

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

Annual Report and Financial Statements 2020



**DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
Annual Report & Financial Statements for the year
ended 31 December 2020**

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ADMINISTRATIVE DETAILS

Derby Diocesan Board of Finance Limited (The) is a Charitable Trust Company Limited by Guarantee and not having a share capital. (Company No 229700 England, Registered Charity No 249767). Membership of the Board consists of those members of Derby Diocesan Synod who are not employed by the Board.

President: The Bishop of Derby - The Right Reverend Libby Lane

Registered Office: Church House, Full Street, Derby DE1 3DR
Telephone: 01332 388650
Email: finance@derby.anglican.org
Website: www.derby.anglican.org

For a list of direct dial telephone extensions see the diocesan website.

Bishop's Council & Standing Committee of Diocesan Synod

(Being the financial executive of the Diocesan Synod and the Board of Directors of the Board of Finance)

The trustees (for the purpose of charity law) and directors (for the purpose of company law) during the year and as at the date of signing were as follows:

Chair

The Right Reverend Libby Lane – The Bishop of Derby

Ex-Officio

- The Right Reverend the Bishop of Repton – The Rt Revd Janet McFarlane (to 31 March 2020)
- The Venerable Archdeacon of Chesterfield – The Ven Carol Coslett
- The Venerable Archdeacon of Derby – The Ven Christopher Cunliffe
- The Dean of Derby – The Ven Dr Peter Robinson (from 19 July 2020)
- The Acting Dean of Derby - Reverend Canon Dr Elizabeth Thomson (to 18 July 2020)
- The Chair of the House of Clergy of the Diocesan Synod – The Revd Julian Hollywell
- The Chair of the House of Laity of the Diocesan Synod – Mrs Christine McMullen
- The Executive Chair of the Board of Finance - Canon Mark Titterton
- The Chair of the Diocesan Board of Education – The Ven Carol Coslett

Elected by Derby Diocesan Synod - two clergy members from each Archdeaconry and nine lay members, with at least three from each Archdeaconry.

Clergy

Chesterfield Archdeaconry (2)

- The Revd D Ballard
- The Revd C Pearson

Derby Archdeaconry (2)

- The Revd BJ Stober
- The Revd Dr J Ward

Laity

- Chesterfield Archdeaconry (at least 3)
- Mr A Collie
- Canon J Cooper
- Mr J Gascoyne
- Miss H Hawkins
- Canon C Holmes-Elener

Derby Archdeaconry (at least 3)

- Mrs M Goddard
- Mr B Parker
- Mr P Vincent
- Mr J Whiten

Principal Officers

- Diocesan Secretary: R Morris (until 28 February 2021)
- Acting Diocesan Secretary: M Marples (from 01 October 2020)
- Director of Discipleship, Mission & Ministry: Revd Canon M Barnes
- HR Manager: M Francis
- Head of Property: G Webster
- Head of Finance: M Marples
- Diocesan Safeguarding Advisor: H Hogg (from 05 October 2020)

Advisers

Diocesan Registrar, Bishop's Legal Secretary & Legal Adviser to the Board of Finance: N Waldron BA TEP

Bankers

National Westminster Bank, 7 Market Place, Derby, DE1 3ZF

Investment Advisors

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

Solicitors

Eddowes Waldron Solicitors, 12 St Peter's Churchyard, Derby, DE1 1TZ

Insurers

Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester GL1 1JZ

Land Agents

Savills, 2/3 Sherbrook House, Swan Mews, Lichfield, WS13 6TU

Mineral Surveyors

Coke Turner & Co, The Millyard, Rowsley, Matlock, DE4 2EB

Auditor

BHP LLP, 2 Rutland Park, Sheffield, South Yorkshire, S10 2PD

DIOCESAN VISION 2021-2025

VISION STATEMENT

To see **transformed lives**: through **growing church** and **building community** as an expression of 'The Kingdom of God: Good News for All'

MISSION STATEMENT

To proclaim afresh in this generation the good news of the Kingdom

VALUES

Generous Faith, Courageous Hope, Life-giving Love

MISSIONAL AIMS

Transformed Lives: Growing Church, Building Community

Transformed Lives - A Diocese committed to equipping a church of missionary disciples, centred on Christ Jesus and shaped by Him, transforming the lives of others, living out their baptismal calling in the '5 Marks of Mission'.

Growing Church - A Diocese committed to a mixed ecology of church that is more diverse, enabling people of every age and in every context to hear the good news of Jesus, where we grow and expand worshipping and witnessing communities (including Parishes, Schools, Chaplaincy, Plants and Fresh Expressions).

Building Community - A Diocese committed to being outward facing, rooted in and connected to its communities, working in partnership and networks for the common good, with particular care for poor, outcast, and vulnerable people. A church proclaiming the good news of the Kingdom in word and action making it tangible socially, economically, environmentally and in justice.

INTRODUCTION FROM THE BISHOP OF DERBY

The Rt Revd Libby Lane



'Strive first for the kingdom of God and its righteousness, and all these things will be given to you as well.' (Matthew 6)

My prayer for our Diocese through the extraordinary year of 2020 was that, knowing we are loved beyond measure in Christ, we would, with generous faith and courageous hope, be able to offer life-giving love without restraint. This gift of love, transforming our lives and translated into love passed on, is how I understand the Kingdom of God.

We know that the coming of the Kingdom is God's business: the world is God's creation; the Church is the Body of Christ; lives are transformed by the work of the Spirit. The coming of the Kingdom does not depend on any strategy and is not constrained by any schedule. But wonderfully, God invites us to join in. This is an undeserved privilege which we are to treasure beyond price – so we do take seriously our planning and management and take due care about our choices and decisions.

In this annual report, and its record of activity and outcomes, is an account of the coming of the Kingdom of God across our diocese. We thank God for the love beyond measure we have known In Christ through pandemic, loss, anxiety, and uncertainty. I am deeply grateful for the responding faithfulness of every one of the thousands of people across our diocese – lay and ordained, paid and voluntary, of every age and in every context – seen every day in the love of Christ passed on.

Our vision is the Kingdom of God: good news for all – I hope you see signs of such good news of the Kingdom woven through this report.

FOREWORD

Executive Chairman, Canon Mark Titterton



2020 was one of the most financially challenging years in recent history, as a result of the COVID-19 pandemic. Parishes suffered from the loss of irregular giving, including the inability to undertake fundraising activities in the normal way, and loss of their own rental income. This impacts on the DDBF through a reduction in Common Fund receipts. Despite this, we remain sincerely grateful to our Parishes in doing all they could to support their giving to the Diocese so that our collective mission can be maintained.

Despite the initial financial shock on investment markets in late March 2020, stocks rallied during the following months to a year end position which showed net growth in our financial assets. These assets and the funds held by the Diocese create a solid base which provides annual income and ensure we have good quality housing stock for our clergy. Of our £95m balance sheet, £59m of assets are held for investment and £32m held as fixed assets.

Thanks to Church Commissioners for providing additional sustainability funding, and close financial management during the year, our year end position (despite being a deficit) is better than first anticipated.

Looking to 2021, we remain in unprecedented times, with the first six months of the year under some level of national restriction. The likely effect of this pandemic on DDBF income is ongoing, as our Parishes feel the compounded impact on their own resources. The DDBF does have adequate financial reserves to weather the storm in the medium term, as outlined in its five-year budget plans.

The Board exists to manage the financial and corporate requirements of the Diocese, assisting the Synod, Bishops Council, Deaneries and Parishes to further their mission and deliver the Diocesan Vision. On behalf of the Board, I would like to offer grateful thanks to team members at Church House and other DDBF staff, Clergy, Wardens and PCCs across the Diocese.

TRUSTEES' REPORT

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity. The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

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

This combined report satisfies the legal requirements for:

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

Legal Objectives

Derby Diocesan Board of Finance Limited (The); (the Board), is a private charitable company which was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated in the UK on 16 April 1928 as a charitable company limited by membership guarantees and its governing document is the Memorandum and Articles of Association. The Board is registered in England with the Charity Commission. The registered office and number can be found on page 3.

The objects, for which the Board is established, are set out in Clause 3 of the Board's Memorandum of Association, dated April 1928. The primary object (or purpose) is to act as the financial executive of the Diocesan Synod. In addition, it is to act as the Parsonages Board for the Diocese, to act as the Diocesan Committee of the Diocese for the purposes of any Act of Parliament or Measure passed by the General Synod of the Church of England and to promote and assist the work and purposes of the Church in the Diocese and in particular to organise and provide funds in aid of the work of the Church.

The Board has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Derby (in respect of their responsibility for the provision of the cure of souls).

Objectives for the year 2020

The key objectives during 2020 were:

- To discern and implement a new Diocesan Vision
- Following articulation, commence the implementation of the identified strategic priorities
- To ensure a planned and affordable governance process
- Complete all objectives on the Strategic Development Funded projects
- To explore opportunities to move the Diocesan Support Office to more appropriate premises.

Following the development of the Coronavirus pandemic (COVID-19), the priority plans were adapted to include:

- Managing a remote workforce
- Maintaining cashflow during a period of anticipated income reductions
- Maintaining and enhancing support to Parishes and key frontline clergy

Key actions, activities & achievements in the year

2020 has been a very challenging time as patterns of work have been significantly disrupted by the COVID-19 pandemic. Between March and July, a significant number (around half) of all DDBF staff were furloughed under the Government Coronavirus Job Retention Scheme which clearly had an impact on the services which could be offered.

All staff returned to work around August 2020, with remote working being the primary way of working during the continuation of the pandemic. Despite being closed to the public, Church House remained open for key operations and observed government pandemic guidelines.

Several IT improvements were made during the year, which not only stabilised the infrastructure at Church House, but has allowed effective and speedy transition for officers to work remotely. This pattern, including the introduction of remote meeting availability has allowed, and in some cases improved, the working arrangements for staff and our trustees.

The Communications Team worked closely with the Bishops Office to deliver regular COVID-19 Updates to help parishes navigate the ever-changing situation.

Staff wellbeing became a heightened pressure during the pandemic, with several initiatives implemented to support staff, including more regular individual discussions with the HR Manager.

The Discipleship, Mission & Ministry Team

Since returning from furlough leave, the team have continued to support parishes, and other church contexts, navigate positive approaches to engaging in a primarily 'remote' forms of ministry. Whilst the refocusing of ministry has been stressful and should not be underestimated, the possibilities that many parishes have discovered to minister in new ways have also been significant. Digital worship, community activism, vocations exploration and e-learning have all flourished during lockdown. To illustrate this, the team is currently supporting five times more Readers-in-training than normal (this coincided with the ending of our partnership with the All Saints Centre and the launching of our new in-house direct-to-learner e-learning platform) and we have a significant growth in enquirers wishing to explore a vocation to ordained ministry.

In addition to the team's regular workload supporting over 40 initiatives, projects, and interventions the team have produced discussion documents and reports in support of Diocesan policy and direction serving to help shape thinking around the new Diocesan Vision. Data gathering for the Strategic Building Review has now been completed and the publication of this important work will be available in early 2021.

We are grateful to our associate team members who work alongside us holding significant portfolio roles which have been invaluable in plugging the gaps left as team members have moved on. Permission granted towards the end of 2020 to replace key posts vacated over the last 18 months will give greater capacity within the team to support the Diocesan vision going forward.

