

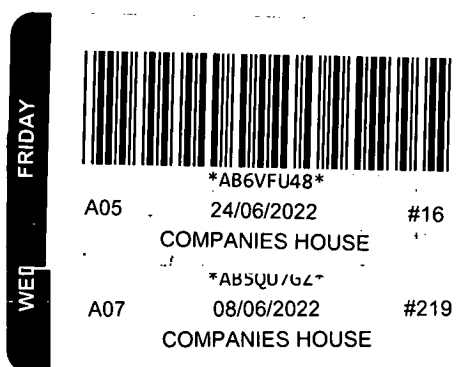


Diocese of Southwell & Nottingham

## SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021



## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2021

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### ADMINISTRATIVE DETAILS

For the year ended 31 December 2021

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#### Trustees

In accordance with the Companies Act 2006, The Statement of Recommended Practice 2019 (SORP 2019) and Financial Reporting Standard 102 (FRS 102), 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:

#### PRESIDENT

The Bishop of Southwell and Nottingham, Right Revd Paul Williams

BISHOP'S COUNCIL AND STANDING COMMITTEE OF THE DIOCESAN SYNOD (BEING THE FINANCIAL EXECUTIVE OF THE DIOCESAN SYNOD AND THE BOARD OF DIRECTORS OF THE BOARD OF FINANCE)

#### EX-OFFICIO

The Rt Revd The Bishop of Southwell & Nottingham

The Rt Revd The Bishop of Sherwood

The Very Revd The Dean of Southwell

The Venerable The Archdeacon of Newark (a)

The Venerable The Archdeacon of Nottingham (a)

The Chair of the House of Clergy of the Diocesan Synod (Revd S Hustwayte) (a)

The Chair of the House of Laity of the Diocesan Synod (Mr M Wilson) (a) (b)

The Chair of the Finance Committee (Canon M Arlington) (a)

#### ELECTED BY THE SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD

##### CLERGY (5)

Newark Archdeaconry (2)

Revd A Fletcher (to 29 September 2021)

Revd Canon M F Shouler (to 29 September 2021)

Revd L Lima (from 29 September 2021)

Revd Z Burton (from 29 September 2021)

##### LAITY (9)

Newark Archdeaconry (4)

Professor P Harris

Mr R Brand

Mrs C Shaw (from 29 September 2021)

Mr C Perrett (to 20 June 2021)

##### Nottingham Archdeaconry (3)

Revd Canon S Silvester

Revd C Bourne (to 29 September 2021)

Revd M Tanner (b) (from 29 September 2021)

Revd P Shaw (from 29 September 2021)

Revd S Hustwayte (to 29 September 2021)

##### Nottingham Archdeaconry (5)

Mr C Slater (to 29 September 2021)(a)

Mrs S Dunster (to 29 September 2021)

Mr C Barber (from 29 September 2021)

Miss S Waterston

Mrs J Gray

Mr C M Bolton

Mr R Cleave (from 29 September 2021)

Mr R Gutteridge (from 29 September 2021)

(a) Member of the Finance Committee

(b) Member of the Board of Education

#### PRINCIPAL OFFICERS AND ADVISERS

Diocesan Chief Executive & Company Secretary

Diocesan Registrar, Bishop's Legal Secretary

& Legal Adviser to the Board of Finance

Mr M L Cooper BA (Hons) FCA ATII

Mrs A J Redgate LLB

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## **SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE**

### **Administrative Details (continued)**

**For the year ended 31 December 2021**

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#### **HEADS OF DEPARTMENTS**

Director of Discipleship & Ministry  
Director of Partnerships & Mission  
Director of Education & Mission  
Director of Communications  
Director of Parish Support  
Director of Finance

Revd Canon Dr R Kellett BTh (Hons), BSc (Hons), MA, PhD  
Revd D McCoulough BA (Hons) MA  
Mr N Frith BA MA NPQH  
Vacant  
Mr F McNish (resigned 31 August 2021)  
Mrs R A J Bowes FCCA

#### **BANKERS**

Lloyds Bank, Nottingham

#### **INVESTMENT MANAGERS**

CCLA Central Board of Finance of  
the Church of England  
Cazenove Capital Management Ltd  
Mayfair Capital Investment Management Ltd  
Ruffer LLP

#### **SOLICITORS**

Rotheras, Nottingham

#### **CHARTERED SURVEYORS**

Jas. Martin & Co, Lincoln  
Tanners, Nottingham  
Geo Hallam & Sons, Nottingham

#### **MINING, MINERALS, ENGINEERING & ENVIRONMENTAL CONSULTANTS**

Mineral Surveying Associates

#### **INSURERS**

Ecclesiastical Insurance Group

#### **AUDITOR**

BHP LLP  
2 Rutland Park  
Sheffield  
S10 2PD

#### **REGISTERED ADDRESS**

Jubilee House  
Westgate  
Nottingham  
NG25 0JH

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### CHAIRMAN'S FOREWORD

For the year ended 31 December 2021

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I am deeply thankful as I review the activity of the diocese in 2021 particularly against the backdrop of the Coronavirus pandemic that we have been living through. The Church, like nearly every organisation, was not able to respond to the new and unpredictable challenges by turning to a ready prepared plan. As a result, we have been compelled to draw upon more hidden resources of resilience, innovation and courage to sustain our core activity across 320 churches, 85 church schools and many other places of mission. I have been inspired and stirred on countless occasions by stories 'on the ground' where congregations and clergy have resolved to make the love and hope of Christ known, for the blessing of all who live in the communities we serve.

It is too early to assess in what ways and where the relentless pressure of recent times has impacted particular parishes. Many were still re-grouping and re-configuring their ministry when the latest variant required hurried adaptation to the plans for Christmas. It will take another year or more, while we continue to learn to live with the Coronavirus, to establish a clear picture of where parishes have grown or declined in their overall ministry. In the meantime, there are encouraging reports of new people engaging with the life of the church and faith as a result of developing an on-line presence and new forms of pastoral care through the pandemic. In all parts of the diocese there are some inspiring stories of new growth and refreshed vision for mission.

Throughout 2021 the Bishop's Council has provided strategic oversight for those initiatives and developments that have enabled the diocese to accelerate positive change in alignment with our aspirations for Growing Disciples. The Bishop's Core Team, supported by wider teams within Jubilee House, has ensured consistent delivery of our objectives through the seven streams of work set out in 2020.

1. *Transformation Change Appointments* – We have re-shaped a number of clergy appointments which will enable significant change to facilitate growth; some of these are time-specific appointments that ensure we do not reduce the level of stipendiary ministry while maintaining flexibility in future deployment planning in the medium term.
2. *New models of Local Missional Leadership* – We have accelerated our planning in the training and commissioning of people who are equipped and called to lead local mission, within new initiatives and existing parishes.
3. *Youth and Children Growing Disciples Task Group* – Building on the extensive heritage of children and youth ministry in the diocese, we have been addressing the significant need to revitalise our mission among and with children and youth, working in partnership with our church schools. A Task Group led by the Bishop of Sherwood, and following wider consultation, has developed a plan for strategic investment in 5 new youth hubs and 10 children and families centres. This will be greatly assisted by substantial Strategic Development Funding granted in November 2021.
4. *Communications Review* – We have undertaken a communications review in light of the new mission opportunities that have been identified over the past 18 months, especially drawing on the learning from the increased activity through on-line platforms. A new website has been launched with fresh video resources; we have also established an on-line learning platform to support present ministry and equip new leaders across the churches.
5. *Increasing Diversity* – Early progress had been made in fostering a vision for a more diverse church, which includes addressing the systemic issues that unintentionally limit our mission and undermine the gospel. The newly formed GMH (Global Majority Heritage) Advisory Group has ensured that we are not distracted from turning vision into action.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### CHAIRMAN'S FOREWORD (continued) For the year ended 31 December 2021

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6. *Well-being and Resilience* – This remains an essential component in sustaining the mission of the diocese through times of sustained pressure, not only in relation to clergy but all who share ministry, with an increasing focus on addressing Relational, Physical, Mental and Spiritual Health (RPMs)
7. *Prayer Stream* – Prayer is the engine of the Church in mission and in the context of increased challenge and change in society, we are seeking to foster an increasing engagement with patterns of prayer that can sustain and inspire radical discipleship. We can testify to some wonderful answers to prayer but there is always more to learn in prayer, aligned to fresh vision for revitalising worship in all its traditions.

We were pleased to welcome and license the new Archdeacon of Newark, Tors Ramsey, in June, and start 2022 with all the senior strategic posts in the diocese filled by people called and inspired by God to oversee the mission of the diocese. During 2021 we have also expanded and developed the work of our Safeguarding Team to ensure that we continue to embed good Safeguarding practices into every part of the life of the diocese, as an essential core element of our mission. The Past Cases Review 2 (undertaken across the Church of England) has affirmed existing good practice which is in place, as well as identified key recommendations that are already being implemented under the direction of the Diocesan Safeguarding Advisory Panel, led by the independent chair, Barry Earnshaw.

Speaking in the service of welcome to Archdeacon Tors at St Mary Magdalene, Newark, the Lord Lieutenant, Sir John Peace, spoke movingly of how greatly our society needs to recover a sense of hope emerging from the pandemic and related challenges for our world, including climate change. He graciously reminded us that this is our special calling as the church of God. We are people of hope. Not pious optimism but gritty, feet-on-the-ground, hearts-open, hope in the God of all hope.

I am confident that we are all well placed to respond to the challenges that are still before us, drawing upon the same resilience, innovation and courage that has been displayed over these past two years. I pray that our financial giving, and the stewardship of all our resources, ever more reflect our hope-filled vision of a Church that has Good News for people everywhere. This will shape the approach we take in reviewing and refreshing our Growing Disciples vision and priorities during 2022, to ensure we align vision and strategy with resources as we look beyond the immediate challenges and towards the sort of church we are called to be in 2030 and beyond.

With every blessing

A handwritten signature in black ink, appearing to read 'Paul', with a small cross symbol to its left.

The Rt Revd Paul Williams  
Bishop of Southwell & Nottingham

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT

For the year ended 31 December 2021

The Trustees, who are also Directors for the purposes of company law, present their report and the audited financial statements of the charity for the year ended 31 December 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity. The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

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

This combined report satisfies the legal requirements for:

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

#### LEGAL OBJECTS

The principal object of The Southwell & Nottingham Diocesan Board of Finance ("the Board") is to promote, assist and advance the work of the Church of England in the Diocese of Southwell & Nottingham by acting as the financial executive of the Southwell and Nottingham Diocesan Synod.

The Board has the following statutory responsibilities: -

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents, Archdeacons and Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the Board are established by the Diocesan Synod in communication with Deanery Synods, Parochial Church Councils (PCCs), and the Bishop of Southwell & Nottingham (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, including the Diocesan Budget.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

#### PUBLIC BENEFIT

The Trustees 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 Trustees believe that, by promoting the work of the Church of England in the Diocese of Southwell & Nottingham, 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.

#### TRUSTEES' RESPONSIBILITIES

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

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

In preparing these financial statements the Trustees are required to:

Select suitable accounting policies and apply them consistently

- Observe methods and principles in the Charities SORP 2019 (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as aware the trustees are aware:

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

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

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

#### TRUSTEE RECRUITMENT, SELECTION AND INDUCTION

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out in the section on Structure and Governance. Trustees are given induction at the outset of the triennium and at other times as needs are identified. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

#### VOLUNTEERS

The Board is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of the church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly in times of crisis. Within this context, the Board greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the Board.

#### MISSION STATEMENT

We have a strategic vision of Growing Disciples, reaching wider, connecting younger and nurturing deeper roots of faith. A Task and Finish Group has been formed to review progress towards the strategic vision and refresh it for the period 2023-30.

#### STRATEGIC AIMS

The Board resources mission and ministry through 250 parishes and other networks.

