

MANCHESTER DIOCESAN BOARD OF FINANCE

Consolidated Financial Statements

for the year ended 31 December 2022

Company No 149999 – Registered Charity No 249424

 THE CHURCH
OF ENGLAND
Diocese of Manchester

CHURCH
FOR A
DIFFERENT
WORLD



MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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Reference and administrative details

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

Ex-Officio

The Bishop of Manchester, Rt Revd Dr D Walker
The Bishop of Middleton, Rt Revd M Davies
The Bishop of Bolton, Rt Revd M Ashcroft – To 28 February 2023
The Archdeacon of Bolton and Salford Ven J Burgess – To 4 June 2023
The Archdeacon of Manchester, Ven K Lund
The Archdeacon of Rochdale, Ven D Sharples
The Chairman of the Board of Finance, Canon P Blinkhorn
The Dean of Manchester – Very Revd R M Govender
The Chair of the House of Laity – Y Mackereth
The Chair of the House of Clergy – Revd Canon Dr R Mann

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

Manchester Archdeaconry

Clergy	Lay
Revd A Wickens	J Dunkerley

Bolton Archdeaconry

Clergy	Lay
Revd P Sumsion	K Lewis

Rochdale Archdeaconry

Clergy	Lay
Revd M Read	B Micklethwaite – From 26 September 2022

Salford Archdeaconry:

Clergy	Lay
Revd Canon A Salmon	I Hodcroft – From 26 September 2022

Co-opted

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

Company Secretary

H Platts

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

St John's House
155-163 The Rock
Bury
BL9 0ND

Registered Office

0161 828 1400

Telephone

www.manchester.anglican.org

Website

149999 (England & Wales)

Company number

Limited by Guarantee

Legal form

249424

Charity number

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Auditors

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

Bankers

D M Myers LLB (Hons)
HLF Berry LLP
St John's House
155-163 The Rock,
Bury
BL9 0ND

**Legal Secretary
Diocesan Registrar**

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

**Investment Managers
Unlisted Investments**

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

**Glebe Estates,
Surveyor & Valuer**

Our Vision

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

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

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

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

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

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

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

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

About the Diocese

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

The diocese, which covers an area of 416 square miles, was created in 1847. The overall population is 2.2 million. 125 (49%) of the parishes in the diocese fall within the 10% most deprived areas nationally.

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

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

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Trustees' Annual Report (including the Strategic Report)

The diocese has 309 churches, ranging from historic listed buildings to brand new, purpose-built places of worship. Over 320 licensed clergy serve in the diocese along with 100 licensed readers who help with leading services and pastoral work. Our 250 Authorised Lay Ministers also play a hugely important role in the life of the Church. In 2019, before the impact of the pandemic, the diocese had a regular average weekly adult attendance of around 14,750 and total weekly attendance for all ages of 24,500. Attendance fell significantly during the pandemic with regular average weekly attendance increasing back up to 12,700 in 2022 and all-age weekly attendance to nearly 22,000. The diocese is completely focused on ensuring that attendance recovers to pre-pandemic levels over the next five years.

Parishes and chaplaincies across the diocese are supported by a dedicated team of DBF and SBE staff, now based at St John's House, Bury, who provide support with our three Mission Goals of *Growing*, *Nurturing* and *Serving*. They also provides support with safeguarding, clergy housing and stipends, finance, HR and property management, and governance.

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

Strategic Report: Activities and Key Achievements in the year

The diocese's Growing strategy involves pioneering new faith communities and reinvigorating existing ones. Much of what we are doing is already contributing to a culture of hope and an expectation of growth. The key elements of the strategy to enable us to achieve our vision are already being developed and implemented in spite of the continuing impact of the pandemic on church attendance.

Following the successful bid for Strategic Development Funding of £5m in 2020, work continued on developing St Werburgh's in Chorlton and Nelson Street Church in Rochdale. Both churches have now opened for worship and are attracting new members. During 2022 we made good progress with our plans for a city centre resource church in partnership with the Church Revitalisation Trust, with financial support being agreed by the Church Commissioners. We have now identified a suitable property and are due the launch the new church in the second half of 2023, subject to planning consent from the local authority.

The existing SDF projects, Children Changing Places in Bolton and Small to Small Community Church Plants, continued to develop, with Children Changing Places attracting national recognition for its ground-breaking work.

As part of our strategy for growth, we also continued to nurture and support vocations to both lay and ordained ministries. In 2022, 17 candidates entered ordination training, of whom 24% were UKME. Reader ministry continued to be a priority for the diocese.

Mission Goal 1: Growing

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

#MoreThanSunday - part of the national Setting God's People Free initiative – continued to be developed during the year with eight parishes, a chaplaincy and one of our church secondary schools. ALM training continued in 2022. Forty Authorised Lay Ministers were commissioned at

Mission Goal 2: Nurturing

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Manchester Cathedral in September and existing ALMs were also relicensed by the Bishop of Bolton, Mark Ashcroft, in a joyful celebration. A further 36 people accessed the training available as part of the ALM programme under individual electives. Our proposals for focal ministry continued to be developed and communicated, following the appointment of our new Head of Lay Development, prior to the appointment of our first focal ministers in 2023.

Recognising the importance of investing in the care, support and leadership of clergy and in response to the Clergy Wellbeing Covenant, in 2022 the diocese was able to provide Pastoral Supervision to clergy, facilitated by six clergy members who had been trained in pastoral supervision.

The primary focus of our *Serving* strategy over the coming decade is the environment. The diocese has appointed two curates as Environment Officers to help stimulate creative responses to environmental issues and work towards the goal of becoming 'net zero carbon' by 2030. Diocesan Synod has endorsed steps to; encourage parishes to integrate Creation Care into their liturgy, worship and teaching; work to achieve year-on-year reductions in carbon emissions; and prioritise the use of renewable energy.

After achieving Bronze Eco Diocese status in December 2020, we continued to work towards a Silver award. In support of this aim, churches are encouraged to register for Eco Church accreditation. By the end of the year, 118 churches had registered and there were 57 Eco Church awards: 38 bronze and 19 silver. In 2022 the Energy Footprint Tool was completed by 168 churches (53%) in 2022 and deanery eco-champions have been identified to develop support for Eco Church at the local level.

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

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

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

Our transformation programme, which involves reviewing all our resources and establishing sustainable models of ministry, continued apace. Working within our new deanery structures, our seven full-time Area Deans and Lay Chairs led the delivery of our transformation programme at local level. Deanery-level strategies with a focus on the key missional opportunities for Growing, Nurturing and Serving in each area have now been developed.

During 2022 the focus has been on establishing our 33 mission communities, with the licensing and induction of our new mission community leaders at the beginning of the year. Good progress has been made with creating these new local partnerships and strong relationships are being forged between clergy and laity as they support each other with mission and ministry on the ground.

Having secured the financial support of the National Church for the next stage of our transformation journey, during 2022 we were able to appoint support officers in each deanery to work with the Area Deans, Lay Chairs and parishes. Their focus is on connecting best practice across our deaneries and coordinating and rolling out discipleship and growth opportunities.

In 2022 we also launched our new #ManDioGrowingFaith programme, which is enabling us to appoint a children and families worker in every deanery. This funding is testament to the confidence the National Church has in our plans to support our parishes, invest in our leaders - both lay and ordained - and grow younger and more diverse.

Mission Goal 3:
Serving

Transformation
programme

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Safeguarding continues to be an important focus, with training being provided online and in person. The diocese's Independent Safeguarding Panel meets regularly. During 2022 the diocese published an Executive Summary of the Past Cases Review 2 (PCR2) report, to coincide with the publication of the national PCR2 report.

A strategy for disposing of surplus parsonages has been agreed with a further seven parsonages sold during 2022. A review of our most vulnerable churches is underway with support being provided to our most fragile churches.