The Safeguarding Team

The Safeguarding Team has seen several changes during 2020 with the departure of the former Diocesan Safeguarding Adviser (DSA). Our new DSA, Hannah Hogg, started at the beginning of October. We have also been fortunate to appoint a new Independent Chair for our Diocesan Safeguarding Advisory Panel, Helen Jebb. Helen has extensive experience in safeguarding and will help to lead the important work of the Panel, supporting safeguarding work across the Diocese. The Panel is once again up to full strength, with new members and has already revised and agreed its terms of reference.

The Diocese has also appointed James Gormley as the chair of the Past Cases Review 2 (PCR2) Reference Group which will oversee and lead the PCR2 project work in the Diocese. James has extensive social work and legal experience and will be able to provide support and insight in this key role.

Key activity of the Diocesan Safeguarding Team (DST) has included:

- 93 cases were referred to DST and a total of 104 remain active.
- 453 DBS certificates were issued (lower than 2019 due to the impact of the pandemic on the numbers of applications being made). The streamlining of the DBS checks has also gathered pace towards the end of 2020 with Parish Safeguarding Officers being supported to submit applications without the need to liaise with the DST. It is hoped that this will make it an easier process for all those concerned and also reduce delays in making applications. This has been facilitated via the Safer Recruitment training with a follow up session being provided to attendees - this work will be concluded during 2021.
- Continuing to roll out the Parish Dashboard, which supports parishes in ensuring their safeguarding policies and procedures are fully compliant, with work will continuing into 2021.
- Re-establishing the programme of training, currently being run very successfully over Zoom.
- The publication of IICSA in October 2020 provided an opportunity to reflect on the learning identified and we will be using this learning to assure ourselves around our safeguarding practices. The DSA produced a briefing on the key findings, and this can be found on the safeguarding area of the website.
- Finally, the DST has commenced significant preparatory work for the forthcoming PCR2 instigated by the National Church. This work will continue until the review commences sometime during 2020.

The Property Team

The Property Team completed some key actions during 2020, despite the delays as a result of the pandemic, including;

- Completion on the sale of one property and the purchase of two properties
- Progression of three further property sales to be completed in 2021
- Surplus parsonage garden land with planning for six townhouses is sold subject to contract.
- Seventeen quinquennial surveys were carried out on our existing housing stock.
- We carried out vacancy inspections and co-ordinated vacancy/improvement works to ten parsonages or DDBF houses prior to new clergy moving in and taking up their appointments.
- We carried out a further twenty-two vacancy inspections and co-ordinated works prior to the houses being let on assured shorthold tenancies.
- Planning permission has been secured for 180 houses on glebe land.
- Negotiations have started for securing an option agreement on 12.9 acres of glebe land for housing development.
- Rental income exceeded budget by 20% despite difficult conditions due to the pandemic.
- Property budgets achieved a significant underspend in 2020.

Financial Review

Statement of financial activities and financial position

Total income was £9.9million (2019 - £11.0million) and expenditure £9.0million including a small movement in the clergy pension scheme liability (2019 - £8.3million, after a decrease in the clergy pension scheme liability of £1.4million) giving net income before investment gains of £0.9million (2019 - £2.7million).

After the addition of net gains on investment assets of £3.3million (2019 – net gain of £6.4million and net loss on the revaluation of fixed assets of £0.3million), the net increase in funds amounted to £4.2million (2019 – £8.8million).

During the year, total fund balances increased from £91.0million, to £95.2million and there was an overall net cash inflow of £0.1million (2019 – cash outflow £0.1million).

This gives the total picture, but a further breakdown is needed to fully understand the financial position of the Diocese.

Of the total funds of £95m, £67m are tied up in endowment funds, with £21m in Benefice Houses, £41m in Stipends Fund Capital – Glebe funds and £5m in permanent endowment funds. A further £7m are represented by restricted funds which can only be used in accordance with the terms of the restriction placed on them. Designated funds total £16m and are mainly made up of corporate properties and investments, the latter of which are used to produce income to fund our activities. This leaves our general funds of £5m. As reported elsewhere our free reserves at 31 December 2020 amount to £4.9m out of our total funds of £95.2m.

Regarding the operational results, it cost £8.5m this year to carry out our general fund activities. This was funded by income of £8.3m giving an operational loss of £115,401. Additional support as a result of the pandemic brought in £250,000 from the Sustainability Fund and £54,000 from the Coronavirus Job Retention Scheme. Without these funds the operational deficit would have been £419,000.

Performance against budget

The annual budget is presented to Diocesan Synod for approval and sets out the framework for our financial decision-making. The 2020 budget set an operational deficit of £467,000.

Budget plans for 2020 included:

- A Common Fund increase of 2%, with 2020 being the first year of a further three-year transitional formula arrangement. The Common Fund Formula was maintained but uplifted to the latest available three year USAA data (2016-18). With transition from 2019 baseline to the revised parish request applied for three years.
- A reduction in Church Commissioner funding
- A reduction in expected income return from property as houses are sold or held vacant for sale. Expected increase in financial asset investment returns through reinvestment of cash from property sales.
- Parochial Fees assumed to be maintained at current levels
- Expected grant from Allchurches Trust
- A provision for stipend and salary increases of +2.0%
- Clergy numbers maintained at 134 fte
- Gross housing expenditure estimated to be £1.582m (£1.405m in 2019)
- Additional clergy support fund on top maintained clergy staffing cost figure
- Reduced level of financial support to DDBE

The table below sets out performance against the budget plan:

MANAGEMENT ACCOUNTS 2020			
	Budget £	Actual £	Difference £
INCOME			
Common Fund	4,909,790	4,161,907	(747,883)
Church Commissioners	1,414,004	1,632,889	218,885
Net Return on Investments	2,020,596	1,937,033	(83,563)
Other income including fees and grants	585,372	438,453	(146,919)
TOTAL INCOME	8,929,762	8,170,282	(759,480)
EXPENDITURE			
Ministerial Staffing	5,320,861	5,129,691	191,170
Ministerial Housing & Other Ministerial costs	1,209,874	1,044,479	165,395
Parish Support (excluding funding contributions)	1,742,279	1,372,715	369,564
Contributions and Sector Support (incl. DDBE)	643,321	458,482	184,839
National Church	480,427	479,108	1,319
TOTAL EXPENDITURE	9,396,762	8,484,475	912,287
SURPLUS / (DEFICIT)	(467,000)	(314,193)	152,807

Common Fund, the money given by parishes to the Diocese to fund mission and ministry across the Diocese, is the main source of income and accounted for around 55% of total Diocesan income. In 2020 the total amount paid was £4,161,907, which was a decrease of £605,663 over the previous year (2019 - total Common Fund £4,767,570). Receipts were £747,883 lower than budgeted.

A total of £1.6million came from the National Church Institutions, including £0.25m from the Sustainability Fund to address the impact of COVID-19 on income, indicating the Board's dependence on this valuable source of income.

Despite maintaining a steady income stream, overall returns on investments were lower than budgeted due to a delay in investment activity because of the requirement to hold cash deposits to address anticipated losses in 2020 and during the next few years.

Allchurches Trust annual distribution amounted to £138,000 and the Board acknowledges with thanks the receipt of this grant. Parochial fees were £208,697 less than budgeted as activity substantially reduced. Losses on parish fees during the first national lockdown were supported by the Diocese. Coronavirus Job Retention Scheme income totalling £53,778 was received to support 80% of furloughed employee staff costs.

There was a saving on Ministerial Housing through close management of the property stock during the year which partly offset the shortfall in Common Fund. This was further offset by savings in Parish Support costs, mainly through vacancies during the year.

Unrestricted funds movement

Management Accounts Reconciliation to Statutory Accounts		£
Deficit per Management Accounts 2020		(314,193)
<u>Operational Adjustments</u>		
Derby St Peters Dividend income		4,633
Church Growth and Parish Grant allocations		(129,750)
Other unrestricted and designated fund movement (net)		38
<u>Investment Movements</u>		
Adjustment to returns on investment income		(61,129)
Gains/(losses) on investment assets		538,610
Transfer from Pastoral account for purchase of property		550,672
Net movement in Unrestricted Funds		<u>588,881</u>

[Per statement of financial activities on page 24 of the financial statements]

During the year, total fund balances increased from £91.0million, to £95.2million and there was an overall net cash inflow of £0.1million (2019 – cash outflow £0.1million).

Grant-Making (Beneficiary-Selection)

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 12 of the financial statements). Grants are paid to other connected charities and to other charitable projects which support the furtherance of the Board's objects.

Local Mission Fund

The Local Mission Fund received income from the Church Commissioners Parish Mission Funding which is given to dioceses for the specific purpose of enabling distinctive mission opportunities. The fund has a year-end balance of £22,445 (2019 - £23,445) with one grant of £1,000 paid during the year (2019 – no grants). The Fund's future purpose has been redirected towards 'Building Community' initiatives.

Review of the statement of financial position

The Trustees consider that the Statement of Financial Position together with details in note 27 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Statement of Financial Position date totalled £95.2million (2019 - £91.0million) it must be remembered that included in this total are fixed assets, mostly in use for the ministry, whose total value amounted to £31.5million (2019 - £31.5million). Many of the remaining assets shown in the Statement of Financial Position are held in funds which cannot necessarily be used for the general purposes of the Board.

Significant property transactions

During the year the Board sold one property and purchased two properties. Total purchases and additions to property were £550,672 (2019 – purchases and additions, £1,262,594) and sales were £578,220 (2019 - 7 sold, £2,374,125). In addition, a further three properties were 'held for sale' to be sold during 2021.

Investment policies and strategy

The Board's investment policies are kept under review and based on two key policies:

- Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. All investment managers are mandated to follow ethical considerations as determined by the Church of England Ethical Investment Advisory Group.
- Long-term responsibilities – the Board manages its investment assets with the principal aim of generating income to achieve the maximum contribution possible to clergy stipends, whilst maintaining the real value of Diocesan capital but with the possible need to realise investments to meet operational needs. The trustees are aware of their long-term responsibilities particularly in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

Financial Investment Strategy

The current strategy is to manage investments for sustainable income and to achieve modest capital growth over the longer term. The Board recognises that performance in this area is vital to the direct relief of the demands on Common Fund. Financial investments are held with CCLA Investment Management Ltd (for the Church of England).

Glebe Investment Strategy

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Investments are mainly held in agricultural land and financial investments with CCLA Investment Management Ltd.

Unrestricted and Restricted Fund Investments

Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital. Funds which may be needed for working capital in the short-term are held as deposits with CCLA Investment Management Ltd and the Board's bankers National Westminster Bank.

Investment performance

The value of the Board's financial investment assets increased by £3.0million in 2019 (2019 – increase in valuation of £6.2million).

CCLA Investment Management Ltd - financial investment managers

At the Statement of Financial Position date, the majority of the Board's investment with CCLA was in CBF Church of England Investment Fund income shares together with a holding of CBF Church of England Property Fund income shares and CBF Church of England Global Equity income shares.

