

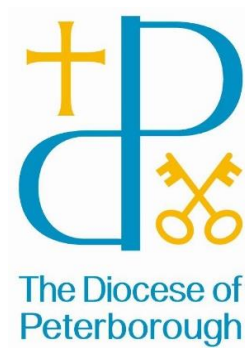
Company registration number 186179

Charity registration number 250569

**PETERBOROUGH DIOCESAN BOARD OF FINANCE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



A large print version is available on request from  
Andrew Roberts  
Peterborough Diocesan Office  
The Palace  
Peterborough  
PE1 1YB

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## CONTENTS

---

		<u>Page No.</u>
1	Foreword from Bishop Donald	1
2	Introduction	2
3	Strategic Report	2
4	Objectives	3
5	Activities and achievements	4
6	Structure and Governance	4 - 6
7	Financial Review	7 - 9
8	Risk management	10 - 11
9	Structure and Governance of the Church of England	11 - 13
10	Statement of Trustees' Responsibilities	14
11	Administrative Details	15 - 17
12	Independent Auditors Report to the members of the Diocesan Board of Finance	18 - 20
13	Statement of Financial Activities	21
14	Income and Expenditure Account	22
15	Balance Sheet	23
16	Statement of cash flows	24
17	Notes to the Financial Statements	25 - 53

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

*FOR THE YEAR ENDED 31 DECEMBER 2021*

---

### 1 Foreword from Bishop Donald

I am grateful to all those responsible for compiling this report, not least Paul Buckingham as Chair of the DBF, and David Mason as Chief Finance Officer, and their team.

So much work goes on in this diocese. Most of that is in our parishes (including the Cathedral) and chaplaincies. However, without the diocesan teams, boards, and committees functioning as they do, it would be much harder and more costly (probably impossible) for the local churches and ministries to operate at all.

I am hugely encouraged at this report. The Covid pandemic could have led to a very much worse picture. As it is, we are well set for gradual but real recovery from that major shock.

My thanks to all who share in our priestly ministry of the gospel in this diocese

Donald

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### 2 Introduction

The trustees, who are also the directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021. The names of the trustees/directors serving during this period from 1 January 2021, to the date of this report can be found in section 11.

### 3 Strategic Report and Aims

The financial affairs of the diocese are conducted through the Peterborough Diocesan Board of Finance ('the DBF') which is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. At a strategic level, the DBF is responsible for the financing of any recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishop's vision for growth.

In addition to ensuring the diocese complies with national safeguarding standards, the main functions of the DBF are

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton; handling diocesan administration and, led by the Bishop, providing parish focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to finance any strategic recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishops' vision for growth;
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to be financially responsible for the care of closed churches in the 'alternative use seeking' period;
- to act as custodian trustee of assets on behalf of some parishes which are held on permanent trusts by vesture of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in Peterborough diocese. We are committed to supporting the provision of ministry especially in the poorest parts of the diocese. To assist us in that endeavour we are grateful for the Low Income Communities Grant funding from the National Church. We are further assisted by the Strategic Development Funding awarded in 2018, which underpins the training of youth mission enablers in the diocese, aimed at engaging a new and younger church family to sustain long term growth in this diocese.

We remain committed to transforming our back office functions through change projects to enable us to deliver an efficient and effective service, responsive to parish needs. We will ensure the opportunities provided by the pandemic become embedded as business as usual where appropriate, this ensures our support to clergy and officers is financially sustainable. This work will continue in 2022.

The trustees will continue to make deliberate use of financial resources through the Pastoral Fund to address the budget deficit. We recognise the importance of this in a time when parishes have found they cannot fundraise in traditional ways as a result of restrictions arising from the pandemic.

We remain committed to these aims, and will work towards them against the backdrop of the pandemic and its continued impact on us and our parishes. We remain committed to using the opportunities and experience we have gained as we have continued to work whilst in lock down, to consider what we might look like going forward.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### 4 Objectives

To continue to learn from the pandemic and use all opportunities to pause, reflect and re design, how we work. To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

Every Parish continues to experience financial challenges. It is apparent those parishes where their major source of income is from regular planned giving (by Standing Order or Direct Debit) are better able to meet the financial challenges. The roll out and switch to the Parish Giving Scheme has continued and a majority of donors have now moved over to this scheme enabling giving to rise by 8.9% over the past three years. We will continue to promote this scheme to encourage regular planned giving more widely across the diocese.

We will engage fully in developments in National Safeguarding Policies and Procedures and Training to ensure the Peterborough Diocese remains a safe place to worship, work and live. In support of the Bishop's Vision for Growth, the Safeguarding team provide the advice, guidance and ongoing support to: Parishes, the Diocesan Board of Finance Staff (DBF) Officers and Clergy, The Bishops Office Staff, Officers and Clergy and the Cathedral.

We will ensure clergy numbers are affordable, and clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

We will continue to work to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the diocese. We have received Strategic Ministry Funding £35,318 to help with the cost of having an additional curate and also had confirmation of funding for a further extra curate in 2023.

The trustees will review the property portfolio to seek the potential to sell houses not required for ministry purposes.

The trustees will be looking to increase revenue from diversification of the glebe portfolio whilst also engaging where possible with the 'Coming Home' project set out by the Archbishop's Commission on affordable housing.

The trustees will continue to use video conferencing to drive down costs. Investment in improved hardware and infrastructure capability will drive transformational change. We will implement a new National Safeguarding Casework Management System, and On Line Faculty System during 2022 to continue to reduce bureaucracy and improve efficiencies.

We will adopt the National Church Route Map to Net Zero Carbon by 2030 and begin the implementation of measures to achieve this target across all departments. We will offer advice and guidance to parishes to assist their journey to Net Zero Carbon by 2030 including advising on the completion of the On Line Energy Footprint Tool to provide them with baseline figures relating to the carbon footprint of individual churches.

We will move to implement the Online Faculty System in 2022 to improve efficiency in the DAC work in relation to appropriate development of the use of church buildings to enable and support parish's missional plans and growth strategies. The DAC will continue to sign post parishes to the national church sources of information in relation to environment and climate change, along with the availability of subsidised energy audits.

The trustees will finalise the Memorandum of Understanding which will be the key governance document underpinning the new unincorporated DBE under the terms of the Scheme approved by Diocesan Synod on 12 May 2022. The Memorandum of Understanding will be in place with effect from 1 January 2023.

Over the next year, a key priority is to encourage all our clergy and churches to engage with their local schools and through that to build relationships with parents and families.

# **PETERBOROUGH DIOCESAN BOARD OF FINANCE**

## **TRUSTEES' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

---

### **5 Activities and Achievements**

The impact of the pandemic on the work and mission of the diocese was as keenly felt in 2021 as it was in 2020.

Despite the challenges, no annual report would be complete without the acknowledgement of the efforts parishes have made to continue to meet their parish share obligations - 81.4% received. As the most significant element of funding of the work described in every annual report by the trustees of the Diocesan Board of Finance, we simply would not exist without the hard work, generosity and sacrifice of our donors. THANK YOU.

Safeguarding remains a priority, and we have invested in a Safeguarding Learning and Development Officer to deliver the national safeguarding training obligations we have. We will see a change in the lead safeguarding role in 2022 and look forward to continuing our work to keep this diocese a safe place to worship, work and visit.

We continually review our working practices to ensure we can continue to benefit from changed working practices brought about by the pandemic. Most of our meetings remain in the virtual space, with a 'hybrid' option becoming possible in Bouverie Court with the installation of new audio visual equipment. We are of course committed to offering 'face to face' meetings when required or requested, but do so mindful of the cost both in terms of finances and environmental damage.

Vacant posts (clergy or lay) remain subject to scrutiny to ensure any appointments are missionally necessary and financially affordable. The equivalent of 10.5 incumbent posts were vacated during 2021 but 13.5 incumbent status posts were filled. We are also well supported by clergy who do not take a stipend and by those providing duty in return for housing.

Pastoral Reorganisation matters were halted during the pandemic and we have now invested in a short term, part time post to deal with the backlog. The proposals in the pipeline have all been designed and agreed to make ministry in the parishes affordable in a wider context than the pandemic period. Real consideration of what the diocese should look like started in some deaneries before the pandemic took hold.

The Diocese uses Interim Ministry to turn around parishes that are struggling and to focus attention and resources where they are most needed. The LICF grants have helped to make this possible and has been particularly helpful in sustaining that ministry during the demands and financial constraints of Covid.