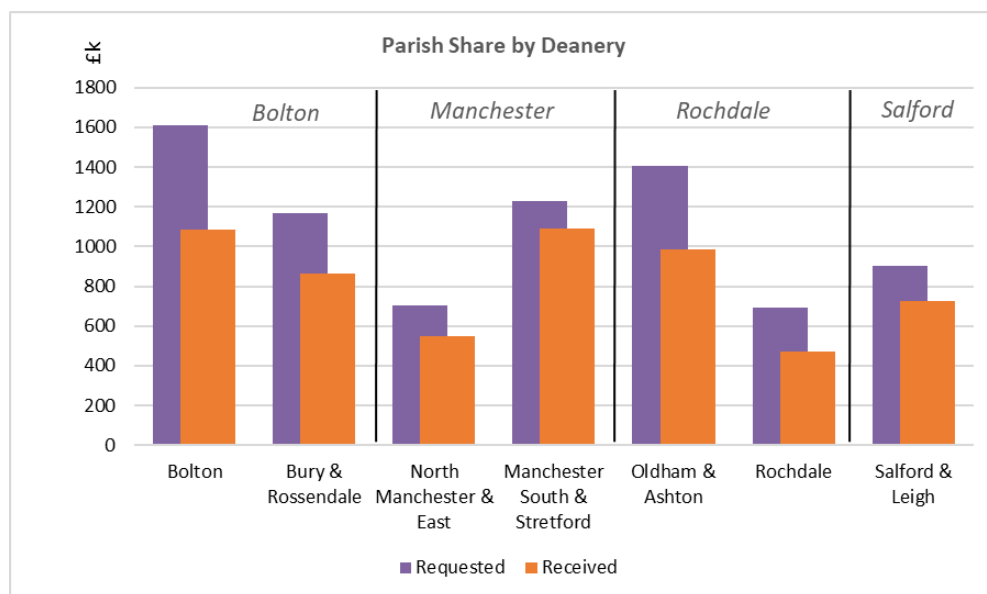
As part of our property strategy, we sold our historic diocesan offices in the centre of Manchester in June 2022, continuing as tenants in the building while we prepared for our relocation to our newly refurbished offices in Bury town in a building already owned by the diocese, St John's House. The move took place in February 2023 following a formal consultation with staff. Our new offices were formally opened by the Archbishop of York, The Most Revd and Right Honorable Stephen Cotterell, in March 2023.

Parish Share and Stewardship

Parish Share

During 2022 the overall amount of Parish Share contributed by parishes towards the cost of ministry and mission support was £5.686m, a decrease of 2% compared to £5.831m in 2021.

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



Share change outcomes

We continue to take steps to ensure our financial viability. During 2022 a review of the Parish Share system was completed following a number of consultation events in the second half of the year. There will be a continued focus on the communication of financial issues to parishes and deaneries in 2023, particularly in light of the recent decline in Parish Share payments.

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Giving and Generosity

In September 2022 we held a well-attended online Giving Conference where we were able to showcase the support and resources available to help ensure that clergy and laity promote Generosity and Thankfulness. We continued to provide support to our parishes with GiftAid – over 180 churches are members of the GiftAid Lite scheme.

Strategic Report - Future Developments

Priorities

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

We will continue to develop and set up existing and new resource churches across our diocese - with a focus in 2023 in our new resource church for Manchester City Centre - as well as help grow and revitalise our other churches, in order to attract new members, particularly young adults. Over the next three years, we will plant new congregations and fresh expressions of church, so that churches carrying a DNA of mission are established in communities where attendance is currently low. We will also focus on every church running an enquirers course, and on creating a culture of invitation.

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

A key priority for 2023 is to develop our proposals for focal ministry and to start the process of recruiting, training and commissioning focal leaders, in support of local mission, ministry and growth across our churches.

We recognise that prayer needs to be at the heart of everything we are doing to transform our diocese. In 2023 our focus will be on establishing a diocesan prayer community, to encourage clergy and laity to participate regularly in prayer. We will also promote #MoreThanSunday with mission communities to inspire everyday faith, seven days a week. Working with parishes, we will also encourage and resource all church members to participate regularly in discipleship development.

With the financial support of the Church Commissioners, we will look to extend our successful Children Changing Places programme in Bolton, and use this as a test-bed for approaches to be rolled out across the diocese over the next five years as part of #ManDioGrowingFaith.

Working with Greater Together Manchester, we will continue to support initiatives with parishes to respond to the pressures of isolation, homelessness, food poverty and debt.

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

Alongside these developments, we will take steps to ensure we are financially sustainable over the medium- to long-term. This goal has become even more important as we recover from the financial challenges of the pandemic and the more recent cost-of-living crisis. Our five-year financial strategy includes communicating with parishes the importance of mutual support and of paying Parish Share to ensure that the current levels of stipendiary clergy can be maintained.

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

Strategic Report- Structure and Governance

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

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

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

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

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

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

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

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

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

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

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

Summary information about the structure of the Church of England

The three National Church Institutions

The Cathedral

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

Parochial Church Council
(PCC)

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

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

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

Parishes, Benefices and
Deaneries

Diocesan Synod

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

Its role is to:

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

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

Deanery Synod

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

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

Diocesan Governance

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

Bishop's Council

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

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

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

- **Organisational Purpose**

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

- **Leadership**

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

- **Board Effectiveness**

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

- **Diversity**

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

- **Integrity**

Induction training for trustees at the start of each three-year cycle covers the importance of collective decision making, acting in an informed and questioning way, and the responsibilities of being a trustee. At the start of meeting members are asked to disclose any conflicts of interests they any have regarding any agenda items; where there is an interest they would be asked to leave the meeting for that item.

Charity Governance Code

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

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

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

- **Openness and Accountability**

The company prepares a medium term financial plan each year in line with the priorities of the diocese and details are available on the company website.

Performance against budget is monitored throughout the year by the Finance and General Purposes Committee and Bishop's Council.

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

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

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

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

The statutory committees are:

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

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

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

Decision-making
Structure

Committee Structure

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

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

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

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

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

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

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

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

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

- a) To be the Diocesan Authority within the meaning of the Parochial Church Councils (Powers) Measure, 1921 and the Diocesan Board of Finance within the meaning of the Diocesan Boards of Finance Measure, 1925 for the Diocese whatever may be for the time being the area thereof.
- b) To act as a Committee of the Diocesan Conference of the Diocese (the "Conference")
- c) To act as the Dilapidations Board for the Diocese if so constituted under any scheme of the Conference.
- d) To act as the Diocesan Committee of the Diocese for the purpose of any Act of Parliament or Measure passed by the National Assembly of the Church of England or of any scheme of the Church Commissioners.'

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

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

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

Company Status and Legal Objects

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

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

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

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

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

Appointment of Trustees

General Synod, Church Commissioners and Archbishops' Council

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

Parochial Church Councils (PCCs)

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

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

Related Parties

The trustees consider the following to be connected charities:

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

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

Connected Charities

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

Pension Scheme

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

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

Risk Management

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

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

The trustees are custodian trustees in relation to PCC property.

Statutory Functions

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

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

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

Information on these benefits is provided throughout this report.

Public Benefit

Strategic Report: Financial Review

Group incoming resources were £19.253m (2021: £17.851m).

Donations to the MDBF through Parish Share decreased from £5.831m to £5.686m. The Trustees are very grateful to all the donors in what has been another extremely challenging year.

In 2022, around 29.5% of the income of the MDBF came from the Parish Share and 16.2% from National Church Selective Allocations. In addition, MDBF received £0.6m sustainability funding from the National Church for support following the pandemic.

Incoming Resources

Group Resources expended were £16.095m (2021: £15.829m), which includes Pension Operating Costs. The largest share of MDBF-only expenditure relates to resourcing ministry and mission expenditure, including parish clergy stipends, support staff costs and related costs such as property and related expenditure.

Expenditure

Overall, the value of the consolidated balance sheet has increased during the year by £14.883m. Key movements in the year included: the revaluation of parsonage properties of £12.201m

Balance Sheet

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

(£11.267m Endowment funds and £0.934m Unrestricted funds), actuarial loss and deficit repayment of the Lay Staff Pension Scheme of £0.084m; the deficit repayment on the Clergy Pension Scheme of £0.198m together with overall unrealised losses on investments of £1.865m and revaluation of Glebe Investment Properties resulting in a £0.296m gain (2021: £0.486m loss); and an increase in tangible fixed assets which includes the revaluation of parsonages less disposals in the year £11.314m. Other movements on the balance sheet include an increase in cash of £13.277m due to the sale of Church House: an increase in debtors of £0.354m; and a decrease in creditors falling due after more than one year of £0.394m.