The annual budget has been set against this

background, designed to provide adequate resources to fund the present, as well as to shape the future, in a way that is fit for the missional task. We continue to prioritise the appropriate provision of stipendiary parish clergy and licensed lay workers across the diocese.

The Board's strategy for achieving its objectives is to adopt a methodology of limiting central sources of expenditure in favour of both releasing funds for mission and minimising the increase in Parish Share. The Board continues to maintain the sound financial structure needed to enable it to continue supporting the clergy and lay workers through the payment of stipends, managing parsonages and other ministerial housing. It provides resources in support of the ministry of both clergy and lay people in parishes across the diocese.

#### OBJECTIVES FOR YEAR

The objective of the Board is to provide financial resources for the achievement of the priorities of the Bishop and Diocesan Synod.

#### ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The financial year 2021 began under Covid 19 lockdown, and the continued restrictions at the beginning of the year had further impact on our activities.

The trustees would like to pay particular tribute to Colin Slater MBE who passed away in January 2022, after many years as a director and trustee of the Board. His contribution over many years was significant, and he will be hugely missed.

The Board were pleased to be awarded a further Strategic Development Funding (SDF), after extensive consultation with local churches and other stakeholders. This funding will be used to develop and enhance our children's and youth work across the Diocese. Further work continued in the year using money from our previous Strategic Development Fund Bids to allocate £150,000 from our New Worshipping Communities

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

#### For the year ended 31 December 2021

funding, and continue to support parishes with their Growing Disciples plans.

The Discipleship and Ministry team has continued to be active in training and developing lay and ordained ministers across the Diocese using both online and in-person provision where available and will continue this hybrid approach going forward. Working with our partners, Rebuilding Generations, we ran our first Rebuild Learning community mainly online with 150 leaders and volunteers representing 37 churches across the length and breadth of the Diocese.

We managed to hold the Diocesan conference in person attracting 200 people on our theme of Jesus Centred, Jesus Shaped: Evangelism in our contemporary world with input from the Archbishop of York, Stephen Cottrell, Hannah Steele, Denis Adide and Rachel Gardner.

September saw us launch the Learning Hub, a digital learning portal and we have 587 subscribers. Users can access training either individually or in groups, sign up to courses and events as well as be directed to external training opportunities. In addition it's our gateway into Moodle a virtual teaching and learning platform where students can access and submit material. We hope to expand the Learning Hub next year to include material and courses from the Education and Safeguarding departments.

During the last quarter we also launched the new Diocesan website and welcome video. Work continued on our response to climate change, with extensive work being done by Rev David McCoulough and Robert Cleave as the newly appointed Diocesan Environmental Officer.

In 2021 we registered as an Eco Diocese with A Rocha UK and participated in the Young Christian Climate Network relay walk from G7 to COP26 in Glasgow. We continue to work with cross agency partners to tackle homelessness and modern slavery, and to support local church responses to the needs of rough sleepers refugees and asylum seekers, in the city and county. We have

begun to explore how we can best respond to the Archbishop's Coming Home Report on Housing Need. A new chaplaincy started in St Stephen's Sneinton based in the local GP practice, and the town centre chaplaincy continued to develop in Retford.

During the year we welcomed Venerable Victoria Ramsey as Archdeacon of Newark, and three clergy were made Honorary Canons of Southwell Minister, Revd Canon Angela Fletcher, Revd Canon Kate Bottley and Revd Canon Dr Stephen Hippisley -Cox.

We supported 7 members of the clergy with their retirement plans and assisted with moving 12 clergy families in housing in the Diocese.

### FUTURE PLANS

In 2022, we will be focusing on refreshing our strategic vision of Growing Disciples Wider, Younger, Deeper.

We are conscious of the need to focus on generous giving, in its widest sense, as part of whole life discipleship and our Clergy Study Day will start the journey.

The focus on our response to climate change will continue, aiming to cut our carbon footprint and promote eco church and to encourage further our understanding of caring for creation as central to whole life discipleship. The Diocesan Advisory Group will also instigate a strategy for our church buildings across the Diocese and aim to improve our church building carbon footprint and increase awareness and use of environmental products and services. Plans also include running another Rebuild Learning community and training our first cohort of Local Missional Leaders. We want to focus on growing vocations in the coming year which have been diminishing somewhat during the pandemic and allied to this will be to launch a second leadership year on the internship programme of YLC.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

#### KEY PERFORMANCE INDICATORS

The Board regards its key performance indicators as follows:

	2021	2020
Percentage of parish share received	90.7%	87.3%
Average rate of return on investments	2.51%	2.75%

The apparent improvement in Parish Share performance was due to the Share requested from deaneries being reduced by £382,000 through the Parish Share Support Fund. This Fund was established to enable deaneries to provide relief for the adverse impact of Covid 19 on rental income from parish facilities and trading operations. The move to a new investment manager was only completed at the end of the financial year, and the investment in renewable energy continue to perform well.

#### FINANCIAL PERFORMANCE

The main income to the Board is from parishes giving Parish Share, which has decreased by £54,000 this year. The Trustees are immensely grateful to all the parishes who, during the Covid 19 pandemic continued to contribute to parish share, and supported Ministry in the Diocese. We cannot achieve this without their support.

INCOME	% of Total	2021 £000	2020 £000
Parish Share	49.8	5,384	5,438
Archbishops' Council	21.1	2,281	2,149
Allchurches Trust	1.2	143	140
Fees	2.78	301	278
Investment income	9.75	1,054	1,089

The Trustees acknowledge with thanks the annual distribution from Allchurches Trust.

The other grants received from Archbishops' Council during 2021 are £521,000 Strategic Development Fund monies, which is matched funded by the Board and £1,260,000 Lowest Income Communities funding to support mission in our poorest parishes. We also received a Covid 19 Sustainability grant from Church Commissioners of £300,000 to contribute towards our exceptional losses this year, and we are in receipt of Strategic Ministry funding for additional curates of £136,000.

Due to the continued effect of the Covid 19 pandemic, remote working for many of the Jubilee House staff continued. The Board continued to utilise the Government's job retention scheme, which covered £17,000 of salary costs until the scheme finished in the summer. The Board managed a net gain before investment gains and losses of £93,000 in the general fund (2020: gain £333,000), largely due to the Covid Sustainability Funding we received from Church Commissioners.

The capital values of investments have had a better year than last, and the year end position of £45,252,000 is an overall increase of £2,721,000.

The capital values of agricultural land has remained the same. The unrealised gain on investments at the year end was £2,645,000. The Board received £1,241,692 during the year relating to the sale of glebe assets.

#### REVIEW OF THE BALANCE SHEET

The Trustees consider that the balance sheet, together with details in note 22, show that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £84,011,000 (2020: £80,626,000) it must be remembered that included in this total are a considerable number of properties, mostly in use for the ministry and mission of the Board, whose value amounted to £34.1 million (2020: £34.5 million). Much of the

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

#### For the year ended 31 December 2021

remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the Board.

#### Restricted and endowment funds

As set out in note 23 the Board holds and administers a large number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £9.8m (2020: £8.8m) and endowment funds totalled £60.3m (2020: £58.8m). Net outgoing resources in the education restricted fund, before investment gains, amounted to £62,000 (2020: £31,000) and resources were mainly used to finance the salaries of those Education Department staff with responsibility for church schools and academies.

#### Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer required. A description of each reserve together with the intended use of the reserve is set out in

note 23. At 31 December 2021 total designated reserves were £9.9m (2020: £10.6m). There is a balance of £1.4m set aside in a designated fund to finance the funding shortfall on the closed lay staff defined benefit pension scheme to eliminate the deficit by March 2025.

#### Free reserves

The Board of Finance has considerable responsibilities including the remuneration of over 120 stipendiary clergy, the employment of over 60 full or part time staff and the upkeep of nearly 190 houses. Most of the Board's income is voluntary with half coming from Parish Share and the balance made up of grant income from Archbishops' Council and income investments and other sources. In light of this and the flow of income, the Trustees have determined that it is prudent to hold

free reserves at least equivalent to general fund expenditure over two months i.e. £1.5m.

At 31 December 2021, the Board of Finance's free reserves were £4.2 million (2020: £3.3m). The trustees consider that with the continued uncertainty around the economic situation together with the changes in the way that Diocese are resourced from Church Commissioners, and the continuing pressure on parish share, the increased holding of free reserves is prudent.

#### Subsidiaries

During 2015, the Board set up two subsidiary companies. SNDBF Solar Limited is a wholly owned subsidiary that manages the £226,000 invested in the installation of solar panels on 50 benefice houses. Wind FX Limited is 60% owned by the Board and operates a 500Kw wind turbine. The investments into these companies, by way of loan capital, totalled £1,090,000.

#### Investment policy and performance

The Board is empowered by its Memorandum of Association to invest monies not immediately required for its purposes. In addition, the Board acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The Board's policy is to review regularly the assets of each fund. Notes 22 and 23 provides details of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

The implementation strategy for the diocesan assets is managed by a subgroup of Finance committee on behalf of Bishop's Council. The strategy is to grow the value of the diocesan assets and their annual income with a due regard to the level of risk associated with the ownership of particular assets. The Board appoints managers to advise and manage investments who are instructed to apply the ethical investment policy of the Church of England. Investment managers are tasked with a return of RPI +4%.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

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The Diocese has historically been an owner of agricultural land, currently 3,680 acres including 3 farms. The growth in value of agricultural land since 2006, has resulted in nearly 50% of the total value of assets being in land. The current policy is to reduce the amount of land over time when the opportunity arises to sell freehold land; the proceeds being invested in a wide range of financial assets which are more liquid and of a higher annual income return than land. A small investment is also held in a specialist commercial property fund managed for charity clients. Dunham House, a residential apartment block in Southwell, is managed to produce a rental return.

Funds which may be needed for working capital in the short-term are held as deposits with the Central Board of Finance of the Church of England and the Board's bankers, Lloyds Bank plc.

#### FUNDS HELD ON BEHALF OF OTHERS

As Custodian Trustee: The Board is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Board does not control them, and they are segregated from the Board's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £8.4m at 31 December 2021 (2020: £8.4m), are available from the Board on request.

On behalf of Schools: The Board of Education (as incorporated within the Board) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also Government grants in connection with the same. The Board of Education administers these monies as managing agent and makes

appropriate payments to contractors for work carried out.

The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2021 is £51,203 (2020: £104,371). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £235,567 in 2021 and £444,635 in 2020.

#### GRANT MAKING POLICY

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board of Finance to support the furtherance of the Board of Finance's objects.

Mission Development Funding from Archbishops' Council has now ceased, so the designated fund will be used to support the existing projects.

Southwell and Nottingham is one of 41 dioceses in the Church of England covering the whole of Nottinghamshire and a small section of South Yorkshire and North Leicestershire. It is administered through the Board, a charitable trust company limited by guarantee. The Diocese is arranged as 2 archdeaconries, Newark covering the north part with 4 deaneries and Nottingham the south with 5 deaneries. In total there are some 250 parishes.

Each Diocese is a separate entity led by the Bishop and is governed by the Canons of the Church of England and the Acts and Measures of General Synod as well as state legislation that relates to companies and charities. In Southwell and Nottingham, the

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

Diocesan Bishop is assisted by the Suffragan Bishop of Sherwood.

At national level the Diocese relates to the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board. Further information can be found at [www.church-of-england.org](http://www.church-of-england.org). The financial transactions of these bodies do not form part of these financial statements.

Each diocese is divided into benefices which are made up of parishes. The priest of a benefice is an office holder who shares the cure of souls with the Bishop. Matters relating to finance and parish owned property in a parish, are the responsibility of the Parochial Church Council, each of which is an individual charity separate from the Diocese. Benefices are grouped together in nine Deaneries which are units of mission, conduit of communication and whose members elect the members of General and Diocesan Synod.