The Diocesan Website was recast using the Church Edit template in use by many dioceses. Content has been reviewed and will be further developed during the next year to provide an enhanced resource for all of our parishes.

### **6 Structure and Governance**

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number; 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is registered for VAT, with registration number 737 9263 95. It does not pay corporation tax. Details of the principal officers and agents of the DBF are in section 11.

The charity, which has no share capital, is a company limited by guarantee. The trustees, who are also the directors may derive no benefit or income from or have any capital interest in the charity's financial affairs other than reimbursement of out-of-pocket expenses.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by deanery synods and clergy members by diocesan synod. Members can also be co-opted on to the DBF. The trustees maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **6 Structure and Governance**

A small team of staff based in offices in Peterborough and Northampton handle essential administration. In addition a number of Bishop's Officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

Charitable donations are made as part of normal expenditure in the exercise of the charity's objectives. No political contributions are made.

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The trustees believe that, by supporting the work of the Church of England in the diocese of Peterborough, the DBF and DBE helps to promote more effectively the whole mission of the Church (Pastoral, evangelistic, social and ecumenical), both in the diocese as a whole and its individual parishes, and that in doing so, it provides a benefit to the public by:

- Providing resources for public worship, pastoral care and spiritual, moral and intellectual development, for its members as well as for anyone who wishes to benefit from what the Church offers;
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole; and
- Supporting Church of England schools and Christian education in the diocese through the Board of Education.

#### **6.1 Committees**

Certain DBF Committee functions are described below. In addition matters requiring senior management attention are dealt with by the Bishop's Management Group ('BMG') for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team ('BLT') for operational matters relating to achieving the Bishop's Vision. Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishops Council and the Board of Finance and its various committees.

##### **6.1.1 Finance and Administration Committee**

This committee acts as the Executive Committee of the charity and focuses particularly on budget preparation, the parish share and the overall financial strategy.

##### **6.1.2 Glebe and Trust Committee**

This committee directs and manages the glebe properties on behalf of the charity and acts for the DBF in its corporate capacity as custodian and managing trustee.

A joint meeting of the Finance and Administration and Glebe and Trust Committees helped define an investment policy for the Board's assets, acting as the Investment Steering Group.

##### **6.1.3 Houses Committee**

The functions of the DBF as Diocesan Parsonages Board are delegated to the Houses Committee. This committee deals with the provision of, and day-to-day maintenance of, clergy housing.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **6 Structure and Governance (continued)**

#### **6.1.4 Audit Committee**

This committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation. Hilary Daniels, Chair, has stepped down and we are grateful for the expertise and commitment she has brought to the role. We are delighted to welcome Jeremy Orme as the new Chair, taking forward the work of the Audit Committee in 2022 with effect from 24 March 2022.

#### **6.2 Diocesan Board of Education**

Peterborough Diocesan Board of Education ('the DBE') has charitable status and is an unincorporated body separate from the DBF. The DBF grants funds to the DBE on an annual basis. The DBE has separate officers and staff and administers its own day-to-day operations; however, the DBF is the employing body for the staff of both organisations.

2022 will see a key constitutional change in the Diocesan Board of Education arising from the DBE Measure dated 12 May 2022 taking effect on 1 January 2023.

#### **6.3 Related Organisations**

Within the ministry of the Church of England in the diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that form part of the Church. While the Bishop of Peterborough and his clergy have the cure of souls within the diocese, the responsibility for the funding of stipends for clergy (other than bishops and cathedral clergy), provide clergy housing (other than for the diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 11.2 are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod, which is intended to cover the cost of ministry.

Whilst dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburse the costs of stipendiary clergy deployed in the diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the general Synod, its boards and committees, and work undertaken on behalf of the church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the diocese elects a number of lay and clergy members.

#### **6.4 Other related organisations:**

- The Church of England Pensions board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- The Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the diocese makes annual contributions.
- The Peterborough Diocesan Education Trust (PDET) a multi-academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie Court under the terms of a sharing agreement;
- Peterborough Cathedral, who we provide IT services to under a service level agreement
- Bishop's Office, who we provide IT services to under a service level agreement



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 7 Financial review

Against the backdrop of the continuing COVID-19 pandemic, 2021 was another very strange and challenging year both in terms of operating and also financially. The trustees continued to work within the budget for 2021, approved by Synod, which was set in 2020 but, as with 2020, the pandemic continued to force us to adapt most of our working practices temporarily.

We are immensely grateful to the efforts made in all our parishes to meet the requests for parish share and celebrate the hard work our parishes make to meet their obligation despite these incredibly difficult times. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the requests for parish share. Many are meeting the increases from reserves, and a majority are not paying in full.

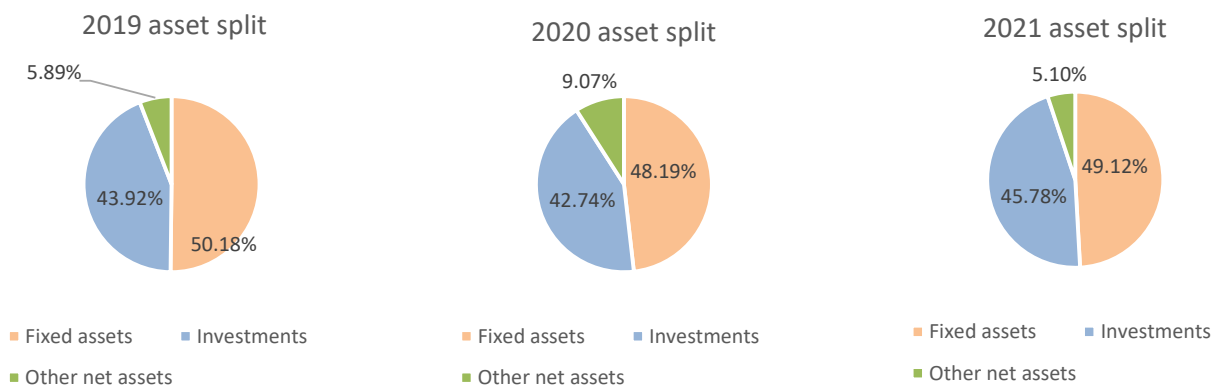
We are committed to ensuring we use this experience to drive forward transformational change to make cost savings where possible. Achieving a balanced budget remains the strategic aim of the trustees without damaging the excellent work done over the period to achieve sustainable growth of the church.

The Diocesan Synod approved a deficit budget for 2021 of £880,914. The actual results for 2021 show a deficit before investment gains and revaluations of £160,794. This was largely caused by a fixed asset loss, as was the case in 2020. However, the on-going effects of the pandemic caused significant movements to the budget. The movements are explained in the income and expenditure review on pages 8 and 9.

The DBF is responsible for two main categories of asset – clergy houses and investments. The accounting requirement is that the assets be entered into the year end balance sheet at an estimated current valuation. Given recent years' increases in house prices and in the markets for land and financial investments, the DBF balance sheet figures on page 23 have increased significantly. These valuation increases are not available to subsidise DBF

Trustees hold the portfolio of clergy houses for their operational importance to the provision of ministry in the diocese. With only rare exceptions, the houses are not for sale and their financial impact is more a matter of the level of expenditure appropriate to their maintenance than to the increase or decrease in year-end valuation.

Investments (land and financial investments) are principally permanent endowments which are held neither for operational purposes or for sale. Their importance is in providing an annual financial return which enables the DBF to afford a higher level of ministry and support expenditure than would be possible without it.



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

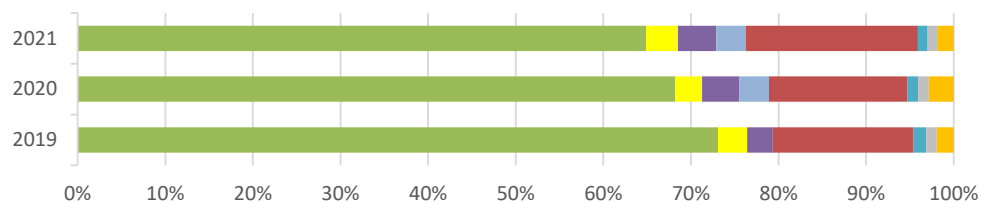
### 7 Financial review (continued)

#### Income review

Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. Due to the ongoing effects of the pandemic, parish share receipts for 2021 were lower than in recent years, although broadly similar to 2020. Including the amounts received in respect of earlier years, share decreased in cash terms by £61,347 compared to 2020. The total share received when expressed as a percentage of the overall share requested was 81.4% (2020 : 81.6%).