The Diocese recorded a surplus on General Unrestricted Funds (including property revaluations, unrealised losses on investments, actuarial gain on the pension scheme, pension interest cost and corporation tax) of £4.402m deficit (consolidated figures). This compares with a surplus of £7.498m in 2021. With the opening General Unrestricted Funds balance of £13.840m and the in-year surplus of £4.402m, the closing reserves now stand at £18.242m.

Looking at Total Funds (Unrestricted Funds, Designated, Restricted and Endowment Funds together), an aggregate surplus of £14.883m including property revaluations, unrealised losses, actuarial gain on the pension scheme, pension interest cost and corporation tax) across all funds was recorded during the year (2021: surplus £56.27m). With the opening Total Funds balance of £111.83m and the in-year surplus of £14.883m, the closing reserves now stand at £126.713m.

Overall performance

Looking at the company-only figures, the total value of investments (excluding short-term cash deposits) at 31 December 2022 was £23.5m (2021: £22.5m) and the return on investments was 4.9% (2021: 4%).

Glebe investments

Glebe property investments were valued at 31 December 2022 at £5.32m (2021: £6.3m). Rents receivable amounted to £522k (2021: £439k) – an income yield of 9.8% (2021: 6.9%).

General investments

Investments in equity, property and fixed interest funds were valued at £15.108m at 31 December 2022 (2021: £17.104m). Dividends receivable amounted to £465k (2021: £445k) – a yield of 3% (2021: 2.6%).

Financial investments are split between investments in equities 85.85% (2021: 85.8%) through investment funds, a property fund 13.56% (2021: 13.6%), and fixed interest securities 0.6% (2021: 0.7%).

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

Investments

Equity loans are made by the Church Commissioners to the diocese and parishes for curates' housing, as well as retired clergy and clergy spouses to enable them to purchase property on a shared equity basis. The total Value Linked Loans advanced at 31 December 2022 amounted to £245k.

Equity Loans

MDBF has a subsidiary undertaking, the Manchester Diocesan Church House Company Limited, whose principal activity was the provision of a Church House for Investment Property and Diocesan

Subsidiary Undertakings

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' Annual Report (including the Strategic Report)

purposes. The property was sold in June 2022. The profit for 2022 after tax was £4.419m (2021: £2.276m profit) (see note 18).

We have made an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. In making our assessment, we considered the financial impact of Covid-19 on our cash flow forecast, performing stress testing of these plans.

Having performed our assessment we were able to conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

Going Concern

Investment policies

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

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

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

Reserves policy

The target free reserves is currently set at an amount equivalent to a minimum of three months' and a maximum of six months' gross expenditure from unrestricted funds. At 31 December 2022, MDBF's unrestricted general reserves (excluding FRS102 pension liability) were £18.242m (see note 13 to the financial statements), which equates to just under 16 months' gross unrestricted expenditure.

The unrestricted reserves are now above the minimum benchmark of three months. In establishing and maintaining a target level of free reserves, this mitigates the risk of uncertainty over future income or unexpected calls on the charity's funds. As at 31 December 2022, the pension deficit on the Church Worker Defined Benefit Scheme and Clergy Pension Scheme was £nil (2021: £0.743m). The diocese still faces financial challenges with a deficit budget of £0.974m in 2023.

In 2022, the company paid £0.198m (2021: £0.358m) as a contribution to reduce the Clergy Pension Scheme deficit. As at 31 December 2022 the deficit stands at nil and therefore, there are no deficit contributions required in 2023. As at 31 December 2022, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2021: £0.397m). In 2022, the company paid £84k (2021: £84k) as a contribution to reduce the pension deficit. The company holds tangible fixed assets and fixed assets investment across Restricted and Endowment Funds. The tangible fixed assets include parsonage housing and fixed asset investments include investment properties and unlisted investments which provide investment income. These are not included within the General Unrestricted Funds.

Policies and Other Matters

Funds held as a Custodian Trustee on behalf of others

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £11.898m (2021: £13.317m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same Measure the Board acts as custodian trustee for property belonging to Parishes.

Strategic Report: Principal Risks and Uncertainties

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

The main risk to MDBF's income is from the impact of COVID-19 in that parish income has been significantly affected due to lockdown and other restrictions and parishes are not able to pay their parish share. The COVID-19 pandemic, along with declining church attendance, makes this more likely than was the case a number of years ago. On expenditure, there are risks that additional pension contributions may be required in the future to fund pension deficits. Overall there is a risk that reserves could become depleted. Work is therefore underway on a medium-term financial strategy from 2022 to ensure that a break-even position can be achieved each year on unrestricted funds. The Trustees also closely monitor the budget set each year to ensure that budget targets are met.

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

Key Risks	Control Measure
Declining Parish Attendance	Growth strategy, SDF bids (current and future), work around local ministry, Investment in new ordinands and increased leadership capacity, Transformation Programme, review of fragile churches
Poor financial performance	Reserves policy linked to financial budgets, activities and identified financial and operating risk. Disposal of surplus parsonages, glebe land and property and Church House with re-investment of the proceeds.
Poor income from Parish Share	Monthly reports to Parishes & DBF, Review of the Parish Share system, Implementation of the Giving Strategy, Deanery Budget Meetings

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

By Order of the Board on 24th May 2023




Canon Phillip Blinkhorn, Chairman

Helen Platts, Chief Operating Officer

Principal Risks and Uncertainties

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Trustees' responsibilities

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

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

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

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

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

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

Disclosure of information to auditors

So far as the Trustees are aware:

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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

Opinion on the financial statements

We have audited the financial statements of The Manchester Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Consolidated and Company Statements of Financial Activities, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions related to going concern

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

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

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

Other information

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

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

Other Companies Act 2006 reporting

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

31 August 2023

10 Queen Street Place
London
EC4R 1AG

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

COMPANY NUMBER: 149999

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

	Note	Unrestricted General 2022 £'000	Designated 2022 £'000	Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Income and endowments from:							
Donations	2						
Parish contributions		5,686	-	-	-	5,686	5,831
Archbishops' Council		-	-	3,112	-	3,112	3,487
Other donations		285	10	1,629	-	1,924	1,383
Other trading activities	3	3,224	-	-	-	3,224	573
Investments	4	417	23	679	42	1,161	916
Charitable activities	5	-	-	540	-	540	509
Other income	6	77	-	2,535	994	3,606	5,152
TOTAL INCOME AND ENDOWMENTS		9,689	33	8,495	1,036	19,253	17,851
Expenditure on:							
Raising funds	8	209	-	100	-	309	460
Charitable activities	9	8,033	52	8,162	-	16,247	15,242
Remeasurement of pension schemes	26	5	-	-	-	5	125
Pension interest cost	26	(466)	-	-	-	(466)	2
TOTAL EXPENDITURE	7	7,781	52	8,262	-	16,095	15,829
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		1,908	(19)	233	1,036	3,158	2,022
Taxation	16	1,389	-	-	-	1,389	(690)
Net gains / (losses) on investments	23	(1,442)	(28)	(273)	(122)	(1,865)	4,715
Property Revaluation	17	934	-	-	11,267	12,201	50,223
Net (expenditure) / income		2,789	(47)	(40)	12,181	14,883	56,270
Transfers between funds	10	1,613	165	212	(1,990)	-	-
Net movement in funds	13	4,402	118	172	10,191	14,883	56,270
Total funds at 1 January	13	13,840	1,147	11,790	85,053	111,830	55,560
Total funds at 31 December	13	18,242	1,265	11,962	95,244	126,713	111,830

