

# The Chelmsford Diocesan Board of Finance

## Summarised Financial Statements for the year ended 31 December 2019

The Chelmsford Diocesan Board of Finance (CDBF) has prepared statutory financial consolidated statements which have been externally audited. The trustees' annual report and financial statements were approved on 12 May 2020 by the Finance Committee, who are the trustees of the charity. These statements will be submitted to the Charity Commission and Companies House in due course and copies can be obtained from the diocesan office or the diocesan and charity commission websites.

The following Consolidated Statement of Financial Activities (SOFA) and Balance Sheet and comments are extracts from the full statutory financial statements.

The SOFA and Balance Sheet (see pages 24 & 26/27 respectively of the full statements) together show a financial summary for the year ended 31 December 2019 for the CDBF and its subsidiaries.

The COVID-19 situation has given rise to a need to make additional disclosures in the 2019 statements as a post balance sheet event (see below).

### General fund

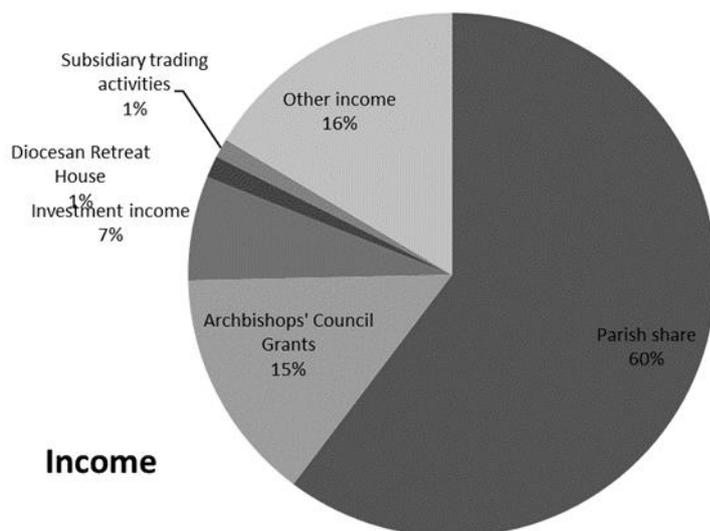
Against a balanced budget, the CDBF recorded a deficit of £1.1m for the year on its general fund before gains on revaluations of fixed assets. Shortfalls on voluntary giving from parishes through the Share scheme of £1.3m (see below) were offset by underspend on clergy stipends due to a higher than planned vacancy rate and other one-off income streams.

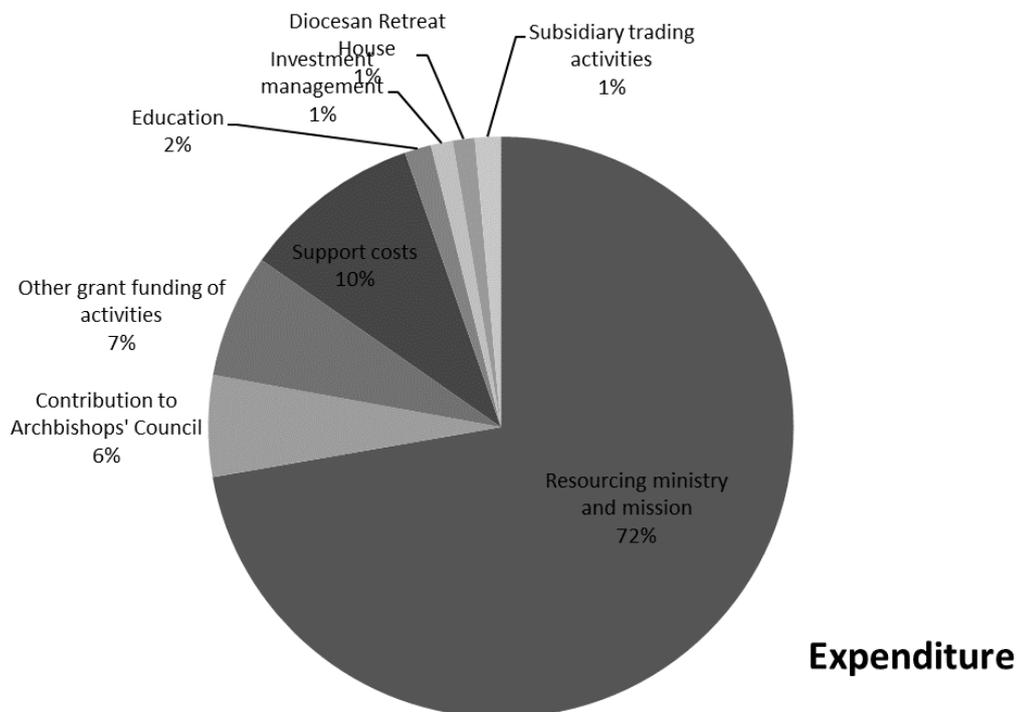
At £1.3m (2018: £1.2m) the net parish share shortfall was again worse than the previous year. This was disappointing. In cash terms total Share receipts reduced slightly and the percentage of requested Share collected fell to 91.7% (2018: 92.6%). Over half the shortfall is attributable to just 22 parishes. Despite the worsening in the overall position, most parishes increased their giving through Share.