The table below sets out holdings in each fund at 31 December 2020:

CCLA Investment Management Ltd Funds	Funds at 31/12/20	Portfolio Split	Income yield in year	Total return in year (net)
	£	%	%	%
CBF Church of England Investment Fund	38,788,372	75.6	+2.8	+10.2
CBF Church of England Global Equity Income Fund	5,306,232	10.4	+2.7	+22.7
CBF Church of England Property Fund	<u>7,165,889</u>	<u>14.0</u>	+4.6	-0.5
	<u>51,260,493</u>	<u>100.0</u>		

Total return performance for each fund in 2020 against its comparator is set out in the table below:

Longer term total return performance 12 months to 31 December 2020	Fund %	Comparator %
CBF Church of England Investment Fund (net)	+10.2	+4.0
CBF Church of England Global Equity Income Fund (net)	+22.7	+12.3
CBF Church of England Property Fund (net)	-0.5	-1.0

Brewin Dolphin

A residual holding from the Canon Raymond Ross legacy is held by Brewin Dolphin. The value of the holding at 31 December 2020 is cash only of £40,981 as investments have now all been sold in line with the terms of the agreement and held as a cash balance. No cash was redeemed during 2020.

Investment properties – including glebe agricultural land

Holdings in the portfolio are predominantly agricultural in nature, amounting to approximately 1,300 acres. Agricultural property has been valued by the Board and is based on a desktop valuation provided by Savills, our glebe land agents, as at 31 December 2020. Other small miscellaneous holdings were valued internally in 2015.

The value of the investment held in Wormhill Quarry increased by £0.05m in 2020 through a combination of activity during the year and a revaluation at 31 December 2020.

The current valuation of the portfolio is £7.8million (2019 - £7.5million). There was one sale during the year generating £46,042 and no purchases (2019 – one sale and three part-sales of glebe land during the year generating £257,385).

Equity (value-linked) loans

Equity loans have been used to purchase houses for ministers on a shared equity basis. In the event of a sale of any of the houses purchased with value-linked loans (VLL), the whole, or a proportionate part, of the net sale proceeds would go to the Church Commissioners.

Total value-linked loans advanced at 31 December 2020 amounted to £274,938 for 5 loans (2019 - £274,938, 5 loans).

Reserves Policy

Free reserves

The Board has considerable responsibilities including the remuneration of around 130 stipendiary clergy posts, the upkeep of 177 houses and the employment of approximately 43 full or part-time staff. Most of the Board's income is voluntary and the Board has noted that a substantial proportion of its voluntary income is from Common Fund with the balance made up of grant income from the Church Commissioners and income from investments and other sources.

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the course of the financial year, the policy is to hold a balance of readily realisable assets in the general fund equivalent to three months budgeted unrestricted expenditure. At 31 December 2020 the amount required under this policy totalled £2.35m (2019 - £2.35million). Actual free reserves as at 31 December 2020 totalled £4.9million (2019 - £4.9million). With the impact of COVID-19, it is considered appropriate to hold reserves above the policy level.

The aim of Bishop's Council is to ensure that financial plans over a three-year period are in step with the ability to raise income and that spending plans are affordable.

Reserves tied up in fixed assets

The Statement of Financial Position comprises net fixed assets amounting to £31.5million of which £15,909 is held as office equipment (Note 16).

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in Note 28 of the financial statements. At 31 December 2020 total designated reserves were £16.2m (2019 - £15.6million) of which £11.1m is held in tangible fixed assets as corporate property (2019 - £10.8million).

Restricted and endowment funds

As set out in Notes 29 and 30, the Board holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £7.1m (2019 - £6.6m) and endowment funds totalled £67.0m (2019 - £63.8m). Neither restricted or endowment funds are available for the general purposes of the Board.

Principal risks and uncertainties

The trustees confirm that the major risks, to which the Board is exposed, as identified by the trustees and employees, have been reviewed and that systems and procedures have been established to manage those risks.

The risk register identifies several risks and action plans are developed to mitigate risks to reduce the probability of the risk arising, or the impact should the risk arise. Dioceses initially identified two areas where the risk of either failure to act or the impact of the events is considered 'very high'. These areas are:

- **Common Fund:** *'collection is considerably less than financial plans'*
- **Stipendiary Numbers:** *'impact on deployment could affect the budget position'*

Management and mitigation

The Management and mitigation of these ongoing risks are considered regularly by Diocesan Officers and reported to Trustees. Common Fund is reviewed monthly with regular dialogue between the Finance Team, Parishes, Area Deans and Archdeacons. Stipendiary deployment is reviewed monthly by the Bishops and her Executive Staff.

Following the development of the Coronavirus pandemic (COVID-19), the principle risks above remained relevant and become higher risk, with new risks as outlined below:

- **Overall income impact and cashflow:** 'physical and economic market conditions severely affect cash inflow and the ability to achieve the approved budget position'
- **Government restrictions on working:** 'restrictions affect service delivery, with uncertainty of the length of impact'
- **Managing a remote workforce:** 'remote working creates complexity, in an organisation predominantly unfamiliar with such practises'
- **Maintaining services to key stakeholders:** 'the timing of support to parishes and clergy may be delayed'

Management and mitigation

The Management and mitigation of these new risks are considered by Diocesan Officers and reported regularly to Trustees:

- **Cashflow** – the budget is constantly being reviewed to minimise monthly and year-end impact including; freezing non-essential spend, maximising government funding support where appropriate, and advance receipts from Church Commissioners
- **Restrictions on working** – Heads of Service meet remotely to review service delivery and adjust as necessary
- **Remote Working** – Use of remote video conferencing at Heads and individual Team level supports continued delivery where possible, and supports staff wellbeing
- **Maintaining Service** – regular updates from the Bishop keep stakeholders informed and guide them on new ways of operating

Outline financial scenario planning has been undertaken to manage the impact and financing of the risks arising from COVID-19 across 2021 and 2022.

Future plans

We have identified the following key areas of DDBF function for development during 2021:

- Sharing, shaping, and beginning to develop and embed the Diocesan Vision
- Shape and commence a programme of strategic change across our services
- Consult on Archdeaconry restructure proposal
- Recruit to the vacant Diocesan Secretary position
- Replace the Diocesan Registrar Service
- Bid for and commence objectives within Strategic Funded projects with Church Commissioners
- To return operations to Church House (subject to pandemic restrictions), and to explore opportunities to move the Diocesan Support Office to more appropriate premises.
- Review investments in line with supporting the vision.

Structure and Governance

Summary information about the structure of the Church of England

The Church of England is organised as two provinces, each led by an Archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in total. Each diocese is divided into parishes. Each parish is overseen by a parish priest (often called a vicar or rector). From ancient times through to today, they and their Bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints Archbishops, Bishops and Deans of Cathedrals on the advice of the Prime Minister. The two Archbishops and 24 senior Bishops sit in the House of Lords.

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

The Three National Church Institutions

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. The costs of episcopal administration through the Diocesan and Suffragan Bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pension authority 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 widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations. The Pensions Board, which reports to the General Synod, is the trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Derby Cathedral

The cathedral church is legally constituted as a separate entity currently exempt from Charity Commission registration and supervision. Copies of its annual report and financial statements may be obtained from the Cathedral Administrator, Derby Cathedral Office, Cathedral Centre, 18-19 Iron Gate, Derby DE1 3GP.

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

Parochial Church Council (PCC)

The 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, though it may have more than one designated place of worship. The PCC is made up of the vicar (or rector) as chair, the churchwardens and a number of elected and ex-officio members. Each PCC is a charity and is currently excepted from registration with the Charity Commission, subject to the Charities Act 2006, under which those PCCs with gross income over £100,000 for the year are required to register. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC are prepared by the relevant PCC treasurer.

Parishes and Benefices

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend or part stipend, though some may not, and, usually, the benefit of free occupation and use of a parsonage house from the Diocese for carrying out spiritual duties.

Deanery and Archdeaconry

A deanery is a group of parishes supported by an Area Dean, Deanery Administrator and Deanery leadership Team, and an archdeaconry is a group of deaneries for which an Archdeacon is responsible. The Diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the leadership of the Diocesan Bishop.

Deanery Synods

Deanery Synods have two houses, laity and clergy, and their 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 thence to General Synod
- raise with Diocesan Synod such matters as it considers appropriate
- elect members of the deanery to the Diocesan Synod and in respect of the House of Laity elect lay members of the Diocese to General Synod.

Diocesan Synod

The statutory governing body of the Diocese is the Diocesan Synod which is elected with representation across the Diocese with broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the Diocesan Bishop, the Suffragan Bishop and Archdeacons. 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
- provide for the financing of the Diocese.

Organisational structure

The Diocese of Derby is one of 42 administrative units of the Church of England, covering the whole of Derbyshire and a few parishes on the fringes of the county in Staffordshire. It is administered through Derby Diocesan Board of Finance Limited (The); (the Board), a charitable trust company limited by guarantee.

The Diocese is arranged as two archdeaconries, Chesterfield covering the north part with four deaneries and Derby the south with four deaneries. There are some 259 parishes within the Diocese.

Diocesan governance

Diocesan governance is by 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. The standing committee have the right to nominate persons for co-option by the House of Clergy or the House of Laity or otherwise to determine who else may nominate such persons but in other respects the procedure for co-opting members shall be determined by the respective houses. The Diocesan Synod usually meets three to four times a year.

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

The Bishop's Council (and Standing Committee of the Diocesan Synod)

Under the constitution of the Diocesan Synod, Bishop's Council 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 on policy which are placed before it
- to advise the President, being the Diocesan Bishop, on any matters which they may refer to the Committee
- subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- to appoint members of committees or nominate individuals for election to committees, subject to the directions of the Synod
- to carry out such functions as the Synod may delegate to it.

Decision-Making Structure

Policy is formulated by the Bishop's Council for approval where required by Diocesan Synod. Strategic delivery of policy is the responsibility of the Diocesan Secretary. Bishop's Council may delegate any of its powers to the Business Committee.

Committee Structure

Bishop's Council

The members of the Bishop's Council are the Board of Trustees and Directors of the Company. Bishop's Council consists of eight ex-officio members (the Diocesan and Suffragan Bishops; two Archdeacons; the Dean; the Chairs of the House of Clergy and House of Laity; the Executive Chair of the Board of Finance; the Chair of the Board of Education; the Chair of the Diocesan Mission and Pastoral Committee; four clergy elected by the House of Clergy from among their number (two from each of the Archdeaconry of Chesterfield and Derby) and nine lay persons elected by the members of the House of Laity (with at least three from each Archdeaconry) The maximum number of Directors shall not exceed 30.

Other statutory committees include:

Parsonages Committee - is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice. This includes setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Board. From 21 May 2016 the Diocesan Board of Finance was designated as the Parsonage Board, which in turn delegates its functions to the Business Committee.

Diocesan Mission and Pastoral Committee - is responsible for the task of recommending pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry. From 1 August 2015 this committee became coterminous with Bishop's Council, and the Chair is therefore the Bishop.

Diocesan Advisory Committee - 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.

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

In addition to the statutory committees Bishop's Council has set up the Business Committee, which has written terms of reference, to advise it on all governance and financial matters.

The Business Committee - meets approximately ten times each year and will work closely with the Diocesan Secretary. The Business Committee advises the Bishop's Council, in the discharge of the trustees' responsibilities for accounting policy, internal control, financial reporting and risk management. In addition, it provides strategic advice on the management of the Board's investment assets.