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

COMPANY NUMBER: 149999

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

	Note	Unrestricted		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	Funds	Funds
		2022	2022	2022	2022	2022	2021
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		5,686	-	-	-	5,686	5,831
Archbishops' Council		-	-	3,112	-	3,112	3,487
Other donations		9,785	10	1,629	-	11,424	1,450
Other trading activities	3	108	-	-	-	108	168
Investments	4	410	23	679	42	1,154	916
Charitable activities	5	-	-	540	-	540	509
Other income	6	77	-	2,535	994	3,606	5,152
TOTAL INCOME AND ENDOWMENTS		16,066	33	8,495	1,036	25,630	17,513
Expenditure on:							
Raising Funds	8	-	-	100	-	100	77
Charitable activities	9	8,033	52	8,162	-	16,247	15,242
Remeasurement on pension schemes	26	5	-	-	-	5	125
Pension interest cost	26	(466)	-	-	-	(466)	2
TOTAL EXPENDITURE	7	7,572	52	8,262	-	15,886	15,446
Net (expenditure) / income before net gains / (losses) on investments and Taxation							
		8,494	(19)	233	1,036	9,744	2,067
Taxation		-	-	-	-	-	-
Net gains / (losses) on investments	23	(1,442)	(28)	(273)	(122)	(1,865)	1,655
Property Revaluation	17	934	-	-	11,267	12,201	50,223
Net (expenditure) / income		7,986	(47)	(40)	12,181	20,080	53,945
Transfers between funds	10	1,613	165	212	(1,990)	-	-
Net movement in funds	13	9,599	118	172	10,191	20,080	53,945
Total funds at 1 January	13	5,668	1,147	11,790	85,053	103,658	49,713
Total funds at 31 December	13	15,267	1,265	11,962	95,244	123,738	103,658

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

COMPANY NUMBER: 149999

BALANCE SHEETS

As at 31 December 2022

	Note	Group		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	17	86,790	75,476	86,790	74,934
Investments	18	20,428	32,584	20,509	23,485
		<u>107,218</u>	<u>108,060</u>	<u>107,299</u>	<u>98,419</u>
CURRENT ASSETS					
Debtors	19	2,212	1,858	2,372	1,790
Cash and cash equivalents	20	18,544	5,267	15,302	5,186
		<u>20,756</u>	<u>7,125</u>	<u>17,674</u>	<u>6,976</u>
CREDITORS:					
Amounts falling due within one year	21	(1,016)	(1,410)	(990)	(1,178)
NET CURRENT ASSETS		<u>19,740</u>	<u>5,715</u>	<u>16,684</u>	<u>5,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>126,958</u>	<u>113,775</u>	<u>123,983</u>	<u>104,217</u>
CREDITORS:					
Amounts falling due after more than one year	21	(245)	(559)	(245)	(559)
PROVISIONS:					
Deferred tax	27	-	(1,386)	-	-
NET ASSETS		<u>126,713</u>	<u>111,830</u>	<u>123,738</u>	<u>103,658</u>
THE FUNDS OF THE CHARITY					
Endowment funds	13,22	95,244	85,053	95,244	85,053
Restricted income funds	13,22	11,962	11,790	11,962	11,790
Unrestricted income funds:					
General funds		15,186	6,330	15,267	6,411
Designated funds		1,265	1,147	1,265	1,147
Non-charitable trading funds		3,014	8,245	-	-
Pension scheme reserve		-	(743)	-	(743)
Minority interest		42	8	-	-
Total unrestricted income funds	13,22	<u>19,507</u>	<u>14,987</u>	<u>16,532</u>	<u>6,815</u>
TOTAL FUNDS		<u>126,713</u>	<u>111,830</u>	<u>123,738</u>	<u>103,658</u>

The notes on pages 29 to 63 form part of these financial statements. The financial statements of the Manchester Diocesan Board of Finance (company number 149999) were approved and authorised for issue by the Board of Directors and are signed on behalf of the Board on 24th May 2023 by:



Canon Phillip Blinkhorn, Chairman



Helen Platts, Chief Operating Officer

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

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

See also Note 25

	2022		2021	
	£'000	£'000	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		14,883		6,047
Adjustments for:				
Depreciation charges		42		58
(Gains) / Losses on investments		-		45
Dividends, interest and rents from investments		(1,161)		(916)
Realised (Gains) / Losses on investment property		(130)		-
(Profit) on the sale of fixed assets		(3,844)		(3,052)
Decrease/(Increase) in debtors		(354)		(80)
(Decrease)/Increase in creditors		35		(172)
Unrealised (gain) / loss on investments		1,996		(1,655)
Unrealised (gain) on investment property		(296)		(3,060)
Pension adjustment		(461)		127
Revaluation of other assets		(12,038)		-
Taxation		(1,386)		605
Net cash used in operating activities		(2,714)		(2,053)
Cash flows from operating activities:				
Net cash used in operating activities		(2,714)		(2,053)
Cash flows from investing activities:				
Dividends, interest and rents from investments	1,161		916	
Proceeds from the sale of property, plant and equipment	6,215		4,077	
Proceeds from sale of investments	9,813		569	
Purchase of property, plant and equipment	(916)		(465)	
Purchase of investments	-		-	
Net cash provided by / (used in) investing activities		16,273		5,097
		13,559		3,044
Cash flows from financing activities:				
Deficit contributions paid	(282)		(442)	
Net cash used in financing activities		(282)		(442)
Change in cash and cash equivalents in the reporting period		13,277		2,602
Cash and cash equivalents at the beginning of the reporting period		5,267		2,665
Cash and cash equivalents at the end of the reporting period		18,544		5,267

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

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

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

(a) *Income and Endowments*

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

(b) *Expenditure*

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

(c) *Dividends and interest*

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

(d) *Fund accounting*

Funds held by the company are either:

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

Details of the major funds are given in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Stipends

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

(f) Tangible fixed assets

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

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

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

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

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

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

(g) Fixed asset investments

Investments other than in Glebe land and properties and Church House property are shown at the bid price on the date of the balance sheet. Glebe land and properties were revalued on 31 December 2022. The valuation provided by Rapleys on the Millgate Centre is on a gross basis before legal costs and stamp duty as the investment is purely held for the rental income. The Trustees are satisfied that this is the most appropriate methodology for valuation of this site. Following the decision to market Church House property, the Trustees obtained appropriate advice under the Charities Act and that value has been included in these financial statements as the fair value. Proceeds from the sale of Glebe are credited as income to the Stipends Fund Capital Account in the year of receipt.

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PRINCIPAL ACCOUNTING POLICIES (continued)

(h) *Subsidiary and connected companies*

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

(i) *Clergy pensions*

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

(j) *Staff pensions*

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

(k) *Reserves*

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

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

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

(m) *Grants*

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

(n) *Irrecoverable VAT*

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

(o) *Deferred taxation*

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

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

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

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

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

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

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

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

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

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

(q) Going concern

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

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

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

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

(r) Cash and cash equivalents

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

GROUP INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

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

	Note	Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2021	2021	2021	2021	2021
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,831	-	-	-	5,831
Archbishops' Council		-	-	3,487	-	3,487
Other donations		383	12	988	-	1,383
Other Trading activities	3	573	-	-	-	573
Investments	4	277	21	580	38	916
Charitable activities	5	-	-	509	-	509
Other income	6	995	-	1,990	2,167	5,152
TOTAL INCOME AND ENDOWMENTS		8,059	33	7,554	2,205	17,851

COMPANY INCOMING RESOURCES – COMPRISING NOTES 2 TO 6

	Note	Unrestricted		Restricted	Endowment	Total
		General	Designated	Funds	Funds	Funds
		2022	2022	2022	2022	2022
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,686	-	-	-	5,686
Archbishops' Council		-	-	3,112	-	3,112
Other donations		9,785	10	1,563	-	11,358
Other trading activities	3	108	-	-	-	108
Investments	4	430	23	659	42	1,154
Charitable activities	5	-	-	540	-	540
Other income	6	77	-	2,535	994	3,606
TOTAL INCOME AND ENDOWMENTS		16,086	33	8,409	1,036	25,564

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

	Note	Unrestricted		Restricted	Endowment	Total
		General	Designated	funds	funds	funds
		2021	2021	2021	2021	2021
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations	2					
Parish contributions		5,831	-	-	-	5,831
Archbishops' Council		-	-	3,487	-	3,487
Other donations		450	12	988	-	1,450
Other Trading activities	3	168	-	-	-	168
Investments	4	277	21	580	38	916
Charitable activities	5	-	-	509	-	509
Other income	6	995	-	1,990	2,167	5,152
TOTAL INCOME AND ENDOWMENTS		7,721	33	7,554	2,205	17,513

2. DONATIONS

PARISH CONTRIBUTIONS (GROUP AND COMPANY)