Recognising the significant financial challenges faced by the Diocese, proposals have been drawn up and widely consulted on with respect to communication, stewardship, ministry deployment and the share scheme. Effective implementation of decisions made in the coming months will be crucial to the long term sustainability of ministry. A working group has been set up by Bishop's Council to investigate ways of addressing the budgetary deficit. This will include identifying new opportunities for generating income, ways to encourage greater generosity via improved communication and training and ministry deployment strategy.

### Income and expenditure

The main types of income and expenditure for the year shown in the SOFA are represented as follows:





### Review of the financial position

Despite the deficit, the CDBF has met all of its financial obligations to continue resourcing the diocese as required, including the provision, development and support of ministry, the provision and maintenance of houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Chelmsford Diocese.

On a group basis, income before other recognised gains and losses totalled £24.1m (2018 £25.1m) and expenditure amounted to £21.8m (2018: £25.3m).

The Consolidated SOFA for the year shows net income of £2.3m (2018: deficit of £0.2m) before net gains and losses on the revaluation and sale of investments and the revaluation of fixed assets. These net gains totalled £7.3m (2018: £5.0m) and after these adjustments the net increase in all funds amounted to £9.7m (2018: £4.8m). Gains (or losses) are dependent on market volatility and the majority of the gains are ascribed Endowment Funds and are therefore not available to spend.

While the net assets at the balance sheet date totalled £307.3m (2018:£297.6m) it must be remembered that included in this total are properties, mostly in use as clergy housing, valued at £263.4m (2018: £257.6m).

After transfers, free general reserves at the year end were in deficit by £1.1m (2018: £nil) being the value of the General Fund excluding fixed assets. The Trustees previously recorded that free general reserves would fall if parish share shortfall did not materially improve. The Trustees are reviewing designated funds with a view to bolstering general reserves in 2020. Net current assets in designated funds, excluding houses, amounts to £1.7m.

### COVID-19 Post balance sheet event

Since the year end, the COVID-19 pandemic has had a huge impact across the world. Global financial markets have suffered as a result, and this volatility is likely to have an impact on the value of investment assets, along with property values and Pension Fund deficits. As detailed in the notes to the accounts, it is not possible to quantify the impact on property values or Pension Fund deficits. The crisis has had a significant impact on parish share: with the closure of all churches parish income has been severely reduced and this has led to a knock on reduction in contributions to the Diocese. The full extent of the financial impact is currently unknown so Diocesan Officers are modelling a number of scenarios and developing plans accordingly. This includes material reductions in cost through operational savings, postponement of capital expenditure and applications for grant funding. Operationally most employees are able to work effectively from home and every effort is being made to continue to provide as many of our services as possible. Trustees will continue to monitor the changing operational landscape and impact on assets and related income.

**The Chelmsford Diocesan Board of Finance**

**Consolidated Statement of Financial Activities (Summary of all funds)**

**Year ended 31 December 2019**

	2019 £000	2018 £000
<b>Expenditure</b>		
Resourcing ministry and mission	15,727	18,409
Contribution to Archbishops' Council	1,228	1,196
Other grant funding of activities	1,497	2,051
Support costs	2,160	2,323
Education	320	509
Investment management	263	234
Diocesan Retreat House	265	240
Subsidiary trading activities	310	307
<b>Total expenditure</b>	<b>21,770</b>	<b>25,269</b>
<b>Income</b>		
Parish share	14,532	14,678
Archbishops' Council Grants	3,469	4,726
Investment income	1,552	1,661
Diocesan Retreat House	331	226
Subsidiary trading activities	281	357
Other income	3,948	3,428
<b>Total income</b>	<b>24,113</b>	<b>25,076</b>
<b>Net operating income</b>	<b>2,343</b>	<b>(193)</b>
Net capital gains	7,339	4,951
<b>Increase in net assets</b>	<b>9,682</b>	<b>4,758</b>
<b>Funds</b>		
General	(1,141)	(600)
Subsidiary	(29)	50
Designated	198	327
Restricted	717	(788)
Endowments	9,937	5,769
<b>Total funds movement in year</b>	<b>9,682</b>	<b>4,758</b>

**The Chelmsford Diocesan Board of Finance**

**Consolidated Balance Sheet as at 31 December 2019**

	2019	2018
	£000	£000
<b>Fixed assets</b>		
Tangible assets	264,150	258,402
Investments	55,551	50,527
	<u>319,701</u>	<u>308,929</u>
<b>Current assets</b>	6,429	9,582
Creditors: amounts falling due within one year	<u>(6,229)</u>	<u>(4,906)</u>
Net current assets	<u>200</u>	<u>4,676</u>
<b>Total assets less current liabilities</b>	319,901	313,605
Creditors: amounts falling due after more than one year	(11,567)	(10,915)
Defined benefit pension scheme liability	(1,034)	(5,072)
<b>Total net assets</b>	<b>307,300</b>	<b>297,618</b>
<b>Funds</b>		
Unrestricted - general	1,467	2,608
- subsidiary company	(430)	(401)
- non-benefice houses	23,455	23,882
- other designated funds	2,743	2,118
	<u>27,235</u>	<u>28,207</u>
Restricted funds	7,905	7,188
Endowment funds:		
- Benefice houses	191,695	190,246
- Stipends fund	77,605	69,493
- other endowment funds	2,860	2,484
	<u>272,160</u>	<u>262,223</u>
<b>Total funds</b>	<b>307,300</b>	<b>297,618</b>