The Glebe Management Committee - is specifically tasked under the Endowments and Glebe Measure 1976 to manage diocesan glebe holdings to augment the diocesan stipends fund. From 12 July 2016 the Business Committee was designated as the Glebe Committee.

Remuneration Sub-Committee – is a sub-committee of the Business Committee and meets as and when required to make recommendations and decisions on clergy and lay employee remuneration.

Significant Control, Trustees and Management Personnel

Register of Persons of Significant Control

The Board maintains a Register of Persons of Significant Control.

Trustee Recruitment, Selection & Induction

The Trustees are the members of Bishop's Council and Directors of the company. Trustees are either ex-officio members or elected from the Diocesan Synod. Synod members are elected from representatives across the Diocese including clergy and lay people. Elections taking place every three years, with the next elections due in 2021. Trustees are given induction training when first appointed and receive ongoing training, as appropriate. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

The Board has indemnity insurance for its trustees and key management personnel and £1,000,000 (2019 - £1,000,000) of cover is provided.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a Remuneration Panel consisting of a sub-set of members of the Business Committee including the Executive Chair of the Board of Finance, meeting as and when required. The terms of reference for this group is established by the Bishop's Council and includes; regular appraisals, remuneration and salary benchmarking and recommendation of changes where necessary.

Delegation of day-to-day delivery

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

Funds held as Custodian Trustee

The Board is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Board does not control them, and they are segregated from the Board's own assets by means of separate bank accounts and accounting system. Further details of financial trust assets, whose market value amounted to £2.8million at 31 December 2020 (2019 - £2.6million), are available from the Board on request, and are summarised in note 31 of the financial statements. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Board's solicitors.

Personnel

The efficient and effective running of the Diocese requires high quality staff across the DDBF. Our grateful thanks go to all the staff who supported the Diocese during 2020.

Resources were reviewed during 2020 and enhanced where necessary to provide stronger governance and to support key areas of risk.

Although this report refers to employees of the Board and not parochial clergy, we would also like to thank the clergy who continue to deliver our mission across the Diocese.

General Synod Members

We would also like to acknowledge the General Synod representatives and thank them for their hard work acting as our elected members of General Synod. During 2020, our elected representatives were; Revd Mark Broomhead, Revd Alicia Dring, Revd Julian Hollywell, Kat Alldread, Sian Kellogg and Rhodri Williams.

The trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein.

Related parties

General Synod, Church Commissioners and Archbishop's Council

The Board has a duty 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. The stipends of the Diocesan and Suffragan Bishops and cathedral clergy are borne by the Church Commissioners and are not reflected in these financial statements.

Parochial Church Councils (PCCs)

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

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

Other charities

Derby Diocesan Board of Education

Derby Diocesan Board of Education (DDBE) is the statutory education authority for the Church in the Diocese. Its purpose is to promote and assist in the promotion of education in the Diocese, consistent with the faith and practice of the Church of England including the promotion of religious education and worship in schools within the Diocese. In addition, its purpose is to promote church schools in the Diocese and to advise governors of such schools. Whilst the DDBE is incorporated as a separate legal entity, the DDBF provides significant resources to the DDBE to facilitate the shared vision for mission and ministry with children and young people.

The Board co-operates with certain other charities in pursuit of its charitable objects and details of payments to these are to be found in note 12 to the financial statements.

Fundraising standards information

The charity does not carry out any significant fundraising activity.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Derby Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

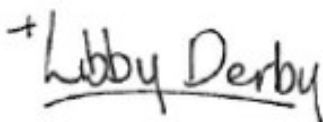
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

STATEMENT OF DISCLOSURE TO AUDITORS

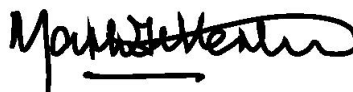
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

BY ORDER OF THE TRUSTEES



**The Bishop of Derby
Chair
24 May 2021**



**Canon Mark Titterton
Executive Chairman of the DDBF
24 May 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

Opinion

We have audited the financial statements of Derby Diocesan Board of Finance Limited (The) (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statements, including 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:

1. give a true and fair view of the state of the charitable company's affairs as at 31 December 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
2. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
3. 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the report of the trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the report of the trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

1. the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
2. the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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:

1. adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
2. the financial statements are not in agreement with the accounting records and returns; or
3. certain disclosures of directors' remuneration specified by law are not made; or
4. 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

1. We gained an understanding of the legal and regulatory framework applicable to the charitable company and the sector in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk.
2. We focused on laws and regulations relevant to the charitable company which could give rise to a material misstatement in the financial statements. Our testing included discussions with management, trustees, and those staff with direct responsibility for the compliance of laws and regulations. We also reviewed legal expenses.
3. We addressed the risk of management override of internal controls, including the testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by management or the trustees that represented a risk of material misstatement due to fraud.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.



Jane Marshall (Senior Statutory Auditor)

For and on behalf of BHP LLP
2 Rutland Park
Sheffield
South Yorkshire
S10 2PD

Date: 3 June 2020

FINANCIAL STATEMENTS

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DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2020

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	Note	£	£	£	£	£
Income and endowments from:						
Donations	2					
Common Fund		4,161,907	-	-	4,161,907	4,767,570
Archbishops' Council		1,632,889	187,388	-	1,820,277	1,600,517
Other donations		317,912	-	-	317,912	286,265
Charitable activities	3	373,975	409,740	-	783,715	559,313
Other activities	4	344,002	-	-	344,002	280,807
Investments	5	1,453,370	264,901	-	1,718,271	1,777,445
Other incoming resources	6	61,778	-	710,937	772,715	1,678,212
Total income and endowments		8,345,833	862,029	710,937	9,918,799	10,950,129
Expenditure on:						
Raising funds	7	100,020	-	-	100,020	98,352
Charitable activities	8	8,361,214	482,182	-	8,843,396	9,590,847
Clergy Pension Scheme Movement	25	-	-	24,000	24,000	(1,379,000)
Other resources expended	9	-	-	-	-	-
Total expenditure		8,461,234	482,182	24,000	8,967,416	8,310,199
Net income/(expenditure) before investment gains		(115,401)	379,847	686,937	951,383	2,639,930
Net gains/(losses) on investments		538,610	92,647	2,636,855	3,268,112	6,406,720
Net income/(expenditure)		423,209	472,494	3,323,792	4,219,495	9,046,650
Transfers between funds	15	165,672	27,548	(193,220)	-	-
Other recognised gains/(losses)						
Net gains/(losses) on revaluation of fixed assets		-	-	-	-	(288,783)
Net movement in funds		588,881	500,042	3,130,572	4,219,495	8,757,867
Reconciliation of funds						
Total funds at 1 January		20,526,626	6,599,332	63,836,611	90,962,569	82,204,702
Total funds at 31 December	26	21,115,507	7,099,374	66,967,183	95,182,064	90,962,569

All activities derive from continuing activities.

The notes on pages 28 to 48 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2020

	2020	2019
	£	£
Total income (less endowment)	9,207,862	10,223,897
Resources expended (less endowment)	<u>(8,943,416)</u>	<u>(9,689,199)</u>
Operating surplus for the year	264,446	534,698
Net gains/(losses) on investments	<u>631,257</u>	<u>1,581,104</u>
Income for the year	895,703	2,115,802
Other comprehensive income/(expenditure):		
Net assets transferred from endowments	193,220	(89,569)
Net gains/(losses) on revaluation of fixed assets	-	(288,783)
Total comprehensive income:	<u>1,088,923</u>	<u>1,737,450</u>

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

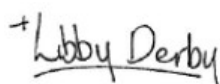
The notes on pages 28 to 48 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

COMPANY NUMBER 229700

	Note	2020		2019	
		£	£	£	£
Fixed Assets					
Tangible assets	16	31,462,085		31,525,157	
Investments	17	<u>59,028,723</u>		<u>55,811,557</u>	
			90,490,808		87,336,714
Current Assets					
Assets held for sale	18	615,044		140,000	
Debtors	19	924,921		905,089	
Cash on deposit		4,454,311		4,336,078	
Cash at bank and in hand		<u>25,142</u>		<u>30,148</u>	
		6,019,418		5,411,315	
Creditors: amounts falling due within one year	20	<u>(921,224)</u>		<u>(1,017,522)</u>	
Net Current Assets			5,098,194		4,393,793
Total Assets less Current Liabilities			95,589,002		91,730,507
Creditors: amounts falling due after more than one year	20				
Pension scheme liabilities		(132,000)		(493,000)	
Other creditors		<u>(274,938)</u>		<u>(274,938)</u>	
			(406,938)		(767,938)
Net Assets			95,182,064		90,962,569
The Funds of the Charity					
Unrestricted income funds					
General Fund		4,893,382		4,878,142	
(Including investment revaluation reserve of £1,671,170 (2019 - £2,046,776))					
Designated funds	28	16,222,125		15,648,484	
(Including investment revaluation reserve of £2,044,896 (2019 - £1,751,724))					
			<u>21,115,507</u>		<u>20,526,626</u>
Restricted income funds	29		7,099,374		6,599,332
(Including investment revaluation reserve of £1,341,527 (2019 - £1,247,928))					
Endowment funds	30		66,967,183		63,836,611
(Including investment revaluation reserve of £18,968,943 (2019 - £17,330,601))					
Total Funds			95,182,064		90,962,569

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2021 and signed on behalf of the Board by:



The Bishop of Derby - The Rt Revd Libby Lane

The notes on pages 28 to 48 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities:		
Net cash used in operating activities	(1,943,376)	(2,471,464)
Cash flows from investing activities:		
Dividends, interest and rent from investments	1,718,271	1,777,445
Royalty income	272,717	199,228
Proceeds from the sale of property, plant and equipment	578,220	2,655,511
Proceeds from the sale of investment property	46,042	-
Proceeds from the sale of Brewin Dolphin investments	4,904	23,875
Purchase of property, plant and equipment	(563,551)	(1,265,186)
Purchase of investments securities	-	(1,000,000)
Net cash provided by investing activities	<u>2,056,603</u>	<u>2,390,873</u>
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	<u>113,227</u>	<u>(80,591)</u>
Cash and cash equivalents at 1 January	<u>4,366,226</u>	<u>4,446,818</u>
Cash and cash equivalents at 31 December	<u><u>4,479,453</u></u>	<u><u>4,366,226</u></u>

	2020	2019
	£	£
Reconciliation of net movement in funds to net cash outflow from operating activities		
Net movement in funds for the year ended 31 December	4,219,495	8,757,867
Adjustments for:		
Net (gains)/losses on investments	(3,268,112)	(6,406,720)
Net (gains)/losses on revaluation of fixed assets	-	288,783
Depreciation charges	11,579	13,771
Dividends, interest and rent from investments	(1,718,271)	(1,777,445)
Royalty income	(272,717)	(199,228)
Net (Profit) on the sale of fixed assets	(438,220)	(1,470,669)
(Increase) in debtors	(19,832)	(90,984)
(Decrease)/Increase in creditors, excluding clergy pension scheme movement	(96,298)	144,161
Clergy pension scheme movement	(361,000)	(1,731,000)
	<u>(6,162,871)</u>	<u>(11,229,331)</u>
Net cash used in operating activities	<u><u>(1,943,376)</u></u>	<u><u>(2,471,464)</u></u>
Analysis of cash and cash equivalents		
Notice deposits (less than 3 months)	4,454,311	4,336,078
Cash in hand	25,142	30,148
	<u>4,479,453</u>	<u>4,366,226</u>

Analysis of Changes in Net Debt

The Diocese has no cash equivalents, repayable overdraft facilities, loans due or finance lease obligations at 31 December 2020 (2019 - Nil)
Movements in cash are reflected in the statement of cashflows above

The notes on pages 28 to 48 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. Accounting Policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at cost or deemed cost, investment properties which are included at fair value, and fixed asset investments which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS 102)), the Companies Act 2006 and applicable accounting standards, Financial Reporting Standard (FRS) 102.