Southwell Minister is the cathedral church of the diocese and is itself a separate legal entity. Copies of its annual report and financial statements may be obtained from the Cathedral Administrator, Southwell Minster, Church Street, Southwell, Nottinghamshire, NG25 0HD.

**The Board of Finance and Diocesan Synod:** Within the Diocese there are two major bodies - the Diocesan Synod and the Board of Finance: the membership of both is coterminous

**Board of Finance:** The company, Southwell & Nottingham Diocesan Board of Finance, was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 5th June 1891 as a charitable trust company limited by membership guarantee (No. 34165) and its governing documents are the Memorandum and Articles of Association. The Board of Finance is registered with the Charity Commission (No. 249359).

The company, originally called the Southwell Diocesan Finance Association, changed its name to the Southwell Diocesan Board of Finance on 18 January 1932. On 28 February 2006, the company changed its name to the Southwell & Nottingham Diocesan Board of Finance.

As a member of the Board, each member of Synod has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

**Diocesan Synod:** Diocesan governance is by Diocesan Synod which is an elected body with representation from all parts of the diocese. Membership consists of ex-officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, plus up to 20 co-options

The Diocesan Synod usually meets twice a year.

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 Bishop's Council.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

The Bishop's Council (and Standing Committee of the Diocesan Synod): The members of the Bishop's Council are the Board of Trustees and Directors of the Company. Bishop's Council consists of 8 ex officio members (the Diocesan and Suffragan Bishops; 2 Archdeacons; the Dean; the Chairs of the House of Clergy and House of Laity; and the Chair of the Finance Committee), 5 clergy elected by the House of Clergy from among their number (3 from the Archdeaconry of Nottingham and 2 from the Archdeaconry of Newark) and 10 lay persons elected by the members of the House of Laity representing deaneries (6 from the Archdeaconry of Nottingham and 4 from the Archdeaconry of Newark) and up to 4 co-opted members of Diocesan Synod. Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- to plan the business of the Synod,
- to initiate proposals for action by the Synod and to advise it on matters on policy;
- to advise the Diocesan Bishop, on any matters which he may refer to the Council;
- subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- to appoint members of committees or nominate individuals for election to committees; and
- to carry out such functions as the Synod may delegate to

**Decision Making Structure:** Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwell and Nottingham, are set by the Diocesan Synod and the Board.

The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod

each year receives and agrees the annual budget, prepared and approved by the Board. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to eight meetings during the year to formulate and coordinate policies on mission, ministry and finance. The Trustees rely upon the Diocesan Chief Executive and their team of six departmental directors for the delivery of the day to day activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the Board in accordance with the policies framed by the Trustees.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

Council are also the members of 2 statutory committees:

- **Parsonages Committee**, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each

benefice, team vicarages and houses owned by the Board of Finance.

- **Diocesan Mission and Pastoral Committee**, which is responsible for the task of recommending pastoral reorganisation to the Bishop.

Other statutory committees include:

- **Diocesan Advisory Committee**, which advises on matters affecting church buildings and places of worship including the granting of faculties, the use and care of places of worship and their contents and the care of churchyards.
- **Southwell & Nottingham Diocesan Board of Patronage**, which is constituted under the provisions of the Patronage (Benefices) Measure 1986.

In addition to the statutory committees Bishop's Council has set up the **Finance Committee**, which has written terms of reference, to advise it on all financial matters. The Finance Committee meets regularly, approximately five times each year and works closely with the Diocesan Chief Executive and Director of Finance. The Finance Committee has decided that in order to give considered advice to the Bishop's Council and to understand the detail of diocesan finance, to set up the Audit Committee which advises the Finance Committee and thereby Bishop's Council, in the discharge of the Trustees' responsibilities for accounting policy, internal control, financial reporting and risk management.

**Remuneration of Key Personnel:**  
Emoluments of higher-paid employees are determined by a remuneration group consisting of the Chair of the House of Clergy, the Chair of the House of Laity, and the Chair of the Finance Committee. A job evaluation scheme is used to determine the salary grades of employed posts. Office holders are paid either the Diocesan stipend or that advised by the Archbishops' Council acting as the Central Stipends Authority management.

### GOING CONCERN

The financial statements have been prepared on a going concern basis as the trustees believe that, despite the uncertainty of the economic impact of the Covid 19 virus pandemic, the Board has sufficient monetary reserves to meet all their obligations as they fall due. The trustees consider that given the level of investments and reserves held the going concern basis is appropriate.

### PRINCIPAL RISKS

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Chief Executive.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2021

The risk register identifies three areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are detailed in the table below:

Risk Type	Risk	Mitigating activity
Reputational	Safeguarding & Inclusion of children and vulnerable adults: current safeguarding incident by an individual associated with the Diocese or any church in our Diocese and adverse publicity relating to safeguarding failures in the past or present.	<ul style="list-style-type: none"><li>• Safeguarding advice is provided by a dedicated Safeguarding team</li><li>• Policies are aligned with those of the national church</li><li>• Training is compulsory for all relevant staff and office holders</li></ul>
Financial	Parish Share collection is considerably less than 100%.	<ul style="list-style-type: none"><li>• Collection statistics are produced and circulated on a monthly basis to Deanery &amp; Diocesan personnel</li><li>• Deanery finance personnel are expressly tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection</li></ul>
Reputational and Financial	IT: System failure.	<ul style="list-style-type: none"><li>• The disaster recovery plan is reviewed on an annual basis</li><li>• The majority of systems are held in the cloud, with backups held remotely and in house.</li></ul>

#### DISCLOSURE OF INFORMATION TO THE AUDITOR

We, the Directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

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

In approving the Trustees' Report, we also approve the Strategic Report included therein, in our capacity as company directors.

#### APPOINTMENT OF AUDITORS

The re-appointment of BHP LLP as auditor to the Board will be proposed at the Annual General Meeting.

BY ORDER OF THE TRUSTEES

*+Paul Southwell and Nottingham*  
+Paul Southwell and Nottingham (Jun 1, 2022 16:20 GMT+1)

The Right Revd Paul Williams  
Chairman  
Date: 4 May 2022

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE

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#### Opinion

We have audited the financial statements of Southwell and Nottingham Diocesan Board of Finance (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Company and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

1. give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
2. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
3. have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE (Continued)

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#### Other information

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

We have nothing to report in this regard.

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

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

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

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

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

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

1. adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
2. the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
3. certain disclosures of directors' remuneration specified by law are not made; or
4. we have not received all the information and explanations we require for our audit.

#### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent 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.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE (Continued)

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#### Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the group and 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the entity through discussions with Trustees and other management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the entity, including safeguarding legislation, health and safety and data protection laws;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the entity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE (Continued)

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To address the risk of fraud through management bias and override of controls, we

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.


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

This description forms part of our auditor's report.

#### Use of our report

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

Jane Marshall (Senior Statutory Auditor)  
for and on behalf of  
BHP LLP  
2 Rutland Park  
Sheffield  
S10 2PD

  
Jane Marshall (Jun 6, 2022 16:05 GMT+1)

Date: Jun 6, 2022

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	Note	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>						
Donations	2					
Deanery share		5,384	-	-	5,384	5,438
Archbishops' Council		1,760	521	-	2,281	2,149
Other donations		146	-	-	146	144
Charitable activities	3	691	32	-	723	634
Other activities	4	490	1	-	491	454
Investments	5	843	211	-	1,054	1,089
Other	6	331	401	-	732	1,024
		<u>9,645</u>	<u>1,166</u>	<u>-</u>	<u>10,811</u>	<u>10,932</u>
<b>Expenditure on</b>						
Raising funds	7	335	74	-	409	404
Charitable activities	8	9,195	601	-	9,796	9,589
Clergy pension scheme movement	27	-	-	(7)	(7)	(6)
Church schools & Diocesan projects	9	-	164	-	164	151
Other	10	22	195	-	217	258
		<u>9,552</u>	<u>1,034</u>	<u>(7)</u>	<u>10,579</u>	<u>10,396</u>
<b>Net income before investment gains</b>		<b>93</b>	<b>132</b>	<b>7</b>	<b>232</b>	<b>536</b>
Net gains on investments		458	908	1,279	2,645	2,536
<b>Net income</b>		<b>551</b>	<b>1,040</b>	<b>1,286</b>	<b>2,877</b>	<b>3,072</b>
<b>Transfers between funds</b>	14	(219)	-	219	-	-
Non-controlling interest		-	9	-	9	(1)
<b>Other recognised gains/(losses)</b>						
Gains/(losses) from changes in financial assumptions on defined benefit pension scheme		499	-	-	499	(331)
<b>Net movement in funds</b>		<b>831</b>	<b>1,049</b>	<b>1,505</b>	<b>3,385</b>	<b>2,740</b>
<b>Total funds brought forward</b>		<b>13,019</b>	<b>8,800</b>	<b>58,807</b>	<b>80,626</b>	<b>77,886</b>
<b>Total funds carried forward</b>	21	<b>13,850</b>	<b>9,849</b>	<b>60,312</b>	<b>84,011</b>	<b>80,626</b>

All activities derive from continuing activities. A deficit of £23,305 is attributable to the non-controlling interest, with the balance of £2,585,000 attributable to the parent entity. The notes on pages 26 to 61 form part of the financial statements.

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2021

	Total 2021 £'000	Total 2020 £'000
Total incoming resources	10,811	10,782
Resources expended	(10,576)	(10,402)
Operating surplus for the year	225	380
Net gains on investments	1,366	702
Net income for the year	1,591	1,082
Non-controlling interest	9	(1)
Other comprehensive income:		
Net assets transferred from/(to) endowments	(219)	(368)
(Losses)/Gains from changes in financial assumptions on defined benefit pension scheme	499	(331)
Total comprehensive income	1,880	382

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

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

BALANCE SHEET - COMPANY ONLY  
At 31 December 2021

Company Number – 00034165

	Note	2021 £'000	£'000	2020 £'000	£'000
FIXED ASSETS					
Tangible assets	15		38,047		38,386
Investments	16		45,252		42,531
			<u>83,299</u>		<u>80,917</u>
CURRENT ASSETS					
Debtors	18	2,070		1,912	
Cash at bank and in hand		<u>1,759</u>		<u>1,765</u>	
		3,829		3,677	
CREDITORS: amounts falling due within one year	19	<u>(1,565)</u>		<u>(1,770)</u>	
NET CURRENT ASSETS			<u>2,264</u>		<u>1,907</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			85,563		82,824
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	27	(1,387)		(2,043)	
Other creditors	20	<u>(143)</u>		<u>(143)</u>	
			<u>(1,530)</u>		<u>(2,186)</u>
NET ASSETS			<u>84,033</u>		<u>80,638</u>
FUNDS					
Endowment funds		60,533		59,254	
Deficit on clergy pension scheme		<u>(221)</u>		<u>(447)</u>	
			60,312		58,807
Restricted income funds			9,784		8,725
Unrestricted income funds:					
General fund		5,331		4,500	
Designated funds		9,992		10,577	
Defined benefit pension scheme liability		<u>(1,386)</u>		<u>(1,971)</u>	
			13,937		13,106
TOTAL FUNDS	21		<u>84,033</u>		<u>80,638</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

BALANCE SHEET - COMPANY ONLY (Continued)  
At 31 December 2021

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The Company Balance Sheet forms part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 4 May 2022 and signed on behalf of the Board by:

+ Paul Southwell and Nottingham  
+Paul Southwell and Nottingham (Jun 1, 2022 16:20 GMT+1)

The Bishop of Southwell & Nottingham  
Director

Michael Arlington  
Michael Arlington (Jun 5, 2022 16:04 GMT+1)