Investment income increased by £354,926 largely due to £300,000 received in respect of the Titchmarsh glebe.

#### Income



	2019	2020	2021
Parish share	73.10%	68.21%	64.88%
Fees	3.31%	3.06%	3.64%
Church Commissioners funding	2.92%	4.25%	4.38%
Low Income Communities funding	0.00%	3.39%	3.37%
Investment income	16.08%	15.81%	19.63%
Education income	1.48%	1.24%	1.12%
All Churches funding	1.17%	1.20%	1.17%
Other income	1.94%	2.84%	1.81%

#### Expenditure review

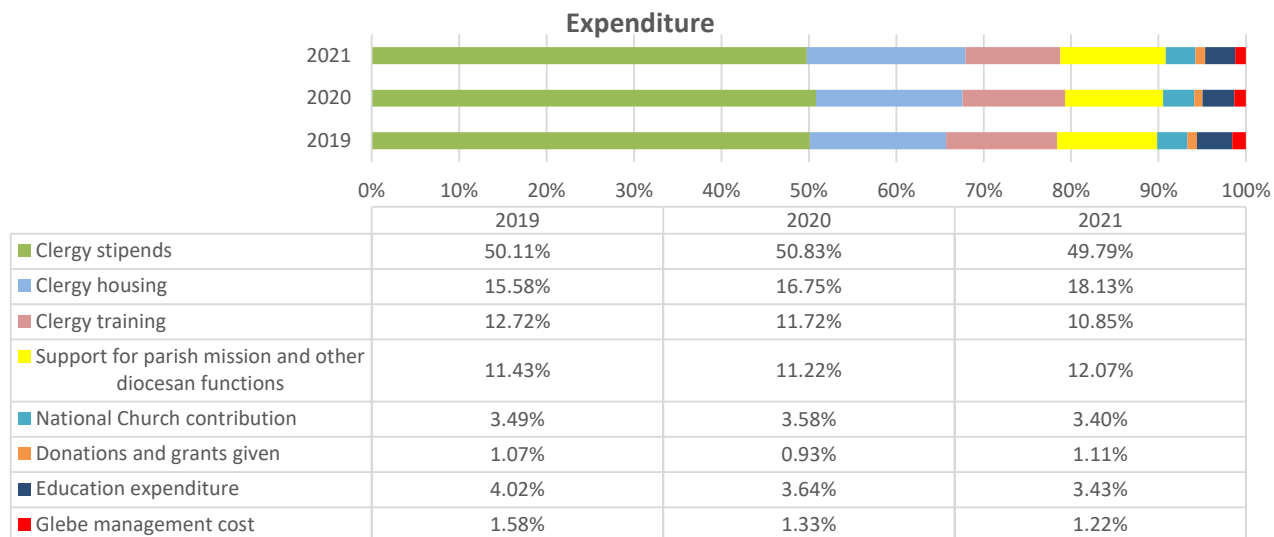
With our activities still restricted as in 2020, there were positive variances against budgeted expenditure in most areas. Unfilled clergy vacancies and training courses not being run resulted in a £177,231 positive variance to budget - clearly, this had a significant negative impact on our mission work. Being able to inspect and carry out works in clergy houses caused our housing costs to be £202,682 over budget. As a continued result of home working, considerably less travelling, training and other general office cost savings, there were, again, unbudgeted reductions in central costs of £259,079. Additionally, accounting standards require the inclusion of the reduction in the clergy pension liability, which does not form part of the DBF's regular day-to-day operating income and expenditure. In 2021 this was a further reduction of £314,000, which has the effect of reducing expenditure by that amount - again, this is unbudgeted.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Financial review (continued)

#### Expenditure review (continued)



#### 7.1 Investment Policy

The trustees Investment Policy is that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. The trustees decided that a Total Returns policy in respect of its permanent endowment is not appropriate at this time.

Although there are no significant legal restrictions on the range of assets in which the trustees may invest, the advice of the Church of England Ethical Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the trustees who will direct what action to take.

The Finance and Administration Committee and the Glebe and Trust Committee meets together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment policy agreed by the trustees.

#### 7.2 Reserves Policy and Reserves

The DBF notes that 64.88% of its annual income (excluding education capital related income) is from parish share receipts (2020 - 68.21%) with most of the balance coming from historic resources.

In view of the need to provide bridging finance for educational projects and more particularly to fund clergy stipends whether or not receipts from the parishes are up to date, the charity's reserves policy is to operate within a minimum general fund reserve of 60 days of annual expenditure including schools' capital works - £1,727,025 (2020 - £1,697,224).

At 31 December 2021, the level of funds which are unrestricted, undesignated and not held as fixed assets totalled £2,435,628. This equates to approximately 85 days of annual expenditure, including schools' capital work (2020 - 85 days).

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **8 Risk management**

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all risks identified, supported by the appropriate policy. The risk register is subject to annual review and responsibility for delivery of the mitigation activities are delegated to the Diocesan Secretary.

The pandemic, associated lockdown, and post-pandemic challenges has exposed us to a greater level of financial and pastoral risk as well as some opportunities. Balancing expenditure against income will be a key challenge in the coming years and the risk register below will incrementally change to reflect a new operating environment based on driving efficiencies through opportunities presented by the pandemic.

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. The areas of risk and the associated mitigation activities are:

#### **8.1.1 Spiritual Leadership**

The diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

- The work of the Director of Ordinands and Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The role out of the 'Leading your church into growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

#### **8.1.2 Finances**

A failure to generate enough income from parish share, investments and other income sources affects the vision for growth.

- Routine monitoring of Income v Expenditure
- The Investment Policy designed to provide growing investment income.
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation.
- The opportunities presented through a different way of working in the pandemic will be used to drive down expenditure where possible.
- A Budget Review Group is convened at times of crisis to identify measures to counter the impact of medium term shortfalls in income/savings on expenditure.

#### **8.1.3 An unforeseen incident adversely affects the reputation of the diocese**

This could be either in the safeguarding or data security (IT) environment.

*Safeguarding;*

- The DBF invests in highly skilled and well-trained safeguarding professionals in advisor roles.
- We align our policies to the National Church guidance.
- All parishes are required to implement and endorse the diocesan safeguarding policy.
- The DBF provides compulsory safeguarding training for all staff.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 8 Risk management (continued)

#### 8.1.3 An unforeseen incident adversely affects the reputation of the diocese (continued)

*Information Technology;*

- The DBF has invested in a professional IT Managed Service Company to deliver the IT function across the DBF offices.
- The IT delivery model puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings.
- Infrastructure developments implemented during 2021/2022 provide additional opportunities for savings through migrating to cloud services.
- The IT service delivery model is underpinned by a clear governance framework and staff user forums .

#### 8.1.4 Changing demographic profile.

An aging participating population without any rebalancing is detrimental to the future of the church in the diocese.

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the church.
- An ongoing Diocesan Board of Education objective aims to work in collaboration with the Directors of Ordinands, Children and Youth and Mission to take forward ‘Growing Faith’ initiatives to benefit children, young people and families.
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

### 9 Structure and Governance of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents 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 some 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, with 108 bishops including Diocesan Bishops and Assistant and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures, which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or ‘houses’ of members: The Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

#### 9.1 Three National Church Institutions

The Archbishops’ Council, the Church Commissioners and the Church of England Pensions Board are the three National Church Institutions.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **9 Structure and Governance of the Church of England (continued)**

#### **9.1 Three National Church Institutions (continued)**

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 historic assets of the Church of England, spending most of their income on pensions for the clergy. The church commissioners meet the costs of episcopal administration through the Diocesan and suffragan bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. Subsequently given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in ministry; and to administer pension schemes for lay employees of Church organisations.

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

#### **9.2 The Diocese of Peterborough**

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The diocese assumed roughly its present dimensions in 1927 with a total area of 1,150 square miles.

The diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 917,000 (mid term estimate 2017).

The diocese comprises two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

Peterborough Cathedral is the Mother Church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the diocese. It is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the bishops 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.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### 9.2 The Diocese of Peterborough (continued)

Each deanery has a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- give effect to the decisions made by 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 Diocesan Synod and of the diocese to General Synod.

The Bishop's Council, under the constitution of Diocesan Synod, has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy, this includes taking forwards for approval by Synod, recommendations made by the Bishops Management Group.
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it.