Derby Diocesan Board of Finance Ltd meets the definition of a public benefit entity under FRS 102.

The principle accounting policies and estimation techniques are as follows:

a) Income

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

- i) Common Fund is recognised as income of the year in respect of which it is receivable with contributions received by 31 January in the following financial year-end explicitly relating to the period under review included as debtors
- ii) Rent receivable is recognised as income in the period in respect of which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) Grants received which are not subject to pre-conditions for entitlement specified by the donor are treated as income in the year
- vi) Parochial fees are recognised as income of the year to which they relate.
- vii) Donations other than grants are recognised when receivable.
- viii) Gains on disposal of fixed assets for the Board's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- ix) Stipends fund income. The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
- x) Mineral royalty receipts are uncertain, however receipts are accounted for as income when they arise
- xi) Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing.

b) Expenditure

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

- i) Costs of raising funds represent costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and diocesan projects.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on the basis of the estimated usage of resources at Church House.

The apportionment can be summarised as follows:

Resourcing ministry and mission (95.0%), Diocesan Projects (1.5%), Governance (3.5%)

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

- v) Pension contributions. Some of the Board's staff are members of the Church Workers Pension Fund Pension Builder 2014 Scheme and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the Board's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which Board participates are accrued at current value in creditors distinguished between contributions falling due within one year and those falling due after more than one year.

c) Tangible fixed assets and depreciation

Freehold & leasehold houses and houses subject to value-linked loan

The primary purpose of residential property held in the benefice houses fund and as corporate houses is to house ministers and all such properties are held as functional fixed assets. Residential property is not held for investment purposes i.e. to generate an income or for capital gain.

Freehold houses and houses subject to value-linked loan are shown at cost, or deemed cost, where historic cost values are not readily available.

Where the Board acquires property on its own account, the expenditure is capitalised. Gains or losses arising from sales of corporate property are dealt with through the designated fund (corporate properties fund).

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value. Glebe agricultural land was valued as at 31 December 2020 by Savills, Chartered Surveyors, who manage the portfolio. For allotments and other small miscellaneous holdings, a valuation is provided by the Assistant Secretary (Property) (an employee of the Derby Diocesan Board of Finance Limited).

The fair value of a quarry was valued as at 31 December 2020 by Coke Turner & Co, Mineral Surveyors, who act as agents for the Board, based on the rent and royalty income streams likely to be achieved over the remaining term of the lease.

Parsonage houses

The Board has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. Parsonage houses are carried at their deemed or historical cost.

d) Other tangible fixed assets

No provision for depreciation is provided in respect of Church House, as it is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the financial statements. Accordingly, any depreciation would be immaterial.

Depreciation on office equipment is calculated to write off the cost of each asset over its expected useful life by equal annual instalments at the rates below, (% p.a. on cost). Items costing less than £1,000 are not capitalised.

Computer hardware and software	33⅓%	straight line
Furniture & fittings	10%	straight line
Other office equipment	20%	straight line

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

e) Other accounting policies

- i) Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) Leases. The Board has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

f) Fund balances

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

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Board. There are two types of unrestricted funds:
 - General funds for the general purposes of the Board and
 - Designated funds set aside out of unrestricted funds by the Board for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the Board (Benefice Houses and Stipends Fund Capital), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the note 31 to the financial statements.

g) Financial instruments

The Board of Finance only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for bank loans which would be subsequently measured at amortised cost using the effective interest method.

h) Going concern

For the year ended 31 December 2020 the charitable company made an operating surplus of £951,383 and after taking account of gains and losses made an overall surplus of £4.2m. Free reserves at 31 December 2020 are £4.87m

The Board have considered the ongoing impact of COVID-19 on the charitable company's income and operating cost base. They recognise that whilst the government has set out its roadmap to recovery, it is still not considered practical to accurately assess the duration and extent of the disruption.

The Board have prepared forecasts of income and expenditure for the period to 31 December 2022 that show deficit budgets. Due to the level of free reserves and cash resources held they are confident that they have in place plans to deal with the deficit budgets and any further financial losses that may arise.

The board therefore continue to adopt the going concern basis of preparation for these financial statements.

i) Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

j) Debtors

Debtors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

k) Creditors & Provisions

Creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

l) Critical Accounting Estimates & Assumptions

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present values of Church of England Funded Pension Scheme depend on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying value of the pension liability.

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	£	£	£	£	£
2. Donations					
Common Fund					
The majority of donations are collected from the parishes of the diocese through the Common Fund system.					
Chesterfield Archdeaconry	2,064,387	-	-	2,064,387	2,378,139
Derby Archdeaconry	2,055,735	-	-	2,055,735	2,376,287
	<u>4,120,122</u>	<u>-</u>	<u>-</u>	<u>4,120,122</u>	<u>4,754,426</u>
Other receipts	41,785	-	-	41,785	6,188
Receipts for previous years	-	-	-	-	6,956
	<u>4,161,907</u>	<u>-</u>	<u>-</u>	<u>4,161,907</u>	<u>4,767,570</u>
Total Common Fund receipts represent 75.6% of the amount allocated (2019 - 87.6%).					
Archbishops' Council					
Selective allocation	1,632,889	-	-	1,632,889	1,446,298
Restructure Funding	-	187,388	-	187,388	154,219
	<u>1,632,889</u>	<u>187,388</u>	<u>-</u>	<u>1,820,277</u>	<u>1,600,517</u>
Other donations					
Allchurches Trust grant	138,000	-	-	138,000	139,000
Legacy income	-	-	-	-	-
Other donations and grants	179,912	-	-	179,912	147,265
	<u>317,912</u>	<u>-</u>	<u>-</u>	<u>317,912</u>	<u>286,265</u>
3. Charitable activities					
Statutory fees	240,725	-	-	240,725	388,578
Church Commissioners	-	-	-	-	-
Other contributions and income	131,598	409,740	-	541,338	160,350
Sale of publications	1,652	-	-	1,652	10,385
	<u>373,975</u>	<u>409,740</u>	<u>-</u>	<u>783,715</u>	<u>559,313</u>
4. Other activities					
Rental income	344,002	-	-	344,002	280,807
	<u>344,002</u>	<u>-</u>	<u>-</u>	<u>344,002</u>	<u>280,807</u>
5. Investments					
Dividends receivable					
Central Board of Finance Investment Funds	905,039	191,012	-	1,096,051	1,055,252
Central Board of Finance Property Funds	268,957	66,053	-	335,010	411,426
Central Board of Finance Global Equity Funds	144,897	-	-	144,897	142,079
Interest on cash deposits					
CBF & Other Deposit Funds	6,500	7,836	-	14,336	13,568
National Westminster Bank	2,131	-	-	2,131	8,702
Rents receivable (glebe land and buildings)	125,846	-	-	125,846	146,418
	<u>1,453,370</u>	<u>264,901</u>	<u>-</u>	<u>1,718,271</u>	<u>1,777,445</u>
6. Other incoming resources					
Gain on disposal of properties	-	-	438,220	438,220	1,470,669
Glebe Mineral Royalties	-	-	272,717	272,717	199,228
Lichfield Trust receipt	8,000	-	-	8,000	8,315
Coronavirus Job Retention Scheme Grant	53,778	-	-	53,778	-
	<u>61,778</u>	<u>-</u>	<u>710,937</u>	<u>772,715</u>	<u>1,678,212</u>
Total income and endowments	<u>8,345,833</u>	<u>862,029</u>	<u>710,937</u>	<u>9,918,799</u>	<u>10,950,129</u>

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	£	£	£	£	£
7. Fund raising costs					
Glebe land agents' fees and other expenses	47,161	-	-	47,161	57,227
Other agents' commission and expenditure	52,859	-	-	52,859	41,125
	100,020	-	-	100,020	98,352
8. Charitable activities					
Contributions to Archbishops' Council					
Training for ministry	211,623	-	-	211,623	211,624
National Church responsibilities	184,826	-	-	184,826	188,441
Mission agency pension costs	-	-	-	-	-
Retired clergy housing costs (CHARM)	75,979	-	-	75,979	72,361
Pooling of ordinand candidates' costs	34,611	-	-	34,611	13,071
	507,039	-	-	507,039	485,497
Resourcing Ministry & Mission					
Parish ministry					
Stipends, salaries and national insurance	3,711,500	140,040	-	3,851,540	3,880,330
Pension contributions	914,705	6,926	-	921,631	963,871
Housing costs	910,270	116,418	-	1,026,688	1,448,406
Removal, resettlement and other expenses	144,027	-	-	144,027	161,177
	5,680,502	263,384	-	5,943,886	6,453,784
Support for parish ministry	1,722,280	210,798	-	1,933,078	1,986,320
	7,402,782	474,182	-	7,876,964	8,440,104
Expenditure on Education & Diocesan Projects					
Diocesan Board of Education	327,368	-	-	327,368	548,616
Derby Cathedral	18,275	-	-	18,275	17,844
Church of North India Partnership	750	-	-	750	750
Clergy Widows & Orphans	-	7,000	-	7,000	7,000
Diocesan projects	-	1,000	-	1,000	-
Parishes	105,000	-	-	105,000	91,036
	451,393	8,000	-	459,393	665,246
Total charitable activities	8,361,214	482,182	-	8,843,396	9,590,847
9. Other resources expended					
Loss on disposal of properties	-	-	-	-	-
	-	-	-	-	-
Clergy Pension Scheme Movement (Note 25)	-	-	24,000	24,000	(1,379,000)
	-	-	24,000	24,000	(1,379,000)
Total expenditure	8,461,234	482,182	24,000	8,967,416	8,310,199

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

10. Analysis of expenditure (including allocation of support costs)

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2020 £	Total costs 2019 £
Raising Funds	100,020	-	-	100,020	98,352
<u>Charitable activities</u>					
Contributions to Archbishops' Council	-	507,039	-	507,039	485,497
Resourcing Ministry & Mission	7,099,557	321,194	456,213	7,876,964	8,440,104
Board of Education & Diocesan Projects	-	452,446	6,947	459,393	665,246
Clergy Pension Scheme Movement	24,000	-	-	24,000	(1,379,000)
Other Resources Expended	-	-	-	-	-
	7,223,577	1,280,679	463,160	8,967,416	8,310,199