Canon M Arlington  
Director

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET  
At 31 December 2021

Company Number – 00034165

	Note	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	39,330	39,737
Investments	16	45,252	42,531
		<u>84,582</u>	<u>82,268</u>
<b>CURRENT ASSETS</b>			
Debtors	18	1,192	1,026
Cash at bank and in hand		1,898	1,939
		<u>3,090</u>	<u>2,965</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(1,555)</u>	<u>(1,845)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>1,535</u>	<u>1,120</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>86,117</u>	<u>83,388</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	27	(1,387)	(2,043)
Other creditors	20	(719)	(719)
		<u>(2,106)</u>	<u>(2,762)</u>
<b>NET ASSETS</b>		<u><u>84,011</u></u>	<u><u>80,626</u></u>
<b>FUNDS</b>			
Endowment funds		60,533	59,254
Deficit on clergy pension scheme		(221)	(447)
		<u>60,312</u>	<u>58,807</u>
Restricted income funds		9,849	8,800
Unrestricted income funds:			
General fund		5,244	4,413
Designated funds		9,992	10,577
Defined benefit pension scheme liability		(1,386)	(1,971)
		<u>13,850</u>	<u>13,019</u>
<b>TOTAL FUNDS</b>	21	<u><u>84,011</u></u>	<u><u>80,626</u></u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET (continued)

At 31 December 2021

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The Consolidated Balance Sheet forms part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 4 May 2022 and signed on behalf of the Board by:

+ Paul Southwell and Nottingham  
+Paul Southwell and Nottingham (Jun 1, 2022 16:20 GMT+1)

The Bishop of Southwell & Nottingham  
Director

Michael Arlington  
Michael Arlington (Jun 5, 2022 16:04 GMT+1)

Canon M Arlington  
Director

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2021

	2021 £000	2020 £000
Net cash outflow from operating activities	(1,725)	(933)
Cash flows from investing activities		
Dividends, interest and rent from investments	1,054	1,089
Interest paid	(9)	(9)
Proceeds from the sale of:		
Tangible fixed assets	1,108	837
Investment assets	4,062	8,838
Purchase of:		
Tangible fixed assets	(488)	(956)
Fixed asset investments	(4,043)	(7,636)
Net cash provided by/used in investing activities	1,684	2,163
Change in cash and cash equivalents in the reporting period	(41)	1,230
Cash and cash equivalents at 1 January	1,939	709
Cash and cash equivalents at 31 December	1,898	1,939
Reconciliation of net movements in funds to net cash flow from operating activities:		
Net income/expenditure before investment gains for the year ended 31 December	232	536
Adjustments for:		
Depreciation charges	100	104
Net Profit on disposal of assets	(452)	(591)
Dividends, interest and rent from investments	(1,054)	(1,089)
FRS 102 pension scheme adjustment	(226)	(374)
Clergy pension scheme adjustment	(42)	(69)
Interest paid	9	9
Non controlling interest	9	(1)
(Increase)/Decrease in debtors	(166)	(143)
(Decrease)/Increase in creditors	(135)	685
Net cash provided used in operating activities	(1,725)	(933)
Analysis of cash and cash equivalents		
Cash in hand	1,898	1,939
	1,898	1,939

The movement in cash and cash equivalents is the same as the movement in net debt therefore no separate movement in net debt table has been included in these financial statements.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

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#### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued in October 2019 and the Companies Act 2006 and Generally Accepted Accounting Practice. The financial statements consolidate the results of the Company and its two subsidiaries, Wind FX Limited and SNDBF Solar Limited on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the Board has not been presented because the Board has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Board and are rounded to the nearest £'000.

The Board constitutes a public benefit entity as defined by FRS 102. The principle accounting

policies and estimation techniques are as follows:

##### a) Income

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

Parish share, and parochial fees are included on a receipts basis except for contributions received shortly after the period end that are explicitly relating to the period under review.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in

financial reporting.

##### b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. In respect of housing maintenance, the policy is only to provide for orders started before the year end. The cost of office premises and other service costs have been apportioned to departments to reflect the facilities used, the basis of apportionment being floor space or headcount.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment but not

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

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#### 1. ACCOUNTING POLICIES (continued)

accrued as expenditure.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

##### Pension contributions.

The Board's staff are members of the Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme (see note 27). The pension costs charged as resources expended represent the Board's contributions payable in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme, or have their contribution paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes to which Board participates is accrued at

current value in creditors distinguished between contributions falling due within one year and after more than one year. The Board also operates a defined benefit scheme for the Board's employees whose employment began prior to 1 April 1993. The contribution rates for this scheme are set by the actuary using the actuarial valuation every three years.

##### c) Tangible fixed assets and depreciation

###### *Freehold properties*

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. The primary purpose of residential property is to provide accommodation for ministers in the

Diocese. The freehold properties are held at cost or deemed cost by reference to the midpoint of the applicable council tax band as determined in 1996.

###### *Properties subject to equity (value linked) loans*

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated at cost or deemed cost, where historic cost values prior to 1996 are not readily available. Equity loans are made to parishes and clergy spouses to enable them to purchase property on a shared equity basis. In the event of a sale of any of the houses purchased with value-linked loans, the whole, or a proportionate part, of the net sale proceeds would go to the Church Commissioners. Total value-linked loans advanced at 31 December 2021 amounted to £134,000 (2020-£134,000).

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 1. ACCOUNTING POLICIES (continued)

##### *Parsonage houses*

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic or deemed cost.

Land and buildings purchased during the year totalled £0.48m (2020- £0.9m). The Board's policy continues to be to replace unsuitable properties; to accommodate the changing geographical deployment of clergy within the Diocese; and to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

No value linked loan houses were sold in the current or preceding year.

##### **d) Other tangible fixed assets**

All capital expenditure over £2,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Motor vehicles	25%	Straight line
Garden equipment	20%	Straight line
Computer hardware and software	33.3%	Straight line
Furniture & fittings	10%	Straight line
Other office equipment	20%	Straight line

Wind turbine	4%	Straight line
Solar panels	5%	Straight line

##### **e) Other accounting policies**

i) **Fixed asset investments** are included in the balance sheet at fair value and the gain or loss taken to the Statement of Financial Activities. Glebe agricultural land is valued at 31 December each year by Jas Martin & Co, Chartered Surveyors. Dunham House is professionally valued by Mr R Davis of Geo Hallam and Sons. For commercial property a desk top valuation is provided by the Diocesan surveyor. Some properties included in the Southwell & Nottingham Board of Education restricted fund are not valued and are shown at cost as there is no readily available market value. The financial investments are managed in accordance with the policy statements (including the statement on pooled funds which will be appropriate for funds managed on a multi asset basis) and restricted stock lists provided by the Ethical Investment Advisory Group of the Church of England. Active ownership and engagement via the Boards investment managers can drive positive change in corporate behaviour and the Board believes that this is part of being a responsible investor. The Board will take account of environmental, social and governance issues for both ethical and financial reasons.

ii) **Leases.** Operating lease rentals are charged to the Statement of Financial Activities when they are paid. The lease payments are charged straight line over the period of the lease.

##### **f) Fund balances**

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds. Unrestricted funds are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Board. There are two types of unrestricted funds:

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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General funds which the Board intends to use for the general purposes of the Board.

Designated funds are those funds set aside out of unrestricted funds by the Board for a specific purpose over whose use and purpose the Board has discretion. The accumulated capital fund is the amount transferred from the general fund, gains less loss on investments and the directors' valuation of freehold property transferred at no cost. A designated fund has also been created for deficit funding in respect of the closed defined benefit pension scheme.



## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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#### 1. ACCOUNTING POLICIES (continued)

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the Board (Stipends Fund Capital, Benefice Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

##### g) Going concern

For the year ended 31 December 2021 the charitable company made an operating surplus of £232,000 and after taking account of gains and losses made an overall surplus of £3.3m. Free reserves at 31 December 2021 are £4.2m. The Board have considered the ongoing impact of COVID-19 on the charitable company's income and operating cost base. They recognise that we are still in a period of uncertainty whilst the world settles into new rhythms of working.

The Board have prepared forecasts of income and expenditure for the period to 31 December 2024 that show deficit budgets. Due to the level of free reserves and cash resources held they are confident that they have in place plans to deal with the deficit budgets and any further financial losses that may arise.

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

##### h) Subsidiaries

Both of the Board's trading subsidiaries are consolidated using the equity method. SNDBF Solar Limited and Wind FX Limited also have a 31 December year end. The Board own 60% of the share capital of Wind FX Limited, therefore the non-controlling interest is shown separately in reserves.

##### i) Debtors & Creditors

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

##### j) Provisions

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

##### k) Critical accounting estimates and assumptions

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

The present values of Church of England Funded Pensions Scheme and the Southwell and Nottingham Diocesan Board of Finance Staff Retirement Benefit Scheme both depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost(income) for

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying value of the pension liability.

An area of key estimation uncertainty, although not a significant risk due to annual professional valuations being undertaken, is the valuation of investment land and properties. The valuations are subject to judgements of an expert including, but not limited to, the state of repair of the properties, local knowledge, future income yields and market characteristics.

#### l) Employee benefits

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

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The charity also operates a defined benefit plan for the benefit of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method.

#### m) Furlough income

Income claimed under the Governments Furlough Job Retention scheme is recognised in the period to which it relates, rather than the period in which it is received.

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

### 2. DONATIONS

#### Deanery share

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

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Newark Archdeaconry Nottingham	2,530	-	-	-	2,530	2,700
Archdeaconry	3,404	-	-	-	3,404	3,524
Voluntary contribution	58	-	-	-	58	42
Shortfall	(615)	-	-	-	(615)	(828)
	<u>5,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,377</u>	<u>5,438</u>
Receipts for previous years	7	-	-	-	7	-
	<u>5,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,384</u>	<u>5,438</u>

Current year deanery share receipts represent 90.7% of the total apportioned (2020 – 87.3%). It should be noted that the request was reduced by £382,000 in 2021, as a way of supporting parishes after the Covid 19 Lockdowns in 2020. The deanery share calculation was reviewed during 2017 and transition provisions applied to the Deaneries which have a large disparity with the way deanery share was previously calculated.

#### Archbishops' Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Selective allocation	1,260	-	-	-	1,260	1,266
Pooling of ordinands candidates' costs	64	-	-	-	64	8
Sustainability Funding	300	-	-	-	300	250
Strategic Ministry Funding	136	-	-	-	136	23
Strategic Development Funding	-	-	521	-	521	602
	<u>1,760</u>	<u>-</u>	<u>521</u>	<u>-</u>	<u>2,281</u>	<u>2,149</u>

#### Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Allchurches Trust Grant	143	-	-	-	143	140
Other Grants	3	-	-	-	3	4
	<u>146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146</u>	<u>144</u>

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# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

3. CHARITABLE ACTIVITIES	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Statutory fees	301	-	-	-	301	278
Contributions to sector and other chaplaincy posts	74	-	-	-	74	66
Contributions to costs of lay staff posts	103	-	-	-	103	104
Church Commissioners' Loan interest receivable	39	-	-	-	39	39
Other contributions and income	9	-	-	-	9	10
	165	-	32	-	197	137
	<u>691</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>723</u>	<u>634</u>

4. OTHER ACTIVITIES	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Housing income	490	-	1	-	491	454

5. INVESTMENT INCOME	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Dividends receivable	209	-	158	-	367	383
Interest receivable	3	-	1	-	4	7
Rents and income from mineral rights receivable	631	-	52	-	683	699
	<u>843</u>	<u>-</u>	<u>211</u>	<u>-</u>	<u>1,054</u>	<u>1,089</u>

6. OTHER INCOME	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Sale of fixed assets	314	-	138	-	452	591
Subsidiary income	-	-	263	-	263	338
Furlough income	17	-	-	-	17	95
	<u>331</u>	<u>-</u>	<u>401</u>	<u>-</u>	<u>732</u>	<u>1,024</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