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

	Unrestricted General 2022 £'000	Unrestricted General 2021 £'000
Parish share		
Current year's allocation	7,714	7,546
Shortfall in contributions	(1,953)	(1,640)
Encouragement scheme	(75)	(75)
	<u>5,686</u>	<u>5,831</u>
Arrears for previous years	-	-
	<u>5,686</u>	<u>5,831</u>

Total parish share receipts represent 73.7% of the allocation

ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Restricted Funds 2022 £'000	Restricted Funds 2021 £'000
Selective allocations	2,512	2,587
Sustainability Funding	600	900
TOTAL	<u>3,112</u>	<u>3,487</u>

OTHER DONATIONS (GROUP)

	Unrestricted		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds 2022	Funds 2022	2022	2021
	2022	2022	Funds 2022	Funds 2022	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	235	-	-	-	235	231
Donations	13	-	107	-	120	83
Other	37	10	1,522	-	1,569	1,069
TOTAL	<u>285</u>	<u>10</u>	<u>1,629</u>	<u>-</u>	<u>1,924</u>	<u>1,383</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

OTHER DONATIONS (COMPANY)

	Unrestricted		Restricted Funds 2022	Endowment Funds 2022	Total funds 2022	Total funds 2021
	General 2022	Designated 2022				
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust	235	-	-	-	235	231
Donations	13	-	107	-	120	83
Transfer of proceeds from Subsidiary Company	9,500	-	-	-	9,500	67
Other	37	10	1,456	-	1,503	1,069
TOTAL	9,785	10	1,563	-	11,358	1,450

3. OTHER TRADING ACTIVITIES (GROUP)

	Unrestricted		Restricted Funds 2022	Endowment Funds 2022	Total funds 2022	Total funds 2021
	General 2022	Designated 2022				
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	108	-	-	-	108	168
Income of the Trading Subsidiary	3,116	-	-	-	3,116	405
TOTAL	3,224	-	-	-	3,224	573

OTHER TRADING ACTIVITIES (COMPANY)

	Unrestricted		Restricted Funds 2022	Endowment Funds 2022	Total funds 2022	Total funds 2021
	General 2022	Designated 2022				
	£'000	£'000	£'000	£'000	£'000	£'000
Rental income from parsonages	108	-	-	-	108	168
TOTAL	168	-	-	-	168	168

4. INVESTMENTS (GROUP)

	Unrestricted		Restricted Funds 2022	Endowment Funds 2022	Total funds 2022	Total funds 2021
	General 2022	Designated 2022				
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	385	18	85	-	488	385
Interest receivable	32	-	7	-	39	1
Glebe receivable	-	-	522	-	522	439
Trusts receivable	-	5	65	42	112	91
TOTAL	417	23	679	42	1,161	916

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

4. INVESTMENTS (COMPANY)

	Unrestricted		Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General 2022 £'000	Designated 2022 £'000				
Dividends receivable	385	18	85	-	488	385
Interest receivable	25	-	7	-	32	1
Glebe receivable	-	-	522	-	522	439
Trusts receivable	-	5	65	42	112	91
TOTAL	410	23	679	42	1,154	916

5. CHARITABLE ACTIVITIES (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General 2022 £'000	Designated 2022 £'000				
Statutory fees and chaplaincy income	-	-	539	-	539	509
Miscellaneous income	-	-	1	-	1	-
TOTAL	-	-	540	-	540	509

6. OTHER INCOME (GROUP AND COMPANY)

	Unrestricted		Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General 2022 £'000	Designated 2022 £'000				
Property sale gains	-	-	-	994	994	3,053
Other	77	-	2,535	-	2,612	2,099
TOTAL	77	-	2,535	994	3,606	5,152

GROUP EXPENDITURE

COMPRISING NOTES 7 - 9

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

2021	Note	Unrestricted		Restricted	Endowment	Total funds 2021 £'000
		General 2021 £'000	Designated 2021 £'000	Funds 2021 £'000	Funds 2021 £'000	
Raising funds	8	383	-	77	-	460
Charitable activities	9	7,741	88	7,411	2	15,242
Remeasurement on pension schemes	26	125	-	-	-	125
Pension interest cost	26	2	-	-	-	2
TOTAL		8,251	88	7,488	2	15,829

COMPANY EXPENDITURE

COMPRISING NOTES 7 - 9

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

2021	Note	Unrestricted		Restricted	Endowment	Total funds 2021 £'000
		General 2021 £'000	Designated 2021 £'000	Funds 2021 £'000	Funds 2021 £'000	
Raising funds	8	-	-	77	-	77
Charitable activities	9	7,741	88	7,411	2	15,242
Remeasurement on pension schemes	26	125	-	-	-	125
Pension interest cost	26	2	-	-	-	2
TOTAL		7,868	88	7,488	2	15,446

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

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

	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2022 £'000	Total 2021 £'000
Investment management costs		209	-	100	309	460
Contributions to Archbishops' Council	9	602	-	-	602	630
Resourcing ministry and mission (Note 9)	9	12,944	1,957	567	15,468	14,449
Education	9	-	140	-	140	140
Diocesan projects	9	-	-	-	-	-
Governance costs	9	37	-	-	37	23
Pension interest cost		(466)	-	-	(466)	2
Remeasurement on pension schemes		5	-	-	5	125
TOTAL		13,331	2,097	667	16,095	15,829

2021		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2021 £'000
Investment management costs		383	-	77	460
Contributions to Archbishops' Council	9	630	-	-	630
Resourcing ministry and mission	9	12,262	1,721	466	14,449
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	23	-	-	23
Pension interest cost		2	-	-	2
Remeasurement on pension schemes		125	-	-	125
TOTAL		13,425	1,861	543	15,829

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

2021	Note	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs (Note 11) £'000	Total 2021 £'000
Investment management costs		-	-	77	77
Contributions to Archbishops' Council	9	630	-	-	630
Resourcing ministry and mission	9	12,262	1,721	466	14,449
Education	9	-	140	-	140
Diocesan projects	9	-	-	-	-
Governance costs	9	23	-	-	23
Pension Interest cost		2	-	-	2
Remeasurement on CEFPS pension schemes		125	-	-	125
TOTAL		13,042	1,861	543	15,446

8. RAISING FUNDS (GROUP)

	Unrestricted		Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General 2022 £'000	Designated 2022 £'000				
Trading expenditure	209	-	-	-	209	383
Glebe expenditure	-	-	100	-	100	77
TOTAL	209	-	100	-	309	460

RAISING FUNDS (COMPANY)

	Unrestricted		Restricted Funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General 2022 £'000	Designated 2022 £'000				
Glebe agent's fees	-	-	100	-	100	77
TOTAL	-	-	100	-	100	77

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

9. CHARITABLE ACTIVITIES

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL (GROUP AND COMPANY)

	Unrestricted General 2022 £'000	Unrestricted General 2021 £'000
Training for ministry	336	336
National Church responsibilities	206	234
Grants and provisions	28	29
Mission Agency pension contributions	15	15
Retired clergy housing costs (CHARM)	127	124
Pooling of ordinand candidates' costs	(110)	(108)
TOTAL	602	630

EXPENDITURE ON RESOURCING MINISTRY AND MISSION (GROUP AND COMPANY)

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

	Unrestricted		Restricted	Endowment	Total funds
2021	General 2021 £'000	Designated 2021 £'000	Funds 2021 £'000	Funds 2021 £'000	2021 £'000
Parish ministry					
Stipends and national insurance	3,669	18	2,014	-	5,925
Pension contributions	-	-	1,522	-	1,298
Housing costs	1,157	-	(25)	-	1,132
Removal, settlement and other grants	73	-	260	-	333
Other expenses	213	-	588	-	801
	5,112	18	4,359	-	9,489
Support for ministry	1,836	70	3,052	2	4,960
TOTAL	6,948	88	7,411	2	14,449

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

EXPENDITURE ON EDUCATION (GROUP AND COMPANY)

	Unrestricted	
	General 2022 £'000	General 2021 £'000
Synodical grant	<u>140</u>	<u>140</u>

GOVERNANCE COSTS (COMPANY)

	Unrestricted	Unrestricted
	General 2022 £'000	General 2021 £'000
Audit fees	24	21
Diocesan Synod	13	2
TOTAL	<u>37</u>	<u>23</u>

Audit Fees of £7k (2021: £7k) were incurred in relation to the statutory audit of Manchester Diocesan Church House Company Ltd. These fees are not included in governance costs as the subsidiary entity is not a charity.