11. Analysis of support costs

	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated	funds	funds	2020	2019
	£	£	£	£	£	£
Central Administration	408,429	-	-	-	408,429	438,910
Support for education & diocesan projects	6,947	-	-	-	6,947	7,541
<u>Governance:</u>						
External audit	15,450	-	-	-	15,450	15,296
Registrar and Chancellor	16,123	-	-	-	16,123	23,409
Synodical costs	16,211	-	-	-	16,211	17,596
	463,160	-	-	-	463,160	502,752

12. Analysis of grants made

	Grants to		Total Grants	Total Grants
	individuals	institutions	2020	2019
	£	£	£	£
<u>From unrestricted funds for National Church responsibilities:</u>				
Contributions to Archbishops' Council	-	507,039	507,039	485,497
<u>From unrestricted funds:</u>				
Removal, resettlement & first appointment grants	68,865	-	68,865	111,979
Ordinands in training	252,329	-	252,329	200,324
Derby Diocesan Board of Education	-	327,368	327,368	548,616
Derby Cathedral Chapter	-	18,275	18,275	17,844
Church of North India Partnership	-	750	750	750
Parishes	-	105,000	105,000	91,036
<u>Restricted income funds</u>				
Clergy Widows & Orphans	-	7,000	7,000	7,000
Diocesan projects	-	1,000	1,000	-
	321,194	966,432	1,287,626	1,463,046

Significant Grants to Institutions:

Archbishops Council - to support; national training for Ministry; responsibilities of the National Church; grants and provisions made by the National Church; Inter-diocesan support for clergy pension contributions; and housing assistance for retired ministry

Derby Diocese Board of Education - to support the DDBE vision of 'offering our children and young people life in all of its fullness' by;

Growing - providing experiences rooted in faith, hope and love; **Outward Facing** - valuing their contribution to the community;

Learning - ensuring the highest academic standards; and **Healthy** - providing safe places of welcome & belonging.

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

13 Staff costs

Employee costs during the year were as follows:

	2020	2019
	£	£
Wages & salaries	1,092,226	1,090,648
National insurance contributions	96,660	60,661
Pension costs:		
Church of England Funded Pensions Scheme	12,656	21,755
Church Workers Pension Fund Pension Builder 2014 Scheme	86,587	83,611
Other defined contribution pension schemes	8,379	8,287
	<u>1,296,508</u>	<u>1,264,962</u>

The average number of persons employed by the Board during the year:

	2020	2019
	Number	Number (restated)
Administration, property and financial management	14	15
Diocesan Director of Vocations	1	2
Mission & Ministry	8	9
Human resources, safeguarding & communications	11	11
Parochial, Deanery & Other	9	10
	<u>43</u>	<u>47</u>

Average number of persons employed by the Board during the year based on full-time equivalents:

	2020	2019
	Full-time equivalent	Full-time equivalent
Administration, property and financial management	11.6	12.1
Diocesan Director of Vocations	0.6	1.5
Mission & Ministry	6.6	6.4
Human resources, safeguarding & communications	7.8	8.4
Parochial, Deanery & Other	4.8	4.8
	<u>31.4</u>	<u>33.2</u>

The number of staff whose total emoluments (salary plus taxable benefits excluding pension contributions) exceeded £60,000 during the year is as follows:

	2020	2019
	(Number)	(Number)
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1

Pension payments of £13,345 (2019 - £7,176) were made for these employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were:

Diocesan Secretary and Company Secretary (until 28 Feb 2021)	Ms R Morris
Head of Finance (and Acting Diocesan Secretary from 1 Oct 2020)	Mr M Marples
Director of Discipleship, Mission & Ministry	Revd Canon M Barnes
Diocesan Safeguarding Advisor (from 5 Oct 2020)	Mrs H Hogg
HR Manager	Mrs M Francis
Head of Property	Mr G Webster

Remuneration, employer's National Insurance contributions and employer's pension contributions for these employees amounted to £299,570 (2019 - £320,683)

NB: Derby Cathedral contributed £13,290 (2019: £13,163) to DBF as a share of the cost of the Diocesan Secretary in their joint role as Chapter Steward.

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14 Trustees' emoluments

None of the trustees received any emoluments from the Board of Finance in respect of services performed as trustees (2019 - £nil). During the year 2 trustees claimed reimbursement for travel or out of pocket expenses totalling £97 (2019 - 5 trustees claimed expenses totalling £728).

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

	Stipend	Housing
The Venerable Carol Coslett	Yes	Yes
The Venerable Christopher Cunliffe	Yes	Yes
The Revd J Hollywell	Yes	Yes
The Revd D Ballard	Yes	Yes
The Revd C Pearson	Yes	Yes
The Revd B J Stober	Yes	Yes
The Revd J Ward	Yes	Yes

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

The Board paid an average of 128.5 fte (2019 – 130.9 fte) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £	2019 £
Stipends	3,545,031	3,563,870
National insurance contributions	292,724	299,523
Pension costs (including deficit funding)	1,306,631	1,315,871
	<u>5,144,386</u>	<u>5,179,264</u>

The stipends of Bishops are paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and from 1 April 2020 are in the range £37,670 - £46,560 (1 April 2019 range, £36,930 - £45,640). The annual rate of stipend, funded by the Board, paid from 1 April 2020 to Archdeacons was in the range £36,830 - £38,250 (1 April 2019 range, £36,100 - £37,500) and other clergy who were Trustees were paid in the range £25,265 - £27,650 (1 April 2019 range, £24,900 - £27,110). The estimated value of church provided housing in 2020 was an average of £7,990 (2019 - £8,309).

15. Analysis of transfers between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Transfer to/(from):				
Benefice House transfer to Corporate Property	-	-	-	-
Corporate Property transfer to Benefice Housing	-	-	-	-
Diocesan Pastoral Account to purchase corporate houses (x2)	550,672	(550,672)	-	-
Benefice house sale proceeds (x1) to Diocesan Pastoral Account	-	578,220	(578,220)	-
Corporate Property sale proceeds to Diocesan Pastoral Account	-	-	-	-
Clergy pension scheme costs transferred to Stipends Fund Capital	(385,000)	-	385,000	-
	<u>165,672</u>	<u>27,548</u>	<u>(193,220)</u>	<u>-</u>

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16. Tangible fixed assets

	Parsonages	Freehold houses Glebe	Freehold houses Corporate	Leasehold houses Corporate	Church House Corporate	Office Equipment	Total
	£	£	£	£	£	£	£
Cost or deemed cost							
At 1 January 2020	20,538,978	170,000	9,857,092	309,478	635,000	79,434	31,589,982
Unheld for sale	-	-	-	-	-	-	-
Additions	-	-	550,672	-	-	12,879	563,551
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revalued	-	-	-	-	-	-	-
Treated as 'Held for Sale'	(344,000)	-	(271,044)	-	-	-	(615,044)
At 31 December 2020	20,194,978	170,000	10,136,720	309,478	635,000	92,313	31,538,489
Depreciation							
At 1 January 2020	-	-	-	-	-	64,825	64,825
Charge for the year	-	-	-	-	-	11,579	11,579
Disposals	-	-	-	-	-	-	-
At 31 December 2020	-	-	-	-	-	76,404	76,404
Net book value							
At 31 December 2020	20,194,978	170,000	10,136,720	309,478	635,000	15,909	31,462,085
Number of houses	132	3	41	1			177
At 31 December 2019	20,538,978	170,000	9,857,092	309,478	635,000	14,609	31,525,157
Number of houses	134	3	40	1			178

All the above assets are used for charitable purposes. In the opinion of the Directors the carrying value of land and buildings is less than the total market value. Church House includes the Diocesan Office and was revalued in 2019.

17. Fixed asset investments

	2020	2019
	£	£
Investment securities within the United Kingdom (market value)		
At 1 January 2020	48,295,800	41,120,340
Additions at cost	-	1,000,000
Disposals	(4,810)	(23,875)
Unrealised gains/(losses)	2,969,503	6,199,335
At 31 December 2020	51,260,493	48,295,800
Investment properties (market value)		
At 1 January 2020	7,515,757	7,589,757
Additions at cost	-	-
Disposals	-	(24,000)
Unrealised gains/(losses)	252,473	(50,000)
At 31 December 2020	7,768,230	7,515,757
Total fixed asset investments within the United Kingdom	59,028,723	55,811,557

Securities: Unrealised Gains/(Losses) by Fund: Unrestricted £537,562 [2019 - £1,237,323], Restricted £93,599 [2019 - £343,781], Endowment £2,338,342 [2019 - £4,618,231]

Properties: Unrealised Gains/(Losses) by Fund: Endowment £252,473 [2019 - (£50,000)]

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17. Fixed asset investments (continued)

	2020		2019	
	£ Cost	£ Market value	£ Cost	£ Market value
Unlisted investment securities				
CCLA Central Board of Finance of the Church of England				
Investment fund income shares	19,155,397	38,788,372	19,155,397	36,292,639
Global equity fund income shares	3,200,000	5,306,232	3,200,000	4,457,581
Property fund income shares	6,920,845	7,165,889	6,920,845	7,540,770
Brewin Dolphin	-	-	29,489	4,810
Total investment securities	29,276,242	51,260,493	29,305,731	48,295,800
Investment properties comprise:-				
Glebe agricultural land		7,623,430		7,370,957
Other property		144,800		144,800
Total investment properties		7,768,230		7,515,757

Due to their nature the historic cost of investment properties is not known.

18. Assets Held for Sale

Non current Assets Held for Sale and Discontinued Operations requires properties in the process of being sold to be treated separately from assets held for continuing activities. For assets to be classified as 'Held for Sale' they must satisfy a number of conditions including the availability of immediate sale and that the sale is highly probable. To be highly probable; the organisation must be committed to a plan to sell the assets; an active programme to find a buyer must have been initiated; the asset must be actively marketed for sale at a price reasonable to its current fair value; the sale is expected to be completed within 1 year from the date of classification, and significant changes to the plan should be unlikely.

At 31 December 2020, there were three properties classified as 'Held for Sale, with a book value of £615,044 (2019 - one property, £140,000)

19. Debtors

	2020	2019
	£	£
Amounts due from PCCs (unsecured) - Common Fund	154,904	165,713
Amounts due from PCCs (unsecured) - Loans to Parishes	53,917	72,663
Other debtors	640,914	644,870
Prepayments & accrued income	75,186	21,843
Total debtors	924,921	905,089
Debtors comprise:		
Amounts due within one year	873,023	834,445
Amounts due after more than one year	51,898	70,644
	924,921	905,089

20. Creditors

	2020	2019
	£	£
Amounts falling due within one year		
Sundry creditors	553,774	650,522
Accruals	15,450	15,000
Church of England Funded Pension Scheme liability	352,000	352,000
	921,224	1,017,522
Amounts falling due after more than one year		
Church of England Funded Pension Scheme liability	132,000	493,000
Value-linked loans for houses with the Church Commissioners (see note below)	274,938	274,938
	406,938	767,938

Notes

Deferred income within 2020 sundry creditors: b/f (£0), released in year (£0), deferred in year (£32,340), balance c/f (£32,340)

Deferred income relates to Ordinand grant received from Church Commissioners for Ordinands no longer in training

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property.

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21. Contingent liabilities

The Board is party to a mortgage with Derbyshire County Council totalling £20,000 (2019 - £20,000).