7. FUNDRAISING COSTS	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated			2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	146	-	-	-	146	179
Other land agent commission and expenditure	163	-	-	-	163	138
Investment management charges	26	-	74	-	100	87
	<u>335</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>409</u>	<u>404</u>
8. CHARITABLE ACTIVITIES	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated			2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Contributions to Archbishops' Council</b>						
Training for Ministry	212	-	-	-	212	212
National Church responsibilities	176	-	-	-	176	185
Retired clergy housing costs	78	-	-	-	78	76
Pooling of ordinands costs	-	-	-	-	-	-
	<u>466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466</u>	<u>473</u>
<b>Resourcing Ministry and Mission</b>						
People costs						
Stipends, salaries and national insurance	4,940	-	276	-	5,216	5,230
Pension contributions	1,312	-	-	-	1,312	1,241
Housing costs	1,122	-	-	-	1,122	1,193
Removal, resettlement and other expenses	168	-	-	-	168	157
	<u>7,542</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>7,818</u>	<u>7,821</u>
Support for parish ministry	1,187	-	325	-	1,512	1,295
	<u>8,729</u>	<u>-</u>	<u>601</u>	<u>-</u>	<u>9,330</u>	<u>9,116</u>
	<u>9,195</u>	<u>-</u>	<u>601</u>	<u>-</u>	<u>9,796</u>	<u>9,589</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

**9. EXPENDITURE ON  
CHURCH SCHOOLS  
& DIOCESAN  
PROJECTS**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2021	2020
					£'000	£'000
Expenditure on Education Support for church schools	-	-	164	-	164	151
	-	-	164	-	164	151

**10. OTHER EXPENDITURE**

	Unrestricted funds		Restrict	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2021	2020
					£'000	£'000
Audit Fees- audit	18	-	-	-	18	18
Audit Fees- non-audit	4	-	-	-	4	4
Subsidiary expenses	-	-	195	-	195	236
	22	-	195	-	217	258

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

### 11. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2021 £'000	Total costs 2020 £'000
Fundraising costs	409	-	-	409	404
Charitable activities:					
Contributions to Archbishop's Council	-	466	-	466	473
Clergy pension scheme movement	(7)	-	-	(7)	(6)
Resourcing ministry and mission	8,790	518	18	9,326	9,112
Church Schools and Diocesan projects	-	164	3	167	154
Governance costs	-	-	1	1	1
Other	217	-	-	217	258
	<u>9,409</u>	<u>1,148</u>	<u>22</u>	<u>10,579</u>	<u>10,396</u>

Where costs cannot be directly attributed to particular headings, they have been allocated or apportioned to activities on a basis consistent with the use of the resources. Central support costs are apportioned on the basis of the estimated usage of resources at Jubilee House. Governance costs comprise audit fees, costs relating to the preparation of the statutory returns and the costs of hosting Diocesan Synod.

The apportionment in 2021 can be summarised as follows:

Resourcing ministry and mission 82.08%  
Church Schools 13.92%  
Diocesan Projects 1.92%  
Governance 2.08%

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# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

12. ANALYSIS OF GRANTS MADE	Number	Individuals £'000	Institutions £'000	2021 Total £'000	2020 Total £'000
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishop's Council	1	-	-	466	473
From unrestricted funds:					
Refugee Roots	1		21	21	21
Clergy	27	63	-	63	78
Ordinands in training	197	280	-	280	227
Transforming Notts Together	2	-	25	25	15
From restricted funds for various purposes within resourcing parish ministry:					
Growing Disciples/New Worshipping Community Grants	22	-	128	128	50
Perry Gift	2	1	-	1	3
Total	252	344	174	984	867



# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

<b>13. STAFF COSTS</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs during the year were as follows:		
Salaries and stipends	1,542	1,586
National insurance contributions	145	154
Pension costs		
Church of England Funded Pension scheme (2021 – 7 employees, 2020 – 7 employees)	60	51
Defined Benefit scheme (2021 – 1 employee, 2020 – 1 employee)	52	99
Defined contribution schemes (2021 – 53 employees, 2020 – 57 employees)	129	133
	<u>1,928</u>	<u>2,023</u>
The average number of persons employed by the group during the year:		
	<b>Number</b>	<b>Number</b>
Administration and financial management	32	33
Property	4	4
Discipleship & Ministry, Stewardship	14	17
Education	8	8
Communications	3	3
	<u>61</u>	<u>65</u>
The average number of persons employed by the group during the year based on full-time equivalents:		
	<b>Number</b>	<b>Number</b>
Administration and financial management	21.40	19.74
Property	3.40	3.50
Discipleship & Ministry, Stewardship	14.10	15.53
Education	6.06	5.20
Communications	.63	2.50
	<u>45.59</u>	<u>46.47</u>

The number of people employed by the Board now include some posts that were previously funded by way of grant or contribution to a third party.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 13. STAFF COSTS (continued)

	2021 Number	2020 Number
The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	1	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>-</u>

Pension payments of £14,280 (2020: £6,362) were made for these employees.

#### Remuneration of key management personnel

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

Diocesan Chief Executive and Company Secretary	Mr M Cooper
Director of Discipleship & Ministry	Revd Canon Dr R Kellett
Director of Partnerships & Mission	Revd D McCoulough
Director of Education & Mission	Mr N Frith
Director of Communications	vacant
Director of Parish Support	Mr F McNish (resigned 31 August 2021)
Director of Finance	Mrs R Bowes

Remuneration, including employers' NI and employers' pension contributions for these 6 (2020 : 7) employees amounted to £379,444 (2020: £444,763).

#### Directors' emoluments

No Director received any remuneration for services as Director. 6 Directors received travelling and out of pocket expenses, totalling £4,632 (2020 -7 Directors- £12,127) in respect of General Synod duties, duties as archdeacon or area dean, and other duties as Directors.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 13. STAFF COSTS (continued)

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

	Stipend	Housing
The Right Revd P Williams	No	No
The Right Revd A Emerton	No	Yes
The Ven V Ramsey (appointed 8 June 2021)	Yes	Yes
The Ven P Williams	Yes	Yes
The Revd A Fletcher (resigned 29 September 2021)	Yes	Yes
The Revd Canon M F Shouler (resigned 29 September 2021)	Yes	Yes
The Revd S Hustwayte	Yes	Yes
The Revd Canon S D Silvester	Yes	Yes
The Revd C Bourne (resigned 29 September 2021)	Yes	Yes
The Revd L Lima (appointed 29 September 2021)	Yes	Yes
The Revd P Shaw (appointed 29 September 2021)	Yes	Yes
The Revd Canon M Tanner (appointed 29 September 2021)	Yes	Yes
The Revd Z Burton (appointed 29 September 2021)	Yes	Yes

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

The Board paid an average of 118 (2020 –124) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	3,179	3,256
National insurance contributions & Apprenticeship levy	273	277
Pension costs – current year	963	544
– deficit reduction	220	375
	<u>4,635</u>	<u>4,452</u>

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2021 was in the range £36,100 – £38,000 (2020 range £36,100 – £38,000) and other clergy who were Trustees were paid in the range £25,265 – £26,979 (2020 range £25,265 – £26,979).

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

### 14. TRANSFERS BETWEEN FUNDS

A transfer from the general fund of £219,000 has been made to the Clergy pension fund within endowment funds for the costs incurred in the year.

### 15. TANGIBLE FIXED ASSETS - Company

	Freehold Houses (see below) £'000	Diocesan Office & caretakers' bungalow £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2021	34,501	3,809	512	-	38,822
Additions	485	-	3	-	488
Disposals	(795)	-	-	-	(795)
At 31 December 2021	34,191	3,809	515	-	38,515
<b>Depreciation</b>					
At 1 January 2021	-	27	409	-	436
Charge for the year	-	-	32	-	32
Disposals	-	-	-	-	-
At 31 December 2021	-	27	441	-	468
<b>Net Book Value</b>					
At 31 December 2021	34,191	3,782	74	-	38,047
At 31 December 2020	34,501	3,782	103	-	38,386

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

### 15. TANGIBLE FIXED ASSETS - company (continued)

	2021		2020	
	Cost or deemed cost £'000	Number of houses	Cost or deemed cost £'000	Number of houses
<b>Endowment funds</b>				
Benefice houses fund				
Parsonage houses	17,858	125	17,832	125
Glebe funds				
Housing of team vicars, curates & others	8,751	44	8,751	44
Retirement houses	40	1	40	1
<b>Unrestricted (designated) funds</b>				
Corporate property				
City Centre Resource Church	1,498	1	1,498	1
Housing of senior clergy, curates and others	5,904	22	6,240	24
Houses subject to value-linked loans				
Housing of curates and others	140	3	140	3
	<u>34,191</u>	<u>196</u>	<u>34,501</u>	<u>198</u>

Diocesan offices include the caretaker's bungalow situated in the grounds of Dunham House and amounts capitalised as part of the Jubilee House office build shown at cost. There is no reliable market value, but a valuation of both Jubilee House and the bungalow would be greater than historic cost. Dunham House is held in investment properties as it has been converted to 7 apartments for rental. A professional year end valuation has been obtained from Mr G Davis from the Board's property agent, whom is an independently qualified surveyor. Dunham House is valued on a freehold market value basis.

All of the freehold houses included above are freehold and are vested in the Board, except for benefice houses which are vested in the incumbent. The Board is not free to dispose or encumber these properties as it sees fit, as they are to be used for clergy housing. They are carried at cost or deemed cost and in the opinion of the Directors, the carrying value of land and buildings is less than the market value. The costs of revaluation are considered to outweigh the benefits to the reader of the accounts. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

Some properties have been purchased with the help of 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 extinguished. The value of such properties included above amounts to £140,000 (2020: £140,000). Of the total land and buildings at 31 December 2021, £14.3m are valued at cost (2020: £14.5m), with the rest at deemed cost. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

15. TANGIBLE FIXED ASSETS – Group

	Freehold Houses £'000	Diocesan Office & caretakers' bungalow £'000	Office Equipment £'000	Motor Vehicles £'000	Wind Turbine & solar panels £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	34,501	3,809	512	-	1,690	40,512
Additions	485	-	3	-	-	488
Disposals	(795)	-	-	-	-	(795)
	<u>34,191</u>	<u>3,809</u>	<u>515</u>	<u>-</u>	<u>1,690</u>	<u>40,205</u>
<b>At 31 December 2021</b>	<b>34,191</b>	<b>3,809</b>	<b>515</b>	<b>-</b>	<b>1,690</b>	<b>40,205</b>
<b>Depreciation</b>						
At 1 January 2021	-	27	409	-	339	775
Charge for the year	-	-	32	-	68	100
Disposals	-	-	-	-	-	-
	<u>-</u>	<u>27</u>	<u>441</u>	<u>-</u>	<u>407</u>	<u>875</u>
<b>At 31 December 2021</b>	<b>-</b>	<b>27</b>	<b>441</b>	<b>-</b>	<b>407</b>	<b>875</b>
<b>Net Book Value</b>						
At 31 December 2021	<u>34,191</u>	<u>3,782</u>	<u>74</u>	<u>-</u>	<u>1,283</u>	<u>39,330</u>
<b>Net Book Value</b>						
At 31 December 2020	<u>34,501</u>	<u>3,782</u>	<u>103</u>	<u>-</u>	<u>1,351</u>	<u>39,737</u>

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

16. FIXED ASSET INVESTMENTS – COMPANY & GROUP

	At 1 January 2021	Additions at cost	Disposals	Unrealised gains/losses	At 31 December 2021
<b>Listed investment securities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Restricted funds	8,154	301	(315)	406	8,546
Endowment funds	5,992	925	(965)	405	6,357
Unrestricted funds	3,166	2,817	(2,940)	1,392	4,435
	<u>17,312</u>	<u>4,043</u>	<u>(4,220)</u>	<u>2,203</u>	<u>19,338</u>
<b>Unlisted investment securities</b>					
Restricted funds	70	-	-	16	86
Endowment funds	3,214	-	42	334	3,590
Unrestricted funds	820	-	-	143	963
	<u>4,104</u>	<u>-</u>	<u>42</u>	<u>493</u>	<u>4,639</u>
<b>Cash held for investment purposes</b>					
Restricted funds	27	-	-	3	30
Endowment funds	369	-	-	-	369
Unrestricted funds	1,163	-	234	(5)	1,392
	<u>1,559</u>	<u>-</u>	<u>234</u>	<u>(2)</u>	<u>1,791</u>
<b>Investment properties</b>					
Restricted funds	-	-	-	-	-
Endowment funds	18,009	-	(23)	(79)	17,907
Unrestricted funds	1,547	-	-	30	1,577
	<u>19,556</u>	<u>-</u>	<u>(23)</u>	<u>(49)</u>	<u>19,484</u>
<b>Total</b>	<u>42,531</u>	<u>4,043</u>	<u>(3,967)</u>	<u>2,645</u>	<u>45,252</u>

Due to their nature the historic cost of investment properties is not known. Included in the above are the following unrealised gains - Endowment funds £1,551,902 (2020 - £1,081,608) Restricted funds £1,637,915 (2020 - £721,696) and unrestricted funds £3,093,896 (2020 - £1,430,176).