A Parochial Church Council (PCC) is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC comprises of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. We do not aggregate these assets in the financial statements, as the DBF does not control them, and are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2021 was £15,340,218 (2020 - £13,698,235), are set out in note 31 to the accounts. Where we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors, Hunt & Coombs.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### 10 Statement of Trustees' Responsibilities

#### 10.1 Trustees' Responsibilities

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

Company law requires the trustees (as company directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

The trustees are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### 10.2 Statement of disclosure to auditors

As far as the trustees are aware, there is no relevant audit information of which the DBF's auditors are unaware. The trustees have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

Haysmacintyre LLP have signified their willingness to act for the coming year. A resolution to appoint them as auditors will be proposed at the forthcoming annual general meeting.

The Trustees Annual Report, which includes the Strategic Report, was approved by the Board on 23 June 2022

Signed on its behalf by:

*Paul Buckingham*

Dr Paul Buckingham  
Chair

*Andrew Roberts*

Andrew Roberts  
Secretary and Treasurer



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 11 Administrative Details

#### 11.1 Officers and Agents

President	Rt Revd D S Allister (Bishop of Peterborough)	
Chair	Dr P Buckingham	
Vice-Chair	Ven G.J Steele (Archdeacon of Oakham) - resigned 30 November 2021	
Secretary and Treasurer	Mr A J Roberts	
Assistant Secretary	Mrs S J Ratcliffe	
Director of Education	Mr P Cantley	
Diocesan Surveyors	Carter Jonas LLP 12 Waterside Way Bedford Road Northampton NN4 7XD	
Bankers	Barclays Bank plc 1 Church Street Peterborough PE1 1QP	
Investment Fund Managers	M & G Investments M & G Securities Ltd PO Box 9039 Chelmsford CM99 2XF	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET
	Barclays Wealth 1 Stanhope Gate Mayfair London W1K 1AF	
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	
Solicitors	Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG	
Solicitors to the Board of Education	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR	

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### 11.1 Officers and Agents (continued)

Diocesan Registrar	Ms A Spriggs Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG
Diocesan Chancellor	Mr D M Pittaway QC c/o Diocesan Registrar
Deputy Diocesan Chancellor	Mr M Griffiths QC c/o Diocesan Registrar
Registered Office	The Diocesan Office The Palace Peterborough PE1 1YB
Registered Numbers	Company Registration No. 186179 Charity No. 250569 VAT Registration No.737 9263 95
Finance and Administration Committee	Chair: Dr P Buckingham Secretary: Diocesan Secretary c/o The Diocesan Office
Glebe and Trust Committee	Chair: Mr William Craven Secretary: Property Officer c/o The Diocesan Office
Investment Steering Group	Chair: Mr P McKay Secretary: Assistant Diocesan Secretary c/o The Diocesan Office
Houses Committee	Chair: Mr R Purser Secretary: Property Officer c/o The Diocesan Office
Audit Committee	Chair: Mrs H Daniels (to 31 December 2021) Chair: Mr J Orme (from 25 March 2022) Secretary: Assistant Diocesan Secretary c/o The Diocesan Office
Board of Education	Chair: Ven R Ormston (Archdeacon of Northampton) Secretary: Director of Education c/o The Diocesan Office  Director: Peter Cantley c/o The Diocesan Office

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 11.2 List of trustees/directors

President	Rt Revd Donald Allister	
Chair	Dr P Buckingham (FA, GT, H)	
Ex- Officio	Rt Revd J E Holbrook Ven R J Ormston (FA, GT, H) Ven G J Steele (Vice Chair) (FA, GT, H) Ven A Booker (FA, GT, H) Very Revd C Dalliston	resigned 30 November 2021 appointed 8 February 2022
Co- opted	Ms H Daniels (A) Mr W Craven (GT) Mr R Purser (H) Mr P McKay	resigned 31 December 2021 appointed 25 February 2021

Elected by the House of Clergy of the Diocesan Synod (2019 – 2021)

Archdeaconry of Northampton	Archdeaconry of Oakham
Revd K Hutchins (also Wellingborough) (A, FA) Revd Canon B Hollins - resigned 31 December 2021	Revd Canon J E Baxter (GT) Revd Dr B Brandon - appointed 17 January 2022 Revd M W Lucas Revd Canon G H Rogers - resigned 31 January 2021 Revd D Walsh (also Kettering Deanery)

Elected by the Houses of Laity of the Deanery Synods (2021 – 2024)

Archdeaconry of Northampton	Archdeaconry of Oakham
Mrs I Burbidge (Brackley) Mr N Robertson (Brixworth) - resigned 31 August 2021 Mr R Baker (Daventry) (A) Mr N Critchlow (Greater Northampton) (FA) Dr H Creek (Towcester) Revd K Hutchins (Wellingborough) (FA)	Mr J Hindle (Corby) Mr A K Owst (Higham) - resigned 6 March 2021 Revd D Walsh (Kettering) Mr A C Hawkins (Oundle) Mr R Gregory-Smith (Peterborough) Mr J Orme (Rutland) (A)

The abbreviations used above indicate sub-committees on which members serve, as follows:

A = Audit	FA = Finance and Administration
GT = Glebe and Trust	H = Houses

### 11.3 Key Management Team

Rt Revd D S Allister	Bishop of Peterborough
Ven R J Ormston	Archdeacon of Northampton
Ven G J Steele	Archdeacon of Oakham - resigned 30 November 2021
Ven A Booker	Archdeacon of Oakham - appointed 8 February 2022
Mr A Roberts	Diocesan Secretary
Mr P Cantley	Director of Education
Mr P White	Director of Children and Youth
Revd C Nobbs	Director of Mission and Development
Revd Canon S Benoy	Director of Vocation and Formation

# **PETERBOROUGH DIOCESAN BOARD OF FINANCE**

## **INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **Opinion**

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

In our opinion, the financial statements:

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

### **Basis for opinion**

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

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

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

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

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

### **Other information**

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

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

# **PETERBOROUGH DIOCESAN BOARD OF FINANCE**

## **INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

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

As explained more fully in the trustees' responsibilities statement set out on page 14, 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## INDEPENDENT AUDITORS TO THE MEMBERS OF THE DIOCESAN BOARD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2021

---

### Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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

### 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.



Steve Harper (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditor

06/09/2022

10 Queen Street Place  
London  
EC4R 1AG

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
<b>Income and endowments from</b>						
Donations:						
Parish Share	3	6,620,865	-	-	6,620,865	6,682,212
Other donations	4	622,138	411,804	-	1,033,942	991,679
Charitable activities	5	486,259	-	-	486,259	421,303
Other income	6	59,669	-	-	59,669	151,715
Investment income	7	18,096	468,410	1,516,825	2,003,331	1,549,004
<b>Total income</b>		<b>7,807,027</b>	<b>880,214</b>	<b>1,516,825</b>	<b>10,204,066</b>	<b>9,795,913</b>
<b>Expenditure on</b>						
Raising Funds	8	124,403	136,269	37,889	298,561	287,629
Charitable activities	9	7,894,799	888,957	1,282,543	10,066,299	9,643,674
<b>Total expenditure</b>		<b>8,019,202</b>	<b>1,025,226</b>	<b>1,320,432</b>	<b>10,364,860</b>	<b>9,931,303</b>
<b>Net income/(expenditure) before investment gains</b>		<b>(212,175)</b>	<b>(145,012)</b>	<b>196,393</b>	<b>(160,794)</b>	<b>(135,390)</b>
Net gains on investments	17	58,464	71,722	8,775,044	8,905,230	7,742,976
<b>Net income/(expenditure)</b>		<b>(153,711)</b>	<b>(73,290)</b>	<b>8,971,437</b>	<b>8,744,436</b>	<b>7,607,586</b>
<b>Transfers between funds</b>	22	252,804	(464,953)	212,149	-	-
<b>Other recognised gains</b>						
Gains on revaluations of fixed assets	16	-	556,028	9,379,081	9,935,109	3,378,556
Actuarial gains on pension schemes	30	-	-	6,000	6,000	(2,000)
<b>Net movement in funds</b>		<b>99,093</b>	<b>17,785</b>	<b>18,568,667</b>	<b>18,685,545</b>	<b>10,984,142</b>
Total funds brought forward		3,372,210	12,206,057	136,173,764	151,752,031	140,767,889
<b>Total funds carried forward</b>		<b>3,471,303</b>	<b>12,223,842</b>	<b>154,742,431</b>	<b>170,437,576</b>	<b>151,752,031</b>

For detailed fund by fund comparisons, a copy of the 2020 Statement of Financial Activities is included in note 33

The notes on pages 25 to 53 form part of these accounts

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Total income	8,687,241	9,795,913
Total expenditure	(9,044,428)	(9,931,303)
<b>Gross income for the year</b>	<u>(357,187)</u>	<u>(135,390)</u>
Net movement on investments	130,186	138,014
<b>Net income for the year</b>	<u>(227,001)</u>	<u>2,624</u>
<b>Other comprehensive income</b>		
Net assets transferred from / (to) endowments	(212,149)	599,975
<b>Net comprehensive income for the year</b>	<u><u>(439,150)</u></u>	<u><u>602,599</u></u>

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law.

