023 £'000	Endowment Glebe 2023 £'000	TOTAL 2023 £'000
At 1 January 2023	-	4,220	195	1,761	2,917	9,093	(1,160)	7,933
Net Gains/(Losses) on Investments	-	434	20	191	458	1,103	-	1,103
Glebe Investment Property Revaluation	-	-	-	-	-	-	(915)	(915)
Investment Property Revaluation (see note 18)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Sub Total	-	434	20	191	458	1,103	(915)	188
At 31 December 2023	-	4,654	215	1,952	3,375	10,196	(2,075)	8,121

	Church House Investment Property 2022 £'000	Unrestricted Investments 2022 £'000	Designated Investments 2022 £'000	Restricted Investments 2022 £'000	Endowment Investments 2022 £'000	Investments Sub Total 2022 £'000	Endowment Glebe 2022 £'000	TOTAL 2022 £'000
At 1 January 2022	7,537	5,278	223	2,034	3,554	18,626	(180)	18,446
Net Gains/(Losses) on Investments	-	(1,058)	(28)	(273)	(637)	(1,996)	-	(1,996)
Glebe Investment Property Revaluation	-	-	-	-	-	-	296	296
Investment Property Revaluation (see note 18)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(773)	(773)
Disposal	(7,537)	-	-	-	-	(7,537)	(503)	(8,040)
Sub Total	(7,537)	(1,058)	(28)	(273)	(637)	(9,533)	(980)	(10,513)
At 31 December 2022	-	4,220	195	1,761	2,917	9,093	(1,160)	7,933

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at St Johns House, 155-163 The Rock, Bury BL9 0ND. 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 2023 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2022: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £25k (2022: £24k) 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 £520k (2022: £506k) to the Board of Education, comprising:

	2023 £'000	2022 £'000
Staff costs	400	404
Central services	120	102

25. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2023 £'000	Cash flow 2023 £'000	As at 31 December 2023 £'000
Net cash:			
Cash in hand and at bank	3,103	(2,526)	577
Cash on deposit	15,441	1,538	16,979
Cash at bank and at hand	18,544	988	17,556

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 scheme separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, 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 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

PENSIONS (GROUP AND COMPANY) (continued)

	2023	2022
Balance sheet liability at 1 January	0	346,000
Deficit contribution paid	0	-198,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability* (recognised in SoFA)	0	-148,000
Balance sheet liability at 31 December	0	0

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

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

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% 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 failed Responsible Body's pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year 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 having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,600 per year. In addition deficit payments of £84,080 per year were agreed for 5.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

PENSIONS (GROUP AND COMPANY) (continued)

The movement in the provision is set out below:

	2023	2022
Balance sheet liability at 1 January	0	397,000
Deficit contribution paid	0	-84,000
Interest cost (recognised in SoFA)	0	5,000
Remaining change to the balance sheet liability*(recognised in SoFA)	0	-318,000
Balance sheet liability at 31 December	0	0

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

Where relevant 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 2023	December 2022	December 2021
Discount rate	N/A	0.00%	1.40%

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

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

CWPF has two sections:

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

Pension Builder Scheme

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

PENSIONS (GROUP AND COMPANY) (continued)

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £309k, 2022: £227k).

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

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

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

27. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

£'000

Balance as at 1 January 2023	-
(Charge) / credit for the year	-
Balance as at 31 December 2023	-

Deferred taxation provided in the financial statements is as follows:

	2023 £'000	2022 £'000
Accelerated capital allowances	-	(1,264)
Investment property revaluations	-	(122)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

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 £11.061m (2022: £10.834m) 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. No Directors (2022: no Directors) were reimbursed for travel expenses during the year. During the year the aggregate amount of donations received without conditions from MDBF Directors was £2,640 (2022: £1,500).

The Archdeacon of Bolton The Ven Dr R Mann served as a Trustee at Emmanuel Theological College during 2023 fees totalling £155,492 (2022: £243,020) were paid for Ordinand and Reader training.

The Archdeacon of Manchester Ven K Best served as Director of Benefact Trust Limited (Formerly Allchurches Trust Ltd) which provided a general grant to MDBF in 2023 for £205,625 (2022: £235k). Ven K Best also served as a trustee of St Peters chaplaincy which received grants totalling £63,606.88 in 2023 (2022: £52,500) and also served as a director of the Manchester City Centre Resource Church Trust Ltd who received grant funding totalling £2,506,221 in 2023 (2022: Nil) of which £2,350,000 is a repayable grant.

The Very Reverend R Govender The Dean of Manchester served as a Trustee of The Manchester Cathedral Visitor Centre and a Director of Manchester Cathedral Ventures Ltd whom were paid rent and service charges of £14,300 in 2023 (2022: £12,000)

The Bishop of Manchester, Rt Revd Dr D Walker and The Rt Reverend M Davies, The Bishop of Middleton served as trustees of the Manchester Diocesan Board of Education for which the details are set out in note 24. The Rt Reverend M Davies, The Bishop of Middleton also served as a trustee of the Greater Manchester Churches Together who were paid a membership subscription fee of £7,070 in 2023 (2022: £7,070).

The Rt Revd Dr D Walker and the Very Reverend R Govender were members of the Church Commissioners in 2023 with the Rt Revd Dr D Walker also serving on the Archbishops Council. In 2023, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,343,153 (2022: £2,381,559), Sustainability Funding £nil (2022: £600,000), Strategic Development Funding £878,560 (2022: £1,376,598), Transformation Programme £930,987 (2022: £644,296), Restructuring Funding Nil (2022: £79,843), Resourcing Ministerial Education £540,590 (2022: £605,915), Resourcing Ministerial Foundation £16,418 (2022: Nil), Strategic Capacity Funding Nil (2022: £102,676), Strategic Ministry Fund £502,363 (2022: £515,235), Manchester Chapter Surplus £106,854.27 (2022: £55,161) and Bishops Staffing recharges £38,680 (2022: £74,985), The Energy Costs Grant Nil (2022: £592,000), Ministry Hardship Fund £Nil (2022: £79,000), Legal Officer Fees £57,454 (2022: £50,358), Proceeds from the sale of a Value Linked Loan property £85,107 (2022: Nil) and Diocesan Giving Advisor funding £24,000 (2022: £28,000), Net Zero Carbon £15,000 (2022: Nil), Diocesan Improvement Programme £2,350,000 (2022: Nil). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £608,684 (2022: £601,501), Value Linked Loan Interest £20,683 (2022: £19,282), General Synod, Bishops Advisory Panel Fees and other recharges £10,273 (2022: £1,730).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Continued

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2022: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity was the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH sold the property in June 2022. In 2023 MDCH charged MDBF rental and service charges of £nil (2022: £29,045) for use of the property for Diocesan purposes. MDBF charged the Manchester Diocesan Church House Company £15,000 (2022: £15,000) for accountancy services rendered.

The transfer of taxable profits under gift aid to the parent company was £120,000 (2022: £nil). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds in 2022. 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 owed Manchester Diocesan Board of Finance £15,000 (2022: £170,995). This is in relation to payments made by MDBF on behalf of Church House Company which includes expenditure purchases. A rent and service charge debtor balance of £nil (2022: £nil) 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 Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College (ETC) trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College 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 was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2022: £7,500). 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 has received (upto August 2023) funding from the National Church to support the training of Ordinands. In 2023, the MDBF paid Emmanuel Theological College £155,492 (2022: £243,020) for the training of Ordinands and Readers. From September 2023, National Church are now paying the Ordinand tuition costs direct to ETC under Resourcing Ministerial Formation, which is the reason for the reduction in payments in 2023.