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 17. SUBSIDIARIES

The Diocesan Board of Finance has two trading subsidiaries; Wind FX Limited is incorporated in the United Kingdom (company number 09601836) and is 60% owned by the Board. Wind FX Limited was incorporated on 20 May 2015 and the Board acquired its shares on 4 December 2015. SNDBF Solar Limited is incorporated in the United Kingdom (company number 09792284) and was incorporated on 23 September 2015, and the shares were acquired on the same date. Both companies operate in the renewable energy sector.

	Wind FX Limited 2021 £'000	SNDBF Solar Limited 2021 £'000
The summary financial performance of the subsidiaries alone are:		
Turnover	241	21
Expenses	264	17
Net (Loss)/Profit	(23)	4
The assets and liabilities of the subsidiaries alone are:		
Fixed assets	1,125	158
Current Assets	289	140
Current liabilities	(5)	(228)
Provisions	(81)	(24)
Long term liabilities	(1,441)	-
Net (liabilities)/assets	(113)	46
Represented by Share Capital Reserves	(113)	46

Both subsidiaries have taken advantage of exemption from audit under section 479A Companies Act 2006.

#### 18. DEBTORS

	GROUP 2021 £'000	COMPANY 2021 £'000	GROUP 2020 £'000	COMPANY 2020 £'000
Due within one year				
Current year Parish share	71	71	44	44
Loans to parishes	25	25	11	11
Rent debtors	124	124	126	126
Other debtors	812	596	647	355
Amounts due from subsidiary	-	3	-	87
Prepayments	70	70	68	68
	1,102	889	896	691
Due after more than one year				
Loans to parishes	90	90	130	130
Amounts due from subsidiary	-	1,091	-	1,091
	90	1,181	130	1,221
<b>Total debtors</b>	<b>1,192</b>	<b>2,070</b>	<b>1,026</b>	<b>1,912</b>



SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

19. CREDITORS: amounts falling due within one year

	GROUP 2021 £'000	COMPANY 2021 £'000	GROUP 2020 £'000	COMPANY 2020 £'000
Bank overdraft	-	-	-	-
Mission development fund grants	31	31	31	31
Other taxes and social security	-	-	44	44
Other creditors and accruals	1,304	1,193	1,395	1,218
Amounts owed to subsidiaries	-	121	-	102
Clergy pension scheme	220	220	375	375
<b>Total creditors: amounts falling due within one year</b>	<b>1,555</b>	<b>1,565</b>	<b>1,845</b>	<b>1,770</b>

20. CREDITORS: amounts falling due after more than one year

	GROUP 2021 £'000	COMPANY 2021 £'000	GROUP 2020 £'000	COMPANY 2020 £'000
Loan repayment instalments due after more than one year				
Church Commissioners value-linked loans	134	134	134	134
<b>Sundry creditors</b>				
Shareholder loans	576	-	576	-
Southwell & Nottingham Board of Education	1	1	1	1
Loan with the Central Board of Finance – interest free	8	8	8	8
	719	143	719	143
Pension scheme liabilities	1,387	1,387	2,043	2,043
<b>Total creditors: amounts falling due after more than one year</b>	<b>2,106</b>	<b>1,530</b>	<b>2,762</b>	<b>2,186</b>

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. Interest at the time of the advance is at the rate of 4% per annum (3% per annum on loans advanced on or before 31 December 1992) rising annually by the increase in the Retail Prices Index. As the date of disposal of the property is not known, the analysis of the date due cannot be calculated.

CREDITORS: amounts falling due after more than one year

	GROUP 2021 £'000	COMPANY 2021 £'000	GROUP 2020 £'000	COMPANY 2020 £'000
The maturity of the above loans may be analysed as follows:				
Between one and two years	32	9	32	9
Between two and five years	118	-	118	-
In five years or more	569	134	569	134
	719	143	719	143

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

21. SUMMARY OF FUND MOVEMENTS - GROUP

	Balance at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2021 £'000
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses fund	17,632	-	-	226	-	17,858
Stipends fund capital	37,275	-	-	(226)	606	37,655
Parsonages capital	163	-	-	-	24	187
Clergy pension fund deficit	(447)	-	7	219	-	(221)
<b>Permanent funds</b>						
Stipends	1,457	-	-	-	231	1,688
Bramcote Bungalows	944	-	-	-	150	1,094
Haseldine Homes	551	-	-	-	80	631
Perry Gift Fund	758	-	-	-	119	877
Other permanent endowment funds	474	-	-	-	69	543
	<u>58,807</u>	<u>-</u>	<u>7</u>	<u>219</u>	<u>1,279</u>	<u>60,312</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Board of Education	8,085	245	(307)	-	870	8,893
Pastoral Account	89	137	(11)	-	6	221
Strategic Development funding	-	521	(521)	-	-	-
Other restricted income funds	551	-	-	-	32	583
Non-Controlling interest	75	263	(195)	-	9	152
	<u>8,800</u>	<u>1,166</u>	<u>(1,034)</u>	<u>-</u>	<u>917</u>	<u>9,849</u>
<b>UNRESTRICTED FUNDS</b>						
General Fund	4,413	9,645	(9,638)	366	458	5,244
Designated reserves						
Accumulated Capital	8,498	-	-	-	-	8,498
Mission Development fund	108	-	-	-	-	108
Closed pension scheme deficit funding	1,971	-	-	(585)	-	1,386
Defined benefit pension scheme liability	(1,971)	-	86	-	499	(1,386)
	<u>13,019</u>	<u>9,645</u>	<u>(9,552)</u>	<u>(219)</u>	<u>957</u>	<u>13,850</u>
<b>TOTAL</b>	<u>80,626</u>	<u>10,811</u>	<u>(10,579)</u>	<u>-</u>	<u>3,153</u>	<u>84,011</u>

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

21. SUMMARY OF FUND MOVEMENTS - GROUP (prior year)

	Balance at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses	17,632	-	-	-	-	17,632
Stipends fund capital	35,780	150	-	-	1,345	37,275
Parsonages capital	144	-	-	-	18	162
Clergy pension fund deficit	(821)	-	6	368	-	(447)
<b>Permanent funds</b>						
Stipends	1,293	-	-	-	164	1,457
Bramcote Bungalows	837	-	-	-	107	944
Haseldine Homes	495	-	-	-	56	551
Perry Gift Fund	673	-	-	-	85	758
Other permanent endowment funds	416	-	-	-	59	475
	<u>56,449</u>	<u>150</u>	<u>6</u>	<u>368</u>	<u>1,834</u>	<u>58,807</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Board of Education	7,786	147	(178)	-	330	8,085
Pastoral Account	130	-	(41)	-	-	89
Strategic Development funding	-	602	(602)	-	-	-
Other restricted income funds	437	171	(67)	-	10	551
Non-Controlling interest	61	251	(236)	-	(1)	75
	<u>8,414</u>	<u>1,171</u>	<u>(1,124)</u>	<u>-</u>	<u>339</u>	<u>8,800</u>
<b>UNRESTRICTED FUNDS</b>						
General Fund						
Designated reserves	4,417	9,611	(9,347)	(630)	362	4,413
Accumulated Capital	8,498	-	-	-	-	8,498
Mission Development Fund	108	-	-	-	-	108
Closed Pension scheme						
Deficit funding	1,709	-	-	262	-	1,971
Defined benefit pension scheme liability	(1,709)	-	69	-	(331)	(1,971)
	<u>13,023</u>	<u>9,611</u>	<u>(9,278)</u>	<u>(368)</u>	<u>31</u>	<u>13,019</u>
<b>TOTAL</b>	<u>77,886</u>	<u>10,932</u>	<u>(10,396)</u>	<u>-</u>	<u>2,204</u>	<u>80,626</u>

*Growing Disciples  
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

21. SUMMARY OF FUND MOVEMENTS - COMPANY

	Balances at				Balances at	
	1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	31 December 2021 £'000
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses fund	17,632	-	-	226	-	17,858
Stipends fund capital	37,275	-	-	(226)	606	37,655
Parsonages capital	162	-	-	-	24	186
Clergy pension fund deficit	(447)	-	7	219	-	(221)
<b>Permanent funds</b>						
Stipends	1,457	-	-	-	231	1,688
Bramcote Bungalows	944	-	-	-	150	1,094
Haseldine Homes	551	-	-	-	80	631
Perry Gift Fund	758	-	-	-	119	877
Other permanent endowment funds	475	-	-	-	69	544
	<u>58,807</u>	<u>-</u>	<u>7</u>	<u>219</u>	<u>1,279</u>	<u>60,312</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Board of Education	8,085	245	(307)	-	870	8,893
Trading Subsidiary income	-	87	-	-	-	87
Pastoral Account	89	137	(11)	-	6	221
Strategic Development funding	-	521	(521)	-	-	-
Other restricted income funds	551	-	-	-	32	583
	<u>8,725</u>	<u>990</u>	<u>(839)</u>	<u>-</u>	<u>908</u>	<u>9,784</u>
<b>UNRESTRICTED FUNDS</b>						
General fund	4,500	9,645	(9,638)	366	458	5,331
Designated reserves						
Accumulated Capital	8,498	-	-	-	-	8,498
Mission Development	108	-	-	-	-	108
Closed Pension scheme deficit funding	1,971	-	-	(585)	-	1,386
Defined benefit pension scheme	(1,971)	-	86	-	499	(1,386)
	<u>13,106</u>	<u>9,645</u>	<u>(9,552)</u>	<u>(219)</u>	<u>957</u>	<u>13,937</u>
<b>TOTAL</b>	<u>80,638</u>	<u>10,635</u>	<u>(10,384)</u>	<u>-</u>	<u>3,144</u>	<u>84,033</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

21. SUMMARY OF FUND MOVEMENTS -COMPANY (prior year)

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses fund						
Stipends fund capital	17,632	-	-	-	-	17,632
Parsonages capital	35,780	150	-	-	1,345	37,275
Clergy pension fund deficit	144	-	-	-	18	162
<b>Permanent funds</b>	(821)	-	6	368	-	(447)
Stipends						
Bramcote Bungalows	1,293	-	-	-	164	1,457
Haseldine Homes	837	-	-	-	107	944
Perry Gift Fund	495	-	-	-	56	551
Other permanent endowment funds	673	-	-	-	85	758
	416	-	-	-	59	475
	<u>56,449</u>	<u>150</u>	<u>6</u>	<u>368</u>	<u>1,834</u>	<u>58,807</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Board of Education						
Trading Subsidiary Income						
Mission Development Fund	7,786	147	(178)	-	330	8,085
Pastoral Account	-	-	-	-	-	-
Strategic Development funding						
	130	-	(41)	-	-	89
Other restricted income funds	-	602	(602)	-	-	-
	437	171	(67)	-	10	551
	<u>8,353</u>	<u>920</u>	<u>(888)</u>	<u>-</u>	<u>340</u>	<u>8,725</u>
<b>UNRESTRICTED FUNDS</b>						
General fund						
Designated reserves	4,504	9,611	(9,347)	(630)	362	4,500
Accumulated Capital	8,498	-	-	-	-	8,498
Mission Development Fund	108	-	-	-	-	108
Closed Pension scheme deficit funding	1,709	-	-	262	-	1,971
Defined benefit pension scheme	(1,709)	-	69	-	(331)	(1,971)
	<u>13,110</u>	<u>9,611</u>	<u>(9,278)</u>	<u>(368)</u>	<u>31</u>	<u>13,106</u>
<b>TOTAL</b>	<u>77,912</u>	<u>10,681</u>	<u>(10,160)</u>	<u>-</u>	<u>2,205</u>	<u>80,638</u>