All income and expenditure is derived from continuing activities.

The notes on pages 25 to 53 form part of these accounts



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	16	83,718,088		73,122,874	
Investments	17	78,022,190		64,861,692	
			161,740,278		137,984,566
<b>Current assets</b>					
Debtors	18	829,331		803,502	
Cash on deposit, at bank and in hand	19	9,255,176		15,541,279	
		10,084,507		16,344,781	
<b>Creditors: amounts falling due within one year</b>	20	(1,247,074)		(2,295,181)	
<b>Net current assets</b>			8,837,433		14,049,600
<b>Total assets less current liabilities</b>			170,577,711		152,034,166
<b>Creditors: amounts falling due after more than one year</b>	21		(140,135)		(282,135)
<b>Net assets</b>			170,437,576		151,752,031
<b>Funds</b>					
<b>Endowment funds</b>	23		154,742,431		136,173,764
<i>(including revaluation reserve £113,435,742 - 2020 £97,211,720)</i>					
<b>Restricted funds</b>	24		12,223,842		12,206,057
<i>(including revaluation reserve £3,908,279 - 2020 £3,687,098)</i>					
<b>Unrestricted income funds:</b>					
<b>General funds</b>	25		2,476,274		2,446,561
<b>Designated funds</b>	26		995,029		925,649
<i>(including revaluation reserve £296,830 - 2020 £238,366)</i>					
<b>Total funds</b>	27		170,437,576		151,752,031

Approved by the Board and authorised for issue on 23 June 2022 and signed on its behalf by

*Paul Buckingham*

*Andrew Roberts*

Dr P Buckingham  
Chairman

A Roberts  
Secretary

Company number: 186179

The notes on pages 25 to 53 form part of these accounts

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2021 £	2020 £	2020 £
<b>Net cash flow from operating activities</b>		(3,191,027)		(98,745)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	2,003,331		1,549,004	
Proceeds from sale of tangible fixed assets	464,953		1,232,185	
Proceeds from sale of investments	1,867,317		4,710,627	
Purchase of tangible fixed assets	(1,308,092)		(495,489)	
Purchase of investments	(6,122,585)		-	
<b>Net cash flow from investing activities</b>		(3,095,076)		6,996,327
Change in cash and cash equivalents in the year		(6,286,103)		6,897,582
Cash and cash equivalents brought forward		15,541,279		8,643,697
Cash and cash equivalents carried forward		9,255,176		15,541,279
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>				
Net movement in funds for the year		(160,794)		(135,390)
Adjustments for:				
Depreciation		13,678		1,668
Loss on sale of fixed assets		169,356		157,916
Dividends, interest and rent from investments		(2,003,331)		(1,549,004)
Decrease in debtors		(25,829)		496,993
Increase / (decrease) in creditors		(876,107)		1,323,072
Pension scheme liability movement		(314,000)		(392,000)
Adjustment for actuarial gain on pension scheme		6,000		(2,000)
<b>Net cash flow from operating activities</b>		(3,191,027)		(98,745)
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		3,011,409		3,377,566
Cash on deposit with Central Board of Finance of the Church of England and the Church Commissioners		6,243,767		12,163,713
		9,255,176		15,541,279

The notes on pages 25 to 53 form part of these accounts

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 General information

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to promote, assist and advance the work of the Church of England in the Diocese of Peterborough by acting as the financial executive of the Peterborough Diocesan Synod. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

### 2 Accounting Policies

#### 2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (Second Edition, effective 1 January 2019), the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting

The financial statements present an aggregation of the accounts of the PDBF and those of the Peterborough Diocesan Board of Education (the PDBE).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The COVID-19 pandemic has had a negative effect on collection of parish share, however the trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

#### 2.2 Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is included where received up to the end of the month following the end of the financial year.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2 Accounting Policies (continued)

#### 2.3 Expenditure

Expenditure is included in the SOFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SOFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 30). Contributions payable by the PDBF to defined contribution scheme are included in the SOFA when payable. Contributions payable to the defined benefit schemes are included in the SOFA when payable in respect of current service. Contributions payable in respect of scheme deficits relating to past service are charged to the Clergy Pension Liability in the Balance Sheet.

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £430,659 (2020: £525,259) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SOFA.

#### 2.4 Tangible Fixed Assets

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

Tangible fixed assets have been included on the following bases:

##### **Clergy and Other Domestic Houses:**

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income. The profit/loss on disposal is also treated as if they were investment properties.

##### **Board Property:**

At either cost or at a valuation using a published index to reflect changes since the last valuation. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2 Accounting Policies (continued)

#### 2.5 Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

#### 2.6 Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Listed Investments are stated at market value at the balance sheet date

Unlisted Investments are stated at market value at the balance sheet date as provided by the Central Board of Finance of the Church of England and M&G Investments.

Agricultural Land was valued at 31 December 2021 as part of an estate held for investment purposes by an external valuer Carter Jonas LLP, Chartered Surveyors & Property Consultants, 12 Waterside Way, Bedford Road, Northampton.

Commercial Property at Bouverie Court was valued during 2021 by chartered surveyors Carter Jonas (address as above) on an open market basis.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS102 which requires that they are recognised as Investment Properties. This presentation has been used for the purposes of achieving a true and fair view as this reflects the intended long term use of the properties concerned.

#### 2.7 Custodian Trustee

Investments held by the charity as Custodian Trustee are not included in these financial statements but are set out separately in note 31. These will be reviewed with the local PCCs during 2022.

#### 2.8 Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2 Accounting Policies (continued)

#### 2.9 Cash and Cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### 2.10 Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

#### 2.11 Financial instruments

The charity 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.

#### 2.12 Pension contributions

The charity's staff are members of the Church of England Pension Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the charity's contributions in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the charity participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

#### 2.13 Fund Accounting

In accordance with the SORP - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), the charity's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the charity. These funds may be set aside by the charity for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the charity or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund, along with investment movements.

Expendable Endowment Funds - these are funds that may be used as income at the discretion of the charity. Use of the funds are subject to legally binding conditions imposed by the donor upon the charity or by terms of an appeal.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2 Accounting Policies (continued)

#### 2.13 Fund Accounting (continued)

Investment income and movement in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget, as approved by Diocesan Synod. These only appear on the SOFA if the transfer is between the fund types identified above.

#### 2.14 Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

#### 2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

##### ***Clergy and Other Domestic Houses:***

At either cost or at a valuation using a published index to reflect changes since the last valuation. In addition, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

The valuation methodology used will be reviewed annually.

##### ***Pension scheme liability***

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 30 and set by reference to the duration of the deficit recovery payments.

##### ***Depreciation***

Depreciation is calculated on a straight line basis, based on the trustees best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

<b>3</b>	<b>Parish share</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
	Current year requests	8,132,853	8,188,788
	Shortfall in contributions	(1,582,195)	(1,595,526)
		<hr/>	<hr/>
		6,550,658	6,593,262
	Receipts for prior year	70,207	88,950
		<hr/>	<hr/>
		6,620,865	6,682,212
		<hr/>	<hr/>
<b>4</b>	<b>Other donations</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
	All Churches Trust	119,500	118,000
	Forsters Charity	3,440	3,360
	Mission fund donations	3,700	500
	Donations	116,212	121,970
	Strategic Development Fund	161,600	139,996
	Low Income Communities grant	343,968	332,500
	Strategic Ministry Fund	35,318	17,547
	RME Block grants	250,204	257,806
		<hr/>	<hr/>
		1,033,942	991,679
		<hr/>	<hr/>
<b>5</b>	<b>Charitable activities</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
	Statutory fees for parochial services	371,882	299,912
	Education	114,377	121,391
		<hr/>	<hr/>
		486,259	421,303
		<hr/>	<hr/>