22. Capital commitments

Capital expenditure:

	2020	2019
	£	£
Contracted for but not provided for in the Financial Statements:		
Purchase of property	-	-
	<u> -</u>	<u> -</u>

23. Operating lease commitments

As at 31 December the Board had annual commitments under non-cancellable operating leases as set out below:

	2020	2019
	£	£
Operating leases which expire:		
Not later than 1 year	-	-
	<u> -</u>	<u> -</u>

The amount charged to the Statement of Financial Activities in 2020 was £nil (2019 - £nil).

24. Events occurring after the end of the reporting period

None

25. Pensions

The Board participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Board and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

These schemes are multi-employer last man standing defined benefit pension schemes for which the Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of Financial Reporting Standard (FRS) 102 requires the Board to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the Board. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

The Board participates in the Church of England Funded Pensions Scheme which is administered by the Church of England Pensions Board and holds the assets of the Scheme separately from those of the employer and other participating employers. At the end of the year the Board was paying contributions for 138 members of the Scheme (2019 - 140 members). Each participating employer in the Scheme pays contributions at a common contribution rate applied to pensionable stipends. The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means that it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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25. Pensions (continued)

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

- an average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter^m of 7 and an initial addition to mortality improvements of 0.5% p.a.

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

Percentage of pensionable stipends

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

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

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

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

Church of England Funded Pension Scheme (continued)

Reconciliation of balance sheet liability

	2020 £	2020 £	2019 £	2019 £
Balance sheet liability as at 1 January 2020		845,000		2,576,000
Deficit contribution paid	(392,000)		(402,000)	
Interest cost (recognised in SoFA)	7,000		50,000	
Remaining change to balance sheet liability * (recognised in SoFA)	24,000	(361,000)	(1,379,000)	(1,731,000)
Balance sheet liability as at 31 December 2020		484,000		845,000

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

Note

<i>Estimated amount due within one year</i>	352,000
<i>Estimated amount due after one year</i>	132,000
	484,000

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25. Pensions (continued)

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

	2020	2019	2018	2017	2016
	%	%	%	%	%
Discount rate	0.2	1.1	2.1	1.4	1.5
Price inflation	3.1	2.8	3.1	3.0	3.1
Increase in total pensionable payroll	1.6	1.3	1.6	1.5	1.6

The legal structure of the Scheme is such that if another Responsible Body fails, Derby Diocesan Board of Finance Ltd could become responsible for paying a share of that Responsible Body's pension liabilities.

Office holder pension contributions are shown in Note 14 and totalled £1,306,631 in 2020 (2019 £1,315,871)

Other clergy pension contributions, paid to ordained DBF staff are shown in Note 13 and totalled £12,656 in 2020 (2019 £21,755)

Church Workers Pension Fund

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

Church Workers Pension Fund - Pension Builder 2014

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

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

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

Contributions made to The Church Workers Pension Schemes are shown in Note 13 and totalled £86,587 in 2020 (2019 £83,611)

Other Schemes

In addition to the Church of England Pension scheme, for those employees who have opted out of the scheme, contributions are made to individual pension schemes at the same rate.

Contributions made to opted out employees are shown in Note 13 and totalled £8,379 in 2020 (2019 £8,287)

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26. Summary of fund movements

	As at 1 January 2020	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2020
	£	£	£	£	£	£
Unrestricted income funds						
General Fund	4,878,142	6,535,382	(6,419,671)	257,948	(358,419)	4,893,382
Glebe funds (net of agent fees)	-	1,116,250	(1,116,250)	-	-	-
Designated funds						
Corporate Properties fund	10,526,632	-	-	-	550,672	11,077,304
Parsonages	787,117	401,483	(441,443)	57,547	-	804,704
Other designated funds	4,334,735	292,718	(483,870)	223,115	(26,581)	4,340,117
Pension reserve	-	-	-	-	-	-
	20,526,626	8,345,833	(8,461,234)	538,610	165,672	21,115,507
Restricted income funds						
Diocesan Pastoral Account	3,763,958	61,129	(103,609)	(39,652)	27,548	3,709,374
Local Mission Fund	23,445	-	(1,000)	-	-	22,445
Other restricted income funds	2,811,929	800,900	(377,573)	132,299	-	3,367,555
	6,599,332	862,029	(482,182)	92,647	27,548	7,099,374
Endowment funds						
Expendable endowment						
Benefice Houses	20,678,978	438,220	-	-	(578,220)	20,538,978
Stipends Fund Capital (Glebe funds)	38,538,954	272,717	(24,000)	2,320,137	385,000	41,492,808
Permanent endowment funds	4,618,679	-	-	316,718	-	4,935,397
	63,836,611	710,937	(24,000)	2,636,855	(193,220)	66,967,183
Total funds	90,962,569	9,918,799	(8,967,416)	3,268,112	-	95,182,064

27. Summary of assets per fund at 31 December 2020

	Fixed assets		Current	Creditors	Net	
	tangible	investments	assets		assets	
	£	£	£	£	£	
Unrestricted income funds						
General Fund		15,909	4,971,614	335,469	(429,606)	4,893,386
Designated funds (see note 28)						
Corporate Properties fund		11,081,198	-	271,044	(274,938)	11,077,304
Parsonages		-	736,801	175,181	(107,278)	804,704
Other designated funds		-	3,458,295	914,159	(32,340)	4,340,114
		11,097,107	9,166,710	1,695,853	(844,162)	21,115,507
Restricted income funds (see note 29)						
Diocesan Pastoral Account		-	1,250,405	2,458,969	-	3,709,374
Local Mission Fund		-	-	22,445	-	22,445
Other restricted income funds		-	3,160,834	206,720	-	3,367,554
		-	4,411,239	2,688,134	-	7,099,374
Endowment funds (see note 30)						
Expendable endowment funds						
Benefice Houses		20,194,978	-	344,000	-	20,538,978
Stipends Fund Capital (Glebe funds)		170,000	40,528,400	1,278,408	(484,000)	41,492,808
Permanent endowment funds		-	4,922,374	13,023	-	4,935,397
		20,364,978	45,450,774	1,635,431	(484,000)	66,967,183
Total funds		31,462,085	59,028,723	6,019,418	(1,328,162)	95,182,064

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28. Designated funds

	As at 1 January 2020	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2020
	£	£	£	£	£	£
Corporate Properties	10,526,632	-	-	-	550,672	11,077,304
Parsonages	787,117	401,483	(441,443)	57,547	-	804,704
Canon Ross Legacy	919,626	21,302	(105,000)	48,200	-	884,128
Ordinands' Support	720,087	212,285	(252,064)	44,759	-	725,067
Watts Legacy	959,951	29,165	(29,165)	66,013	-	1,025,964
Morley Fund	833,954	25,333	1,248	56,366	(26,581)	890,320
St Peter's Churchyard Loan Fund	430,003	4,633	-	7,777	-	442,413
Church Growth	471,114	-	(98,889)	-	-	372,225
Total designated funds	15,648,484	694,201	(925,313)	280,662	524,091	16,222,125

Corporate Properties - represents property transferred at no cost and gains less losses on the sale of corporate houses. The fund is designated for use to finance corporate property.

Parsonages - amounts transferred from unrestricted funds set aside for purposes of the Parsonages Committee.

Canon Ross Legacy - earmarked for expenditure on specific structural projects to support parish initiatives

Ordinands' Support - transfers from unrestricted funds made available for ordination candidates' support grants.

Watts Legacy - available for general purposes and designated for general income support.

Morley Fund - proceeds from the sale of Morley Retreat House set aside with a proportion of annual income to be made available for the Spirituality Group.

St Peter's Churchyard Loan Fund - sales proceeds designated for use to provide interest free loans of up to £10,000 to Parochial Church Councils.

Church Growth - amount set aside for seed-corn funding of strategic church growth projects.

29. Restricted income funds

	As at 1 January 2020	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2020
	£	£	£	£	£	£
Diocesan Pastoral Account	3,763,958	61,129	(103,609)	(39,652)	27,548	3,709,374
Local Mission Fund	23,445	-	(1,000)	-	-	22,445
Capital Resources	581,527	22,809	(22,809)	(9,706)	-	571,821
Milligan Pension Fund	677,893	18,087	(7,000)	40,500	-	729,480
Bishop Allen Legacy	442,815	13,410	(13,410)	30,008	-	472,823
Stafford Legacy (Church Trust Fund)	435,899	71,633	(71,633)	26,903	-	462,802
Poorer Clergy Fund	341,141	10,364	(10,364)	23,460	-	364,601
Benham Legacy	229,881	6,926	(6,926)	15,492	-	245,373
Faith in Action	94,624	2,493	-	5,642	-	102,759
Board of Readers	8,149	7	-	-	-	8,156
Clemson Legacy	-	48,409	(48,409)	-	-	-
Stipends Trusts	-	9,633	(9,633)	-	-	-
Restructure Funding	-	187,388	(187,388)	-	-	-
Convent of St Laurence	-	409,740	-	-	-	409,740
Total restricted income funds	6,599,332	862,029	(482,182)	92,647	27,548	7,099,374

Diocesan Pastoral Account - represents the proceeds of redundant churches and parsonages which have not yet been applied to the purposes permitted by the Pastoral Measure 1983. Parsonage house improvements are funded from the sale proceeds of redundant parsonage houses through the Diocesan Pastoral Account.

Local Mission Fund - Parish Mission Funding made available by the Archbishops' Council for "the additional provision for the cure of souls in parishes where such assistance is most required, in such a manner as shall be conducive to the efficiency of the Established Church" set aside for mission development.

Capital Resources - proceeds of sale from two former parsonage houses available for property expenditure.

Milligan Pension Fund - for clergy pensions and retired clergy.

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29. Restricted income funds (continued)

Bishop Allen Legacy - for clergy welfare, ordination training, new halls and church repair.

Stafford Legacy (Church Trust Fund) - 10% of the permanent endowment income made available to a specific parish with the balance available for such charitable purposes as the Board in its absolute discretion shall decide.

Poorer Clergy Fund - available for stipend support.

Benham Legacy - available for clergy pension contribution support.

Faith in Action - historic balance of funds specifically available for 'social responsibility' purposes.

Board of Readers - historic balance of funds available for Readers and Reader Training.

Clemson Legacy - funds are for 'the maintenance of services' and are used to support the costs of stipendiary clergy.

Stipends Trusts - funds are made up of a number of historic trusts, the income of which is used to augment clergy stipends.

Restructure Funding - funds received from Church Commissioners to fund Parish Support strategic resilience programmes

Convent of St Laurence - residual sale proceeds to be used for promotion of the spiritual life of the diocese, care of the elderly and other mission-orientated projects

30. Endowment funds

	As at 1 January 2020	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2020
	£	£	£	£	£	£
<u>Expendable endowment</u>						
Benefice Houses	20,678,978	438,220	-	-	(578,220)	20,538,978
Stipends Fund Capital (Glebe funds)	38,538,954	272,717	(24,000)	2,320,137	385,000	41,492,808
<u>Permanent endowment funds</u>						
Stafford Legacy (Church Trust Fund)	2,168,764	-	-	148,279	-	2,317,043
Clemson Legacy Fund	1,593,330	-	-	109,569	-	1,702,899
Parsonages	424,636	-	-	29,200	-	453,836
Stipends Trusts	317,072	-	-	21,804	-	338,876
Partington Legacy	114,877	-	-	7,866	-	122,743
	63,836,611	710,937	(24,000)	2,636,855	(193,220)	66,967,183

Benefice Houses - represents the value of parsonage houses at the balance sheet date. These houses are used to provide accommodation for ministers. The Board is not free to dispose of the houses except in accordance with appropriate measures.