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# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

22. GROUP SUMMARY OF ASSETS BY FUND - CURRENT YEAR					
	Fixed assets Tangible & Intangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
<b>Endowment funds</b>					
<b>Expendable endowment funds</b>					
Benefice houses	17,858	-	-	-	17,858
Stipend fund capital	10,627	27,028	-	-	37,655
Parsonages capital	-	187	-	-	187
Clergy Pension fund deficit	-	-	-	(221)	(221)
<b>Permanent endowment funds</b>	30	4,465	338	-	4,833
	<u>28,515</u>	<u>31,680</u>	<u>338</u>	<u>(221)</u>	<u>60,312</u>
<b>Restricted</b>					
Diocesan Board of Education	-	7,620	1,889	(616)	8,893
Pastoral account	-	-	221	-	221
Other restricted income funds	1,283	222	(120)	(650)	735
	<u>1,283</u>	<u>7,842</u>	<u>1,990</u>	<u>(1,266)</u>	<u>9,849</u>
<b>Unrestricted funds</b>					
General fund	1,034	5,622	(602)	(788)	5,552
<b>Designated funds</b>					
Accumulated capital	8,498	-	-	-	8,498
Other designated funds	-	108	1,386	-	1,494
Pension reserve	-	-	-	(1,386)	(1,386)
	<u>9,532</u>	<u>5,730</u>	<u>762</u>	<u>(2,174)</u>	<u>13,850</u>
<b>Total funds at 31 December 2021</b>	<u>39,330</u>	<u>45,252</u>	<u>3,090</u>	<u>(3,661)</u>	<u>84,011</u>
<b>GROUP SUMMARY OF ASSETS BY FUND - PRIOR YEAR</b>					
	Fixed assets Tangible & Intangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
<b>Endowment funds</b>					
<b>Expendable endowment funds</b>					
Benefice houses	17,632	-	-	-	17,632
Stipend fund capital	11,192	26,083	-	-	37,275
Parsonages capital	-	162	-	-	162
Clergy Pension fund deficit	-	-	-	(447)	(447)
<b>Permanent endowment funds</b>	30	3,825	330	-	4,185
	<u>28,854</u>	<u>30,070</u>	<u>330</u>	<u>(447)</u>	<u>58,807</u>
<b>Restricted</b>					
Diocesan Board of Education	-	7,214	1,424	(553)	8,085
Pastoral account	-	-	89	-	89
Other restricted income funds	1,351	-	(75)	(650)	626
	<u>1,351</u>	<u>7,214</u>	<u>1,438</u>	<u>(1,203)</u>	<u>8,800</u>
<b>Unrestricted funds</b>					
General fund	1,034	5,139	(774)	(986)	4,413
<b>Designated funds</b>					
Accumulated capital	8,498	-	-	-	8,498
Other designated funds	-	108	1,971	-	2,079
Pension reserve	-	-	-	(1,971)	(1,971)
	<u>9,532</u>	<u>5,247</u>	<u>1,197</u>	<u>(2,957)</u>	<u>13,019</u>
<b>Total funds at 31 December 2020</b>	<u>39,737</u>	<u>42,531</u>	<u>2,965</u>	<u>(4,607)</u>	<u>80,626</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

<b>22. COMPANY SUMMARY OF ASSETS BY FUND - CURRENT YEAR</b>					
	<b>Fixed assets Tangible £'000</b>	<b>Investments £'000</b>	<b>Current Assets £'000</b>	<b>Creditors £'000</b>	<b>Net Assets £'000</b>
<b>Endowment funds</b>					
<b>Expendable endowment funds</b>					
Benefice houses	17,858	-	-	-	17,858
Stipend fund capital	10,627	27,028	-	-	37,655
Parsonages capital	-	186	-	-	186
Clergy Pension fund deficit	-	-	-	(221)	(221)
<b>Permanent endowment funds</b>	30	4,464	338	-	4,834
	<u>28,515</u>	<u>31,680</u>	<u>338</u>	<u>(221)</u>	<u>60,312</u>
<b>Restricted</b>					
Diocesan Board of Education	-	7,620	1,889	(616)	8,893
Pastoral account	-	-	221	-	221
Other restricted income funds	-	222	448	-	670
	<u>-</u>	<u>7,842</u>	<u>2,558</u>	<u>(616)</u>	<u>9,784</u>
<b>Unrestricted funds</b>					
General fund	1,034	5,622	(453)	(872)	5,331
<b>Designated funds</b>					
Accumulated capital	8,498	-	-	-	8,498
Other designated funds	-	108	1,386	-	1,494
Pension reserve	-	-	-	(1,386)	(1,386)
	<u>9,532</u>	<u>5,730</u>	<u>933</u>	<u>(2,258)</u>	<u>13,937</u>
<b>Total funds at 31 December 2021</b>	<u><b>38,047</b></u>	<u><b>45,252</b></u>	<u><b>3,829</b></u>	<u><b>(3,095)</b></u>	<u><b>84,033</b></u>
<b>COMPANY SUMMARY OF ASSETS BY FUND – PRIOR YEAR</b>					
	<b>Fixed assets Tangible £'000</b>	<b>Investments £'000</b>	<b>Current Assets £'000</b>	<b>Creditors £'000</b>	<b>Net Assets £'000</b>
<b>Endowment funds</b>					
<b>Expendable endowment funds</b>					
Benefice houses	17,632	-	-	-	17,632
Stipend fund capital	11,192	26,083	-	-	37,275
Parsonages capital	-	162	-	-	162
Clergy Pension fund deficit	-	-	-	(447)	(447)
<b>Permanent endowment funds</b>	30	3,825	330	-	4,185
	<u>28,854</u>	<u>30,070</u>	<u>330</u>	<u>(447)</u>	<u>58,807</u>
<b>Restricted</b>					
Diocesan Board of Education	-	7,214	1,424	(553)	8,085
Pastoral account	-	-	89	-	89
Mission development fund	-	-	551	-	551
Other restricted income funds	-	7,214	2,064	(553)	8,725
	<u>-</u>	<u>7,214</u>	<u>2,064</u>	<u>(553)</u>	<u>8,725</u>
<b>Unrestricted funds</b>					
General fund	1,034	5,139	(688)	(985)	4,500
<b>Designated funds</b>					
Accumulated capital	8,498	-	-	-	8,498
Other designated funds	-	108	1,971	-	2,079
Pension reserve	-	-	-	(1,971)	(1,971)
	<u>9,532</u>	<u>5,247</u>	<u>1,283</u>	<u>(2,956)</u>	<u>13,106</u>
<b>Total funds at 31 December 2020</b>	<u><b>38,386</b></u>	<u><b>42,531</b></u>	<u><b>3,677</b></u>	<u><b>(3,956)</b></u>	<u><b>80,638</b></u>

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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#### 23. DESCRIPTION OF FUNDS

**Expendable Endowment Funds** – investment income is usable only for the specific purposes for which the endowment was given and the trustees may convert the capital into spendable income depending on various restrictions:

Benefice houses fund	represents the value of benefice houses at the balance sheet date together with the Parsonages Building funds held by the Church Commissioners. These houses are used to provide accommodation for parochial clergy. The Board is not free to dispose of the houses except in accordance with appropriate measures.
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Stipends fund capital (Glebe funds)	represents the proceeds of the sale of glebe, parsonages transferred by Pastoral Scheme and gifts to the fund. The funds generate income for the payment of stipends and can be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Church of England (Miscellaneous Provisions) Measure 1992.
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Parsonages Capital	the income to be applied to meet personage houses costs.
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Clergy pension fund deficit	details contained in note 27
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**Permanent Endowment Funds** – investment income only is usable for the specific purposes for which the endowment was given:

Stipends	to augment clergy stipends.
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Bramcote Bungalows	to provide housing for retired clergy or their spouses.
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Haseldine Homes	to contribute to the payment of pension contributions for stipendiary clergy in the diocese.
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Perry Gift Fund	to provide grants to clergy and lay persons deserving of financial assistance.
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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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#### 23. DESCRIPTION OF FUNDS

##### Other Permanent Endowment Funds

Ministers in training	to provide grants to ministers in training.
Miss E L Brown Trust	to be applied at the discretion of the Bishop of Southwell.
Nottingham University Chaplaincy	to pay the expenses of the Nottingham University chaplaincy.
Sacrista Canonry	to be applied for the Canon appointed to occupy the stall of the Canonry of Sacrista in Southwell Minister.
Southwell House/Hostel Charity	to be applied to property outgoings.
Yapp Donation	to be applied for a former employee's annuity, with any surplus to be used for the benefit of persons who are physically or mentally handicapped.

**Restricted Funds** – can only be used for the specific purposes for which they were given:

Diocesan Board of Education	to administer the scheme for the Diocese's Church Schools' building programme and to operate for the benefit of Church Schools.
Pastoral account	set up under the provisions of the Pastoral Measure 1983 and represents proceeds of redundant churches and parsonages which have not yet been applied to the purposes permitted by the Pastoral Measure 1983.
Strategic Development Fund	represents sums of money made available by the Archbishop's Council set aside for mission development.
Landon Bequest	to fund Church of England students and Ordinands to serve overseas.
Natal Link Fund	represents donations from parishes and individuals for general work and specific projects in the Diocese of Natal.
Readers Association	to meet central costs for Readers.
Industrial Chaplaincies	to meet central costs for industrial chaplaincies.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 23. DESCRIPTION OF FUNDS

Designated Funds – general funds that the Trustees have chosen to use for a specific purpose:

Accumulated Capital Fund	represents amounts transferred from the general fund, gains less losses on investments and the directors' valuation of property transferred at no cost. This fund is designated for use to purchase fixed assets.
Mission Development Fund	Amounts in addition to the restricted fund set aside for Mission Development.
Closed Pension Fund Deficit Funding	amounts transferred from the general fund to meet future deficit contributions.

General fund – the general fund is the Board's unrestricted undesignated fund available for any of the Board's purposes without restriction.

#### 24. CAPITAL COMMITMENTS

At 31 December 2021 the Group had capital expenditure commitments authorised but not contracted for of £NIL (2020 – £NIL) and contracted for but not yet due of £ 10,000 (2020 – £36,207).

#### 25. OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	GROUP 2021 £'000	COMPANY 2021 £'000	GROUP 2020 £'000	COMPANY 2020 £'000
Other operating leases where the lease expires:				
Within one year of the balance sheet date	27	-	29	2
In the second to fifth years inclusive of the balance sheet date	100	-	100	-
Over five years from the balance sheet date	400	-	425	-
	<u>527</u>	<u>-</u>	<u>554</u>	<u>2</u>

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

### 25. OPERATING LEASES (continued)

#### Analysed as follows

	GROUP 2021 £'000	COMPANY 2021 £'000	GROUP 2020 £'000	COMPANY 2020 £'000
Land & Buildings				
Other operating leases where the lease expires:				
Within one year of the balance sheet date	27	-	27	-
In the second to fifth years inclusive of the balance sheet date	100	-	100	-
Over five years from the balance sheet date	400	-	425	-
	<u>527</u>	<u>-</u>	<u>552</u>	<u>-</u>
Other				
Other operating leases where the lease expires:				
Within one year of the balance sheet date	-	-	2	2
In the second to fifth years inclusive of the balance sheet date	-	-	-	-
Over five years from the balance sheet date	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>

### 26. CONTINGENT LIABILITIES

The Board has given guarantees on grants made by Nottingham City Council from public funds to various parishes totalling £2,075 (2020 -£4,150). The Board is also party to a guarantee in respect of Bluecoat Academy, as in common with all Church of England schools, the Board owns the land the school building is built upon.