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

	Unrestricted		Restricted Funds £'000	Endowment Funds £'000	Total funds	
	General £'000	Designated £'000			2022 £'000	2021 £'000
Pastoral Account	-	-	212	-	212	524
Stipends Fund Capital	-	-	-	(773)	(773)	-
Parsonage Building Fund	-	-	-	(1,217)	(1,217)	(1,294)
Church Building Grants	-	150	-	-	150	150
Clergy Training Funds	-	15	-	-	15	15
Other	1,613	-	-	-	1,613	605
TOTAL	<u>1,613</u>	<u>165</u>	<u>212</u>	<u>(1,990)</u>	<u>-</u>	<u>-</u>

11. ANALYSIS OF SUPPORT COSTS (GROUP AND COMPANY)

	Unrestricted		Restricted Funds £'000	Endowment Funds £'000	Total funds	
	General £'000	Designated £'000			2022 £'000	2021 £'000
Investment Management Costs	-	-	100	-	100	77
Support of Ordinands Training	103	-	-	-	103	100
Central Administration	464	-	-	-	464	366
TOTAL	<u>567</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>667</u>	<u>543</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

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

These are stated after charging:

	2022 £'000	2021 £'000
Depreciation	42	58
Auditors' remuneration - Audit services	32	31

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

These are stated after charging:

	2022 £'000	2021 £'000
Depreciation	22	15
Auditors' remuneration - Audit services	24	22

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

13. SUMMARY OF FUND MOVEMENTS 2022

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

SUMMARY OF FUND MOVEMENTS 2021

	Balance at 1 January 2021	Incoming resources £'000	Outgoing Resources £'000	Transfers £'000	Gains and losses £'000	Balance at 31 December 2021 £'000
Unrestricted funds						
General	1,553	7,721	(7741)	163	4,715	6,411
Pension Deficit	(1,058)	-	(127)	442	-	(743)
Designated						
Board for Church & Society	128	-	-	-	15	143
Church Building Loans	344	-	-	-	15	359
Church Building Grants	378	2	(48)	150	-	482
Separated/Divorced Clergy Spouses	48	12	(19)	-	-	41
Clergy Training Fund	65	-	(3)	15	-	77
Urban Aid Grant Fund	22	-	-	-	-	22
Other	22	19	(18)	-	-	23
	1,502	7,754	(7,956)	770	4,745	6,815
Restricted funds						
Stipend Fund income & expenditure	-	6,573	(6,573)	-	-	-
Pastoral Fund	8,452	42	(15)	524	-	9,003
Clergy Maintenance of the Ministry	1,862	-	-	-	240	2,102
Clergy widows & associated funds	293	-	(10)	-	41	324
Ordinands' training	54	-	-	-	8	62
Resourcing Ministerial Education	50	652	(572)	-	-	130
Restructuring Funding	164	106	(156)	-	-	114
Strategic Capacity Funding	(73)	114	(106)	-	-	(65)
Other	102	67	(56)	-	7	120
	10,904	7,554	(7,488)	524	296	11,790
Endowment funds						
Expendable endowment						
Stipends Fund Capital Account	18,095	(6)	-	-	12,817	30,906
Stipends Fund I & E Account	5	-	-	-	-	5
Parsonage Buildings Fund	16,837	2,203	(2)	(1,294)	33,693	51,437
Permanent endowment						
Clergy widows & associated funds	180	-	-	-	27	207
J B Stelfox	1,295	-	-	-	186	1,481
Ordinands' training	189	-	-	-	25	214
Chaplaincy	188	8	-	-	14	210
Bequests	518	-	-	-	75	593
	37,307	2,205	(2)	(1,294)	46,837	85,053
Total funds - Company	49,713	17,513	(15,446)	-	51,878	103,658
Adjustments arising on consolidation*	(81)	60	(60)	-	-	(81)
Non-charitable trading funds*	5,910	278	(1,003)	-	3,060	8,245
Minority interest*	18	-	(10)	-	-	8
Total funds - Group	55,560	17,851	(16,519)	-	54,938	111,830

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

14. DIRECTORS' REMUNERATION AND EXPENSES

£nil remuneration has been paid to any Director in their capacity as directors (2021: £nil).

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2021: No Directors) were reimbursed for travel expenses during the year which amounted to £nil (2021: £Nil).

15. EMPLOYEE DETAILS

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

	Year ended 31 December 2022	Year ended 31 December 2021
£100,001 - £110,000	1	-
£90,001 - £100,000	-	1
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	2	1

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Pension contributions to Pension Builder Classic scheme	17	17

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

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

* Remuneration and pensions for the above employees amounted to £314k (2021: £295k). This does not include the costs for Deborah Smith, which are included within Manchester Diocesan Board of Education financial statements.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

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

	2022	2021
	No.	No.
Support for parish ministry	33	33
Mission Support and chaplaincy	2	3
Church House	6	9
	<u>41</u>	<u>43</u>
Externally funded posts	22	17
Total posts	<u><u>63</u></u>	<u><u>60</u></u>

In addition, a further 10 (2021: 12) persons are employed but, as their employment costs are borne by the Manchester Diocesan Board of Education, they are not included in these financial statements. Their employment costs are shown separately in the financial statements of that company.

Staff costs were as follows:

	2022	2021
	£'000	£'000
Gross salaries	1,743	1,452
Social Security costs	187	144
Pension contributions	227	201
	<u>2,157</u>	<u>1,797</u>

An average of 114 (2021: 135) stipendiary clergy were paid as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022	2021
	£'000	£'000
Stipends	5,466	5,534
National Insurance Contributions	445	443
Pension costs - Current year	1,552	1,385
	<u>7,463</u>	<u>7,241</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

16. TAXATION

	2022	2021
	£	£
Domestic current year tax		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	<u>(3,013)</u>	<u>(84,825)</u>
Current tax charge	-	-
Under/(over) provision in prior year	-	-
Deferred tax		
Deferred tax (charge) / credit current year	<u>(1,386,357)</u>	<u>(605,337)</u>
Tax (charge) / credit on profit on ordinary activities	<u>(1,386,357)</u>	<u>(605,337)</u>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

17. TANGIBLE ASSETS

GROUP	Land and buildings			Equipment	Total
	MDBF and Church House £'000	Parsonage £'000	Glebe £'000	£'000	£'000
At cost of valuation					
At 1 January 2022	9,328	47,777	18,476	522	76,103
Transfers	773	-	-	-	773
Additions	888	-	-	28	916
Disposals	(686)	(1,132)	(716)	(293)	(2,827)
Revaluation	550	10,519	969	-	12,038
At 31 December 2022	10,853	57,164	18,729	257	87,003
Accumulated depreciation					
At 1 January 2022	246	-	-	381	627
Charge for the year	7	-	-	35	42
Eliminated on disposals	(253)	-	-	(203)	(456)
Revaluation	-	-	-	-	-
At 31 December 2022	-	-	-	213	213
Net book value at 31 December 2022	10,853	57,164	18,729	44	86,790
Net book value at 31 December 2021	9,082	47,777	18,476	141	75,476
COMPANY					
	MDBF £'000	Parsonage £'000	Glebe £'000	Equipment £'000	Total £'000
At cost of valuation					
At 1 January 2022	8,642	47,777	18,476	229	75,124
Additions	889	-	-	28	917
Disposals	-	(1,132)	(716)	-	1,497
Transfers	773	-	-	-	773
Revaluation	549	10,519	968	-	12,038
At 31 December 2022	10,853	57,164	18,728	257	87,002
Accumulated depreciation					
At 1 January 2022	-	-	-	190	190
Charge for the year	-	-	-	22	22
Eliminated on disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2022	-	-	-	212	212
Net book value at 31 December 2022	10,853	57,164	18,728	45	86,790
Net book value at 31 December 2021	8,642	47,777	18,476	39	74,934

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

Included in MDBF property are some properties that are subject to a value-linked loan from the Church Commissioners. When disposed of the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties is included in the above amounts was £244,750 (2021: £275,750).