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

<b>6</b>	<b>Other income</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
	HMRC Furlough income	7,828	126,045
	Administration income	51,841	25,670
		<hr/>	<hr/>
		59,669	151,715
		<hr/>	<hr/>
<b>7</b>	<b>Investment income</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
	Dividends receivable	852,836	722,202
	Interest receivable	8,606	32,722
	Rents receivable:		
	Properties	381,177	259,542
	Glebe	760,712	534,538
		<hr/>	<hr/>
		2,003,331	1,549,004
		<hr/>	<hr/>
<b>8</b>	<b>Glebe management costs</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
	Professional charges	70,276	80,548
	Other support costs	228,285	207,081
		<hr/>	<hr/>
		298,561	287,629
		<hr/>	<hr/>

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Charitable activities

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
National Church	346,514	349,575
Clergy stipends and staff costs (note 10)	5,354,875	5,246,231
Clergy housing	1,848,057	1,636,914
Clergy training	824,136	867,463
Grants and donations (note 11)	113,595	91,137
Education (note 12)	349,214	355,910
Diocesan support for Parish Mission (note 13)	1,229,908	1,096,444
	10,066,299	9,643,674

### 10 Clergy stipends and staff costs

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Stipends and employers national insurance	4,005,894	4,097,366
Pension contributions	1,309,556	1,258,563
Clergy pension deficit reduction payments	(242,000)	(388,000)
Removal, resettlement and other grants	162,714	178,224
Other expenses and other grants	118,711	100,078
	5,354,875	5,246,231

### 11 Grants and donations

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Bishop's Discretionary Funds	6,000	6,000
Widows and Dependents	11,600	16,280
Shared Churches Peterborough	39,862	26,402
Shared Churches Northampton	100	60
Northamptonshire Ecumenical Council	6,615	6,300
Record offices	400	400
Quinquennial grants	7,176	7,176
Mission Fund grants	8,562	500
Other grants	33,280	28,019
	113,595	91,137

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Education (Church schools)

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Section 554 net expenditure	7,718	19,810
Administration	330,888	329,518
Other - including travel	10,608	6,582
	349,214	355,910

The following church schools are supported by the Diocese:

	<b>Number</b>	<b>Number</b>
Voluntary aided	14	14
Academy Schools	61	61
Voluntary controlled	28	28
	103	103

The Diocesan Accounts Group (DAG) recommends that Education income and expenditure relating to building projects entered into by the Governing bodies of voluntary aided schools is not included in SOFA other than as short term loans repaid by ESFA Grants and Governors contributions. This is due to the PDBE not acting as principal in the arrangements. The effect of this recommendation is that £321,367 (2020 : £549,394) of receipts and payments does not appear in the SOFA as it is effectively "netted off".

### 13 Diocesan support for Parish Mission

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Bishop's Advisors and Support to Parishes	163,001	109,027
DAC, Legal, Stewardship Support to parishes and asset management	477,765	445,030
Bishop's Officers and Mission work in the Parishes	216,766	210,622
Adult, Lay and Clergy Training and Conferences	196,702	173,904
SSMs, Readers, Pastoral Assistants, Parish Evangelists	3,249	3,907
Strategic Development Fund - "Generation to Generation" project	169,760	133,657
Other costs	2,665	20,297
	1,229,908	1,096,444

Included above are Governance costs of £193,380 (2020 : £68,186)

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Surplus/(Deficit) for the financial year

	<b>2021</b>	<b>2020</b>
	£	£
The net surplus/(deficit) for the financial year is stated after charging:		
Auditors remuneration:		
in respect of audit services - current year	21,360	21,120
in respect of corporation tax computations - current year	1,680	1,680
in respect of audit services - over-provision of prior year	-	(1,920)
in respect of corporation tax computations - under-provision of prior year	-	80
	<hr/>	<hr/>
	23,040	20,960
Depreciation on tangible fixed assets	13,678	1,668
Operating lease charges in the year	31,000	31,000
Interest charges on Church Commissioner Value Linked Loans	10,281	10,159

### 15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

#### *Staff costs*

	<b>Total</b>	<b>Total</b>
	<b>2021</b>	<b>2020</b>
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,244,443	1,284,001
National insurance contributions	111,212	120,514
Pension costs	174,247	204,676
	<hr/>	<hr/>
	1,529,902	1,609,191
	<hr/>	<hr/>

#### *Clergy stipends*

The PDBF paid an average of 135 (2020 - 137) stipendary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the diocese and the costs were as follows:

	<b>Total</b>	<b>Total</b>
	<b>2021</b>	<b>2020</b>
	£	£
Stipends	3,724,060	3,448,066
National insurance contributions	281,834	284,093
Pension costs - current year contributions	1,308,556	1,251,563
	<hr/>	<hr/>
	5,314,450	4,983,722
	<hr/>	<hr/>

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The average number of employees during the year was as follows:

	2021 full-time	2021 part-time	2020 full-time	2020 part-time
Archdeacons	2	-	2	-
Stipendary Parochial Ministers	119	14	121	14
Diocesan Boards and Councils	20	7	19	8
Parochial Youth Staff (SDF)	4	2	4	1
Administration	8	3	9	4
	153	26	155	27

In addition to the above, there are 33 self supported ministers and a further 14 house for duty ministers.

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2021	2020
£70,001 - £80,000	1	1
£60,001 - £70,000	2	2

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

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

Diocesan Secretary and Company Secretary	Andrew Roberts
Diocesan Director of Education	Peter Cantley

Remuneration, pensions and expenses for these two employees amounted to £164,121 (2020 : £163,546).

#### **Trustees remuneration and expenses**

During the year, no trustee received any remuneration for services as a trustee or received any travel expenses relating to services as a trustee (2020 : none).

During the year the charity made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

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

		<b>Stipend</b>	<b>Housing</b>
Revd J Baxter		Yes	Yes
Revd B Hollins		Yes	Yes
Revd K Hutchins		No	Yes
Revd M Lucas		Yes	Yes
Ven R J Ormston		Yes	Yes
Revd G Rogers	to 31 January 2021	Yes	Yes
Ven G J Steele	to 30 November 2021	Yes	Yes
Revd D Walsh		Yes	Yes

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Tangible fixed assets

	Freehold land and buildings £	Short Leasehold improvements £	Office equipment £	Total 2021 £
<b>Cost or valuation:</b>				
At 1 January 2021	73,073,116	56,602	434,000	73,563,718
Additions	1,303,526	-	4,566	1,308,092
Disposals proceeds	(464,953)	-	-	(464,953)
Loss on disposal	(169,356)	-	-	(169,356)
Revaluation	9,935,109	-	-	9,935,109
At 31 December 2021	83,677,442	56,602	438,566	84,172,610
<b>Depreciation:</b>				
At 1 January 2021	-	56,602	384,242	440,844
Charge for the year	-	-	13,678	13,678
Eliminated on disposals	-	-	-	-
At 31 December 2021	-	56,602	397,920	454,522
<b>Net book value</b>				
At 31 December 2021	83,677,442	-	40,646	83,718,088
At 31 December 2020	73,073,116	-	49,758	73,122,874

The historical cost of the land and buildings is £11,670,217 (2020 - £10,561,344).

The historical cost of land and buildings shown above is only for purchases made by the DBF. The historical cost of land and buildings taken over by the DBF from parishes is not known.

### 17 Fixed asset investments

	Investment properties £	Listed investments £	Unlisted investments £	Total 2021 £
<b>Valuation:</b>				
At 1 January 2021	43,612,957	-	21,248,735	64,861,692
Additions	-	4,794,303	1,328,282	6,122,585
Disposals proceeds	(1,867,317)	-	-	(1,867,317)
Gain on disposal	387,317	-	-	387,317
Revaluation	5,424,074	96,549	2,997,290	8,517,913
	47,557,031	4,890,852	25,574,307	78,022,190
Historic cost at 31 December 2021	13,991,854	4,794,303	13,572,709	32,358,866
Historic cost at 31 December 2020	13,991,854	-	12,244,427	26,236,281

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 17 Fixed asset investments (continued)

The glebe land valuation was conducted by Carter Jonas as at 31 December 2021.

The historical cost of glebe land and buildings shown above is only for purchases made by the DBF. The historical cost of glebe land and buildings taken over by the DBF from parishes is not known.

Listed investments are valued at bid price at the year end.

Unlisted investments consist of holdings in CBF Church of England Funds managed by CCLA Investment Managers Limited (the CBF Investment Fund, CBF Fixed Interest Fund and UK Equity Fund) and in Charifund (managed by M&G Securities Limited).