### 27. PENSIONS

The Board participates in two pension schemes, both of which hold the assets of the schemes separately from those of the Board and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy, the other is The Southwell and Nottingham Diocesan Board of Finance Staff Retirement Benefit Scheme for lay staff.

#### Church of England Funded Pension Scheme

This scheme is administered by the Church of England Pensions Board. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 27. PENSIONS (continued)

##### Church of England Funded Pension Scheme (continued)

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 specific employers and 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 contributions payable towards benefits and expenses accrued in that year (2021 £1,018,515, 2020 £912,000) plus the impact of deficit contributions (see below).

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

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

From January 2018 to 31 December 2022 the rate in respect of the deficit recovery will be 11.9%. From January 2021 to December 2022 the rate will be 7.1%. The discounted deficit payments in respect of the shortfall have been recognised as a liability in the balance sheet.

A reconciliation of the balance sheet liability is set out below:

	GROUP & COMPANY 2021 £'000	GROUP & COMPANY 2020 £'000
Balance sheet liability as at 1 January	447	821
Contributions paid	(220)	(375)
Interest cost (recognised in the SOFA)	1	7
Re-measurement of the balance sheet liability	(7)	(6)
Balance sheet liability as at 31 December	<u>221</u>	<u>447</u>

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

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1% pa
Price inflation	n/a	3.1%	2.8% pa
Increase to total pensionable payroll	-1.5%	1.6%	1.3% pa

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

#### 27. PENSIONS (continued)

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

#### Recognition of the liability to fund pension fund deficits on defined benefit pension schemes

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. The Board has a payment plan with the Church of England Pension's Board to pay the Clergy Pension Scheme deficit over a ten-year period (until 2022). Upon transition, the Board has recognised the present value of deficit funding contributions. As at 31 December 2021, this amounted to £221,000 for the Clergy Pension Scheme (2020: £447,000).

#### The Southwell and Nottingham Diocesan Board of Finance Staff Retirement Benefit Scheme- Defined Benefits Scheme

The Board operates a defined benefit pension scheme in respect of eligible employees whose employment began on or before 1st April 1993. The Board is required to follow Financial Reporting Standard 102 in disclosing the financial position of the scheme. The trustees of the scheme are required to act in the best interests of the Scheme's beneficiaries. The Scheme Trust Deed requires that one trustee be appointed from amongst the active members of the scheme - a member-nominated trustee. One trustee is appointed from amongst the membership of Bishop's Council (the Board of Directors) and the third and final trustee is the officeholder of the post of Chief Executive of the Board of Finance.

The contribution is determined by a qualified actuary on the basis of triennial valuations using the 'Attained Age Method' and the most recent valuation was at 31st March 2017. During the year the Board paid contributions of £109,000 (2020 - £123,000). The Board's agreed future contribution rate equates to 34% of pensionable salaries (previously 24%) and member employees contribute 5% to the Scheme.

The annual contribution to the scheme is charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Board.

	2021	2020
The main financial assumption are		
	Basis	Basis
Discount rate	1.8%	1.20%
Inflation (RPI)	3.5%	3.40%
Inflation (CPI)	2.5%	2.40%
Pension increases	3.5%	3.40%
Salary increases	3.4%	3.30%

From 1 January 2019 the assets are invested with Schroders with 75% in equities and 25% in bonds.

The overall expected return on assets assumption has been determined with reference to the underlying asset allocation on the assets held and the expected long-term rate of return on those asset classes at the year end. The assets do not include any investment in the Board. The fair value of the assets at 31 December 2021 is £3,753,000 (2020- £3,433,000).

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

27. PENSIONS (continued)

**Amounts recognised in the Statement of Financial Activities:**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Current service (cost)	-	(19)
Interest (cost)	(64)	(104)
Administration costs	-	-
Interest on assets	41	69
	<u>(23)</u>	<u>(54)</u>

**Reconciliation of assets and defined benefit obligations:**

Fair Value of assets:	£000	Defined benefit obligations:	£000
As at 1 January 2021	3,433	As at 1 January 2021	5,404
Interest on assets	41	Current service costs	-
Employer contributions	109	Contributions by Scheme participants	-
Contributions by Scheme participants	-	Interest cost	64
Benefits paid	(157)	Benefits paid	(157)
		Experience loss on liabilities	251
		Changes to demographic assumptions	-
Return on plan assets less interest	327	Changes to financial assumptions	(423)
	<u>3,753</u>		<u>5,139</u>
As at 31 December 2021		As at 31 December 2021	
			<u>£1,386</u>
Net liability			

Scheme deficit funding of £1,386,000 has been set aside in a designated fund.

Summary of pension liabilities	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Church of England Pension scheme	221	447
SNDBF Retirement Scheme	1,386	1,971
	<u>1,607</u>	<u>2,418</u>
Included in:		
Current liabilities	220	375
Long term liabilities	1,387	2,043
	<u>1,607</u>	<u>2,418</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021

**28. PRIOR YEAR COMPARATIVE CONSOLIDATED SOFA**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
<b>Income and endowments from</b>					
Donations	2				
Deanery share		5,438	-	-	5,438
Archbishops' Council		1,547	602	-	2,149
Other donations		143	1	-	144
Charitable activities	3	633	1	-	634
Other activities	4	452	2	-	454
Investments	5	862	227	-	1,089
Other	6	536	338	150	1,024
		<u>9,611</u>	<u>1,171</u>	<u>150</u>	<u>10,932</u>
<b>Expenditure on</b>					
Raising funds	7	340	64	-	404
Charitable activities	8	8,916	673	-	9,589
Clergy pension scheme movement	27	-	-	(6)	(6)
Church schools & Diocesan projects	9	-	151	-	151
Other	10	22	236	-	258
		<u>9,278</u>	<u>1,124</u>	<u>(6)</u>	<u>10,396</u>
<b>Net income/(expenditure) before investment gains</b>		<b>333</b>	<b>47</b>	<b>156</b>	<b>536</b>
Net gains on investments		362	340	1,834	2,536
<b>Net income/(expenditure)</b>		<b>695</b>	<b>387</b>	<b>1,990</b>	<b>3,072</b>
<b>Transfers between funds</b>	14	<b>(368)</b>	<b>-</b>	<b>368</b>	<b>-</b>
Non-controlling interest		-	(1)	-	(1)
<b>Other recognised gains/(losses)</b>					
Gains/(losses) from changes in financial assumptions on defined benefit pension scheme		(331)	-	-	(331)
<b>Net movement in funds</b>		<b>(4)</b>	<b>386</b>	<b>2,358</b>	<b>2,740</b>
<b>Total funds brought forward</b>		<b>13,023</b>	<b>8,414</b>	<b>56,449</b>	<b>77,886</b>
<b>Total funds carried forward</b>	21	<b>13,019</b>	<b>8,800</b>	<b>58,807</b>	<b>80,626</b>

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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#### 29. RELATED PARTY TRANSACTIONS

##### Church Urban Fund (CUF) Joint Venture

The Board of Finance and CUF are the founding members of a subsidiary of CUF, "Transforming Notts Together", which is a charitable company limited by guarantee and in partnership between the Board of Finance and CUF. There are 9 directors of which 4 are appointed by the Board of Finance, including the Chair, Revd David McCoulough who is also an employee of the Board of Finance. He also has oversight of the work of nine part time staff who are employed by Transforming Notts Together. TNT paid the Board £111,206 (2020- £84,490) in respect of reimbursement for salaries and office costs. The balance outstanding at 31 December 2021 was £11,996 (2020-£26,348).

##### The Diocese of Southwell & Nottingham Education Trust

This Charity has been set up in response to the likely challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The Charity will perform a role in the Diocese in supporting Church of England Academy Trusts to fulfil their responsibilities in relation to their schools/academies and as a member of each of the Church of England Academy Trusts also to challenge and to hold governors to account in this regard. The Charity is also intended to operate as a sponsor or co-sponsor of Church of England Academies in the Diocese and elsewhere as required. The Trustees are Ian Griffiths, Revd Canon Mark Tanner, John Loughton, Martin Cooper and the Diocesan Director of Education. There were no transactions in the financial year.

##### The Diocese of Southwell & Nottingham Multi Academy Trust

The company was set up in August 2013 and is a limited by guarantee without share capital. The company houses the church schools which have converted to Academy status. The directors are Ian Griffiths, Roger Periam, Hilary Craik, Chris Moodie, Angela Pae, John Hunter, Joanne Saville, and Nigel Frith. The Multi Academy Trust paid the Board £38,749 (2020- £19,966) in respect of reimbursement for salaries and office costs. The balance outstanding at 31 December 2021 was £13,126 (2020-£NIL).

##### Grant-making (beneficiary-selection) policy

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

##### Other related parties

Canon M Arlington, Chair of the Finance Committee is a Governor of the Samworth Church Academy in Mansfield. The balance outstanding at 31 December 2021 was £8,307 (2020-£8,261). Transactions during the year were £33,087 (2020-£32,880) in respect of reimbursement for salaries and expenses. Mr N Frith rented a Diocesan property in the year and paid an arms length market rent of £12,005 whilst he occupied the property. Revd Z Burton was owed £303 in respect of Area Dean expenses at 31 December 2021.

##### Subsidiaries

During the year, the Board received loan interest from Wind FX Limited of £86,484 (2020-£86,484). Wind FX Limited also paid the Board £3,000 (2020-£3,000) towards accountancy costs in the year, and £432 for other expenses. At 31 December 2021 Wind FX Limited owed the Board £864,848 (2020-£864,848). SNDBF Solar Limited owes the Board £226,190 (2020-£226,190) at 31 December 2021 and the Board owes SNDBF Solar £121,283 (2020-£102,045).



## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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#### 30. FUNDS HELD AS CUSTODIAN TRUSTEE

The Board acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the Board does not control them. Each year an annual statement of value is made available to all PCCs. The market value of investment held on behalf of PCCs and others is £9.56 million, cost £3.8million (2019-£7.8 million, cost £4.1million).

#### 31. DEVOLVED CAPITAL FORMULA

Since April 2006, the Education Funding Agency (EFA) have paid devolved Formula Capital (DFC), directly to schools or dioceses before the funds are spent on capital projects. This year education restricted funds received £235,567 on behalf of 7 schools (2020 - £444,635 on behalf of 8 schools). These funds are maintained in individual school ledgers with payments and governors 10% contributions shown.

The Schools Executive Officer monitors these accounts and advises schools of current balances and authorises payments. At the year end the balance of these DFC accounts was £51,203 (2020 - £104,371) which is not included in these accounts.

#### 32. COLLABORATION AGREEMENT

In 2010 the Board entered into a collaboration agreement with 5 other parties to develop land for housing. The terms of the agreement are such that the Promoter has first call on any receipts from the housing developer, as they are responsible for putting the infrastructure into the site for it to be developed for new homes. Any surplus left at the end of the project will be shared amongst the members of the collaboration agreement, but at 31 December 2021, the timing and receipt of these funds cannot be measured with any certainty. During 2020 the four parcels of land owned by the Board were sold to the housing developer, but in accordance with the Collaboration agreement the proceeds were added to the collaboration account to cover continuing infrastructure costs, not remitted to the Board. There is a fixed charge dated 11 April 2018, in favour of Homes and Communities Agency relating to the collaboration agreement, regarding a small piece of land that is part of the agreement owned by the Board.