18. INVESTMENTS

GROUP	Glebe Investment Properties £'000	Church House Investment Property £'000	Unlisted £'000	Total £'000
Market value				
At 31 December 2021	6,300	9,180	17,104	32,584
Additions at cost	-	-	-	-
Transfers	(773)	-	-	(773)
Revaluations	296	-	-	296
Disposals	(503)	(9,180)	-	(9,683)
Unrealised gain/(loss) for the year	-	-	(1,996)	(1,996)
Realised gain / (loss) for the year	-	-	-	-
At 31 December 2022	5,320	-	15,108	20,428
Historic cost at 31 December 2022	5,205	-	6,015	14,139
Excess / (reduction) of market value over cost to date	115	-	9,093	9,208
COMPANY			2022	2021
			£'000	£'000
Group total			20,428	32,584
Church House Investment Property			-	(9,180)
Investment in subsidiary company (see below)			81	81
			20,509	23,485

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

Investment properties

The group's investment properties are valued annually on 31 December at fair value, determined by an independent, professionally qualified valuer. The most recent valuation for Bury Rectory was performed as at 31 December 2022 by WT Gunson who confirmed a valuation of £5,320,000 (2021: £6,300,000). Following the decision to market Church House property, the sale of this property completed on 24th June 2022.

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

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

The Manchester Diocesan Church House Company Limited Balance sheet

	2022 £'000	2021 £'000
Tangible fixed assets	-	9,722
Current assets	3,253	302
	<hr/>	<hr/>
	3,253	10,024
Creditors: amounts falling due within one year	(197)	(385)
	<hr/>	<hr/>
	3,056	9,639
Provisions for liabilities and charges	-	(1,386)
	<hr/>	<hr/>
	3,056	8,253
	<hr/> <hr/>	<hr/> <hr/>
Representing:		
Share capital	42	42
Other reserves	-	-
Revaluation Reserve	-	7,627
Profit and loss account	3,014	584
	<hr/>	<hr/>
	3,056	8,253
	<hr/> <hr/>	<hr/> <hr/>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

18. INVESTMENTS (continued)

SUBSIDIARY COMPANY

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

	2022 £000	2021 £000
Turnover	284	464
Administration	(253)	(443)
Gain / (Loss) from changes in fair value of investment property	2,998	3,060
Operating (loss) / profit	<u>3,029</u>	<u>3,081</u>
Taxation	<u>1,389</u>	<u>(690)</u>
(Loss) / profit after taxation	<u><u>4,418</u></u>	<u><u>2,391</u></u>

The Board hold 98.6% (2021: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £29,045 (2021: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2021: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2021: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £nil (2021: £66,984). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed £170,995 Manchester Diocesan Board of Finance (2021: £152,272). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent and service charge debtor balance of £nil (2021: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

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

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2021: £7,500). In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through Emmanuel Theological College with Durham University Common Awards. In 2022, the payment amounted to £nil (2021: £1,656). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2022, the MDBF paid Emmanuel Theological College £243,020 (2021: £238,259) for the training of ordinands and Readers.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

The trading activities for the period 1 September 2021 to 31 August 2022 were:

	£'000
Turnover	926
Administration costs	1,120
	<hr/>
Deficit	194
	<hr/> <hr/>

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

19. DEBTORS

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due within one year				
Loans to parishes:				
As arranged from Central Board of Finance	-	-	-	-
For urgent Church fabric repairs	69	85	69	85
For Parishes	121	118	121	118
General debtors	209	415	198	195
Board of Education	38	39	38	39
Manchester Diocesan Church House Company Ltd	-	-	171	152
Glebe debtor	173	87	173	87
Prepayments and accrued income	1,594	1,106	1,594	1,106
Emmanuel Theological College	8	8	8	8
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	2,212	1,858	2,372	1,790
	<hr/>	<hr/>	<hr/>	<hr/>

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
CBF deposit fund	15,441	4,222	12,241	4,222
Cash at bank and in hand	3,103	1,045	3,061	964
	<u>18,544</u>	<u>5,267</u>	<u>15,302</u>	<u>5,186</u>

21. CREDITORS

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts falling due within one year				
General creditors	802	760	776	607
Accruals	99	150	99	75
Taxation and social security	115	71	115	67
Manchester Diocesan Church House Company	-	-	-	-
Pension Deficit Repayment (Note 26)	-	429	-	429
	<u>1,016</u>	<u>1,410</u>	<u>990</u>	<u>1,178</u>
Amounts falling due after more than one year				
Loans from the Central Board of Finance for parishes	-	-	-	-
Church Commissioners Value Linked Loans	245	245	245	245
Pension Deficit Repayment (Note 26)	-	314	-	314
	<u>245</u>	<u>559</u>	<u>245</u>	<u>559</u>

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

22. SUMMARY OF COMPANY AND GROUP ASSETS PER FUND

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

	Fixed assets		Net current assets £'000	Long term liabilities £'000	Total 2021 £'000
	Tangible £'000	Loans / investment £'000			
Restricted funds					
Diocesan Pastoral Account	-	-	9,003	-	9,003
Clergy / Maintenance of the Ministry Fund	-	1,943	159	-	2,102
Other restricted funds	-	432	253	-	685
	<u>-</u>	<u>2,375</u>	<u>9,415</u>	<u>-</u>	<u>11,790</u>
Endowment funds					
Diocesan Stipends Fund Capital Account	18,476	9,165	3,265	-	30,906
Parsonage Buildings Fund	47,778	-	3,659	-	51,437
Other endowment funds	-	2,601	109	-	2,710
	<u>66,254</u>	<u>11,766</u>	<u>7,033</u>	<u>-</u>	<u>85,053</u>
Unrestricted funds					
General	8,680	9,104	(11,128)	(245)	6,411
Designated	-	240	907	-	1,147
Pension Deficit	-	-	-	(743)	(743)
	<u>8,680</u>	<u>9,344</u>	<u>(10,221)</u>	<u>(988)</u>	<u>6,815</u>
Company	<u>74,934</u>	<u>23,485</u>	<u>6,227</u>	<u>(988)</u>	<u>103,658</u>
Non-charitable trading funds	542	9,180	(83)	(1,386)	8,253
Consolidation adjustment	-	(81)	-	-	(81)
	<u>542</u>	<u>9,099</u>	<u>(83)</u>	<u>(1,386)</u>	<u>7,172</u>
Group	<u>75,476</u>	<u>32,584</u>	<u>6,144</u>	<u>(2,374)</u>	<u>111,830</u>

Diocesan Pastoral Account

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

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

Clergy/ Maintenance of the Ministry Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

Stipends Fund Capital Account

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

Parsonage Buildings Fund

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

General Fund

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

Designated Fund

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

Transfers between funds

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

Pension Deficit

As at 31 December 2022, the pension deficit on the Church of England Defined Benefit Scheme (Clergy) was £nil (2021: £0.346m). In 2022, the company paid £0.282m (2021: £0.358m) as a contribution to reduce the pension deficit. As at 31 December 2022, the pension deficit on the Church Worker Defined Benefit Scheme (Lay Staff) was £nil (2021: £0.397m).

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

23. GROUP AND COMPANY REVALUATION RESERVES

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

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

	Church House Investment Property 2021 £'000	Unrestricted Investments 2021 £'000	Designated Investments 2021 £'000	Restricted Investments 2021 £'000	Endowment Investments 2021 £'000	Investments Sub Total 2021 £'000	Endowment Glebe 2021 £'000	TOTAL 2021 £'000
At 1 January 2021	4,477	4,151	193	1,738	2,867	13,426	306	13,732
Net Gains/(Losses) on Investments	-	1,127	30	296	687	2,140	-	2,140
Glebe Investment Property Revaluation	-	-	-	-	-	-	(486)	(486)
Investment Property Revaluation (see note 18)	3,060	-	-	-	-	3,060	-	3,060
Disposal	-	-	-	-	-	-	-	-
Sub Total	3,060	1,127	30	296	687	5,200	(486)	4,714
At 31 December 2021	7,537	5,278	223	2,034	3,554	18,626	(180)	18,446

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

24. CONNECTED CHARITIES

Manchester Diocesan Board of Education is a charitable company limited by guarantee situated at St Johns House, 155-163 The Rock, Bury BL9 0. The charity is connected to the Manchester Diocesan Board of Finance by virtue of the fact that Manchester Diocesan Synod has the power to appoint the majority of the Committee of Management, constituting the Board of Directors, for each charity.