Stipends Fund Capital (Glebe funds) - represents the proceeds of the sale of glebe, parsonages transferred by Pastoral Scheme and gifts to the fund. The fund generates income for the payment of stipends and can be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Church of England (Miscellaneous Provisions) Measure 1992.

Stafford Legacy (Church Trust Fund) - capital to be held as permanent endowment with income at the discretion of the Board.

Clemson Legacy fund - funds are for 'the maintenance of services' and income is used to support the costs of stipendiary clergy.

Parsonages - represents permanent endowment of the Parsonages Committee with income used to finance the repair and maintenance of parsonage houses.

Stipends Trusts - historic permanent endowment trusts with income for stipends.

Partington Legacy - funds are for 'general religious purposes' and annual income is mandated directly to unrestricted funds.

Comparative Fund Notes for the prior year are shown in Note 35

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31. Funds held as custodian trustee on behalf of others

The Board holds investments on behalf of Parochial Church Councils (PCCs) and others as custodian trustee. Each year an annual statement of financial investments held by the Board in its capacity as custodian trustee is made available to PCCs. The market value of investments held on behalf of PCCs and others is £2.8million (2019 - market value £2.6million), and all such investments are held separately from those of the Board. Historic cost figures are not available.

Financial investments held by the Board, in its capacity as custodian trustee, are broken down as follows:

	2020	2019
	£	£
CCLA Investment Management Ltd		
<u>Central Board of Finance of the Church of England Funds:</u>		
Investment fund income shares	1,904,741	1,788,632
Investment fund accumulation shares	588,572	534,089
Fixed Interest Securities Fund income shares	86,729	83,607
Deposit Fund	82,375	85,132
<u>COIF Charities Funds:</u>		
Investment fund income shares	105,198	98,874
Investment fund accumulation shares	46,360	41,568
Other common investment fund holdings	1,454	1,407
	<u>2,815,429</u>	<u>2,633,309</u>

32. Related party transactions & controlling parties

Diocesan governance is by Diocesan Synod, elected from both clergy and laity under the leadership of the Diocesan Bishop, who is appointed by the Church of England nationally.

The Board pays an annual grant to the Derby Diocesan Board of Education for salary and operating costs (see Note 12). The Rt Revd L Lane, The Venerable Archdeacon of Chesterfield, Canon C Holmes-Elener and Canon J Cooper, were directors of both companies.

Canon M Titterton, Executive Chairman and director of the Board, is also a member of Derby Cathedral Chapter (see Note 12).

The Board was owed the following amounts from related parties as at 31 December 2020:

Derby Cathedral £nil (2019 - £31,800)

Derby Diocesan Board of Education £3,882 (2019 - £8,924)

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33. Prior year comparative Statement of Financial Activities for 2019

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2019 £
Income and endowments from:				
Donations				
Common Fund	4,767,570	-	-	4,767,570
Archbishops' Council	1,446,298	154,219	-	1,600,517
Other donations	286,265	-	-	286,265
Charitable activities	552,986	6,327	-	559,313
Other activities	280,807	-	-	280,807
Investment income	1,504,494	272,951	-	1,777,445
Other incoming resources	951,980	-	726,232	1,678,212
Total income and endowments	9,790,400	433,497	726,232	10,950,129
Expenditure on:				
Raising funds	98,352	-	-	98,352
Charitable activities	8,965,156	625,691	-	9,590,847
Clergy Pension Scheme Movement	-	-	(1,379,000)	(1,379,000)
Other resources expended	-	-	-	-
Total expenditure	9,063,508	625,691	(1,379,000)	8,310,199
Net income/(expenditure) before investment gains and losses	726,892	(192,194)	2,105,232	2,639,930
Net gains on investments	1,237,323	343,781	4,825,616	6,406,720
Net income for the year	1,964,215	151,587	6,930,848	9,046,650
Transfers between funds	(1,067,807)	978,238	89,569	-
Other recognised gains/(losses)				
Net gains/(losses) on revaluation of fixed assets	(288,783)	-	-	(288,783)
Net movement in funds	607,625	1,129,825	7,020,417	8,757,867
Reconciliation of funds				
Total funds as at 1 January 2019	19,919,001	5,469,507	56,816,194	82,204,702
Total funds at 31 December 2019	20,526,626	6,599,332	63,836,611	90,962,569

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE ACCOUNTS
For the year ended 31 December 2020

34. Prior Year analysis of transfers between funds for 2019

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Transfer to/(from):				
Benefice House transfer to Corporate Property	-	-	-	-
Corporate Property transfer to Benefice Housing	(463,280)	-	463,280	-
Diocesan Pastoral Account to purchase corporate houses (x3)	1,272,594	(1,272,594)	-	-
Benefice house sale proceeds (x2) to Diocesan Pastoral Account	-	725,711	(725,711)	-
Corporate Property sale proceeds (x4) to Diocesan Pastoral Account	(1,525,121)	1,525,121	-	-
Clergy pension scheme costs transferred to Stipends Fund Capital	(352,000)	-	352,000	-
	(1,067,807)	978,238	89,569	-

35. Prior year comparative funds notes for 2019

Summary of fund movements 2019

	As at 1 January 2019 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	As at 31 December 2019 £
Unrestricted income funds						
General Fund	4,144,809	7,120,368	(6,917,598)	550,536	(19,973)	4,878,142
Glebe funds (net of agent fees)	-	1,124,919	(1,124,919)	-	-	-
Designated funds						
Corporate Properties fund	10,597,556	943,666	-	(288,783)	(725,807)	10,526,632
Parsonages	1,137,663	349,001	(680,634)	231,087	(250,000)	787,117
Other designated funds	4,038,973	252,446	(340,357)	455,700	(72,027)	4,334,735
Pension reserve	-	-	-	-	-	-
	19,919,001	9,790,400	(9,063,508)	948,540	(1,067,807)	20,526,626
Restricted income funds						
Diocesan Pastoral Account	2,991,978	69,503	(281,310)	5,549	978,238	3,763,958
Local Mission Fund	23,445	-	-	-	-	23,445
Other restricted income funds	2,454,084	363,994	(344,381)	338,232	-	2,811,929
	5,469,507	433,497	(625,691)	343,781	978,238	6,599,332
Endowment funds						
Expendable endowment						
Benefice Houses	20,459,697	481,712	-	-	(262,431)	20,678,978
Stipends Fund Capital (Glebe funds)	32,463,561	244,520	1,379,000	4,099,873	352,000	38,538,954
Permanent endowment funds	3,892,936	-	-	725,743	-	4,618,679
	56,816,194	726,232	1,379,000	4,825,616	89,569	63,836,611
Total funds	82,204,702	10,950,129	(8,310,199)	6,117,937	-	90,962,569

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35. Prior year comparative funds notes for 2019 (continued)

Comparative summary of assets per fund at 31 December 2019

	Fixed assets		Current assets	Creditors	Net assets
	tangible	investments			
	£	£	£	£	£
Unrestricted income funds					
General Fund	14,609	4,957,918	124,540	(218,925)	4,878,142
Designated funds					
Corporate Properties fund	10,801,570	-	-	(274,938)	10,526,632
Parsonages	-	836,848	150,118	(199,849)	787,117
Other designated funds	-	3,247,980	1,086,755	-	4,334,735
	10,816,179	9,042,746	1,361,413	(693,712)	20,526,626
Restricted income funds					
Diocesan Pastoral Account	-	1,290,057	2,473,901	-	3,763,958
Local Mission Fund	-	-	23,445	-	23,445
Other restricted income funds	-	2,618,795	439,882	(246,748)	2,811,929
	-	3,908,852	2,937,228	(246,748)	6,599,332
Endowment funds					
Expendable endowment funds					
Benefice Houses	20,538,978	-	140,000	-	20,678,978
Stipends Fund Capital (Glebe funds)	170,000	38,254,303	959,651	(845,000)	38,538,954
Permanent endowment funds	-	4,605,656	13,023	-	4,618,679
	20,708,978	42,859,959	1,112,674	(845,000)	63,836,611
Total funds	31,525,157	55,811,557	5,411,315	(1,785,460)	90,962,569

Designated funds (2019)

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
Corporate Properties	10,597,556	943,666	-	(288,783)	(725,807)	10,526,632
Parsonages	1,137,663	349,001	(680,634)	231,087	(250,000)	787,117
Canon Ross Legacy	1,008,955	6,908	(91,036)	(5,201)	-	919,626
Ordinands' Support	618,613	186,911	(198,589)	162,652	(49,500)	720,087
Watts Legacy	808,685	28,314	(28,314)	151,266	-	959,951
Morley Fund	704,790	24,899	(2,372)	129,164	(22,527)	833,954
St Peter's Churchyard Loan Fund	406,770	5,414	-	17,819	-	430,003
Church Growth	491,160	-	(20,046)	-	-	471,114
Total designated funds	15,774,192	1,545,113	(1,020,991)	398,004	(1,047,834)	15,648,484

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35. Prior year comparative funds notes for 2019 (continued)

Restricted income funds (2019)

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
Diocesan Pastoral Account	2,991,978	69,503	(281,310)	5,549	978,238	3,763,958
Local Mission Fund	23,445	-	-	-	-	23,445
Capital Resources	568,687	26,929	(26,929)	12,840	-	581,527
Milligan Pension Fund	574,431	17,658	(7,000)	92,804	-	677,893
Bishop Allen Legacy	374,055	13,101	(13,101)	68,760	-	442,815
Stafford Legacy (Church Trust Fund)	374,252	69,953	(69,953)	61,647	-	435,899
Poorer Clergy Fund	287,387	10,062	(10,062)	53,754	-	341,141
Benham Legacy	194,383	6,769	(6,769)	35,498	-	229,881
Faith in Action	79,275	2,420	-	12,929	-	94,624
Board of Readers	1,614	6,535	-	-	-	8,149
Clemson Legacy	-	46,996	(46,996)	-	-	-
Stipends Trusts	-	9,352	(9,352)	-	-	-
Restructure Funding	-	154,219	(154,219)	-	-	-
Total restricted income funds	5,469,507	433,497	(625,691)	343,781	978,238	6,599,332

Endowment funds (2019)

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
<u>Expendable endowment</u>						
Benefice Houses	20,459,697	481,712	-	-	(262,431)	20,678,978
Stipends Fund Capital (Glebe funds)	32,463,561	244,520	1,379,000	4,099,873	352,000	38,538,954
<u>Permanent endowment funds</u>						
Stafford Legacy (Church Trust Fund)	1,828,990	-	-	339,774	-	2,168,764
Clemson Legacy Fund	1,342,259	-	-	251,071	-	1,593,330
Parsonages	357,723	-	-	66,913	-	424,636
Stipends Trusts	267,109	-	-	49,963	-	317,072
Partington Legacy	96,855	-	-	18,022	-	114,877
	56,816,194	726,232	1,379,000	4,825,616	89,569	63,836,611