The following unlisted investments each represent more than 5% by value of the portfolio:

	£
The CBF Church of England Investment Fund	17,530,359
M&G Charifund	7,163,183

### 18 Debtors

	2021 £	2020 £
<b><i>Due within one year</i></b>		
Parish share received after year end	110,801	98,899
Parochial loans	57,861	67,286
Trade debtors	81,534	87,611
Other debtors	502,674	465,384
	<hr/> 752,870	<hr/> 719,180
<b><i>Due after more than one year</i></b>		
Parochial loans	76,461	84,322
	<hr/>	<hr/>
<b>Total debtors</b>	<hr/> 829,331	<hr/> 803,502

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

<b>19</b>	<b>Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
		£	£
	Cash at bank and in hand - Current and deposit accounts	3,011,409	3,377,566
	Funds with the Central Board of Finance of the Church of England Deposit fund and the Church Commissioners	6,243,767	12,163,713
		9,255,176	15,541,279
<b>20</b>	<b>Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
		£	£
	Trade creditors	26,090	86,888
	Taxation and social security	38,781	1,065,152
	Other creditors	655,557	475,896
	Accruals and deferred income	294,646	263,245
	Clergy pension scheme liabilities	232,000	388,000
	Lay workers' defined benefit pension scheme liabilities	-	16,000
		1,247,074	2,295,181
<b>21</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2021</b>	<b>2020</b>
		£	£
	Clergy pension scheme liabilities	-	91,000
	Lay workers' defined benefit pension scheme liabilities	-	51,000
	Church Commissioners value linked loans	140,135	140,135
		140,135	282,135

Value Linked Loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 22 Transfers

The transfers between funds during 2021 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	-	-
Sale proceeds of houses	464,953	-	(464,953)	-
Education s554	28,851	-	-	(28,851)
Clergy pension liability repayment	(241,000)	-	-	241,000
	<hr/> 252,804	<hr/> -	<hr/> (464,953)	<hr/> 212,149

The transfers between funds during 2020 were:

	Unrestricted £	Designated £	Restricted £	Endowment £
Sale proceeds of parsonages	-	-	982,837	(982,837)
Sale proceeds of houses	249,348	-	(249,348)	-
Education s554	(1,862)	-	-	1,862
Clergy pension liability repayment	(381,000)	-	-	381,000
	<hr/> (133,514)	<hr/> -	<hr/> 733,489	<hr/> (599,975)

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

#### *Permanent Endowments*

	Balance at 1.1.21 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
<b>Current year</b>					
Houses Committee	1,320,241	-	-	188,867	1,509,108
Stipends Capital	356,225	-	-	50,960	407,185
Diocesan Stipends Capital Fund	65,702,426	1,516,825	(1,301,912)	8,652,507	74,569,846
Clergy Pension Liability	(479,000)	-	247,000	-	(232,000)
Church Major Works	121,693	-	-	17,409	139,102
	<u>67,021,585</u>	<u>1,516,825</u>	<u>(1,054,912)</u>	<u>8,909,743</u>	<u>76,393,241</u>

	Balance at 1.1.20 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
<b>Prior year</b>					
Houses Committee	1,235,297	-	-	84,944	1,320,241
Stipends Capital	333,305	-	-	22,920	356,225
Diocesan Stipends Capital Fund	57,706,101	1,161,548	(771,548)	7,606,325	65,702,426
Clergy Pension Liability	(858,000)	-	379,000	-	(479,000)
Church Major Works	113,863	-	-	7,830	121,693
	<u>58,530,566</u>	<u>1,161,548</u>	<u>(392,548)</u>	<u>7,722,019</u>	<u>67,021,585</u>

#### **Houses Committee**

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

#### **Stipends Capital**

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

#### **Diocesan Stipends Capital Fund**

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Endowment funds (continued)

#### *Permanent Endowments (continued)*

#### **Clergy Pension Liability**

Before 2019, the clergy pension liability was presented as a component of unrestricted funds. Following a review, it is considered appropriate to show this as part of endowment funds on the basis as the endowment assets underpin the liability.

#### **Church Major Works Fund (formerly Church Major Repair Fund)**

This fund may be loaned to parishes in need of funds for works to churches.

#### *Expendable Endowments*

	Balance at 1.1.21 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
<b>Current year</b>					
Education Act 1996 (s554)	1,921,678	-	(36,569)	129,108	2,014,217
Clergy Houses	67,230,501	-	-	9,104,472	76,334,973
	<u>69,152,179</u>	<u>-</u>	<u>(36,569)</u>	<u>9,233,580</u>	<u>78,349,190</u>
<b>Prior year</b>					
	Balance at 1.1.20 £	Incoming Endowments £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.20 £
Education Act 1996 (s554)	1,881,557	-	(17,948)	58,069	1,921,678
Clergy Houses	65,296,785	-	(982,837)	2,916,553	67,230,501
	<u>67,178,342</u>	<u>-</u>	<u>(1,000,785)</u>	<u>2,974,622</u>	<u>69,152,179</u>

#### **Clergy Houses**

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the PDBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Clergy House fund. Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

#### **Education Act 1996 (Section 554)**

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24 Restricted funds	Balance at 1.1.21	Income	Expenditure and Transfers	Gains/ (Losses)	Balance at 31.12.21
<i>Current year</i>	£	£	£	£	£
Houses Committee	5,572,582	397,117	(604,390)	556,027	5,921,336
Widows & Dependants	488,572	13,304	(11,600)	54,859	545,135
Ordination Candidates	127,796	3,420	(1,383)	16,864	146,697
Education Act 1996	230,471	51,729	-	-	282,200
Church Major Works	52,996	41	-	-	53,037
Resourcing Ministerial Education (RME)	(61,435)	250,204	(214,089)	-	(25,320)
Gen 2 Gen - SDF funding	6,339	161,600	(169,760)	-	(1,821)
Family Care Fund	200	-	-	-	200
Pastoral Account	5,788,536	2,799	(488,957)	-	5,302,378
	12,206,057	880,214	(1,490,179)	627,750	12,223,842
	11,332,748	760,096	(125,466)	238,679	12,206,057

<i>Prior year</i>	Balance at 1.1.20	Income	Expenditure and Transfers	Gains/ (Losses)	Balance at 31.12.20
	£	£	£	£	£
Houses Committee	5,341,648	276,597	(249,348)	203,685	5,572,582
Widows & Dependants	464,203	13,239	(16,280)	27,410	488,572
Ordination Candidates	119,907	3,302	(2,997)	7,584	127,796
Education Act 1996	182,215	48,256	-	-	230,471
Church Major Works	52,677	319	-	-	52,996
Resourcing Ministerial Education (RME)	(58,379)	257,806	(260,862)	-	(61,435)
Gen 2 Gen - SDF funding	-	139,996	(133,657)	-	6,339
Family Care Fund	200	-	-	-	200
Pastoral Account	5,230,277	20,581	537,678	-	5,788,536
	11,332,748	760,096	(125,466)	238,679	12,206,057

### Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

### Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

### Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 24 Restricted funds (continued)

#### **Schools Fund/Education/Education Act 1996**

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided

#### **Church Major Works Fund (formerly Church Major Repair Fund)**

This represents unspent income from the endowment fund.

#### **Resourcing Ministerial Education (RME)**

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from September 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

#### **Gen 2 Gen**

This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)

#### **Family Care Fund**

This represents funds received from Family Care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

#### **Pastoral Account**

This represents the capital and investment income which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Unrestricted funds

	Balance at 1.1.21 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
<b>Current year</b>					
General fund	2,510,561	7,787,549	(7,821,836)	-	2,476,274
Church Worker Fund pension deficit	(64,000)	-	64,000	-	-
	<u>2,446,561</u>	<u>7,787,549</u>	<u>(7,757,836)</u>	<u>-</u>	<u>2,476,274</u>
<b>Prior year</b>					
General fund	2,923,220	7,857,429	(8,270,088)	-	2,510,561
Church Worker Fund pension deficit	(80,000)	-	16,000	-	(64,000)
	<u>2,843,220</u>	<u>7,857,429</u>	<u>(8,254,088)</u>	<u>-</u>	<u>2,446,561</u>

The General fund is a free reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 26 Designated funds

	Balance at 1.1.21 £	Income £	Expenditure and Transfers £	Gains/ (Losses) £	Balance at 31.12.21 £
<b>Current year</b>					
Church Major Works	767,944	15,446	-	58,464	841,854
Mission Fund	157,705	4,032	(8,562)	-	153,175
	<u>925,649</u>	<u>19,478</u>	<u>(8,562)</u>	<u>58,464</u>	<u>995,029</u>
<b>Prior year</b>					
Church Major Works	650,965	15,071	-	60,256	767,944
Mission Fund	173,871	2,150	(19,300)	-	157,705
	<u>824,836</u>	<u>17,221</u>	<u>(19,300)</u>	<u>60,256</u>	<u>925,649</u>

#### Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans and, exceptionally, as grants.

#### Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 27 Analysis of net assets between funds

Fund balances at 31 December 2021 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	40,646	-	5,666,494	78,010,948	83,718,088
Investments	-	467,149	635,785	76,919,255	78,022,189
Current assets	3,590,836	527,880	5,921,563	44,228	10,084,507
Current liabilities	(1,015,073)	-	-	(232,000)	(1,247,073)
Long term liabilities	(140,135)	-	-	-	(140,135)
	<u>2,476,274</u>	<u>995,029</u>	<u>12,223,842</u>	<u>154,742,431</u>	<u>170,437,576</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,400,635	68,606,590	72,007,225
Investments	-	296,830	507,644	44,829,152	45,633,626
	<u>-</u>	<u>296,830</u>	<u>3,908,279</u>	<u>113,435,742</u>	<u>117,640,851</u>

Fund balances at 31 December 2020 are represented by:

	Unrestricted £	Designated £	Restricted £	Endowment £	Total £
Tangible fixed assets	49,758	-	5,295,984	67,777,132	73,122,874
Investments	-	408,685	564,063	63,888,943	64,861,691
Current assets	4,495,118	516,964	6,346,010	4,986,689	16,344,781
Current liabilities	(1,907,180)	-	-	(388,000)	(2,295,180)
Long term liabilities	(191,135)	-	-	(91,000)	(282,135)
	<u>2,446,561</u>	<u>925,649</u>	<u>12,206,057</u>	<u>136,173,764</u>	<u>151,752,031</u>

Included in the above is a revaluation reserve which relates to:

Tangible fixed assets	-	-	3,251,177	59,260,595	62,511,772
Investments	-	238,366	435,921	37,951,125	38,625,412
	<u>-</u>	<u>238,366</u>	<u>3,687,098</u>	<u>97,211,720</u>	<u>101,137,184</u>



# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 28 Capital commitments and contingent liabilities

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Expenditure on house repairs approved but not contracted for	8,810	16,645
Ordinands support grants approved	179,281	154,873
Contingent liability in respect of guarantee given	150,000	150,000

The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to St Matthew's PCC, Northampton.

### 29 Operating leases

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Total commitments under non-cancellable operating leases are as follows:		
Operating leases in respect of buildings where the lease expires:		
within one year	31,000	31,000
within two to five years	38,750	69,750
At 31 December 2021	<u>69,750</u>	<u>100,750</u>

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 30 Pension costs

#### Church Workers Pension Fund

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

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

#### Defined Benefit Scheme

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

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the DBS were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year - 2021 : £14,148, 2020: £60,044 - plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in SoFA, giving a total credit of £48,852 for 2021 and charge of £63,044 for 2020.

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

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

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 46.5% of pensionable salary and expenses of £4,300 per year.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 30 Pension costs (continued)

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2021 £	2020 £
Balance sheet liability at 1 January	67,000	80,000
Deficit contribution paid	(4,000)	(16,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(63,000)	2,000
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	67,000

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

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

	<i>December 2021</i>	<i>December 2020</i>	<i>December 2019</i>
Discount rate	0.0%	0.4%	1.3%

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

### Pension Builder Scheme

For eligible salaried employees who commenced employment after 1 January 2000, the charity participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

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

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

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

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 30 Pension costs (continued)

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable.

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

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

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

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

#### Clergy Pension Fund

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021 : £1,067,556, 2020 : £870,563), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,062,556 for 2021 (2020 : charge of £879,563).

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. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 30 Pension costs (continued)

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

<i>%age of pensionable stipends</i>	<i>January 2018 to December 2020</i>	<i>January 2021 to December 2022</i>
Deficit repair contribution	11.90%	7.10%

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

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

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

	<b>2021</b>	<b>2020</b>
	£	£
Balance sheet liability as at 1 January	479,000	858,000
Deficit Contributions paid	(242,000)	(388,000)
Interest cost (recognised in the SOFA)	1,000	7,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(6,000)	2,000
	<hr/>	<hr/>
Balance sheet liability at 31 December	232,000	479,000
	<hr/>	<hr/>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

#### **December 2021 December 2020 December 2019**

Discount rate	0.0%	0.2%	1.1%
Price inflation	n/a	3.1%	2.8%
Increase to total pensionable payroll	-1.5%	1.6%	1.3%

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

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 31 Trust funds

The charity acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the charity as custodian trustee but which does not form part of the charity's assets, amounted to £15,340,218 at 31 December 2021 (2020: £13,698,235) made up as follows:

	2021 Cost £	2020 Cost £	2021 Valuation £	2020 Valuation £
Land & Buildings	96,823	96,823	221,076	221,076
Miscellaneous Unlisted Investments	585,881	590,115	1,576,695	1,401,532
Central Board of Finance:				
Investment Fund shares	2,074,209	1,976,013	11,473,567	9,993,466
Fixed Interest Securities Fund shares	459,971	483,704	498,309	561,474
Equity Fund	49,490	49,490	86,304	73,394
Property Fund	49,490	49,490	47,628	41,682
Deposits	1,436,640	1,405,611	1,436,639	1,405,611
	<u>4,752,504</u>	<u>4,651,246</u>	<u>15,340,218</u>	<u>13,698,235</u>

### 32 Related party transactions

The Diocese maintains a register of Trustees interests. Trustees have declared participation in training funded by the Diocese and transactions arising from their stipendiary ministry and housing. It shows no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the DBF and are part of its normal activities.

One of the trustees and also the spouse of a trustee of the DBF is a trustee of Launde Abbey Trust. During the year, PDBF bought services totalling £8,606 from Launde Abbey Trust.

During the year, the DBF recharged provision of IT services to the Bishop's Office, the Cathedral and PDET - all of whom are related party transactions. The value of these recharges were:

	2021 £	2020 £
Bishop's Office	10,936	4,197
Peterborough Cathedral	39,141	17,946
Peterborough Diocesan Education Trust	1,764	3,527

#### Parochial Church Councils

Parochial Church Councils (PCCs) support PDBF financially with payments of parish share. Many committee members and trustees are also members of PCCs within the Diocese. Much of PDBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans.

# PETERBOROUGH DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 33 Prior year Statement of Financial Activities (SoFA)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £
<b>Income and endowments from</b>					
Donations:					
Parish Share	3	6,682,212	-	-	6,682,212
Other donations	4	593,877	397,802	-	991,679
Charitable activities	5	421,303	-	-	421,303
Other income	6	151,715	-	-	151,715
Investment income	7	25,162	362,294	1,161,548	1,549,004
<b>Total incoming resources</b>		<b>7,874,269</b>	<b>760,096</b>	<b>1,161,548</b>	<b>9,795,913</b>
<b>Expenditure on</b>					
Raising Funds	8	129,713	157,916	-	287,629
Charitable activities	9	7,991,361	858,955	793,358	9,643,674
<b>Total outgoing resources</b>		<b>8,121,074</b>	<b>1,016,871</b>	<b>793,358</b>	<b>9,931,303</b>
<b>Net income/(expenditure) before investment gains</b>		<b>(246,805)</b>	<b>(256,775)</b>	<b>368,190</b>	<b>(135,390)</b>
Net gains on Investments		26,296	34,994	7,681,686	7,742,976
<b>Net income/(expenditure)</b>		<b>(220,509)</b>	<b>(221,781)</b>	<b>8,049,876</b>	<b>7,607,586</b>
<b>Transfers between funds</b>	22	<b>(133,514)</b>	<b>733,489</b>	<b>(599,975)</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>					
Gains/(losses) on revaluations and disposals of fixed assets		-	361,601	3,016,955	3,378,556
Actuarial gains on pension schemes		-	-	(2,000)	(2,000)
<b>Net movement in funds</b>		<b>(354,023)</b>	<b>873,309</b>	<b>10,464,856</b>	<b>10,984,142</b>
Total funds brought forward		3,726,233	11,332,748	125,708,908	140,767,889
<b>Total funds carried forward</b>		<b>3,372,210</b>	<b>12,206,057</b>	<b>136,173,764</b>	<b>151,752,031</b>