For the year ended 31 December 2022 Manchester Diocesan Board of Finance made a budget transfer to Manchester Diocesan Board of Education of £140k (2021: £140k), representing the Synod funding of non-schools work of the Board of Education. Dividend income from the Stelfox Trust of £25k (2021: £24k) was also paid to the Board of Education via the Board of Finance. During the year Manchester Diocesan Board of Finance incurred on behalf of, and subsequently recharged, costs of £540k (2021: £529k) to the Board of Education, comprising:

	2022	2021
	£'000	£'000
Staff costs	404	429
Central services	136	100

Manchester Diocesan Board of Education's accommodation was provided by Manchester Diocesan Church House Company (which is a subsidiary of the Manchester Diocesan Board of Finance) upto 24 June 2022 and by Novo Property Ltd from 25th June to 31 December 2022 due to the sale of Church House, for a service charge of £13k (2021: £14k), which is included in the Manchester Diocesan Board of Finance's recharges.

25. CASH FLOW STATEMENT NOTES

Analysis of movements in cash

	As at 1 January 2022 £'000	Cash flow 2022 £'000	As at 31 December 2022 £'000
Net cash:			
Cash in hand and at bank	1,045	2,058	3,103
Cash on deposit	4,222	11,219	15,441
Cash at bank and at hand	5,267	13,277	18,544

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

26. PENSIONS (GROUP AND COMPANY)

(a) Clergy Pensions

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

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

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

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

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

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

	2022	2021
Balance sheet liability at 1 January	346,000	704,000
Deficit contribution paid	-198,000	-358,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-148,000	-1,000
Balance sheet liability at 31 December	0	346,000

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

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

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0%pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5%pa	1.6% pa

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

(b) Staff Pensions

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

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

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

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

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

The next actuarial valuation is due at 31 December 2022.

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

The movement in the provision is set out below:

	2022	2021
Balance sheet liability at 1 January	397,000	354,000
Deficit contribution paid	-84,000	-84,000
Interest cost (recognised in SoFA)	5,000	1,000
Remaining change to the balance sheet liability*(recognised in SoFA)	-318,000	126,000
Balance sheet liability at 31 December	0	397,000

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	1.40%	0.40%

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

Pension Builder Scheme

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

CWPF has two sections:

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

Pension Builder Scheme

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

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

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

PENSIONS (GROUP AND COMPANY) (continued)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £227k, 2021: £201k).

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

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

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

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

27. PROVISIONS FOR LIABILITIES AND CHARGES

Group only

Deferred taxation (see note 16)

	£'000
Balance as at 1 January 2022	1,386
(Charge) / credit for the year	(1,386)
Balance as at 31 December 2022	-

Deferred taxation provided in the financial statements is as follows:

	2022 £'000	2021 £'000
Accelerated capital allowances	(1,264)	119
Investment property revaluations	(122)	587

28. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Under the Parochial Church Councils (Powers) Measure 1956, the Board holds as custodian trustee, for a considerable number of parochial and miscellaneous funds, investments with an aggregate market value of £11.898m (2021: £13.317m) which are not included in the balance sheet. These investments are held on behalf of parishes whose charitable purposes are similar to those of the Board of Finance. The assets are held securely and separately from those of the Board which is responsible for their safe custody. Under the same measure the Company acts as custodian trustee for property belonging to Parishes.

MANCHESTER DIOCESAN BOARD OF FINANCE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

29. RELATED PARTIES

During the year contributions were made to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors are provided with houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. No Directors (2021: no Directors) were reimbursed for travel expenses during the year. During the year the aggregate amount of donations received without conditions from MDBF Directors was £1,500 (2021: £900). The Bishop of Middleton, Rt Revd M Davies and The Archdeacon of Bolton Ven J Burgess, The Rev'd Canon Dr Rachel Mann and Canon R Lewis all served as Trustees at Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) during 2022 and details of the related party transactions are set out below.

The Archdeacon of Manchester Ven K Lund served as Trustee on Allchurches Trust Ltd which provided a general grant to MDBF in 2022 for £235k (2021: £231k).

The Bishop of Manchester, Rt Revd Dr D Walker is the Deputy Chair of the Church Commissioners and also sits on the Strategic Investment Board and Strategic Ministry Board of the Archbishops Council. In 2022, MDBF received the following funding from Archbishops Council – Lower Income Communities Funding / Transition Funding £2,381,559 (2021: £2,405,809), Sustainability Funding £600,000 (2021: £900,000), Strategic Development Funding £1,376,598 (2021: £1,536,957), Transformation Programme £644,296 (2021: £220,856), Restructuring Funding £79,843 (2021: £106,460), Resourcing Ministerial Education £605,915 (2021: £652,191), Strategic Capacity Funding £102,676 (2021: £113,926), Strategic Ministry Fund £515,235 (2021: £226,882), Manchester Chapter Surplus £55,161 (2021: £107,752) and Bishops Staffing recharges £74,985 (2021: £73,707). During the year MDBF made payments to Archbishops Council for various recharges including contribution to National Church Costs £601,501 (2021: £630,311), Value Linked Loan Interest £19,282 (2021: £20,005), General Synod, Bishops Advisory Panel Fees and other recharges £1,730 (2021: £9,902), The Energy Costs Grant £592,000 (2021: £nil), Ministry Hardship Fund £79,000 (2021: £nil), Legal Officer Fees £50,358 (2021: £49,536), Proceeds from the sale of a Value Linked Loan property £nil (2021: ££85,107) and Diocesan Giving Advisor funding £28,000 (2021: £18,000).

Manchester Diocesan Church House Company Limited

The Board hold 98.6% (2021: 98.6%) of the ordinary share capital of the Manchester Diocesan Church House Company Limited ("MDCH"), whose principal activity is the provision of a Church House for Diocesan purposes, and in furtherance of this, the operation as a property company. MDCH charged rental and service charges of £29,045 (2021: £54,240) for use of the property for Diocesan purposes and recharged staff costs of £nil (2021: £nil). MDBF charged the Manchester Diocesan Church House Company £15,000 (2021: £15,000) for accountancy services rendered. The transfer of taxable profits under gift aid to the parent company was £nil (2021: £66,984). Following the sale of Church House, £9,500,000 was paid to MDBF from the proceeds. This is disclosed in the statement to changes in equity in the Church House Company financial statements and is not included within the profit and loss account shown above. At the balance sheet date, the Manchester Diocesan Church House Company owed £170,995 Manchester Diocesan Board of Finance (2021: £152,272). This is in relation to payments made by MDBF on behalf of Church House Company which includes Expenditure Purchases. A rent and service charge debtor balance of £nil (2021: £753) was owed at the year end by MDBF to the Manchester Diocesan Church House Company.

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

Founder Member of Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry Ltd)

Manchester Diocese is one of the three founding members of the Emmanuel Theological College (formerly All Saints Centre for Mission and Ministry) and there are currently four members. Emmanuel Theological College trains lay and ordained ministers to university standards for the Church of England. If the Emmanuel Theological College is wound up whilst the Manchester Diocesan Board of Finance is still a member or within 12 months of ceasing to be a Member, then the Member promises to pay such amount as is required up to £1 towards the costs of dissolution and the liabilities incurred by the charity while the contributor was a Member. During 2011, Manchester Diocesan Board of Finance along with Chester and Liverpool Diocesan Boards of Finance each authorised a £50,000 interest free loan in order to provide sufficient cash flow due to the phasing in of student numbers over a 3 year period. A further loan was been provided for £10,000 in 2020 and currently there is a balance of £7,500 (2021: £7,500).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Continued

In addition to the annual payment for Reader Training, MDBF also pays the Accreditation Fees for those Readers who are registered through Emmanuel Theological College with Durham University Common Awards. In 2022, the payment amounted to £nil (2021: £1,656). Previously, ordinands' training was paid by the National Church. In 2017, new financial arrangements were put in place through the Resourcing Ministerial Education programme. Therefore, MDBF now receives funding from the National Church to pay for the training of ordinands. In 2022, the MDBF paid Emmanuel Theological College £243,020 (2021: £238,259) for the training of ordinands and Readers.

